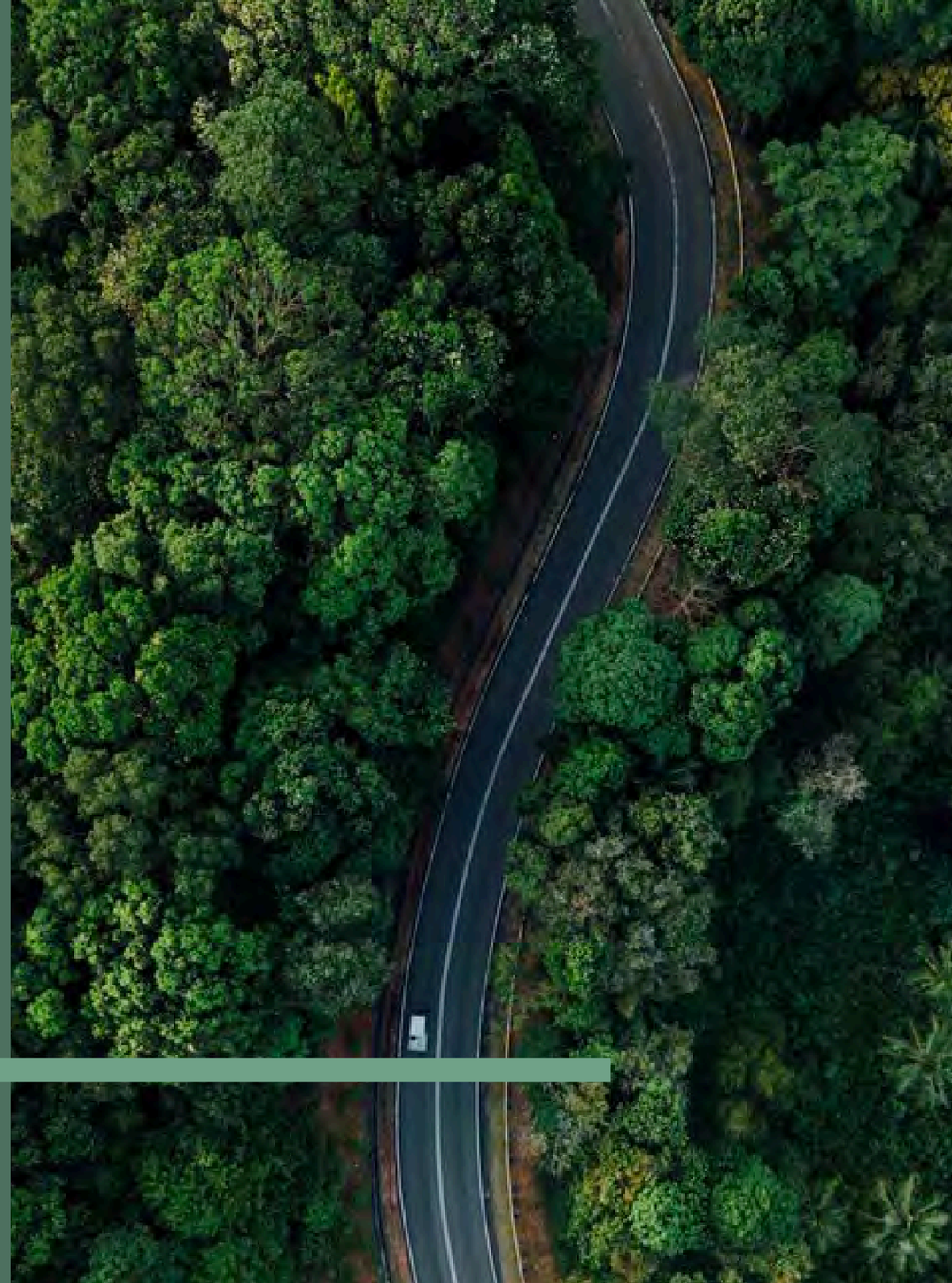
FLEXSYS

A LEADER IN SUSTAINABLE TIRE ADDITIVES

Sustainability Report | 2024



OVERVIEW

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This Sustainability Report, focused on environmental stewardship, social responsibility, and corporate governance, aims to provide a consolidated overview of Flexsys' non-financial performance. Metrics included in this Report cover our activities during the FY2024 (Jan 1, 2024 – Dec 31, 2024) period, unless otherwise noted. This Report includes select metrics from the Sustainability Accounting Standards Board (SASB) Chemicals industry standard. The data presented in this Report has not been externally assured. As we continue to improve our processes for non-financial reporting, disclosed metrics may be subject to adjustment. The size of these adjustments is not expected to be, but could be, material.

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FORWARD-LOOKING STATEMENTS: This document may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. When we use words such as "believes", "expects", "anticipates", "estimates", "may", "plan", "will", "goal", or similar expressions, we are making forward-looking statements. Forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties, which could cause actual results to differ materially from the future results expressed.

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Leadership Statement

Driving more sustainable mobility at Flexsys

At Flexsys, we recognize the critical role we play in accelerating the tire industry's transition toward a more sustainable future. As a global leader in tire additives—including vulcanization agents, antidegradants, and post-vulcanization stabilizers—we support every major tire producer worldwide, leveraging our experience and technology to help customers meet increasingly ambitious sustainability goals.

