



**2023
SUSTAINABILITY REPORT**



Epsilyte is a market-leading supplier of insulative polymers. We provide innovative products and top-tier technical services to improve the quality of life for our customers, employees, and communities.



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Glenn Wredenhagen, President

As a supplier of advanced materials, Epsilyte recognizes that the impact our products have on the planet is a critical component of our sustainability strategy. While we value diversity and governance, our primary influence stems from the materials we put into our world.

Our sustainability strategy is designed with three key prongs to enhance both environmental impact and business profitability:

1. Grow durable applications, such as building insulation and safety helmets, to constitute 80% of our portfolio by 2025.
2. Ensure all products sold into disposable applications contain our EVRgreen® biodegradable* technology.
3. Invest in and expand our product lines with recycled content.

While our company was founded with a commitment to improving our environmental impact, 2023 was a pivotal year for us as we saw our sustainable innovations take hold in the marketplace.

In 2023 Epsilyte achieved a significant milestone by fully converting all regular grade materials to biodegradable. That means we only offer biodegradable material for disposable applications, meeting one of our major 2025 sustainability goals. This generated significant excitement through the entire EPS value chain.

Our technical sales team was active in introducing and qualifying our 50% PCR grade to customers nationwide, expanding to applications from wine shippers to protective packaging for large appliances. Due to the enthusiastic response, Epsilyte invested in additional recycling capacity at our Piqua, Ohio facility, which came on-line at the very end of 2023. This expansion not only meets the growing demand for sustainable packaging solutions but also aligns with our sustainability strategy.

We started this company with the belief that our sustainable product offering would differentiate Epsilyte in the marketplace. In 2023 our customers validated this belief by selecting even more of our sustainable options.

Setting product sustainability goals as the most material component of our sustainability strategy was not only the right thing to do, but also a strategic imperative. We can only succeed with the support of our customers, which we have gratefully received and will not take for granted. We will continue to innovate in a way that minimizes the impact of our products on the planet, and we will continue to make that the most important part of our mission.

*EVRgreen® EPS biodegrades 94% over four years compared to cellulose using the ASTM D5511 test that simulates wetter and biologically active landfills, which do not exist in all parts of the U.S. The stated rate and extent of degradation do not mean that EVRgreen will continue to degrade.



Jon Timbers, Chief Sustainability Officer

Epsilyte's first sustainability report, covering the calendar year 2021, highlighted our biodegradable technology. In 2022, our focus was Epsilyte's alignment to the UN Sustainable Development Goals (SDGs). For 2023, our third annual sustainability report, we would like to highlight our investments in recycling. The SDGs and our biodegradable technology remain integral to our sustainability strategy, but when I think about what Epsilyte achieved in 2023, I get the most excited about the progress we made in recycling.

So, why am I so excited about the 2023 progress we have made in recycling? Because our customers are excited!

2023 Recycling Investments

We saw our Piqua, Ohio location transform into the North American leader in post-consumer polystyrene recycling. This transformation was largely enabled through our partnership with FIMIC. Trusting in the confidence our engineering group had in FIMIC, Epsilyte partnered with them to install automatic self-cleaning melt filters, which have since played a crucial role in our evolution into a world-class recycling company.

We added FIMIC melt filtration systems to 2 of the 12 extruders in Piqua. We also installed a new shredder/grinder, metal detection, and a blending silo all for our recycling system.

2023 Product Launch

Epsilyte launched a groundbreaking recycled content products for the protective packaging market. Our technical sales team spent a lot of time qualifying this product at various customer locations. Throughout the year, I was consistently impressed as I read one positive report after another coming from these customer trials.

In the world of plastic recycling, the prevailing notion is that products made from recycled content do not perform as well as products made with virgin resin. However, this paradigm was challenged in 2023. Our products made with recycled content have demonstrated exceptional performance. We continue to receive valuable feedback from our customers and use that feedback to innovate new products and improve existing products.

