



2022

Sustainability Report



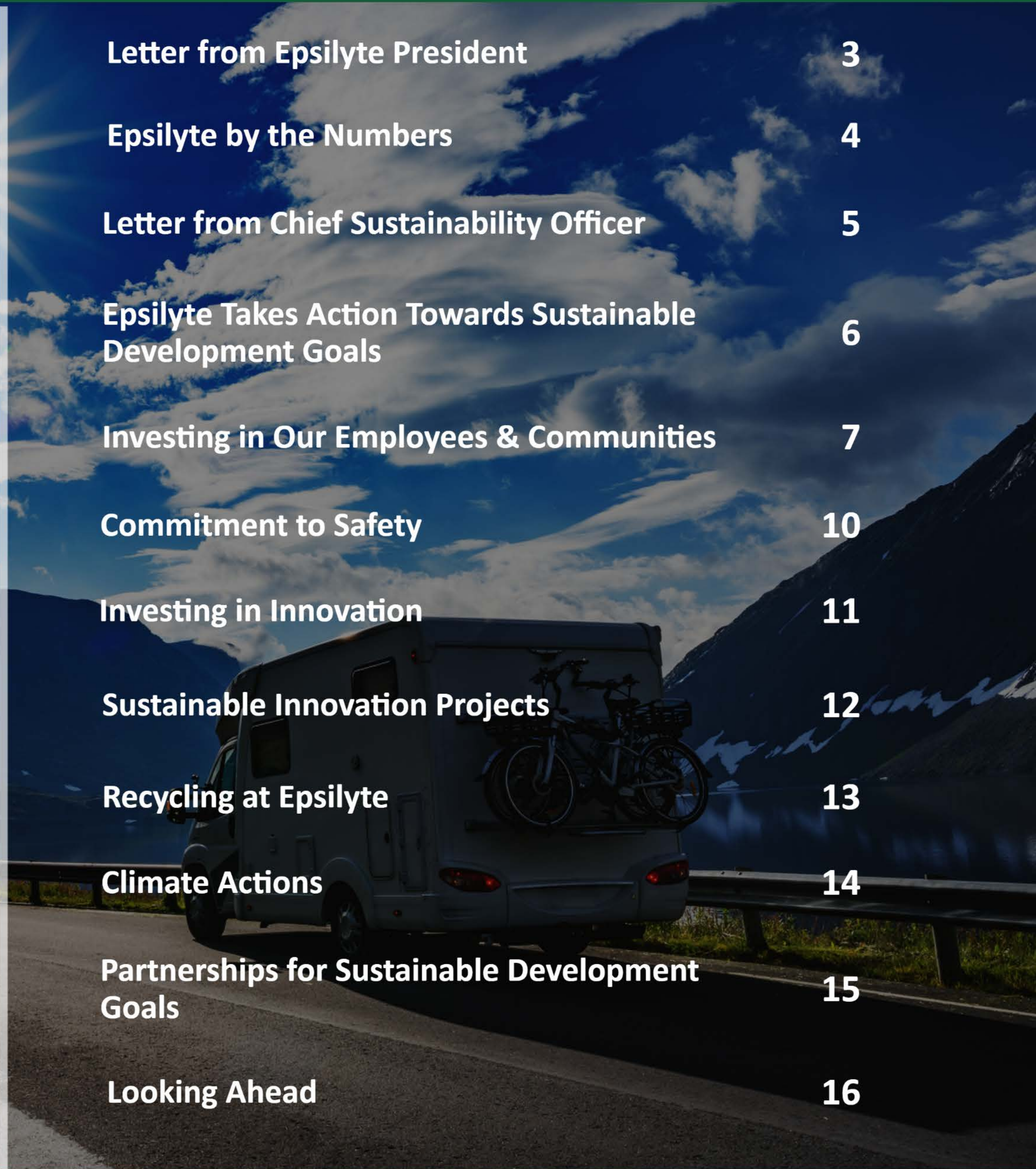
Leading Producer of Advanced Materials in the Americas





Table of Contents

Letter from Epsilyte President	3
Epsilyte by the Numbers	4
Letter from Chief Sustainability Officer	5
Epsilyte Takes Action Towards Sustainable Development Goals	6
Investing in Our Employees & Communities	7
Commitment to Safety	10
Investing in Innovation	11
Sustainable Innovation Projects	12
Recycling at Epsilyte	13
Climate Actions	14
Partnerships for Sustainable Development Goals	15
Looking Ahead	16