Our approach centers on three strategic pillars: Innovation, Sustainability, and Security of Supply. We are proud to align with the 1.5°C pathway of the Paris Agreement and have set bold targets: net-zero greenhouse gas emissions, 100% renewable electricity, and fully sustainable supply chains by 2040. Our dedication to science-based targets and the achievement of a 2023 EcoVadis Gold rating place us among the top 3% of global chemical manufacturers, confirming both our leadership and our commitment to continuous improvement.

Beyond our core environmental initiatives, we also recognize that sustainability encompasses the broader well-being of people and communities. In 2024, Flexsys achieved a global Living Wage Certification, ensuring every employee in every country earns a wage sufficient to cover basic needs. We have also expanded our Flexsys Cares programs—supporting local charities, donating to orphanages, championing health awareness campaigns, and collaborating with communities near our sites. These efforts reflect our firm belief that a truly sustainable business must prioritize ethical labor practices, workforce inclusion, and meaningful community engagement.

By forging strong partnerships—whether with tire manufacturers, local governments, or international organizations—we aim to pioneer safer, high-performing solutions that advance the future of sustainable mobility while uplifting the people and communities we serve.

With thanks,
Sandip Tyagi

Sandip Tyagi
Chief Executive Officer, Flexsys

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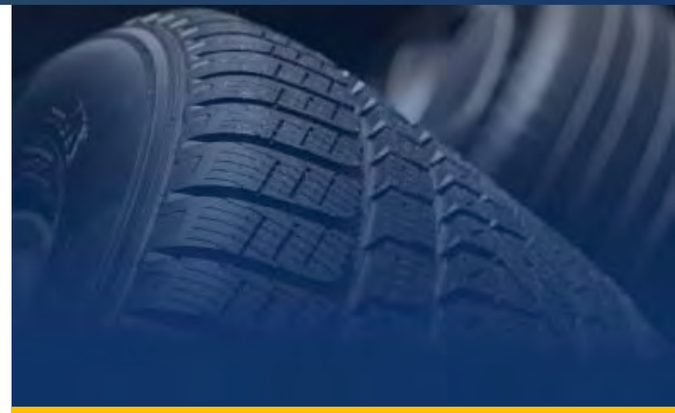
About Flexsys

Flexsys is a global leader in critical specialty chemicals for the tire industry that develops, manufactures, and sells insoluble sulfur, antidegradants, and post-vulcanization stabilizers.



By integrating sustainability into each operational decision, we ensure the highest levels of efficiency, reliability, and customer responsiveness.

Mission Statement
Flexsys is committed to delivering innovative and more sustainable solutions that enhance the durability and performance of rubber products while minimizing environmental impact. Through continuous advancements in technology and responsible business practices, Flexsys strives to create long-term value for customers, employees, and stakeholders while contributing to a more sustainable future.

Leadership in Sustainable Rubber Additives
Flexsys has a longstanding reputation for excellence and innovation in the production of rubber additives, with a focus on advancing sustainability in the tire and rubber industry. We recognize that maintaining global mobility requires solutions that are both efficient and responsible. Our strategic investments in sustainable innovation empower us to help our customers—and the broader value chain—operate in a more environmentally responsible manner.

Global Footprint
Today, Flexsys is the only U.S.-based global supplier of two essential compounds in tire manufacturing—Insoluble Sulfur and Antidegradants, with:

- Seven world-class manufacturing facilities, each strategically positioned close to our customers
- Local-for-local supply approach, supported by locally sourced raw materials and local customer success teams, ensuring unparalleled supply reliability and agility, with minimal emissions related to goods transport
- ISO 9001:2015 certification across all facilities, upholding rigorous standards for safety, quality, and environmental management

Heritage of Innovation
The Flexsys brand originated over 75 years ago and rapidly built a reputation for quality and customer-centric innovation. Over the decades, our specialty chemicals have improved tire durability, elevated safety performance, and streamlined production processes.

Our products
Flexsys is a global leader in the development and production of specialty chemicals for the rubber industry. Our product portfolio includes:

- Vulcanizing agents (Crystex™) – Enhancing the structural integrity of rubber products
- Antidegradants (Santoflex™) – Extending the life and performance of tires and other rubber applications
- Post-vulcanization stabilizers (Duralink™) – Improving long-term durability and stability of rubber compounds

Through state-of-the-art manufacturing processes, we optimize resource efficiency, reduce emissions, and maintain high-quality output. Our product applications span automotive, industrial, and consumer applications, ensuring that we deliver essential solutions wherever durable, high-performance rubber products are needed.