In an industry where recycling initiatives often fail due to subpar end-product performance, our optimism for the future is well-founded as our 50% recycling content product works great!

This past March, I spoke with a colleague that has a lot of experience in plastics recycling. I shared about Epsilyte's investments in post-consumer polystyrene recycling. His response will stay with me. He said, "I think you are the only company in North America with that capability." I had never thought about it that way before. In 2023, Epsilyte became one of one.



2023 By the Numbers

**>82% PORTFOLIO
ENHANCES LIFE AND
SUSTAINABILITY**

In 2023, Epsilyte achieved a noteworthy milestone, elevating over 82% of our product portfolio to enhance life and sustainability. This significant percentage encompasses both our durable and biodegradable products. Our successful conversion of all regular-grade materials to biodegradable contributed to this increase. This strategic move underscores our commitment to environmental responsibility, shaping a more sustainable future through product offerings.

**2ND LARGEST
PRODUCER
OF EPS IN AMERICAS**

**#1 GLOBAL
PRODUCER OF
BIODEGRADABLE EPS**

**>1 MILLION LBS
EPS RECYCLED**



Alignment with Sustainable Development Goals

The United Nations (UN) rallied nations around the Sustainable Development Goals (SDGs), a visionary blueprint to vanquish poverty, preserve our planet, and forge peace and prosperity by 2030. In 2022, Epsilyte became a signatory to the UN Global Compact. Embracing these 17 aspirations, our advanced materials company remains resolute in our dedication.

Our sustainability compass steers us through a path marked by:

- Infusing sustainability into our daily business fabric
- Crafting performance metrics that gauge our impact across Environmental, Social, and Governance (ESG) domains
- Transparently sharing our sustainability progress, subject to board-level scrutiny
- Cultivating an inclusive ethos that empowers collaborative progress among our employees
- Engaging in impactful partnerships and collective efforts within our industry sphere

We prioritize areas where our actions yield the most profound resonance with our stakeholders and the wider world, fueling our pursuit of a sustainable tomorrow with renewed vigor and purpose.

SDG Highlight: #11 Sustainable Cities & Communities

Epsilyte takes pride in contributing to the sustainability and safety of urban landscapes through its EPS insulation, Insulated Concrete Forms (ICF) is one example. ICF homes, a pinnacle of Epsilyte's innovative construction materials, are energy efficient and extremely durable. With an unparalleled ability to withstand hurricane-force winds and extreme weather conditions, ICF structures offer a shield of safety to inhabitants.

These resilient homes prioritize safety and deliver exceptional energy efficiency, resulting in substantial cost savings for homeowners. The superior insulation properties of our materials, integrated into ICF blocks, pave the way for homes that conserve energy, boasting impressive reductions in heating and cooling expenses. Through the production of ICF blocks, Epsilyte ensures a sustainable future for cities, where durability, energy efficiency, and safety converge harmoniously.



11 SUSTAINABLE CITIES & COMMUNITIES



Integrating Sustainability & Governance

Our sustainability governance is rooted in a commitment to both commercial success and positive environmental and social impacts, seamlessly integrated into our Corporate Strategy. Upholding ethical standards is fundamental, extending beyond legal obligations to safeguard employees, communities, and the environment. Our governance framework aligns with stakeholder expectations, emphasizing responsible corporate citizenship.

This dedication is a key focus in every board meeting, where diverse business aspects are addressed in quarterly sessions. The initial quarter is dedicated to advancing sustainability initiatives, while subsequent meetings concentrate on compliance. The board comprises members from Balmoral Funds, including a proactive ESG Advisor who guides the integration of sustainable strategies within Epsilyte.