Letter from Epsilyte President

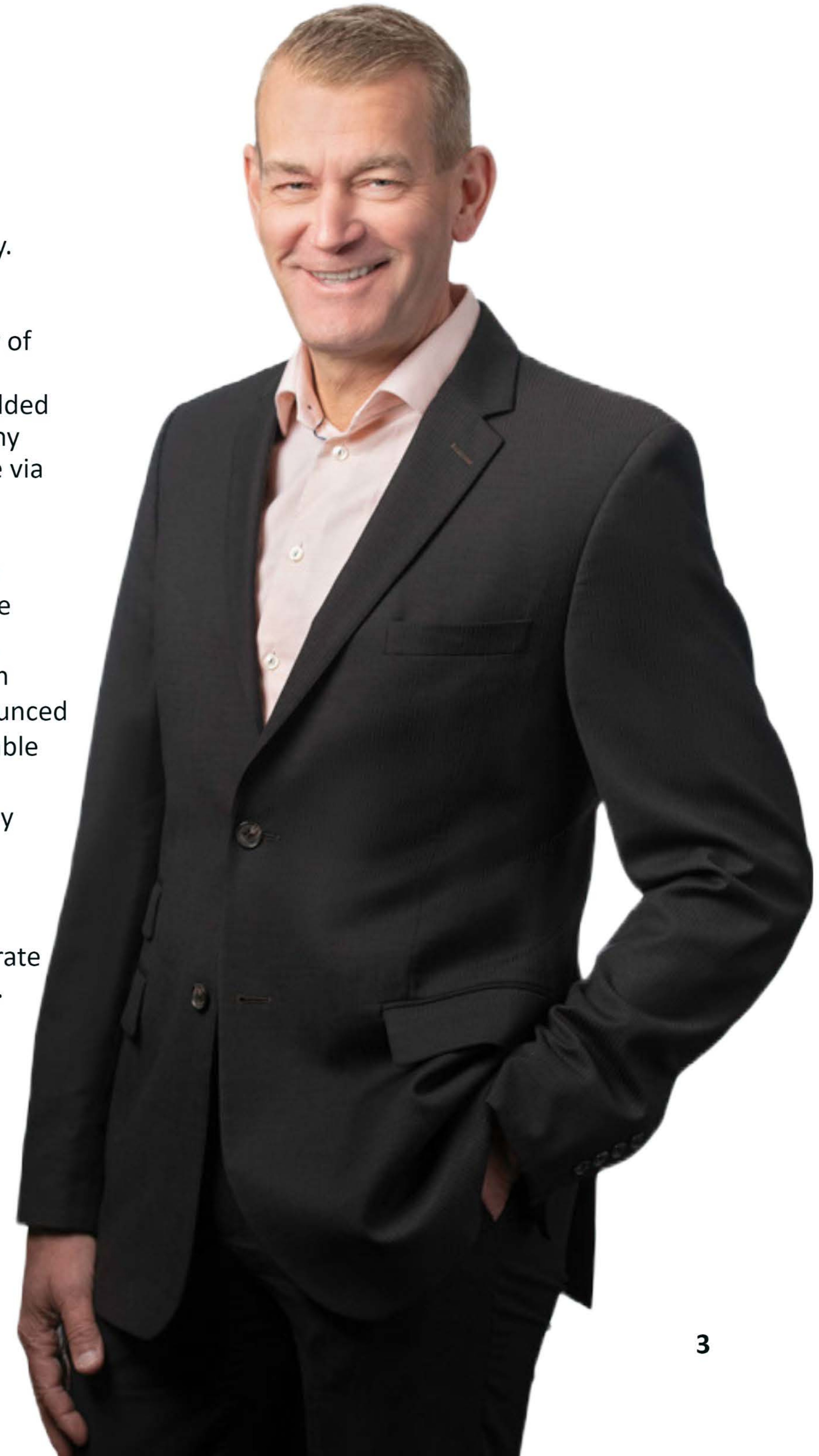
Glenn Wredenhagen

Formed in 2020, Epsilyte is a company trying to make a difference in the EPS industry. With its initial acquisition of Flint Hills Resources, a leading producer of durable and insulative materials, the foundation was set. The company then went on to acquire POLYSOURCE, a producer of advanced resins for safety helmets and an early adopter of recycling technology. In October of 2021, StyroChem, a leading innovator of biodegradable EPS serving needs in both the foodservice and durables space, was added to complete the portfolio. Simply acquiring these entities and forming a new company was not enough. In the last year Epsilyte has made commitments to the marketplace via public announcements backed by action.

In 2022 we began a mission to significantly increase our recycling capabilities. By the completion of this project in late 2023 \$1.3 million will have been invested with more to come. Our product offering now includes resins for both the safety and packaging markets containing 50% PCR (post consumer recycled) content. We recycled 1 million lbs of polystyrene in 2022 and set a target of 2 million lbs for 2023. In 2022 we announced that all nondurable products would soon be converted to our EVRgreen® biodegradable technology. This transformation is underway and should be complete by mid 2023. Packaging products made with our EVRgreen resin are still recyclable, however if they do end up in an anaerobic (wetter) landfill, they will biodegrade along with all other organic materials.

We invested in carbon neutrality. In 2022 our Peru facility and the Woodlands corporate offices achieved carbon neutrality. In 2023 all of Epsilyte will become carbon neutral.

Epsilyte's commitment comes from the highest levels. Our top 25 goals are revised yearly and must be approved by our board of directors. Out of the top 25 corporate goals, ESG and sustainability rank on par with safety, business performance and growth. I am proud to be part of such an organization that truly strives to balance the needs of all stakeholders through our ESG efforts.



