



## Statement of continued support by the Chief Executive Officer

Dear Stakeholders,

As mentioned in our Sustainability Report, we at Ascend Performance Materials believe sustainability requires both progress and accountability.

The three pillars of our sustainability strategy (Empowering People, Innovating Solutions and Operating Without Compromise) serve to guide our efforts in areas important to our stakeholders. Our values (One Ascend, We Care, Better Every Day, Agile and Customer-Focused) guide how and why we do the important work to become a more sustainable partner to our employees, suppliers, customers, communities and the billions of people who utilize our materials every day, not knowing they are from Ascend Performance Materials.

Our approach is simple: take meaningful, long-lasting actions, whether through new product developments, application innovations or helping in our local communities that improve the quality of life today and inspire a better tomorrow.

As an example, we set a goal of reducing our Scope 1 greenhouse gas emissions by 80% by 2030. That is a meaningful improvement to our environmental footprint that will have long-lasting positive impact.

Our participation in the United Nations Global Compact and our commitment to align our sustainability efforts with the Ten Principles of the UN Global Compact help guide and grow our overall sustainability strategy.

In the areas of human rights, labor, environment and anti-corruption, our focus is not only to improve within Ascend, but also through active engagement with our suppliers, peers and customers to ensure our improvement collectively are meaningful and long-lasting.

We are proud of the progress we have made, especially those outlined in this Communication on Progress. We will continue developing and executing our sustainability strategy and communicating our efforts publicly, as a reflection of our purpose to improve the quality of life today and inspire a better tomorrow.

Sincerely,

A handwritten signature in black ink that reads 'Phil McDivitt'.

Phil McDivitt  
President and CEO



## Description of Actions

To align our business and sustainability strategies with the Ten Principles of the UN Global Compact, we have made improvements over the past year to strengthen our positions, policies and processes in human rights, labor, environment and anti-corruption.

Below are some of our programs and changes which align to the UNGC Ten Principles.

## Human Rights

One of the pillars of our sustainability strategy is Empowering People, which encompasses the belief that when people are treated with dignity and respect, they thrive. It goes beyond basic human rights and is enshrined in our longstanding Code of Business Conduct and Ethics and our publicly available Sustainable Procurement policy.

It is a belief demonstrated through our employee-led nonprofit organization, Ascend Cares, which focuses on helping the most vulnerable members of our communities. And it is a belief that we must work to foster an inclusive, diverse and equitable workplace where everyone is valued and can do their best work, because the actions we take at Ascend inform the actions our people take beyond Ascend.

To date, we have recorded zero human rights violations at Ascend.

## Sustainable Procurement Policy

### *Implementation*

Implemented in 2021, our Sustainable Procurement policy outlines our expectations for our suppliers regarding their business practices, including the respect for and compliance with international laws regarding human rights.

Our policy clearly states that we expect suppliers to follow all laws regarding bonded and forced labor, human trafficking and child labor. Beyond being publicly available, our policy has been shared with our suppliers and is part of our new supplier onboarding process.

### *Measurement of Outcomes*

The policy has been shared directly with 100% of our suppliers and 33 have gone through a thorough CSR assessment to ensure compliance.

## Inclusion, Diversity and Equity

### *Implementation*



We are focused on ensuring that we foster inclusive, diverse and equitable working environments. Each of our sites has assigned a local culture champion and developed a plan to promote inclusion at that site. We have partnered with a DEI consultancy to improve our understanding of DEI concepts, evaluate our areas for improvement and recommend further actions.

Company-wide, we have named a senior director for culture and inclusion, implemented regular communications on diversity, trained 28 culture champions to serve as local resources and developed and published a roadmap for making Ascend a more inclusive company.

These efforts ensure that our people recognize others' humanity and value their place in society and our organization.

#### *Measurement of Outcomes*

In 2021, we added inclusion to our global culture survey. Over 80% of our employees participated in the survey and the results have led to multiple inclusion initiatives at each of our sites globally. The survey will be conducted every two years to measure the progress of our changes.

Our approach has been to incorporate inclusion into our culture, so our people understand that this is part of the fabric of our company. Our goal is for every employee to feel empowered to affect change throughout the organization.

## **Whistleblower Policy**

### *Implementation*

Our Code of Business Conduct and Ethics explicitly establishes a responsibility of all Ascend employees to report illegal or unethical behavior to the proper channels, including a confidential third-party reporting hotline. The Code also explicitly states that retaliation for reporting is not tolerated.