Innovation & Sustainability Team

At the heart of Epsilyte's sustainability initiatives stands Jon Timbers, our Chief Sustainability Officer, alongside a team of exceptional innovators. This dedicated team includes Mary Steinbach, our Innovation and Sustainability Manager; Chad Zielinski, our Research and Development and Applications Supervisor; Claude Anne Duval Innovation and Sustainability Engineer; and Kayla Rivera, our seasoned Senior Communications Specialist. Each member, with their unique expertise, contributes to the backbone of our sustainable journey. Guided by Jon's visionary leadership, this dynamic team spearheads transformative approaches to our business operations. Mary's strategic insights, Chad's pioneering research initiatives, Claude Anne's technical acumen, and Kayla's communication prowess collectively drive our commitment to sustainability. Their relentless dedication nurtures a culture of innovation, fostering novel solutions that substantially reduce our environmental impact and exemplify Epsilyte's steadfast pursuit of a greener, more sustainable future.



Carbon Footprint

Immediately after formation as a company, Epsilyte announced the ambitious goal of achieving carbon neutrality by 2023. In 2022, Epsilyte successfully attained carbon neutrality for our Texas and Illinois locations by leveraging strategic partnerships with the Cool Effect 'Trash to Treasure' project to offset emissions. However, as we endeavored to expand this commitment company-wide by 2023, it became evident that our goal was overly ambitious and unattainable within the set timeframe. We recognized that our neutrality efforts relied too heavily on the purchase of offsets rather than substantive reductions in our carbon footprint. Consequently, we have made the decision to extend our timeline to focus more on carbon reduction, and less on the purchase of offsets. Though we fell short of our initial goal, our dedication to sustainability remains steadfast.

Cool Effect is a non-profit organization that vets and verifies carbon reduction projects across the world and sells carbon offsets to fund the highest rankings of those projects. The 'Trash to Treasure' project enables the island of Mauritius to collect its landfill gas for energy generation and avoidance of methane emissions. The project also contributes to the community's safety and provides employment opportunity to the island residents.

Emissions	Metric Tons CO ₂ e
Scope 1	16,373
Scope 2	10,872
Total Emissions	27,245



Environmental Compliance

Epsilyte achieved record environmental compliance performance in 2023 showcasing our dedication to sustainable operations an setting new benchmarks for environmental responsibility within our industry.

Prioritizing Safety and Health



At Epsilyte, the safety and well-being of our employees take precedence. All employees hold the authority to stop any task or equipment if they believe it poses a safety risk. We report all incidents and near misses, conduct thorough investigations to facilitate organizational learning and continuous improvement. We complete Process Safety Management Audits and Process Hazard Analyses regularly. Additionally, we actively encourage employees at all organizational levels to proactively engage in our safety programs.

2023 Key EHS Milestones

In 2023, Epsilyte reached two important EHS milestones. First, all Epsilyte employees received SafeStart® training. SafeStart is a personal safety program that provides hazard recognition tools that apply at work and at home. Second, Epsilyte achieved Responsible Care® certification. Responsible Care is a commitment to the health and safety of employees, the communities in which we operate, and the environment. Responsible Care is sponsored by the American Chemistry Council.



"It's not enough to say that safety is our top priority. Our actions need to match our words. That's why we took the time to implement Responsible Care and SafeStart at Epsilyte. We're already seeing the benefits."

Chris Eager, Vice President of Operations and EH&S

Recordable Incident Rate (RIR) By Location

Thanks to the commitment and hard work of our devoted employees, our safety performance improved in 2023. We're proud to report a significant decrease in our injury rate, with just one recordable injury compared to seven in the preceding year. Notably, three out of our four operating facilities achieved injury-free records. Additionally, none of our Epsilyte team members had to take time away from work due to work-related injuries this year, underscoring our collective dedication to maintaining a safe and healthy workplace.

Operating Facility	2023 RIR
Peru, Illinois	0.00
Piqua, Ohio	1.67
Montreal, Canada	0.00
The Woodlands, Texas (HQ)	0.00
Epsilyte-Wide	0.37



Commitment to Ethical Behavior

Epsilyte adheres to a conscientious Code of Business Conduct and Ethics, fostering the highest standards for our conduct. This comprehensive Code ensures that all employees receive thorough training on our policies and procedures, inclusive of our Supplier Code of Conduct and our commitment to Diversity and Inclusion. We cultivate an environment where open dialogues on ethics are encouraged, free from fear of reprisal. Additionally, we swiftly address any compliance or legal issues that may arise, underscoring our dedication to integrity and fairness in all aspects of our operations.