Epsilyte by the Numbers

**Certified
Carbon Neutral
in 2022**

**2nd Largest
Producer of
EPS in the
Americas**

**>78% of
Portfolio
Enhances Life &
Sustainability**

**>1 Million
Pounds
Recycled
in 2022**

**#1 Global
Producer of
Biodegradable
EPS**

**>71% of
Portfolio Used
in Durable
Applications**





Letter from Chief Sustainability Officer

Jon Timbers

This 2022 Sustainability Report will focus on our company's alignment with the United Nations' Sustainable Development Goals (SDGs). In May 2022, Epsilyte became a signatory of the UN Global Compact. While it is simple for a company to become a signatory to the UN Global Compact, the implications are significant. For Epsilyte, it is a tangible commitment, an essential step towards a lasting commitment to sustainability. It makes sustainability a prominent part of our identity as a company. Who is Epsilyte? We are a company that strives to improve health and education, provide decent work, build sustainable cities and communities, foster innovation, and produce our products responsibly.

One of my favorite quotes is:

"If you want to go fast, go alone. If you want to go far, go together."

Building a more sustainable world is going to be a long journey. More innovation and change are required to transition our planet's current economy and culture to a sustainable one. In other words, we need to go far. Companies that sign the UN Global Compact commit to the SDGs long-term. Those companies, along with their employees, are all in this together. I am pleased to add Epsilyte and our employees to this team.

I'm a big fan of college football. When you see someone wearing a sweatshirt with your team on it, you feel a little connection with that person. That is how I feel when I see another company displaying the SDGs logo. We are on the same team!

Transparency is a key component to building a more sustainable company. As a Global Compact signatory, Epsilyte is committed to reporting on our progress annually. Not only to the United Nations but also to you, our stakeholders. In our 2022 Sustainability Report you will see some areas where our progress is stellar and some areas that need more attention, and that's what sustainability is about - finding the areas that need more attention.

This is our sustainability journey.

Epsilyte Takes Action Towards Sustainable Development Goals

The UN Global Compact is the world's largest sustainability initiative, adopting the Sustainability Development Goals (SDGs) as a universal call to action to end poverty, protect the planet, and ensure peace for all.

The Epsilyte strategy integrates sustainability into day-to-day business processes to track, measure, and report ESG performance improvement.

Affordable and Clean Energy



In 2022, 71% of Epsilyte's products went into durable applications, like home insulation.

A home insulated with Epsilyte's material will save 36 times more energy in 50 years of service than it took to produce the insulation.

Life on Land



In 2022, Epsilyte decided that all our materials used in disposable applications would shift to our proprietary biodegradable technology.

By engineering this technology to biodegrade in anaerobic landfill conditions, our material behaves more like organic waste.

Epsilyte Scholarship



In 2022, we awarded the inaugural Epsilyte STEM Scholarship award. Partnering with the Chemical Industry Council of Illinois (CICI), this scholarship supports the education of future chemists, chemical engineers, environmental engineers, and high school chemistry teachers.

Peace, Justice & Strong Institutions



In 2022, Epsilyte proactively ceased sales into Russia and with Russian-affiliated companies. Epsilyte stands with the people of Ukraine.

Investing in Our Employees & Communities



Investment in our employees is vital to Epsilyte’s overall success as a business. Strategies for this investment include competitive compensation, comprehensive benefits, and career development opportunities. Epsilyte is committed to maintaining this investment in our greatest asset – our employees.

ETHICS & COMPLIANCE

Epsilyte’s highest principle is to act legally, credibly, and ethically in everything we do, encompassing how we treat our employees, how we interact with our customers and suppliers, and how we interact with and treat our communities and our environment.



GENDER EQUALITY AT EPSILYTE

Women occupy 38.8% of Epsilyte’s executive, managerial, and professional roles that require a degree or professional certification. Epsilyte identifies, supports, and develops female employees who aspire to be leaders at work and in the community.

In 2022, Epsilyte updated our Paid Parental Leave Policy. The updated policy is designed to assist and support new parents to balance work and family matters irrespective of gender, marital status and/or sexual orientation.



LENGTH OF SERVICE

The average length of service for an Epsilyte employee is 9.3 years.

55.2% five or more years

36.6% ten or more years

EMPLOYEE RETENTION

In 2022, Epsilyte strived to achieve an aggressive company-wide Employee Retention Rate Goal of >96%.

While we fell short of reaching the goal, Epsilyte benefited organizationally from analyzing turnover data, identifying root causes for attrition, and implementing action plans to close gaps and improve employee retention and engagement.



PROMOTING A SAFE AND HEALTHY MINDSET

According to the NCBI/NIH, mental issues are a significant obstacle to social and economic progress.

