

ANNUAL RESPONSIBILITY REPORT

Committed to Taking Great Care



"Our commitment to social responsibility goes far beyond environmental sustainability.

It's integral to how we choose our suppliers and our continued adherence to the highest standards. We prioritize safe and healthy environments for our employees and customers. You can see our dedication toward community involvement, which is core to our company culture. Sustainability is part of our company fabric, helping to foster individual and collective growth."

JOHN LUNDIN President and CEO of Chem-Trend



Beyond Sustainability

"Sustainability is in our DNA."

We say that a lot here at Chem-Trend because it's true — and it is a major source of pride for our organization. Since our founding over 60 years ago, we've been committed to developing technologies that empower our customers to achieve greater efficiency while improving sustainability aspects within our global operations.

But that's only part of the story.

Our role as responsible corporate citizens extends far beyond environmental stewardship. I'm proud to say that we are committed to increased recycling, and reducing CO_2 emissions, water usage, and waste. Additionally, our actions extend to adherence of fair labor practices; responsible sourcing; Health, Safety & Environment (HSE) protocols; legal and regulatory compliance; and more.

Our social commitment is integral to how we operate at every level.

We choose our suppliers based on how well they represent our values and align with our social and environmental goals. We innovate to create products which address anticipated regulatory changes, so our customers can successfully adapt with fewer interruptions while creating safer work environments. We strive as a team to create a top global workplace of choice by cultivating a company culture that promotes personal and professional development.

In 2023, we achieved a Gold rating from EcoVadis, the globally trusted provider of business sustainability assessments.

This third-party recognition puts our company in the top 5% of all rated companies in the areas of environment, ethics, labor, human rights, and sustainable procurement. While we celebrate this designation and its seamless alignment with our mission, there is more we can do.

Together as a global team, we keep pushing toward greater possibilities and responsibility.

John M. Fuchi

JOHN LUNDIN President and CEO of Chem-Trend

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COMMITTED TO TAKING GREAT CARE

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Our Responsibility Goals: A Continuous Commitment

In 2020 we set ambitious sustainable targets. We are acting continuously and diligently to meet these commitments. 5-YEAR TARGETS, 2020-2025

Reduced by 25% BY 2025

Reduced to 4% BY 2025

90% or less annual target

14kgs or greater TARGET

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CO₂ EMISSIONS

Surpassing Expectation

Our goal is to reduce global CO_2 emissions by 25% overall from 2020-2025. Tracking slightly ahead of schedule, measurements show that Chem-Trend is within 300 tonnes of reaching the 2025 target — and we're on pace to go even further.

"We are proud that our team surpassed our CO₂ reduction target in 2023, but this is just half of the story. We have several exciting key projects in the works, from HVAC system upgrades to green energy purchases, that we began later in the year — and the benefits have yet to be fully realized. As a result, we expect to beat our 2024 target."

DR. MICK TAMBASCO **Global Sustainability Officer**



See what's included in Scope 1 & 2 and our calculations on page 40. Adjustments were made to accurately represent historic CO₂ emissions.

Global CO₂ emissions: 4,178 tonnes TOTAL CO₂ EMISSIONS IN TONNES (SCOPE 1 & 2)

ADDITIONAL SUSTAINABILITY TARGETS

Setting the Standard

Other sustainability priorities include improvement in waste, water usage, and recycled materials. In each of these areas, we see opportunities for refinement in our operations that will help us make progress towards reaching our 2025 goals. We recycled more material and kept our water consumption low in 2023 to beat our annual targets in these areas. Waste generation remains above the 4% targeted reduction by 2025. While this is a challenging goal, we continue to focus our efforts on improving this number.



GOAL Waste Generation Reduced to 4% by 2025

2022

GOAL Water Consumption 90% or Less Annual Target

GOAL **Recycled Materials** 14kgs or Greater Annual Target

Putting Goals into Motion

We approach every aspect of our work with a desire to provide solutions that bring positive transformation. This goes for the products we innovate to significantly improve our customers' operations, the care we take to keep our teammates safe, and how we conduct ourselves as global citizens. At Chem-Trend we act with great intentionality, whether we're choosing raw materials to use or volunteering in our communities, to foster improvement and a better world.