Employee Benefits

Epsilyte's commitment to sustainability extends to prioritizing employee well-being as a core aspect of our business values. Our comprehensive benefits package, available within 30 days of hire, encompasses health coverage, disability, life insurance, family sick leave, paid parental leave, bereavement leave, and mental health support. Additionally, full-time employees can partake in our Annual Performance Award Cash Incentive and access U.S. 401(k) or Canadian RRSP retirement plans with a minimum 5% annual profit-sharing. We recognize the importance of work-life balance and view our robust benefits as influencers of social and professional excellence, not only to support our employees but also positively impact the communities in which we thrive.

Career Development

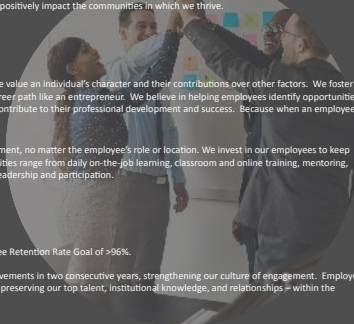
Much can be said about how a company treats its people. At Epsilyte, we value an individual's character and their contributions over other factors. We foster an environment where employees are empowered to own their role and career path like an entrepreneur. We believe in helping employees identify opportunities to discover and develop their natural gifts and abilities and apply them to their professional development and success. Because when an employee is succeeding and making an impact, so is Epsilyte.

Careers at Epsilyte are centered around the employee and their development, no matter the employee's role or location. We invest in our employees to keep them at the forefront of their respective fields. Developmental opportunities range from daily on-the-job learning, classroom and online training, mentoring, regular feedback, expanded responsibilities, special projects, and team leadership and participation.

Employee Retention Rate

In 2023, Epsilyte strived to achieve an aggressive company-wide Employee Retention Rate Goal of >96%.

While we fell short of reaching the goal, our HR strategy delivered improvements in two consecutive years, strengthening our culture of engagement. Employee retention efforts enable Epsilyte to maintain a competitive advantage by preserving our top talent, institutional knowledge, and relationships – within the organization and with customers and partners.



Benefit Spotlight: Paid Parental Leave

Epsilyte's commitment to gender equality is evident in its Environmental, Health & Safety team, where 62.5% (5 out of 8) members are women. We actively identify, support, and nurture female employees, empowering them to become leaders both within Epsilyte and in their broader communities.



In 2023, Epsilyte had our first employee take advantage of our newly expanded Paid Parental Leave policy designed to assist and support new parents to balance work and family matters irrespective of gender, marital status and/or sexual orientation.

"Being the first employee to utilize our newly expanded paid parental leave was an incredible blessing. Those four weeks following the arrival of Palmer were transformative. It allowed me to cherish invaluable moments, witnessing her daily growth and forming an unbreakable bond during those early days.

Equally important was the opportunity it provided to prioritize my own well-being, ensuring I could care for both my child and myself without the stress of financial strain. The consistent support through paid leave enabled me to embrace this precious chapter with absolute peace of mind, fostering a work environment that truly values the holistic needs of its employees."

Alex Jankowski, Site Administrative Assistant

5 GENDER
EQUALITY



**40% OF EPSILYTE'S
EXECUTIVE, MANAGERIAL, AND
PROFESSIONAL ROLES ARE
HELD BY WOMEN**



Alex and Family

Education

Epsilyte is dedicated to shaping the future of education by actively supporting initiatives for aspiring chemists, chemical engineers, environmental engineers, and high school chemistry teachers. One way we showed our support is through participation in the 9th Annual Discover Manufacturing Career Expo.

