



2023 Sustainability Report

StanChem's Commitment to Sustainability

The three principles of sustainability (social, economic, and environmental) are fully embedded in our company operations and is fundamental to our strategic direction.

I am happy to report the pillars of economic sustainability is assured at StanChem Resins over the next years thanks to growth in 2023 with our customers in the Coatings, Adhesives, Sealants, & Elastomers Markets (C.A.S.E.) combined with continued capital investment from our new owners, SK Capital Partners.

Progress was made in 2023 with our programs supporting environmental sustainability with reductions in waste, emissions, and energy from our plant in East Berlin Connecticut and Lodi New Jersey.

We have also achieved an Ecovadis Silver rating in 2023 which is an independent evaluation and scorecard of our company's commitment to sustainable operational practices.

Regarding the pillar of our social sustainability programs, we made progress in 2023 to embed our values in all aspects of our daily work. We operated our Lodi, New Jersey plant with over 600 days without a lost time injury, but unfortunately suffered a minor injury at our East Berlin, Connecticut plant and lost our 3 years without a lost time incident ending 2023 with over 200 days without a lost time injury.

Paul Stenson Ph.D.
President, StanChem Resins



Our Governance Structure

StanChem Resins is a division of Deltech since 2022. Deltech is a portfolio company of SK Capital Partners.

The President of StanChem reports to the CEO of Deltech and is also a member of the Board of Directors (BoD). The BoD is an experienced group of business executives from the North American chemical industry. Mario Toukan, Managing Director, SK Capital, Jon Borell, Managing Director, SK Capital, Randy Dearth, Senior Director, SK Capital, Bob Elefante, Independent Director, Jeremy Rohen, Independent Director, Jesse Zeringue, President & CEO, Deltech, and Paul Stenson, President, StanChem Resins.

StanChem has a flat management structure that allows us to effectively communicate our strategic throughout our organization. The executive decision-making body of StanChem is the Senior Leadership Team (SLT). The SLT possesses a wide range of competencies, business and financial skills, product and market knowledge and is responsible for determining the strategy and organizational structure to set the pace for current operations and sustainable future development.

The President and SLT is responsible for the execution of the strategy and direction approved by the Board of Directors. This includes reviewing and evaluating current and future threats, opportunities and resultant risks to the business, and to decide upon the strategic options and the means required to implement and support them.

The performance of the President and SLT is assessed annually against agreed to, and documented annual Key Performance Indicators (KPIs).



Paul Stenson Ph.D.
President



Kevin O'Connell
VP Finance



John Gagas
SVP Operations



Matthew Auchy
VP Sales & Marketing



Jeff Hughes
HR Director



Dennis Vachon
EHS & Compliance
Director



Jose Planas
Operations Manager



Alen Malicevic
Plant Manager



Carl Sullivan Ph.D.
Technical Director



Yi Ren Ph.D.
R&D Director



Joe Simoncek
Engineering Manager



David Sitka
Chemical & Procurement
Manager



Our Mission

To remain our business partners' supplier of choice; preserved by the highest levels of reliability, agility, and unparalleled product performance.

Our Vision

To be our customers' expert partner by delivering outstanding water-based emulsion polymers and resins for the coatings, adhesives, sealants, and elastomers (CASE) markets.

Our Values: Safety, Belief in Employees, Integrity, Accountability & Communication, Sustainability

Safety

We assist all employees in creating a safe and pleasant work environment and comply with applicable laws and regulations. We provide safe reliable products, manufactured in a manner to assure environmental sustainability.

Belief in Employees

We believe all employees can make a positive contribution to our business and grow in their jobs. By encouraging individual achievement, teamwork, and diversity in our workforce, we are committed to high performance at all levels in our organization.

Integrity

StanChem executes a clear philosophical approach where our beliefs and intentions are aligned with our words and actions.

Growth

We believe that profitable growth is critically important. This allows us to reinvest in our business to develop people, equipment, facilities, and new products to our customers.

Accountability & Communication

We believe in open communication and written objections that are regularly communicated to employees. Employees are expected to have ownership and accountability in their actions as a member of StanChem.

Sustainability

We embrace social, economic, and environmental practices for long-term success. We consider our impact on local environments and seek to be stewards of surrounding communities. We believe in working to create long-term relationships with customers, employees, suppliers, shareholders and the community within which we work.