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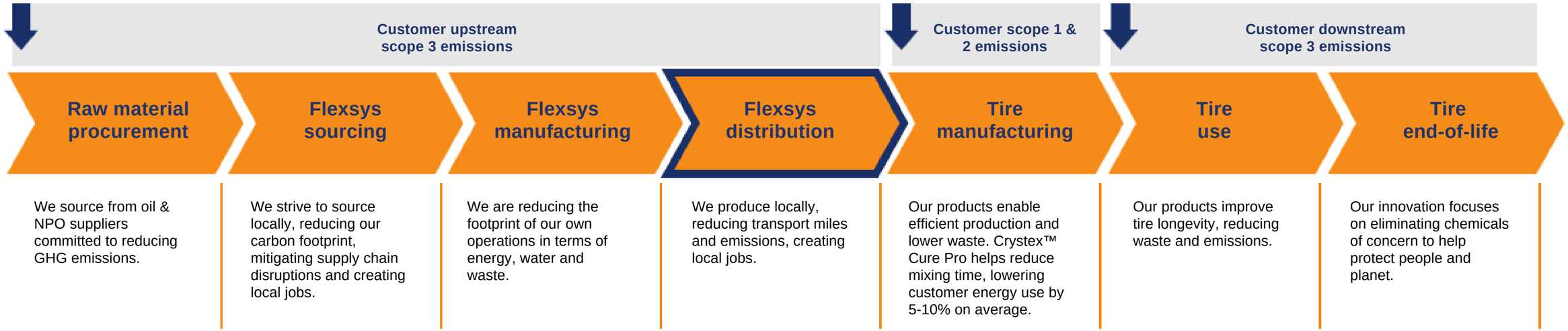
Our Value Chain

Flexsys' value chain spans raw material sourcing, manufacturing, distribution, and end-user applications.
We collaborate closely with our suppliers to enhance sustainable procurement practices, prioritizing materials that contribute to lower carbon footprints and responsible sourcing. Throughout our manufacturing phase, energy-efficient processes help to minimize waste and emissions while preserving the highest production standards.

Collaboration for Sustainable Outcomes
We engage extensively with customers to provide technical expertise and product innovations, supporting their sustainability goals. Working together with investors, regulators, and industry partners, we aim to drive environmental responsibility across the rubber supply chain. Our focus on transparency and continuous improvement guides our efforts to assess climate impacts and champion solutions that move the industry toward a circular economy.

By embedding sustainability considerations at each stage of the value chain, Flexsys is positioned as a responsible industry leader—one that delivers innovative, reliable, and low-impact solutions to markets worldwide.

Enabling sustainability across the value chain



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Stakeholder Engagement

At Flexsys, we believe that meaningful collaboration with all our stakeholders is critical for advancing sustainability in the tire industry. Whether it's coordinating on policy development, co-innovating with tire manufacturers, or engaging local communities, open dialogue and shared objectives drive our collective success. Our engagement approach aims to cultivate long-term partnerships, ensure transparent communication, and align on responsible environmental practices across the value chain.

By engaging each stakeholder group in tailored ways—ranging from policy discussions to co-development of new tire additives—Flexsys aims to foster a shared commitment to sustainable innovation. These collaborations not only reinforce our role as a responsible industry leader but also help ensure that we collectively address the most pressing environmental challenges. Through transparent communication, mutual support, and continual improvement, we look forward to driving meaningful progress in the global tire and rubber sector.

Stakeholder Group	Engagement Methods	Topics Addressed	Outcomes & Next Steps
Policymakers & Regulators	• Participation in working groups • Policy/ legislative input • Direct conversations and data sharing	• Active Participant in the Washington State 6PPD Action Plan Advisory Committee • Supporting Washington State DOE in search for a 6PPD replacement • Providing background and feedback to lawmakers on 6PPD and finding a replacement.	• Advocated for more direct inclusion of suppliers in 6PPD replacement activities • Public commitment to Paris Agreement • Ongoing collaboration re the replacement of 6PPD in a timely manner
Customers (Tire Manufacturers)	• Technical collaboration sessions • Co-innovation for product development • Feedback loops & trials	• Developing a more sustainable 6PPD replacement • Emissions reduction in production • Increase in use of sustainable/ renewable materials	• Integration of real-world data into product R&D • Testing of new product concepts • Continued alignment on sustainability targets
Suppliers	• Regular audits and assessments • Sustainability requirements in contracts • Joint improvement initiatives	• Responsible sourcing practices • Lower-carbon footprint raw materials • Compliance with chemical regulations	• Ensured supplier alignment with Flexsys' ESG objectives • Incremental reduction in carbon footprint across the supply chain • Consistent monitoring and improvement
Local Communities & NGOs	• Environmental workshops • Joint community programs	• Understanding local environmental impacts • Opportunities for collaboration on conservation • Education on chemical safety	• Strengthened relationships & trust • Potential for future partnerships on community-focused sustainability projects
Industry Associations	• Conferences, seminars • Collaborative working groups • Shared best practices	• Industry-wide standards & policy trends • Collective decarbonization efforts • 6PPD replacement research	• Knowledge sharing & standard-setting • Broader industry alignment on sustainable practices • Potential for joint research and funding

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Timeline of Meaningful Progress

NOV 2021
Flexsys becomes an independent company focused solely on tire additives

JAN 2022
Board approves significant increase in R&D funding, targeting more sustainable productss

APR 2022
Science-based target scoping work begins, expanding resources for decarbonization

MAY 2022
Flexsys Ramp up in R&D synthesis and testing to pursue more sustainable 6ppd alternatives

JUL 2022
Further expansion of R&D synthesis capabilities via external CRO facilities

AUG 2022
Flexsys achieves an EcoVadis Gold rating, performing in the top 6% of all rated companies

APR 2023
Official partnership with the USDA's research organization to find a 6ppd alternative

MAY 2023
Near-term and net-zero emissions reduction commitments made; GHG inventory and baseline established

JUN 2023
Formal SBT commitment submitted to the Science Based Targets initiative

OCT 2023
Flexsys achieves second consecutive EcoVadis Gold rating, performing in the top 3% of all rated companies