### *Measurement of Outcomes*

Our employees are assigned annual compliance training, during which the whistleblower policy is explicitly covered. One hundred percent of our employees completed this training in the last year.

## **Ascend Cares**

### *Implementation*

Our employee-led nonprofit, Ascend Cares, is funded through employee donations and a one-to-one company match. Volunteer efforts are entirely managed by our employees and often involve their family members.



As an example, Ascend Cares supports partner organizations throughout our communities, including Sunshine House in Greenwood, South Carolina, which provides early childhood development and care, and Loaves and Fishes in Houston, Texas, a soup kitchen for the unhoused.

Each of the 100+ organizations we partner with across Ascend is chosen by our employees and is supported both financially and through volunteering. Ascend Cares is an embodiment of our “we care” value.

#### *Measurement of Outcomes*

In 2021, a record \$1 million was raised and matched, and we have set a goal of investing \$2 million back into our communities in 2022. We also aim for 100% participation in Ascend Cares by our employees.

## Labor

Other aspects of our Empowering People pillar are our commitments to operating safely and providing career growth opportunities for our people.

Safety is our highest priority. Across the company we have a Commitment to Zero which means we strive for zero personal injuries, zero environmental releases and zero process safety incidents at our sites.

In many of our communities, Ascend is one of the largest employers. While our company is 13 years old, our largest sites have been in operation for over 60 years and have employed multiple generations from a number of families that continue to work with us today. We appreciate our obligation to provide meaningful careers to our people and offer opportunities for advancement across our organization, from the plant floor to the business support functions.

## **Commitment to Zero**

### *Implementation*

When it comes to safety, our goal is always zero. In terms of personal injuries, we instituted a program to help our people recognize and mitigate hazards. The rollout of Hazard Recognition Plus™ began in late 2018 and to-date each of our sites globally have been trained on its use.

Because we are focused on meaningful, long-lasting change, we began by training coaches who worked at each of our sites. These coaches were selected based on their commitment to safety and their influence at our sites. Coaches were then asked to train their peers and help incorporate HRP into our processes.

### *Measurement of Outcomes*



After instituting our Hazard Recognition Plus program, we saw a 50% reduction in recordable injuries, year over year. From 2012, our total recordable injury rate fell by more than 80%, meaning that as activity (as measured in man-hours) at our sites increased, the rate of injury decreased considerably.

Many of our coaches have progressed to become coach trainer specialists, where they train new classes of HRP coaches to ensure that even as people change careers or sites, the knowledge remains at that site.

We were awarded the 2021 Responsible Care Initiative of the Year by the American Chemistry Council and the Texas Chemical Council's Sustained Excellence in Caring for Texas and Occupational Safety Distinguished Service awards.

Again, our goal is zero. We continue to prioritize safety and develop new methods for further reducing injuries. We also include in our safety programs any contractors who might be working on our sites and only work with suppliers who share our commitment to safety.

## **Health and Benefits**

### *Implementation*

We offer a health program that goes beyond healthcare coverage. Our program includes health and wellness resources available to all U.S.-based employees (the majority of our workforce), including an incentivized wellness program operated by Virgin Pulse and an employee assistance program that offers psychological health, financial coaching and legal assistance.

We also offer on-site medical screenings and employ full-time medical staff at our major operations.

### *Measurement of Outcomes*

Ninety-two percent of our eligible employees participate in our healthcare benefits and 97% participate in our retirement benefits.

## **Career Development**

### *Implementation*

One of our values is "better every day", which is the idea that we continuously create and seek opportunities for improvement. It is a value that informs our efforts company-wide and applied on the individual level. To help our people be better every day, each employee receives an annual performance and development review and we have a number of career development programs across each level of our organization. Our training and development includes both technical training and management training, as well as a robust mentoring program.

### *Measurement of Outcomes*



On average, our employees receive 74 hours of training annually. In 2021, we added training for our front-line leaders who manage the vast majority of our workforce. These trainings focus on transitioning from a technical to a managerial role and help ensure that our people are provided the resources they need to develop their careers throughout the organization.

## Environment

As stated previously, we have a commitment to reduce our greenhouse gas emissions 80% by 2030. But our focus on the environment extends beyond emissions. Two of our pillars address environmental impacts: Innovating Solutions and Operating Without Compromise.