Environmental Leadership

EcoVadis has awarded StanChem a Silver Recognition Level Award for its corporate sustainability program for the fifth consecutive year. EcoVadis is a global sustainability rating provider that focuses on corporate social responsibility. It has over 75,000 participating companies including well-known companies such as Avery Dennison, 3M, Ahlstrom, and Henkel. The Corporate Social Responsibility assessment criteria include four themes: environment, labor practices, sustainable procurement, and fair business practices. The EcoVadis method is based on internationally adopted principles for sustainability reporting and is audited by independent sustainability experts. The Silver Recognition Level Award is given to participants with sustainability ratings among the 90th percentile.

ecovadis



Environmental Stewardship



Being proper stewards of our environment is and always will be paramount at StanChem. Our East Berlin, Connecticut manufacturing facility is nestled along the beautiful Mattabasset River. StanChem's Fish Ladder was installed on the Mattabasset River in a collaborative effort with the Connecticut Department of Energy & Environmental Protection (DEEP). This Denil fishway was built around the dam to allow shad, river herring, sea lamprey, trout, and many other species to migrate upstream. Thousands of migratory fish have been observed passing through the fishway in recent years.

Environmental Compliance

StanChem works collaboratively with regulatory agencies to continue with our excellent track record of compliance completing another year with no enforcement actions. While there are numerous regulations associated with environmental standards, StanChem chooses to go beyond the minimum requirements with the goal of reducing air emissions, waste production, and wastewater discharge volumes relative to production increases.



Environmental Improvements

StanChem has made significant efforts to reduce environmental impacts. Petroleum storage at the site has been reduced by eliminating two fuel storage tanks. In 2023, StanChem also built a new warehouse building at the East Berlin, Connecticut facility to reduce outside product storage. The warehouse is used as temporary storage for tanker trucks loaded with products. Road dust has also been reduced by relocating the truck scale and making improvements to previously unpaved surfaces.



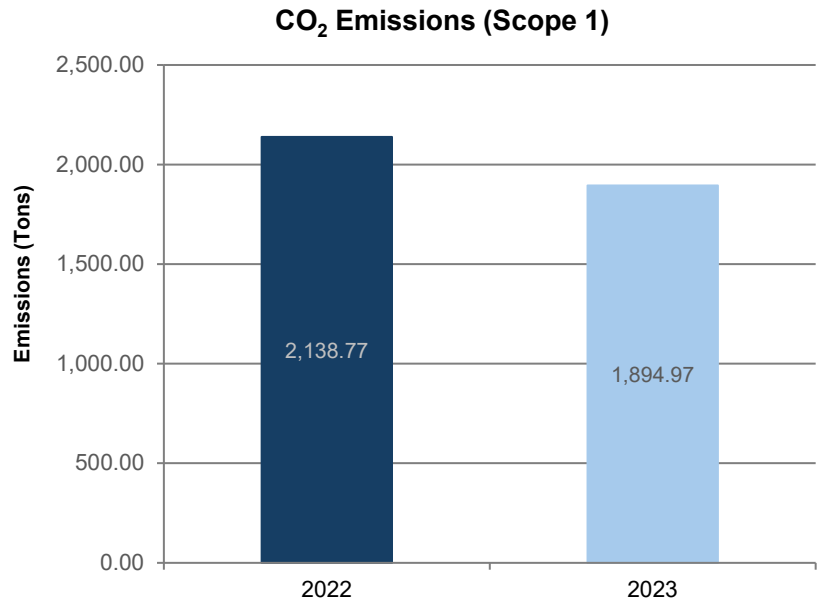
Environmental Waste and Air Emissions Reductions

StanChem controls organic air emissions and reduced air emissions with the continued operation of the Thermal Oxidizer at the East Berlin, Connecticut facility. The facility previously ran with a scrubber system which effectively reduced emissions. However, the Thermal Oxidizer offers superior efficiency in removing organics from production operations and generates less waste material. Installation of the new unit has reduced hazardous caustic waste trucked offsite from 110 to 4 totes per year.