Clean Energy Generation

2023 marked the start of something big in Brazil — Chem-Trend broke ground on its own photovoltaic power generation plant.

Located at the company's Southern Hemisphere headquarters in Valinhos, São Paulo, Brazil, the plant will have capacity to produce 54,000 kwh/month. The expectation of self-generation is 648,000 kWh annually, volume which is capable of supplying 100% of the plant's demand.

The photovoltaic unit, installed in the parking lot using carport structures, occupies a total area of 2,332.9 m² (about 25,000 ft²) and consists of 882 510W_p modules distributed in 128 parking spaces. The project will be completed in 2024.

"The generation of all the clean energy necessary for our production processes represents another important advancement towards an ecologically responsible future, underscoring our commitment to innovation, sustainability, and market leadership."

EVERTON LOURENÇO Senior Industrial Manager

D'e





Packaging & Supply nain -

Cher Trend

A better tote in Brazil

How we source materials is integral to our commitment to social responsibility. When choosing suppliers to purchase from and build long-term relationships with, there are many considerations, including an assessment of environmental impact, product safety, and labor practices.

In 2023, Chem-Trend Southern Hemisphere led by our Brazilian die cast team member and technology manager, Diego Monteiro, replaced plastic for cardboard in the bulk delivery of die lubricants in the region. The new option is not only 100% recyclable, but also improves efficiency and ease of coordination, and supports a sustainable production model executed by the local packaging producer.

> "To introduce this package to our customers, we initially provided them with a brief overview of the packages available in our region and the advantages of switching to a more sustainable solution. We aim to highlight not only the sustainable aspects but also the commercial savings customers will gain by moving from drums to one-way totes."

DIEGO MONTEIRO Technology Manager, Die Cast



Conventional plastic packaging for bulk deliveries was replaced with a one-way cardboard tote solution. Not only are these recyclable, they are also easy to handle within the production environment.



Optimized pack size in India

Another example comes from Chem-Trend India, where a year-long packaging review resulted in an optimized pack size selection that minimized complexity in operations, reduced plastic usage, and improved filling time on the shop floor.

Out of hundreds of SKUs, only 25% of the region's packaging was found to be bulk pack sizes with the balance categorized as various small pack sizes, which take more time to fill and pose ergonomic risks to the production team. Additionally, utilizing smaller containers uses more plastic in total for the same volume of product versus a bulk pack.

After the analysis of years' worth of data and a collaborative review with sales, the operations team effectively reduced the total number of small pack sizes, while satisfying all customer requirements, and yielded the company savings in time, packing material input cost, and plastic material usage as multiple small pack sizes were eliminated in favor of slightly larger, standardized options.



IMPROVED TIME SAVINGS



PLASTIC USAGE



"We had the opportunity to reduce the packing material used without changing any design of any additional infrastructure. We focused on pack sizes where we had greatest acceptance by both customers and sales. With this project our efforts resulted in not only sustainability improvements, but also in safety, ergonomics, operations, and cost."

SANDEEP AVULA Associate General Manager, Production



Renewable Raw Materials

Chem - Tr

Improving the sustainability of raw materials is integral to our R&D process to create greater efficiency, efficacy, and safety for our organization and those we serve. To guide this process, Dr. Gina Comiskey, Applied Research, created Chem-Trend's global raw material sustainability scorecard, which provides complete scoring of all materials used in global and North America-specific product formulations.

Based on seven categories — feedstock, biodegradability, renewability, recyclability, VOC (volatile organic compounds) content, HAP (hazardous air pollutant) content, and health every material used is graded. This transparency aids our global chemists in selecting the best raw materials for the job.

Screening materials using the scorecard, which applies a rating between 0-5 (with 5 being the most ideal) has already created early and notable success stories.

> "This is truly just the start. Tools like the raw material sustainability scorecard can make a significant difference while also planting the seeds of sustainability throughout our organization. The next step for this is to expand its use globally, incorporate raw materials grading into the company's enterprise resource management system, and continue to share our successes organization-wide to expand our progress at a rapid pace."