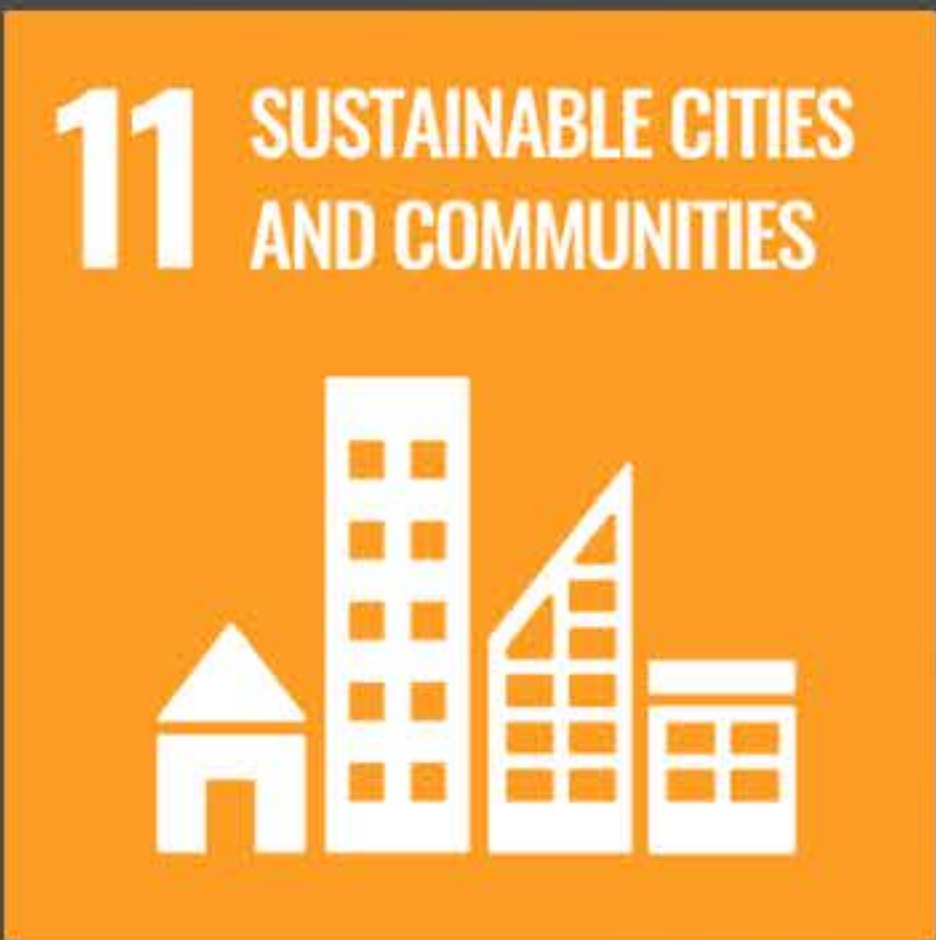
Mental and behavioral problems account for nearly a quarter of the global burden of disease and are the most significant single cause of disability – more than cardiovascular diseases and cancer combined.



Epsilyte provides an Employee Assistance Program (EAP) that offers resources and support in five critical areas affecting an employee’s mental well-being: family, health, life, money, and work. We also provide floating holidays, family sick leave, parental leave, and flexible scheduling. All these efforts drive a culture and atmosphere that promotes and sustains a healthy mindset for our employees, their families, and our company.



EDUCATIONAL & COMMUNITY-BASED INITIATIVES



Epsilyte leadership promotes the support of high school vocational development, STEM scholarship opportunities, and other community-based initiatives. We will continue looking for new opportunities to foster the growth of the next-generation leaders of our industry and the communities where we work and live.