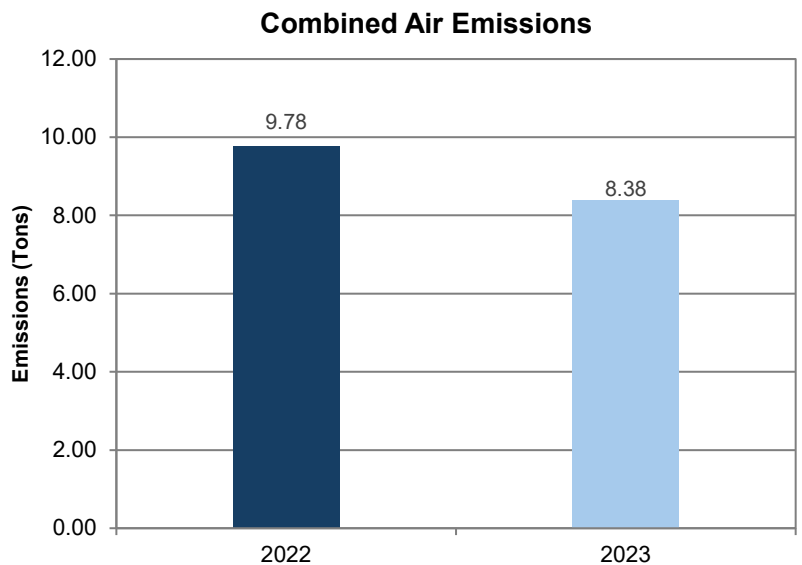
CO₂ Emissions

StanChem has reduced its overall Scope 1 CO₂ Emissions by more than 10% by decreasing consumption of natural gas and propane. This graph shows the total CO₂ emissions for 2022 and 2023.