DR. GINA COMISKEY Research Scientist



MATERIAL REPLACEMENT Two chemically equivalent surfactants*





*Types of chemicals that you can find in any household cleaner or personal cleansers/soaps

Community Involvement

Having a positive impact on the communities where we live and work is part of the Chem-Trend ethos. We provide support through the Freudenberg-backed e² initiative, which encourages everyone in our company to initiate and support charitable projects related to education and environmental protection.

Here are just a few of our projects from 2023:

Sensory Garden in Brazil

The Sensory Garden was created to enhance the care that Brazil's Centro Sindrome de Down organization provides to children and young people with Down syndrome. Brought to life by Chem-Trend and SurTec employees, it is a haven of sensory and motor stimulation.



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"For me, it is rewarding to be actively involved in this project, providing support and encouragement to children, and shaping a more inclusive and promising future for all of them."

ANGELA ZANONI

Marketing & Communications Manager

Science & Nature in North America

Chem-Trend employees based in Howell, MI, USA participated in Howell's Arbor Day celebration by preparing and delivering a presentation to over 100 third-grade students on sunlight effects, using photochemical paper.

Thirty employees volunteered for Livingston County's United Way's Day of Caring, by clearing the grounds and trails at the Howell Nature Center, a long-time community partner and past recipient of two Freudenberg e² project awards totaling over \$250,000. The funds helped to make the park more accessible through paved pathways and increased educational signage for the benefit of its patrons.

Strengthening Community in India

Community involvement is strong in Chem-Trend India with no less than ten projects carried out over the last year. One such initiative involved employee volunteer hours and company-sponsored funding provided to Seva Bharathi Dakshina, an active organization committed to social work and community services for the last 16 years.

The organization is working in areas of health, women's empowerment, blood donation, and rehabilitation of persons with spinal cord injuries. Chem-Trend funds provided mobility aid to several patients who suffered a spinal cord injury.



"I am proud to be a part of these meaningful initiatives taken by Chem-Trend India. Helping the communities around us is always a satisfying experience."

ROMIN BADAL BOSE Regional Industry Development Manager



Education in Asia Pacific

In 2023, Chem-Trend China continued its long-standing support for education through employee volunteerism at a Freudenberg-sponsored school in China, Jiangyou Haijin.

Since 2013, Chem-Trend employees, like Gigi Lu, have served the organization through delivery of various classes to the students. Volunteer commitment involves spending two days across six classes to teach, interact, and play with students focusing on English and Chinese language studies, arts & crafts, and sports education.



"As a volunteer, I have participated in four summer camps over the years, and I really enjoy being a teacher. I am proud to teach and share joyful moments with children; it is my beautiful memory."

GIGI LU

Senior Generalist, Human Resources

Footprint Reduction & Employee Empowerment

A massive effort to reveal the people and projects of Chem-Trend's European sites who are leading the charge on sustainability kicked off last year. Executed in a series of internal communication campaigns, the initiative brought to light more than the sustainability improvements realized through several company-led projects; it highlighted an employee movement for change and collaboration across the organization to make an impact in the world of sustainability.

"At Chem-Trend, the concept of sustainability has been deeply rooted since our founding. Our commitment to the 'Handprint' — the positive impact of our products on our customers' sustainability efforts — has always been with us. It was only logical to also turn our gaze inward and scrutinize projects aimed at improving our own 'Footprint.' Torben and his team in Norderstedt have achieved impressive results with their dedication in reducing production waste. Sharing the story of a fantastic team, their commitment, and the outstanding results both internally and externally was exciting, fun, and varied."

CAROLA TEICHMANN

Marketing Manager & Originator of Concept

The waste reduction effort that the campaign detailed was spearheaded by Torben Böhme, a production engineer based in Norderstedt, Germany. He enacted an internal task force of experts from across the organization that resulted in meaningful waste and GHG (greenhouse gas) emission reductions.

Other site sustainability projects continue to be shared, featuring success stories narrated by project leaders and emphasizing the remarkable change that takes place when employees can connect and rally behind a meaningful cause. .