Charitable Giving

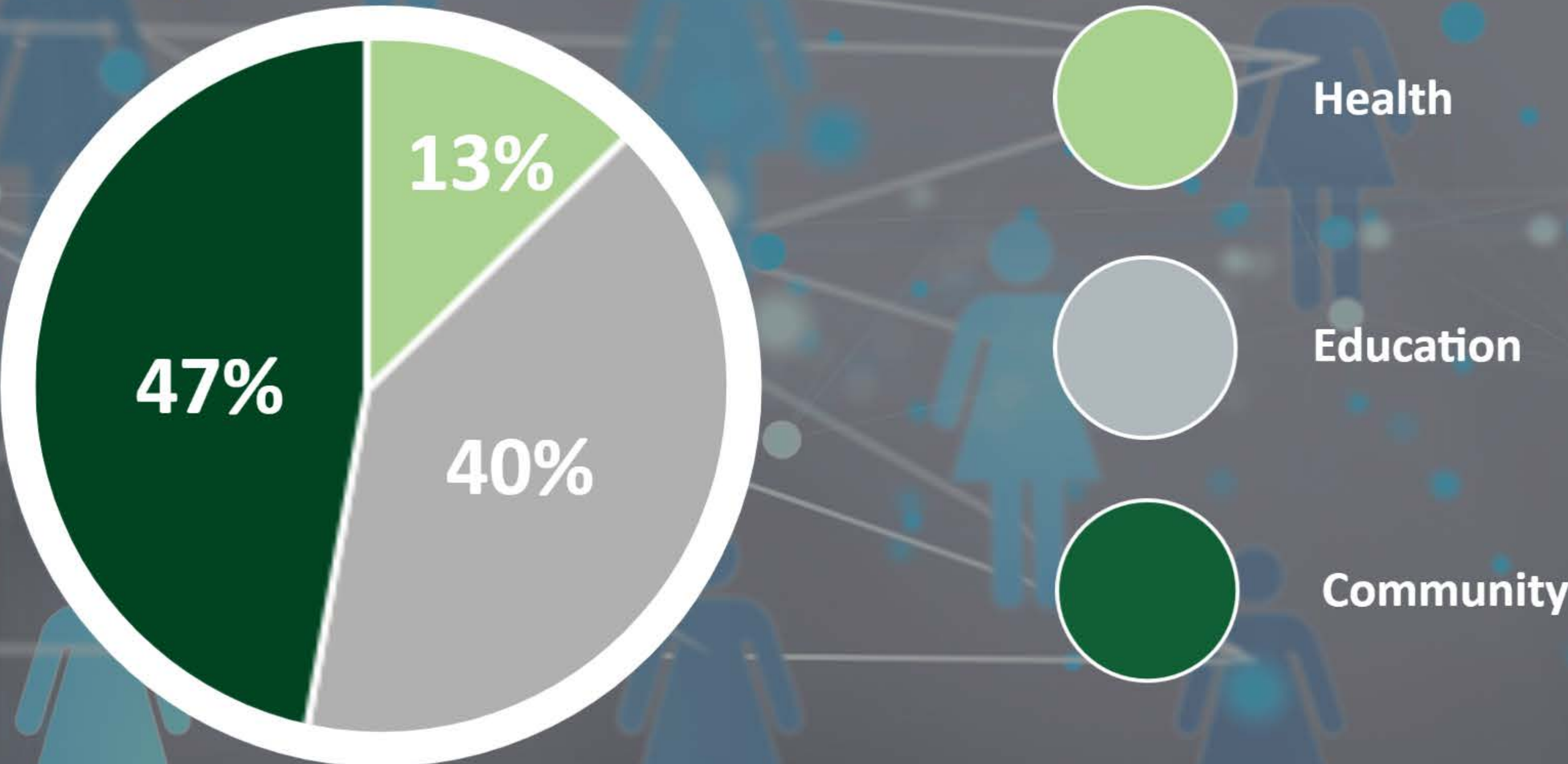


Photo: *Insulated Concrete Forms (ICF) are one of the carbon favorable innovations enabled by Epsilyte's advanced materials. This innovation replaces lumber with ICFs in construction. The result is a building that is energy efficient, quiet, and bullet proof!*



Commitment to Safety

Promote Safe & Secure Working Environments



PERSONAL SAFETY

At Epsilyte, we promote proactive safety participation at all levels. All employees have the authority to stop any job, and as a company committed to safety, we encourage it if the situation feels unsafe. We complete thorough incident investigations and report near misses.

PROCESS SAFETY

Epsilyte employees have the authority to shut down equipment if appropriate to remain safe. We require on time completion of all Process Safety Management Audits and Process Hazard Analyses.

ENVIRONMENTAL COMPLIANCE

We stand by our commitment to always operate within the law, regulations, and permits.

Epsilyte's Recordable Incident Rate (RIR) by Location

Epsilyte's commitment to safety remains strong. Our 2022 performance does not represent the level of safety we work to attain. We are committed to doing better.

OPERATING FACILITY	2022 RIR	2022 CLOSEOUT Without Recordable Injury		
Peru, Illinois	0.75	PERU 87 Days	PIQUA 207 Days	MONTREAL 207 Days
Piqua, Ohio	3.94			
Montreal, Canada	3.19			
The Woodlands, Texas (HQ)	0.00			
Epsilyte-Wide	2.13			