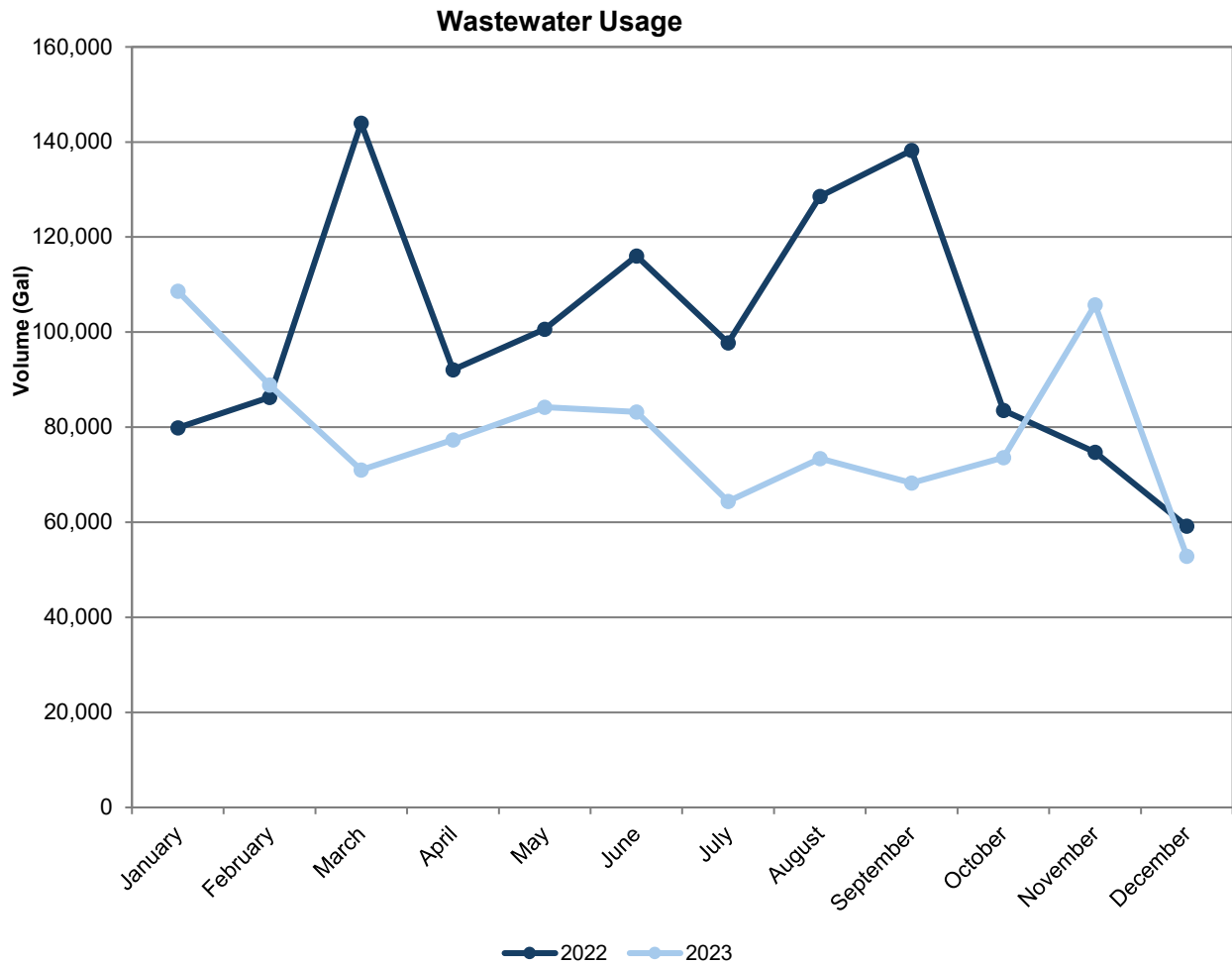
Combined Air Emissions

StanChem has also reduced its overall combined air emissions of PM-2.5, PM-10, SO_x, NO_x, VOC, and CO₂. Emissions of these have been reduced by approximately 14% between 2022 and 2023.