"When Carola approached me to learn more about my project, I was very pleased. The more we talked, the more we revisited individual aspects of the project, the more I realized that my project was much more than I

had thought. The enthusiasm for the communication project quickly spread to the entire project team. Two days of video and photo shooting in Norderstedt were incredibly exciting and quite different from what I usually do. When the campaign was finally rolled out, I was quite proud of our achievement."

TORBEN BÖHME Production Engineer

Safety First, Always

A strong safety culture is prioritized and nurtured within Chem-Trend and the greater Freudenberg Group. It is not only words, but actions that ensure the safety of our employees and partners who interact with our products and services. *We All Take Care* is an ongoing initiative that encourages employees to focus on sustainability, wellness, and environmental protection in all endeavors. Safety is the core and overarching theme of the program. On a yearly basis, employee-submitted projects are reviewed and awarded based on the level of contribution to the organization. Here are the top three projects from 2023:

We take care!

FIRST PLACE Safety Community, Chem-Trend China

Top honors went to China's Safety Community, a digital safety hub. Using WeChat, the team customized six safety topics, including announcements, good catches, training, and more. All employees can contribute within topics from their phone, with rewards given in the app for sharing or responding.



"Employee engagement in safety is key to building a strong safety culture. Our Digital Safety Hub fosters collaboration and empowers employees to take ownership of safety. Creating a culture where safety is everyone's responsibility."

RITESH NAIR

Vice President & General Manager

We Learn, Innovate, and Practice, Chem-Trend India

India's implementation of a semi-automated solvent-based repacking machine eliminates ergonomic problems, risks in solvent handling, and solvent spillage during filling — all this while increasing productivity 1.5 times when compared to a manual filling procedure. "This project delivered the desired productivity, cost efficiency, quality, and safety results. A perfect example for multifunctional teamwork bringing out the best by using OpEx methodology."

MR. KANAKARAJU T.

Chief Technology Officer Kluber Lubrication



THIRD PLACE Building a Better Way, Chem-Trend Germany

The goal of this "better way" project was to create the safest and easiest material transfer route between two building elevations by installing a ramp. It took strong alignment and cooperation by the team to facilitate the structural modification required to improve the route.

"The goal was to address an identified hazard in our production — and the beauty of the solution was not only the achievement of the goal, but also the improvement in productivity because of the implementation. The team demonstrated that improving safety and making significant productivity gains can go hand in hand."

MICHAEL WOODCOCK Vice President



Behind Our PFAS Elimination Efforts

In 2023, we met a major milestone in our commitment to sustainability: the elimination of per- and polyfluoroalkyl substances (PFAS) from the Chem-Trend portfolio. This standard also extends to new product developments and future acquisitions.

This global PFAS initiative was a multi-year, cross-organizational effort to eliminate problematic chemical compounds while maintaining the high performance and quality that our customers rely on. It also anticipates coming regulation, creating a more seamless transition for customers, and putting them in positions of HSE leadership within their industries.

Consistent with our legacy of responsible leadership, we are moving the market toward safer chemistry and giving our customers better choices. This approach has also led us to opportunities with new customers requesting Chem-Trend support due to the robust availability of high-performing waterbased and PFAS-free solutions.



"We have been successful in developing water-based, PFAS-free technology for the wind, aerospace, and advanced composite segments. Using our products, manufacturers are seeing great improvements in the shop floor environment with less smell and easier clean-up, as well as reduced plant emissions and delivering performance on par with solvent-based release system technologies. Our R&D efforts continue in the expansion of our water-based, PFAS-free line-up into all composites segments."

DAVID FENWICK

Business Development Director, Composites

"This was a team effort across R&D, operations, and sales to find and trial PFAS substitutes, while still meeting the high-performance expectations demanded by our customers. We are proud of this achievement, which demonstrates Chem-Trend's overall commitment to sustainability."

AMANDA PUGH

Vice President of Marketing and Technology

Today the composites industry heavily relies on petroleum-based release agents to meet end-user application requirements. The goal of Chem-Trend's high-performing composites productline is to transition to 100% water-based release system technology without sacrificing efficiency and performance when compared to petroleum-based release systems. Doing so presents myriad challenges as many composite processes require the release agent to be applied to the mold at room temperature where petroleum-based technology excels, allowing for faster evaporation and desirable wetting properties.