NOV 2023
Flexsys CEO and CTO attend the UN Climate Change Conference COP28 in Dubai

MAY 2023
Flexsys joins the US DOE's Better Climate Challenge

MAY 2024
Flexsys conducts comprehensive gender pay equity analysis, confirming no pay gap

JUL 2024
Flexsys awarded a US EDA grant to support the development of a 6ppd replacement as part of the Akron, OH based Sustainable Polymers Tech Hub

OCT 2024
Flexsys completes full CDP Climate Disclosure, having submitted Private Markets disclosures since 2021

MAR 2025
Flexsys publishes inaugural sustainability report

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Our Approach to Sustainability

Guiding Principles for Sustainable Innovation

- Deliver product excellence while minimizing environmental impact
- Strive for the lowest carbon footprint across the value chain
- Prioritize circular and bio-based options while protecting biodiversity
- Minimize key resource depletion

Our Ambitious Objectives

Flexsys aims to achieve net-zero greenhouse gas (GHG) emissions by 2040, transition entirely to renewable electricity, and integrate 100% sustainable materials into our supply chain. These goals build on our historical focus on tire durability and production efficiency, which inherently cuts waste and conserves natural resources.

Milestones:

- By 2030:
  - 42% absolute reduction in Scope 1 & 2 emissions (vs. 2022)
  - 25% absolute reduction in Scope 3 emissions (vs. 2022)
  - 100% renewable electricity
  - Demonstrate fully sustainable Insoluble Sulfur from circular sources
- By 2040:
  - Net-zero GHG emissions across all scopes
  - 100% sustainable materials in production

We’re driven to create a more sustainable future, building on our strong legacy of innovation, safety, and resource efficiency.

Sustainability Goals

Area	Year	Goals
Climate Change	2030	• 42% absolute reduction in Scope 1 & 2 emissions (vs. 2022) • 25% absolute reduction in Scope 3 emissions (vs. 2022) • 100% renewable electricity
	2040	• Net-zero GHG emissions across all scopes
Waste & Circularity	2040	• 50% reduction in production waste (vs. 2022 levels) • 100% sustainable materials in production
Employee Health & Safety	Annually	• Zero workplace incidents • 100% employee participation in safety training programs
Workforce Inclusivity & Engagement	Annually	• 100% of employees trained on harassment prevention and inclusivity • 100% gender pay equity • 100% of employees earn a living wage
Career Management & Training	Annually	• 100% employee participation in performance reviews • 100% employee participation in skills and professional development training
Human Rights	Annually	• 100% of employees trained on child labor, forced labor, & human trafficking as covered the Code of Conduct • 100% of sites undergo a child labor risk assessment or internal audit
Customer & Product Safety	Annually	• Zero product recalls • 100% of products sold are covered by Safety Data Sheets (SDS)
	2030	• Zero product related customer health and safety incidents
Responsible Procurement	2025	• 100% of targeted suppliers acknowledge our Supplier Code of Conduct • 95% of targeted suppliers complete a sustainability (self) assessment
Responsible Business	Annually	• 100% of employees are trained on anti-corruption and business ethics issues • Zero confirmed corruption incidents and zero cybersecurity breaches

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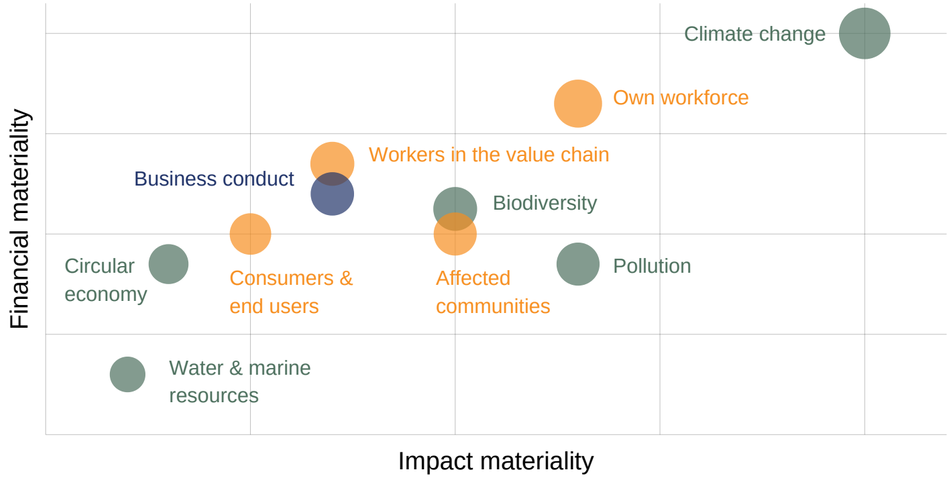
Materiality Assessment

In 2024, Flexsys conducted its initial double materiality analysis by examining both the outward impacts of the company's operations on environmental and social factors (impact materiality) and the inward effects of these factors on business performance (financial materiality). First, we identified key topics—ranging from energy and emissions management to biodiversity—through stakeholder engagement, regulatory reviews, and industry benchmarking. Next, we assessed each topic's significance from two perspectives:

- **Impact Materiality**: We evaluated the extent to which each topic could affect society or the environment, taking into account severity, scope, and opportunity to improve. Tools such as guided discussions were used to prioritize issues like waste management, water scarcity, and ethics based on their potential social and/or ecological harm.