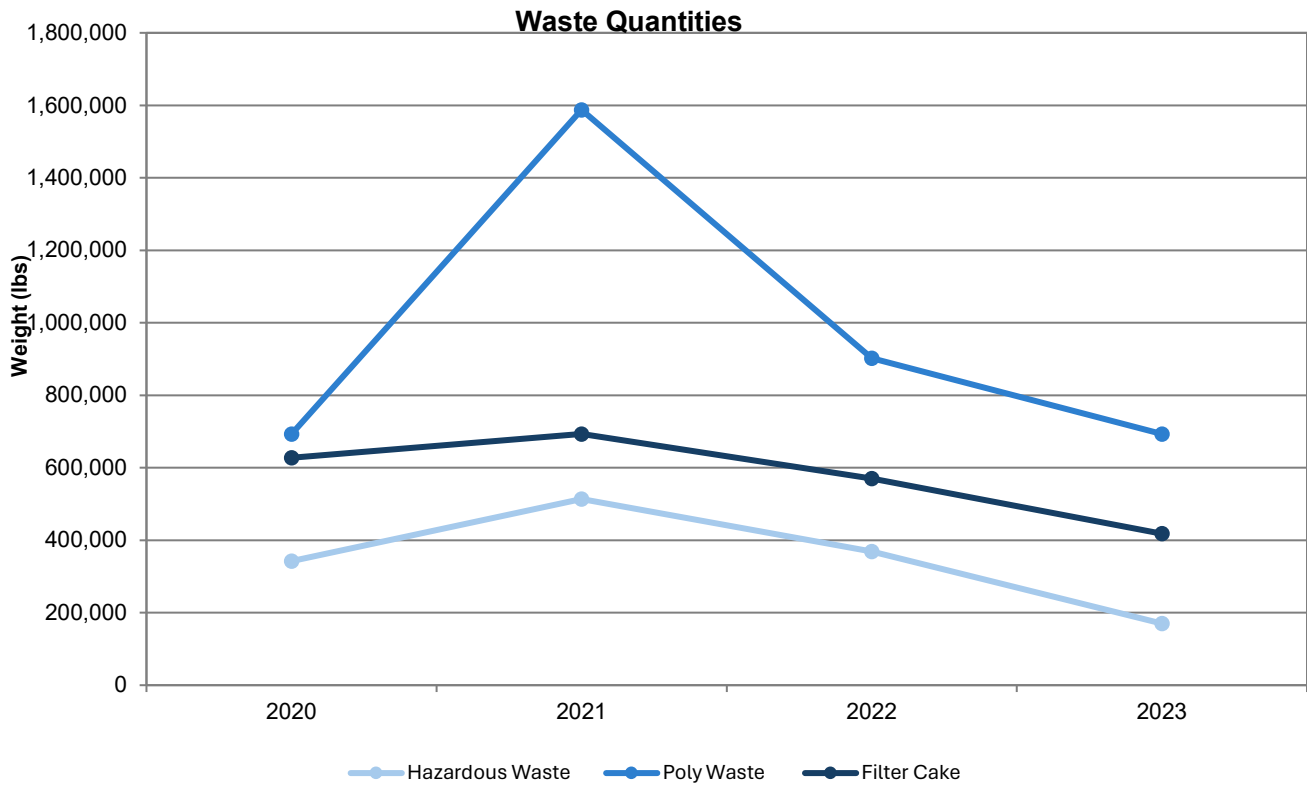
Wastewater Usage

StanChem has also reduced its overall wastewater usage by 21% between 2022 and 2023.



Waste Generation

Waste generated is from several sources. The overall waste generation has been reduced by 32% between 2022 and 2023. StanChem continues to operate its state-of-the-art wastewater treatment system to improve capacity, effectiveness, and reliability. The system removes latex from water using a two-step separation process: chemical separation and mechanical separation. Treated water from the system is directed to the local sewer system to continue with StanChem’s policy of no discharges directed to surface water systems. Water quality was validated after installation and is evaluated every month as part of required reporting to local and state officials. This capital investment increased the plant’s wastewater treatment capacity, eliminated sludge, and significantly reduced wastewater disposal costs.



Recycling

90% of StanChem's incoming raw material packaging is recycled and 85% of incoming solvents are delivered in re-usable totes. The lifespan of materials such as steel and plastic drums are extended through washing and recertification by an outside vendor for resale. Additionally, 100% percent of StanChem's zero-sort recycling stream is recycled, including cardboard, wooden pallets, and metals.



Employee Opportunities



StanChem believes that supporting their employees is important to strengthening the company. StanChem has established opportunities for their employees to further their careers, including encouraging and supporting the pursuit of trade licenses. StanChem has also provided tuition reimbursement for those interested in higher education.

StanChem covers 100% of employee healthcare premiums and funds 50% of Healthcare Savings Accounts (HSAs).

To improve management and employee engagement, several of StanChem's key personnel were provided with formal leadership training in 2023.

Community Support

StanChem believes in strengthening the community by helping others. In 2023, StanChem ran a number of food drives and worked with the non-profit organizations, Gifts of Love and Hands on Hartford, to organize them. StanChem collected non-perishable foods and toiletries to donate to individuals and families in need.



Health and Safety

StanChem is committed to a safe and healthy workplace, with active Safety Committees at the East Berlin, Connecticut and Lodi, New Jersey facilities. StanChem offers training programs to employees and has incorporated new equipment to decrease employee exposure to physical and chemical hazards. StanChem's health and safety training program on the Learning Management System (LMS) has been translated into several different languages to maximize the learning effectiveness for staff. The LMS includes scheduling and scoring to ensure employees are trained to complete their jobs safely. StanChem installed a material handling system to lift and move materials and uses motorized pallet jacks to reduce the strain on employees from heavy lifting. Job Hazard Analysis's (JHAs) have been completed on several operations to ensure proper methods are followed and protective equipment is available.

Accountability for occupational safety lies with the Senior Vice President Operations and the Environmental Health and Safety (EHS) Director. In 2023 we operated 200 accident-free days in East Berlin, Connecticut, and 600 accident-free days in Lodi, New Jersey.



Raw Material Safety



StanChem has made significant investments with infrastructure improvements in East Berlin to reduce the direct handling of potentially harmful raw materials by employees. A significant capital investment in 2023 was the implementation of a bulk ammonia handling system early in 2023 to further reduce the need for employees to directly handle this material. While these improvements were primarily implemented to reduce employee chemical exposure, StanChem has also seen an improvement in product consistency and quality.

We have continued with improvements in 2023 to our reactors which has allowed for more bulk

additions to batches without direct employee interactions with these raw materials. The installation of an additional new automated bulk storage tank has also eliminated the need for employees to directly handle smaller volumes (drums) of hazardous raw materials.

Sustainable Sourcing

StanChem Resins places paramount importance on sustainable sourcing to manage our environmental footprint and ensure the safety and quality of our products. We are proactive in engaging with our suppliers and trading partners to uphold high standards of sustainability and responsible business behavior. Our biggest volume raw material is petroleum derived acrylate type monomer, and we are committed to qualifying bio-based acrylate type monomers as they become available.