Innovating Solutions addresses impacts beyond our operations, including our products and supply chain. Operating Without Compromise covers impacts of our operations, including emissions, waste and water use.

To ensure new product development or capital projects are sustainable, we've implemented a Design with Sustainability in Mind process for our gate review process.

## Sustainability Policy

### *Implementation*

In 2021, we instituted a sustainability policy that reinforces our sustainability strategy across Ascend and aligns it with our organization's purpose statement. The policy outlines expectations across our three pillars and specifically addresses environmental concerns, such as the reduction of waste, circular materials, responsible use of water and resources, and the reduction of emissions.

### *Measurement of Outcomes*

While we developed a sustainability policy, there is still work to be done communicating it across the organization and incorporating it into our training and day-to-day work. While sustainability informs our large-scale initiatives, we are conscious of the fact that more can and should be done to activate our entire employee population on environmental issues.

We have identified and empowered sustainability champions at each of our sites to help identify opportunities and engage employees in sustainability.

## Scope 1 Emission Reductions

### *Implementation*

We undertook two large-scale projects to reduce our scope 1 GHG emissions. In our Decatur, Alabama, site, we transitioned our steam production from coal-fired boilers to natural gas



cogeneration units, which produce both steam and electricity, reducing our use of electricity from the grid. The other, in our Pensacola, Florida, facility improved the efficiency of our emissions abatement system.

#### *Measurement of Outcomes*

The cogeneration units in Decatur, Alabama, have been built and are operating, though not yet at full capacity. That project is our largest investment in company history and helped establish our sustainability efforts. Once completely operational, they will reduce particulate emissions by 80% and scope 1 and 2 GHG emissions by 40% at the site.

For our installation of cogeneration units, Ascend was awarded the 2022 Responsible Care Initiative of the Year award by the American Chemistry Council.

### **Scope 2 Emission Reductions**

#### *Implementation*

While our scope 1 emissions reductions are well under way, we recognize the need to drive further improvements in our overall footprint. Tackling scope 2 emissions not only reduces our footprint, it also presents an opportunity to invest in technologies that make the power grid more sustainable. Our other large facility, in Alvin, Texas, transitioned a portion of purchased electricity to solar via a power purchase agreement.

#### *Measurement of Outcomes*

Our plant in Alvin, Texas, has been operating with solar power through a power purchase agreement since December of 2021. The PPA supported the construction of the Titan Solar Farm in West Texas, and up to 30% of the site's electricity consumption is now renewable solar energy. We were awarded the American Chemistry Council's Responsible Care Energy Efficiency award.

### **Waste Minimization**

#### *Implementation*

Operating large, integrated facilities means that we have opportunities to optimize and reduce waste from packaging and materials handling. One area where we made considerable progress is on recycling and reusing wooden pallets.

#### *Measurement of Outcomes*

The pallet recycling and reuse project has diverted well over 7 million pounds of waste from landfills. Pallets that can no longer be reused are converted into mulch used in playgrounds and parks. Our effort was awarded the American Chemistry Council's Waste Minimization, Reuse and Recycling Award.



A similar project is underway for our cardboard boxes, dramatically reducing another waste stream from our processes.

## Anti-Corruption

Corruption is an insidious condition that ruins the reputational good and erodes confidence in institutions and their actions. In short, corruption makes meaningful, long-lasting change impossible.

We have a long-standing Code of Business Conduct and Ethics that addresses both overt and covert acts of corruption, including bribery and anti-trust activity. We believe in a fair playing field that gives people and our customers a choice based on performance and healthy competition.

### **Anti-Corruption Training**

#### *Implementation*

Every year, our entire workforce is required to undergo anti-corruption training and acknowledge that 1) they have not participated in or witnessed corrupt practices and 2) they understand they have an obligation to report such practices if they encounter them.

#### *Measurement of Outcomes*

As stated previously, every employee is required to undergo anti-corruption training and in 2021 100% of our people completed the training.

### **Integrity in Action Hotline**

#### *Implementation*

We also have a third-party reporting hotline accessible to all employees and available on our intranet site. The reporting hotline is anonymous and, as mentioned previously, retaliation against whistleblowers is strictly not tolerated.

#### *Measurement of Outcomes*

To-date, we have had zero incidents of corruption or bribery reported through our third-party hotline or any other reporting mechanism as laid out in our Code of Business Conduct and Ethics. We hold our suppliers to this same standard and evaluate their integrity through our Sustainable Procurement policy (see above).