- **Financial Materiality**: We gauged how these same topics could influence Flexsys' economic performance, stability, and growth. This included analyzing risks such as regulatory compliance costs, reputational damage, and operational interruptions, as well as opportunities for innovation and cost efficiencies.

The resulting materiality matrix reflects both the importance of each topic to stakeholders and its potential financial implications for Flexsys. This dual approach ensures that our sustainability strategy addresses the most pressing societal and environmental challenges while also supporting the company's long-term viability.



Environmental responsibility

Flexsys remains firmly committed to reducing greenhouse gas emissions, advancing sustainable procurement, and supporting product stewardship that aligns with global best practices. Through ongoing investments in research and development, we continue to refine our processes and design innovative solutions for a lower-carbon, resource-efficient future—positioning Flexsys as a leading force in environmental, social, and governance (ESG) performance.

Flexsys is dedicated to embedding sustainability across its operations, guided by a commitment to innovation, safety, and resource efficiency. Our environmental policy outlines clear objectives and actions to address key environmental risks—ranging from energy use and greenhouse gas emissions to waste generation and resource conservation. By employing rigorous risk assessments, such as the Management of Change (MOC) procedures at sites like Sauget and Nienburg, we systematically evaluate potential environmental impacts and implement targeted solutions at every stage of our operations.

Key Focus Areas

- **Energy & Emissions:** We strive to reduce our energy consumption by pursuing efficiency measures and transitioning to lower-carbon energy sources. By optimizing plant locations and transportation strategies, we also aim to minimize emissions across the value chain.

- **Resource Conservation:** Flexsys actively works to reduce water consumption and eliminate production waste through innovative process improvements, recycling efforts, and product substitutes that maximize material longevity and minimize environmental footprints.

- **Chemical Management & Compliance**: Our adherence to international regulations, including REACH and other chemical control laws, ensures the safe use and disposal of substances. We couple these obligations with efforts to continually improve our environmental performance, health and safety practices, and dialogue with local communities.

- **Sustainable Procurement & Product Stewardship**: By engaging our suppliers in sustainable practices and focusing on product stewardship, we develop durable, long-lasting products that reduce waste and resource use. We also explore packaging recycling and circular economy initiatives to extend product lifecycles.

ENVIRONMENTAL RESPONSIBILITY

Climate Change

Flexsys acknowledges the urgent need for rapid decarbonization across the tire industry and beyond. By aligning our operations with a 1.5°C pathway and the goals of the Paris Agreement, we strive to mitigate climate-related risks, unlock innovation opportunities, and support customers in achieving their own sustainability targets.

Material Impacts, Risks, and Opportunities

Climate change poses significant challenges for Flexsys. Rising energy costs, evolving regulations, and shifting customer expectations can expose us to financial and operational risks. However, investing in low-carbon solutions, conducting life cycle assessments (LCAs), and offering products like CurePro with lower carbon footprints present strong business opportunities—supporting both the global climate agenda and our competitiveness in the tire industry.

Objectives and Targets

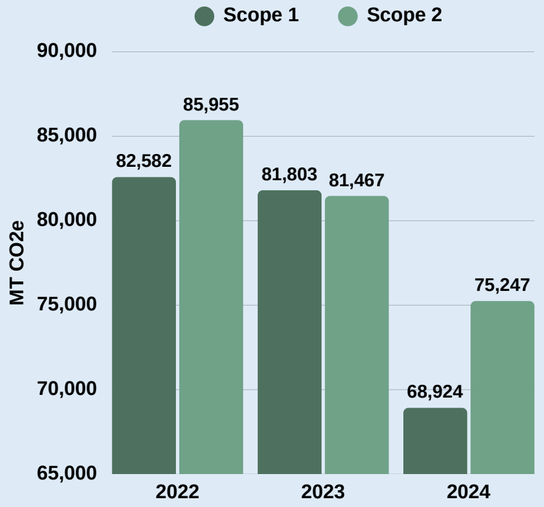
- Reduce absolute Scope 1 and 2 emissions by 42% by 2030 (from a 2022 baseline), in line with SBTi.
- In the U.S., we have pledged to reduce Scope 1 and 2 emissions by 25% and energy intensity by 10% within 10 years (from a 2022 baseline), aligning with the US DOE's Better Climate Challenge program.
- We aim to achieve net-zero Scope 1 and 2 emissions by 2040, supported by a transition to 100% renewable electricity by 2030.