Our procurement strategy is built on cost, quality, supply security, and sustainability, overseen by our Chemical & Procurement Manager.

We expect our suppliers and their networks to adopt standards that reflect StanChem Resins' commitment to sustainability, ensuring our vendors align with our policies and values. Critical to our sustainability profile and brand image, we establish sustainability criteria for vendor selection to mitigate risks and manage our overall sustainability performance.



Products



New Grades

Our latest innovations with water based emulsion polymers

Product	Polymer Type	Solids	Viscosity (cps)	Tg °C	Uses	Description
SC 5237	Vinyl VeoVa™	50%	2000	26	Fire Retardant	VeoVa™ copolymer designed for high performance intumescent coatings
SC 6374	Styrene / Acrylic	50%	<1000	39	Industrial Maintenance	Industrial maintenance grade that provides excellent hardness, water, and chemical resistance
SC 6999	Styrene / Acrylic	50%	<800	48	Industrial	High build / high gloss binder for direct to metal coatings
SC 6972	Styrene / Acrylic	37%	<700	40	Factory Applied	Hydroxyl functional for use in thermoset coatings, can be crosslinked with melamine
SC 9022	Acrylic	55%	200	-35	Roof Coatings	All acrylic binder for elastomeric roof coatings
SC 9032	Acrylic	60%	<1000	-35	Roof Coatings	High solids all acrylic for elastomeric roof coatings
SC 6942	Acrylic	50%	<250	26	Traffic Paint	All acrylic designed for quick dry applications

StanChem supplies the North American paint & coatings industry with low to zero VOC water-based acrylic emulsions. StanChem Resin’s R&D group has developed the next generation of economical, sustainable water-based acrylic latexes for residential and industrial applications with zero volatile organic compounds (VOCs).

People



One of StanChem's core values is belief in employees. We consider our employees to be the most critical element to our success. StanChem has a diverse workforce and has many employees with decades of service. StanChem is proud of these hardworking, honorable, and conscientious employees and recognizes their contribution and dedication to our company. As StanChem grows, we will rely on our employees to develop new and innovative water-based emulsion polymers to continue the sustainability of our business.

History of StanChem

The origins of the Stanley Chemical Company date to 1909, when E. Allen Moore, vice-president of the Stanley Works, hired chemist William Rowland in an effort to help improve the quality of the company's cold-rolled steel production. Along with Moore, Rowland employed a number of innovative techniques that allowed the Stanley Works to reclaim and recycle excess sulphite and iron discharged in the cold-rolling process, as well as to eliminate several harmful waste products associated with the company's earlier methods.

Despite these successes, Rowland soon found himself less than fully occupied and subsequently turned his mind towards other inefficiencies he observed in Stanley's production processes. Notable among these was the firm's inability to reclaim many waste metals due to contamination by dirt or ashes during manufacturing. Rowland presented the problem to Moore, who then proposed the idea of founding a new commercial entity dedicated to solving the recycling issue. The result was the incorporation of the Connecticut Metal and Chemical Company on September 9, 1911.

The Connecticut Metal and Chemical Company was initially located in a small, rented shop in Bristol, Connecticut, however, once company directors at the Stanley Works caught wind of the venture, and realized the amount of time Moore and Rowland were devoting to it, they voiced concerns. As a result, in 1916, the Stanley Works purchased control of the Connecticut Metal and Chemical Company and moved all operations to New Britain where Rowland served as president. In 1921, the firm was absorbed by the Stanley Works and its name changed to the Stanley Chemical Company. By 1922, Stanley Chemical had added production of paint, lacquers, varnishes, brass and bronze castings to its metal reclamation work. As a result, a dedicated plant was established in Berlin where Stanley Chemical would continue to operate and expand production lines until it was bought out by a group of managers in 1969.

Stanley Chemical was subsequently reorganized as StanChem, Inc. in 1968, and started the manufacture of water-based emulsion polymers.

1963



2023





Our Goals

As StanChem looks to the future, goals have been developed to work towards achieving the following:

- Accident-free operation in 2024
- Reduced energy/ CO₂ emissions.
- Reduced waste generated.
- Achieve Ecovadis Gold Sustainability Rating.
- Convert propane forklifts to all electric units (EV).