We organized plant tours for local high school students, providing a unique opportunity to witness our manufacturing processes. This hands-on experience not only sparked interest but also offered valuable insights into real-world applications.

Epsilyte's employees engaged in discussions with students from Illinois Valley Community College (IVCC), highlighting diverse career paths in manufacturing. We emphasized the importance of education and multifaceted skills for a manufacturing career.

As part of our broader commitment, Epsilyte also contributes to scholarships through the Illinois Chemical Education Foundation and IVCC. These scholarships reflect our dedication to nurturing talent and supporting the educational journey in chemistry and engineering.

Bridging academia and industry is one way that Epsilyte makes a positive impact in the communities where we operate.



Community

Epsilyte remains resolute in our mission to address social and environmental challenges, dedicated to creating a better and more sustainable future for the communities we live in.

In 2023, Epsilyte collaborated with the PLASTICS Industry Association and the Perfectly Flawed Foundation for the Clean Up Champions initiative, addressing environmental and social issues. Our involvement in community clean-up efforts made a meaningful impact on substance abuse, mental health, addiction, and the environment.

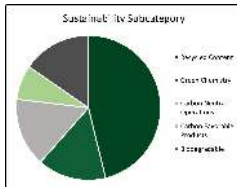
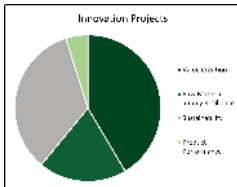
As a company committed to sustainability, we're pleased to sponsor the Clean Up Champions initiative again in 2024, reflecting our dedication to positive change and cleaner environments. This ongoing collaboration highlights our holistic approach, integrating environmental and social well-being.

In addition to the Clean Up Champions initiative, Epsilyte partnered with Miami County to offer a Foam Recycling Day in Troy, Ohio. This was the first ever foam recycling event in the county. The foam collected during this drop off event was then taken to our Piqua, Ohio facility to be recycled.



Innovation

Epsilyte views product innovation as the most important thing we do in sustainability. Our company produces and sells millions of pounds of material every year. We focus our sustainability strategy and resources on producing that material more efficiently, including recycled content, and minimizing the long-term impact our products have on the world. Over 30% of Epsilyte's innovation investments are focused on environmental sustainability.



WISDOM Project

Epsilyte has partnered with the World Institute of Sustainable Development of Materials (WISDOM) at the University of California Irvine to execute a comprehensive Life Cycle Analysis (LCA) for our 50% post-consumer recycled (PCR) material for bicycle helmets.

This LCA aims to gain an understanding of the environmental footprint associated with our PCR product. Our collaborative effort with the WISDOM project underscores Epsilyte's dedication to sustainability and responsible product development. Through this LCA, we aim to pinpoint specific areas for minimizing environmental impacts, optimizing processes, and ultimately delivering enhanced sustainability in our solutions for customers and the environment.

Epsilyte anticipates sharing the analytical insights and outcomes of the WISDOM project with our stakeholders as part of our commitment to transparency and the advancement of sustainability practices within our industry, which is coming soon!

Impact on Biodegradable Technology Adoption

2023 was a year of growth for our EVRgreen® biodegradable* technology. Until 2023, this technology was only deployed into a small fraction of disposable applications. However, over the last year we worked with our customers to convert many applications to EVRgreen technology, including all food service applications. Because the North American recycling infrastructure does not work for most materials, the biodegradable technology provides an important end of life alternative in locations where recycling is not available.



Hear from Our Customers

"The switch to biodegradable materials not only aligns with EFP's personal values but also resonates with our customers. Many of them appreciate the effort to reduce our ecological footprint, and we've received positive feedback since making the transition. It's clear that consumers are becoming more conscious of the environmental impact of their choices, and Epsilyte is at the forefront of providing solutions that meet these evolving needs."