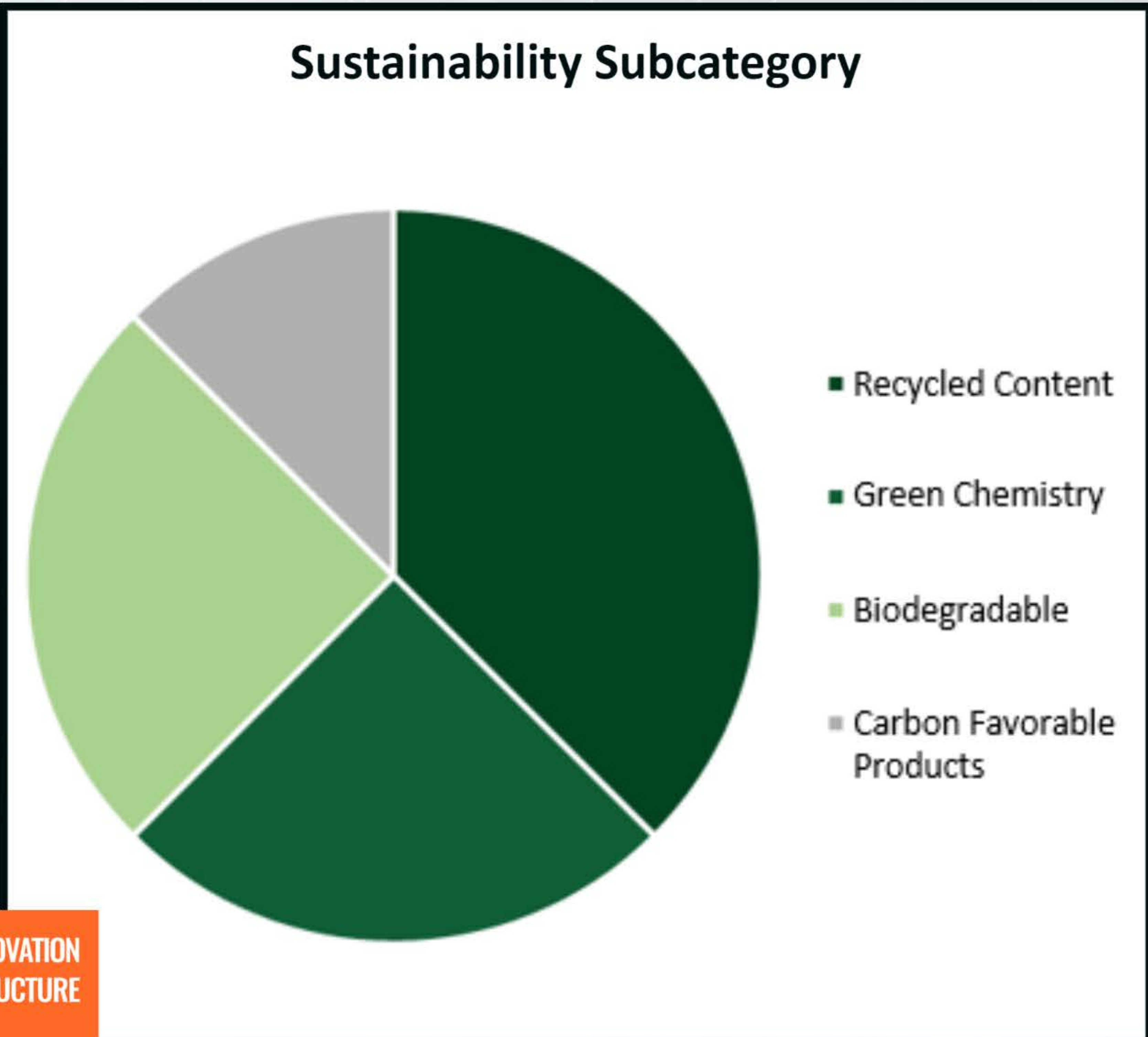
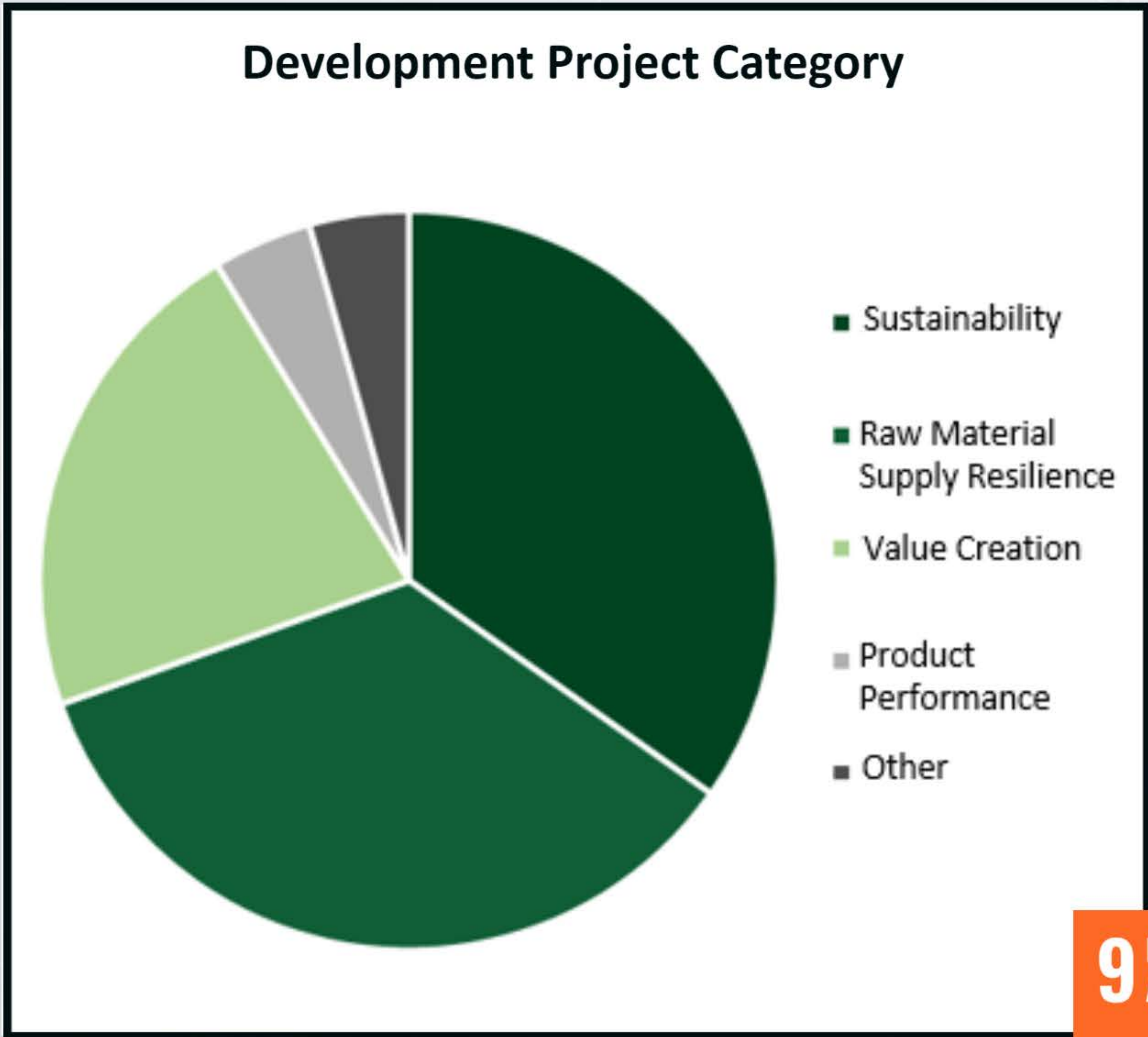
"What matters most to Epsilyte is the safety and health of our employees. Nothing is more important than that."