"Our tire customers are quickly adapting to the new popularization of EV tires while also balancing the need for high performance, manufacturing efficiency, and cost stabilization within the production setting. Our challenge was to lead the adoption of recent HSE regulations and raise the bar in terms of EV compatibility. This allowed us to explore new components for superior release, but also provide advantages for post-cure adhesion to the inner liner of the tire."

SHAKTI GAURIAR Business Development Director, Tire Evolving our product solutions is always our aim, and the initiative for PFAS elimination complements the overall strategy to offer forwardthinking solutions to our customers. In our Tire segment, for example, the availability of both PFAS-free and EV compatible tire paints allows us to meet the complexities of modern tire design and vehicle electrification.

Coupled with integration of an EcoVadis rating within its supplier scorecard and heightened visibility of material sustainability rating within its product development scorecards, the company aims to continue progress in delivery of the most sustainable and environmentally conscious products on the market today.



"Predicting future customer needs is a challenging goal for any R&D organization. At Chem-Trend we approach this challenge by developing close relationships not only with our customers, but also our material suppliers, to ensure we bring state of the art solutions to market."

DR. MATTHEW KUHLMAN Global Technical Director

Conclusion

Social responsibility has played a leading role since our inception.

Decades later, we're still setting ambitious goals — and striving to meet them in a variety of ways. In step with our parent company, Freudenberg, and the shared mission to be carbon neutral by 2045, our commitment is long-term and continuous.

Our Global Sustainability Advisory Team consists of engineers, research and development scientists, supply chain professionals, and regulatory experts.

Together, we leverage our diverse experiences to both set and track sustainability goals. The team contains members from every manufacturing region around the globe and routinely convenes to share best practices, successes, and challenges.

As part of the long-term journey toward carbon neutrality, we set a short-term goal of reducing our CO_2 emissions by 25% by 2025.

We are extremely proud to have nearly achieved this goal a year ahead of schedule, and we anticipate even more substantial progress based on changes implemented in late 2023 — which are still being measured. With initiatives like heating and cooling system upgrades at our Grand River Plant, green energy purchases in the US and China, and Brazil improving their photovoltaic percentage, we expect to beat our 2024 target and be widely ahead of schedule. Relying on increasing efficiency through audits, process optimization, investments, and information sharing has created momentum.

Several of our production facilities are now utilizing green energy.

Through generation of solar power or by purchasing green energy from our vendors, we continue to explore opportunities that will expand this program to our additional facilities around the world.

Many of our customers share similar climate neutrality targets over a comparable timeframe.

This shared target further fuels our development of innovative and more sustainable release agents that also provide energy savings for our customers. Together, we collaborate to achieve greater CO₂ emissions reductions. We encourage all our employees, suppliers, and customers to partner on the path to carbon neutrality.

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DR. MICK TAMBASCO Global Sustainability Officer

Appendix

OUR CALCULATIONS

CO₂ Emissions

Scope 1 emissions $(2,623 \text{ metric tons } CO_2) +$ Scope 2 emissions (1,555 metric tons CO₂)

CO₂ emissions for Chem-Trend are calculated from the electricity and natural gas/fuel usage at production sites. For these sites, the electricity and gas usage is for the entire site including production, lab, warehouse, office buildings, exterior lighting, etc.

Waste Generation

volume (liters) of waste production volume (liters) for the same period

Waste includes only solvent or water that comes from cleaning, rinsing, washing down of vats, etc. of equipment and containers, and is then disposed.

Water Consumption

Water for this metric includes all water (sanitary, drinking, cleaning, rinsing, cooking, cooling water, steam, water for gardens/lawns, etc.) used at the site except for water that is used as a raw material in a product.

Recycled Materials

Material recycled = steel, plastic, or fiber containers, cardboard, paper, plastic wrap, wood pallets, glass, solvents, water, e-waste, and batteries.

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total emission of = 4,178 metric tons CO₂

=

waste as a % of production volume (liters)

Water usage excluding water used as a raw material in products (liters) MAT Production volume (liters) MAT

Recycled material (kg) MAT production volume kgs (MAT) × 1000



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