Joe Foster, EFP Vice President Sales & Marketing



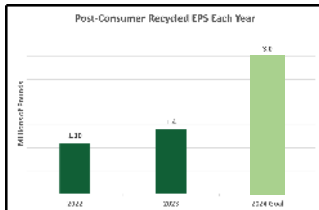
*EVRgreen® EPS biodegrades 94% over four years compared to cellulose using the ASTM D5511 test that simulates wetter and biologically active landfills, which do not exist in all parts of the U.S. The stated rate and extent of degradation do not mean that EVRgreen will continue to degrade.

Investments and Achievements in Recycling

Epsilyte's premier North American position stems from substantial investments in perfecting post-consumer recycled (PCR) EPS technology. As recycling pioneers, collaborations with companies like Whirlpool, Honda, and Sharp showcase our leadership. Dedicated to innovation and sustainability, we aim to revolutionize EPS recycling through responsible waste management partnerships with major corporations, which is evident in our significant investments in recycling technologies.

In 2023 we invested millions of dollars into our PCR material processing system, enhancing operational efficiency by year end. Initiatives include a complete overhaul of size reduction processes, integration of in-line PCR cleaning mechanisms, and advanced rejection systems. Additionally, our investment in X-ray fluorescence (XRF) equipment emphasizes our dedication to maintaining recycled material quality, ensuring product integrity, and supporting a circular economy.

These strategic investments have transformed our operations, reducing finishing line downtime by 67% and daily screen changes from 6 to 1, showcasing our commitment to operational excellence and resource conservation. Simultaneously, our collaborative focus has expanded our network, fostering strong relationships with local and national recyclers for valuable information exchange. Epsilyte's innovation efforts resulted in the successful development and commercialization of a pioneering recycled content product, marking a significant step towards offering sustainable products. These achievements underscore our progress and reinforce our dedication to driving sustainability while building impactful relationships.



124LR

The extrusion technology at our Piqua, Ohio facility is the foundation of our innovations in recycling. Our innovative product, 124LR, is 50% certified PCR and formulated for molded parts requiring a smooth surface finish over a broad range of densities. This 50% certified PCR product is specifically designed for use in packaging applications.



We are featured in the PLASTICS Recycling is Real video series. Check out our employees and recycling in action!



Partnership Spotlight



In 2023, Epsilyte unveiled a strategic partnership with FIMIC, a distinguished provider of cutting-edge equipment for recycling. This collaboration represented a significant milestone in Epsilyte's commitment to sustainability and operational efficiency within its recycling operations. With a shared vision for advancing sustainability practices, this partnership signified a pivotal step towards revolutionizing the landscape of EPS recycling and reducing the environmental footprint associated with this widely used material.

"Embarking on a transformative journey toward a sustainable future, FIMIC and Epsilyte unite in our shared vision. Together, we believe that building a better tomorrow is not just a possibility but a straightforward process, and with the unwavering support of all, we can make it a reality. Our partnership has been instrumental in the remarkable transformation of Epsilyte into a North American leader in polystyrene recycling. This collaboration exemplifies how, by embracing innovation and a collective commitment to transform, we can pave the way for a brighter, eco-conscious future."

Erica Canala, FIMIC CEO



Looking Ahead

As we conclude our 2023 Epsilyte Sustainability Report, we urge your active participation in our collective mission for a sustainable future. Understanding your carbon footprint is the crucial first step toward making a meaningful impact. Take manageable actions in your daily routine to reduce this footprint and drive positive change.

Transition to renewable energy sources to pave the way for a cleaner, more sustainable energy landscape. Mindful waste reduction choices are pivotal; let's minimize waste in our daily lives. Engage in community outreach programs that promote environmental responsibility, amplifying our collective impact and fostering widespread change.

Support the UN Global Compact's Sustainable Development Goals (SDGs) for a roadmap to an equitable future. Stay informed and involved. Follow our sustainability journey on social media and access resources at www.epsilyte.com to guide your sustainable endeavors.



At Epsilyte, sustainability isn't just a target; it's a lifestyle.