**Chris Eager, Vice President
Operations and Environmental,
Health & Safety**

Investing in Innovation

Epsilyte prioritizes sustainability-focused innovation projects.

In 2022, over 35% of Epsilyte’s active development projects aligned with our sustainability goals: recycling, green chemistry, biodegradability, and carbon favorable products.



Sustainable Innovation Projects

CARBON FAVORABLE PRODUCTS

By 2025, 80% of all Epsilyte products will be designed and marketed for durable applications.

Epsilyte products are predominately used in durable applications like insulation, reducing energy usage from heating and cooling. In 2022, Epsilyte's innovation team developed DuraLyte™, a product with a higher insulative R-value for building construction. This investment in DuraLyte expands Epsilyte's carbon favorable product offering.



BIODEGRADABLE PRODUCTS

#1 Global Producer of Biodegradable EPS

In 2022, Epsilyte announced that all products used in disposable applications would contain our biodegradable technology, EVRgreen®.

EVRgreen technology accelerates the natural biodegradation of polystyrene so that when disposed of properly, the products will biodegrade in landfills over several years (instead of over several decades), producing landfill gas that can be collected and used for energy. *



Epsilyte continues to develop innovations in biodegradable materials. In 2022, we demonstrated that our biodegradable materials have no loss in performance and continued to be recyclable.

RECYCLED CONTENT PRODUCTS

Epsilyte invested significant resources into advancing our recycling strategy in 2022.

Developing products that include recycled content is the foundation of this strategy. Using a propriety molecular weight engineering process, Epsilyte has developed products with 50% recycled content that perform as well or even better than our other advanced materials.

Our customers are excited that our materials with 50% recycled content reduce the carbon footprint of their products. We are now working with the WISDOM institute at the University of California Irvine to quantify further and reduce the life cycle impact of these materials.



Recycling at Epsilyte

In May 2022, Epsilyte publicly announced that we would grow recycling to 4 million pounds annually by 2025.

We then asked D'Jeri Harris, Plant Engineer at our Piqua, Ohio production site, to lead a team to achieve these goals. She and the Piqua team rocked it! Because of their hard work, Epsilyte quintupled recycling at this facility in 2022 vs. 2021. But that is just the start of our recycling ambitions.

To implement a sustainable and growing recycling program, the Epsilyte team focuses on 3 equally important areas:

- 1) Sourcing – This is not a typical procurement activity. Epsilyte is helping to establish a market for post-consumer foam used in protective packaging.
- 2) Technology – Epsilyte is making significant investments in the technology used in Piqua to remove contamination from post-consumer material.
- 3) Products – Epsilyte is growing our line of products with 50% certified post-consumer recycled content (PCR).