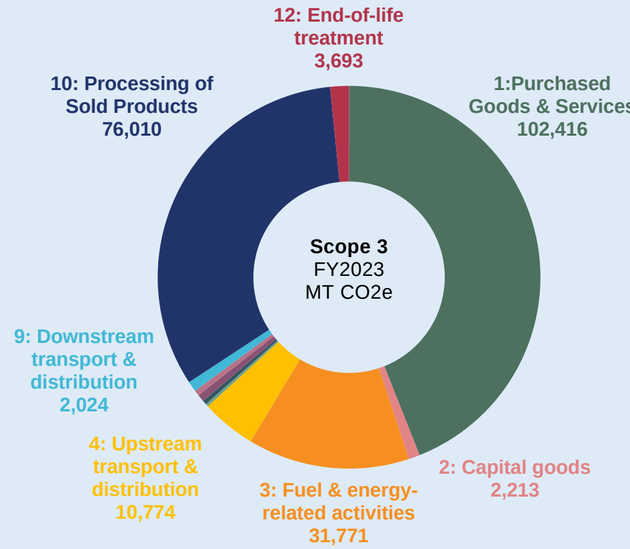
Management Approach

- **Energy Audits and Carbon Assessments:**
  - Annual reviews of energy consumption and GHG emissions guide targeted initiatives for operational efficiency.
  - Our partnership with Persefoni provides a standardized method for data collection and tracking.
- **Energy Transition and Fuel Switching:**
  - We replace high-emission fuels—such as diesel—with cleaner alternatives or electrified processes
  - Solar renewable energy certificates (RECs) at Monongahela and future power purchase agreements help drive carbon-free electricity.
- **Heat Recovery and Cogeneration:**
  - Combined heat and power (CHP) systems and waste heat recovery projects reduce both fuel use and GHG emissions
  - For example, in 2023 Flexsys completed a significant heat recovery project at our Antwerp unit. By recovering previously "lost" heat from steam condensate, carbon emissions have been reduced by 4,000 MT/yr.
- **Employee Engagement:** Targeted training on energy conservation, climate action, and science-based targets empowers employees to contribute to decarbonization goals.

GHG Emissions and Reporting

- **Corporate-Level Inventory:**
  - We report Scope 1 and 2 emissions annually, using market-based figures to capture renewable energy procurement impacts.
  - In 2024, total Scope 1 and 2 (market-based) emissions declined by 8% compared to 2023, primarily due to heat recovery and process optimization.
- **Scope 3 Reduction Efforts:**
  - Our commitment extends beyond direct operations, addressing purchased goods and services, upstream transport, and end-of-life treatment of sold products.
  - We apply ISO 14040/14044-compliant LCAs to measure product-level carbon footprints for key offerings like Crystex™and 6PPD.
  - Relevant categories of Scope 3 emissions for FY2023 are reported at right. For details, please see the appendix.





ENVIRONMENTAL RESPONSIBILITY

Climate Change

We are continually optimizing and improving our energy-efficient production processes and increasing our use of renewable energy on our journey towards decarbonization of our operations in line with a 1.5 °C scenario, per the SBTi.

Transition Plan and Carbon Pricing

Flexsys has developed a climate transition plan aligned with a 1.5°C world, underscoring our commitment to decarbonization while addressing complex supply chain and technological challenges—such as the reliance on sulfur from oil refining—that prevent an immediate cessation of fossil fuel-linked activities. Instead, our phased approach focuses on exploring sustainable alternatives and adapting our supply chains, with key assumptions including accurate emissions data, stable energy prices, and ongoing technological advancements.

In 2023 and 2024, we established a carbon baseline for Scope 1 and 2 emissions, committed to a Science Based Targets initiative near-term goal, and conducted comprehensive decarbonization studies alongside targeted employee training. Feedback is gathered annually from shareholders through board meetings, and customer engagement, and our plan adopts a holistic view by integrating resource efficiency, circular economy practices, sustainable sourcing, and biodiversity conservation to address interconnected environmental challenges.

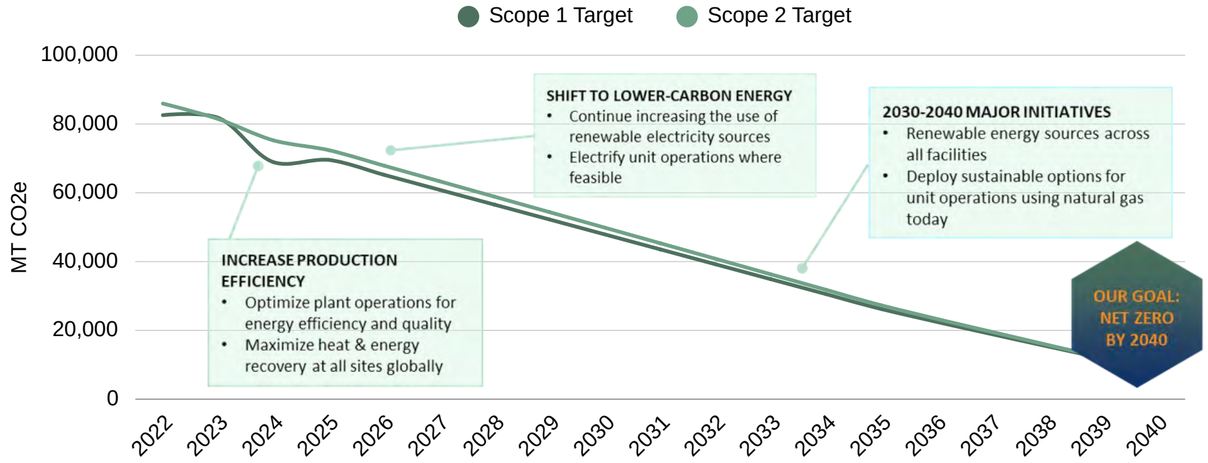
Implementation and Achievements

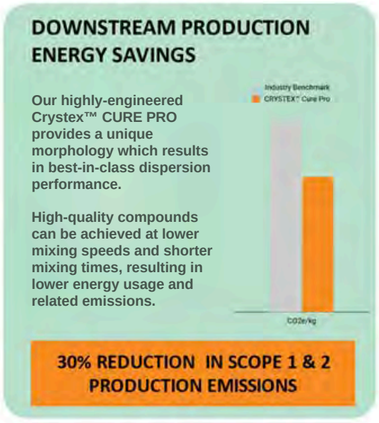
Flexsys has already achieved key milestones that put us on track to meeting our near-term and long-term targets, including:

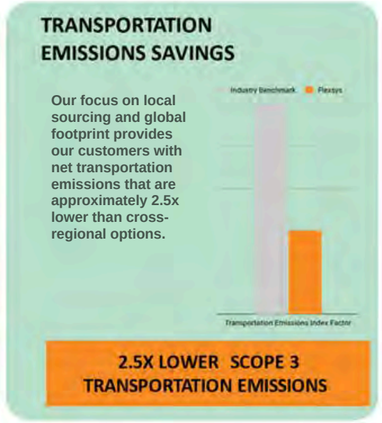
- Waste Heat Recovery: A single project in Antwerp, BE saved 4,000 MT CO_2e (Scope 2).
- Fuel Switching: Upgrading diesel generators to electric lowers emissions and modernizes site infrastructure.
- Renewable Energy Procurement: Solar RECs at Monongahela reduce reliance on fossil-based grid electricity.

Value Chain Engagement on Climate Action

Flexsys actively engages its entire value chain—including suppliers, customers, investors, and other stakeholders—on environmental issues, with a strong focus on climate change. We prioritize supplier engagement based on business risk mitigation and material sourcing, requiring compliance with environmental standards such as the UN International Labour Organization Principles through our publicly available supplier code of conduct. We collect and review annual data from our tier 1 suppliers — covering 26 suppliers – 50% of procurement spend — on climate transition plans, GHG emissions, and environmental risks, while regular follow-up meetings drive ongoing improvements. Simultaneously, we collaborate with customers through education, information sharing, and joint innovation to align sustainability goals, thereby reinforcing our leadership in ESG and ensuring our value chain contributes to a 1.5°C future.







ENVIRONMENTAL RESPONSIBILITY

Product Carbon Footprint & Lifecycle Assessment

Product Carbon Footprint and R&D
Flexsys is committed to reducing its carbon footprint through strategic investments in low-carbon R&D. Over the past three years, approximately 90% of our R&D investment has been dedicated to product redesign initiatives aimed at developing more sustainable chemical grades—efforts that are now in small-scale commercial deployment. For example, our work to create reduced-carbon intensity variants of Crystex™ aligns directly with our mid- and long-term decarbonization goals. Looking ahead, we plan to maintain this investment level, allocating 90% of our R&D budget over the next five years to further advance our climate transition plan.

Low-Carbon Product Development
Approximately 90% of R&D spending is dedicated to improving product designs—like finding a replacement for 6PPD and developing a Crystex™Insoluble Sulfur grade using sustainable process oil alternatives —to reduce manufacturing emissions, energy usage, and packaging waste.

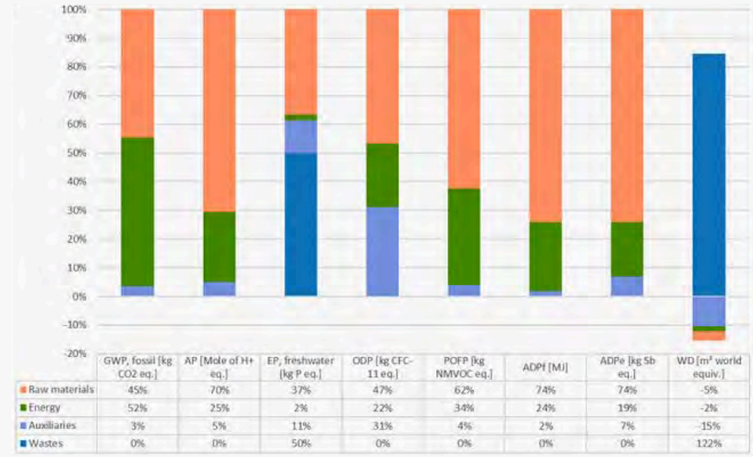
Collaboration with USDA
A Cooperative Research and Development Agreement (CRADA) advances bio-based alternatives for widely used tire antidegradants, reflecting our push to decarbonize the entire value chain.

Product carbon footprint (PCF) for all core products (1 kg), calculated from cradle-to-gate using ISO methodology 14040/44 (2023).

Product	SIte	Product carbon footprint
Santoflex™ 6PPD	Belgium	3.03 MT CO2e / kg
Crystex™ HDOT20	Malaysia	1.65 MT CO2e / kg
Crystex™ HDOT20	USA	1.48 MT CO2e / kg
Crystex™ HDOT20	Germany	1.36 MT CO2e / kg
Crystex™ HDOT33	Germany	1.20 MT CO2e / kg
Crystex™ Cure Pro	Malaysia	1.34 MT CO2e / kg
Crystex™ XD	Malaysia	1.27 MT CO2e / kg
Crystex™ XD	Germany	1.23 MT CO2e / kg

Lifecycle assessment (LCA) for Santoflex™ 6ppd pastilles (1 kg) applied to tire manufacturing (2020, ISO 14040/44, Sphera)

Lifecycle assessment (LCA) for HSOT20 insoluble sulfur (1 kg) applied to tire manufacturing (2020, ISO 14040/44, Sphera)



ENVIRONMENTAL RESPONSIBILITY

Managing Climate Risk

Flexsys adopts a structured, company-wide approach to managing and mitigating climate and environmental risks. A dedicated Sustainability Steering Team—which includes the CEO, Chief Technology and Sustainability Officer (CTSO), Chief Procurement Officer (CPO), and Chief of Manufacturing—meets monthly to review all known and emerging environmental challenges and approve new projects or investments as needed. Our manufacturing sites follow ISO 14001 standards and conduct Environmental Aspects reviews, ensuring we systematically identify site-specific risks and opportunities.