D'Jeri Harris
Plant Engineer



PCR SOURCED BY YEAR
MMlbs

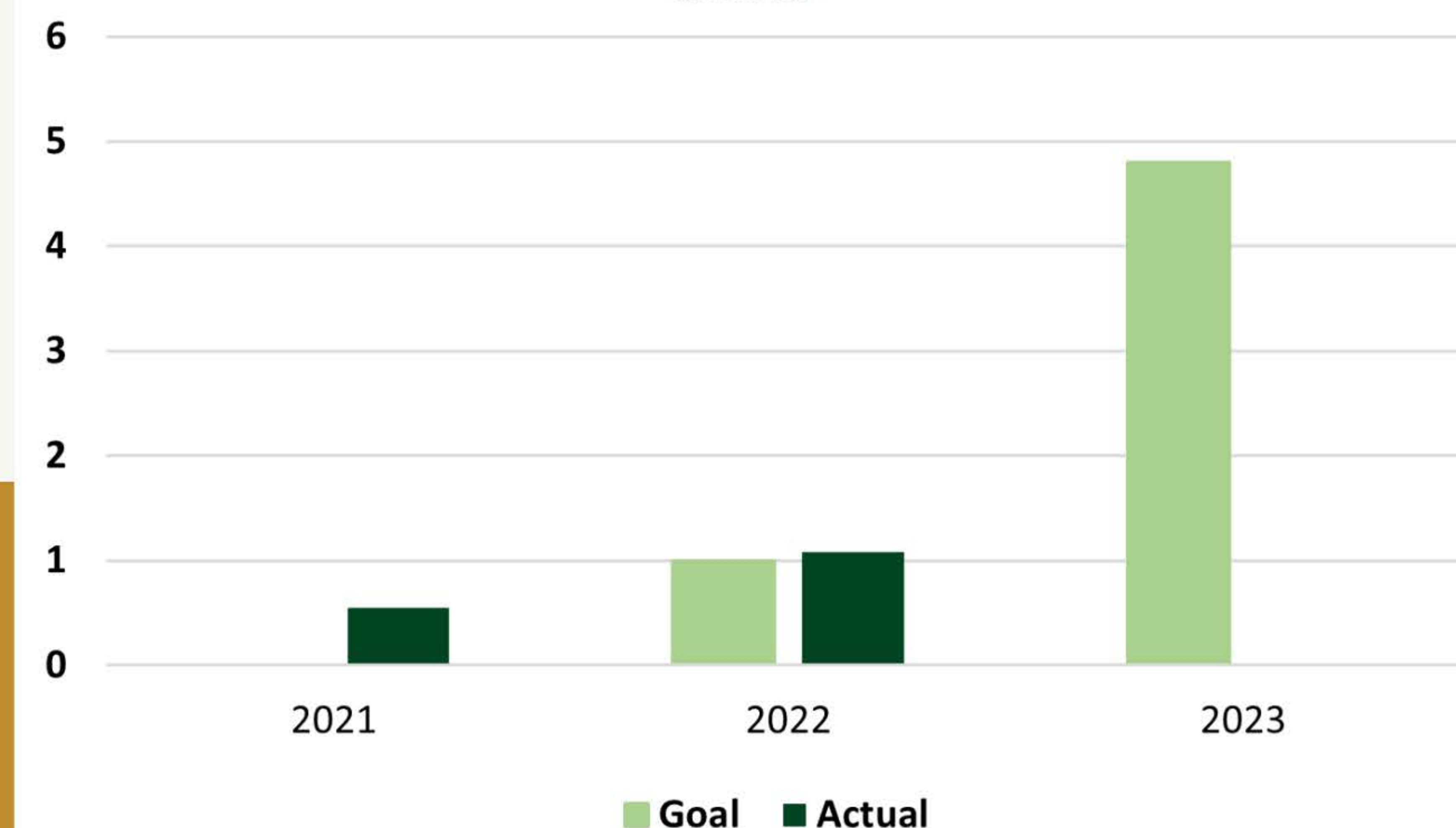


Photo (right): At Epsilyte's Piqua, Ohio facility, PCR is densified into blocks.



Climate Actions

COMMITMENT TO CARBON NEUTRALITY

Epsilyte strives to be an industry leader in sustainability and is committed to achieving and maintaining Carbon Neutral Certification to Scopes 1 and 2 for the entire company by the requirements of SCS-108 Carbon Neutral Standard, Section 4.2.1.1.

In 2022 Epsilyte was certified carbon neutral for The Woodlands, Texas, and Peru, Illinois locations. The carbon liability for those sites was calculated to be 12,348 MT CO₂e (carbon dioxide equivalents) for scope 1 and 14,116 MT CO₂e for scope 2. These emissions were offset with 100% additional offsets from Cool Effect.



COOL EFFECT

Epsilyte is pleased to work with Cool Effect, a non-profit that vets and scientifically verifies carbon reduction projects worldwide and sells carbon offsets to fund the highest ranking of those projects.

The carbon offsets we purchased helped to fund a project on the island of Mauritius nicknamed 'Trash to Treasure.' The project enables the island to collect its landfill gas for energy generation and avoidance of methane emissions. In addition, it contributes to the community's safety and provides employment and training for many of the country's residents.

2023 CARBON NEUTRAL GOAL

Our goal is to achieve the carbon neutral certification for all of our locations in 2023.



Partnerships for Sustainable Development Goals

EPSILYTE BELIEVES THAT SOLID GLOBAL PARTNERSHIPS ARE ESSENTIAL

Epsilyte recognizes the value of partnerships to achieve a more sustainable world. In 2022, we implemented a Supplier Code of Conduct to facilitate more sustainable practices across our supply chain. We continued to be an Ecovadis silver supplier, we are an active member of several trade associations, and we published our Human Rights statement on Epsilyte.com.

ecovadis

SCSglobal
SERVICES
Setting the standard for sustainability

American
Chemistry
Council

PLASTICS
INDUSTRY ASSOCIATION

17 PARTNERSHIPS
FOR THE GOALS



SAFESTART

CICI Chemical Industry
Council of Illinois

OCTC
Ohio Chemistry Technology Council

Looking Ahead...

Epsilyte is committed to building a more sustainable company.
As our company matures, what does that mean?

- 1) Transparency and publication of our annual sustainability report
- 2) Alignment to the principles of the U.N. Sustainable Development Goals
- 3) Ever increasing recycled content in our products
- 4) Carbon accounting, disclosure, and elimination
- 5) Continue to produce products that benefit society





www.Epsilyte.com



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