To bolster this effort, Flexsys employs a Life Cycle Assessment (LCA) framework to evaluate the environmental dependencies, impacts, risks, and opportunities along the value chain—from raw material extraction through final manufacturing (cradle to gate). Data on resource use, emissions, waste, and potential disruptions are collected and analyzed by cross-functional teams (operations, sustainability, procurement) in dedicated workshops. This process highlights trade-offs (e.g., carbon footprint vs. renewable content) and interconnected risks, guiding decisions on everything from alternative raw materials to process optimizations. Insights from these assessments are shared with customers and stakeholders, promoting collaborative solutions that minimize environmental footprints.

Examples of climate-related risks and opportunities

- **Acute Physical Flooding Risk:** Flexsys has identified potential flood risks at its Belgium and Germany manufacturing sites. While a 500-year flood is unlikely, it could disrupt production if preventative measures are not in place. The company has developed emergency flood plans and works with local authorities to stay prepared, though the financial impact has not been publicly quantified.
- **Carbon Pricing Mechanism Risk:** Flexsys operates in Belgium and Germany, areas affected by the EU ETS and German ETS, exposing the company to rising carbon prices. To mitigate this risk, Flexsys is developing a climate transition plan and committing to Science Based Targets (SBTi) to lower emissions and reduce exposure to increasing carbon taxes.
- **Renewable Energy Opportunity:** Flexsys has the opportunity to transition key sites in Belgium, Brazil, Germany, Malaysia, and the U.S. to renewable energy, reducing CO_2 emissions and operating costs. Aligning with its commitment to 100% renewable electricity by 2030 under SBTi, the company plans to phase in renewable energy, prioritizing high-emission sites for immediate reductions and long-term financial and competitive benefits.

Flexsys has integrated environmental risks and opportunities—primarily driven by climate change—into both our strategy and financial planning. In our products and services, emerging concerns over the biodiversity impacts of a 6PPD derivative have spurred significant R&D investments to develop safer, sustainable alternatives while maintaining performance. In our upstream and downstream value chain, we are collaborating with suppliers and customers to replace petroleum-based feedstocks with renewable or recycled materials, thereby reducing carbon footprints across the board. Additionally, our operations have embraced decarbonization initiatives through the Science Based Targets initiative, shifting energy sources and exploring renewable fuels to mitigate anticipated regulatory and climate-related risks. These strategic measures have directly influenced our financial planning by shaping direct costs, capital expenditures, and capital allocation, ensuring that investments in decarbonization and sustainable innovation position Flexsys advantageously in a rapidly decarbonizing global market.

Managing the impacts of climate change

Area	Strategic Impact	Financial Impact
Products & Services	R&D investment in 6PPD alternative; Exploration of renewable feedstocks	R&D budget allocation
Upstream/ Downstream Value Chain	Collaboration with customers on renewable feedstocks; Engagement with suppliers on carbon footprints	Consideration of supply chain carbon footprint in financial planning
R&D	Investment in 6PPD replacement and other sustainable products	R&D budget allocation
Operations	Commitment to SBTi; Exploration of renewable energy and fuels	Capital expenditures on decarbonization projects; Operational cost changes related to energy sources

ENVIRONMENTAL RESPONSIBILITY

Pollution & Emissions

Flexsys recognizes that volatile organic compounds (VOCs), sulfur dioxide (SO_2), nitrogen oxides (NO_x), and hazardous air pollutants (HAPs) significantly affect local air quality, community health, and our regulatory standing. Unchecked emissions expose us to potential fines, reputational risks, and strained community relations. Conversely, reducing emissions and improving operational efficiency provide important opportunities for cost savings, stakeholder trust, and long-term compliance.

Objectives and Targets

- Maintain rigorous monitoring and control measures for all air pollutants, ensuring regulatory compliance and safeguarding community well-being.

Management of Risks

- **Leak Detection and Repair (LDAR)**: We conduct tiered inspections using auditory, visual, olfactory (AVO) methods, as well as instrumentation, to identify and promptly repair fugitive leaks.
- **Source Reduction and Equipment Efficiency**: Process enhancements, equipment upgrades, and best available control technologies help mitigate VOCs, SO_2, NO_x, PM, and HAPs.
- **Ambient Monitoring**: Regular measurement of pollutants—supported by noise and odor screenings—helps ensure compliance and minimizes community impact.
- **Prevention and Reduction Initiatives**: Emission control devices and process efficiencies reduce not only conventional pollutants but also noise, odor, and other local nuisances.

By systematically mitigating emissions and consistently engaging stakeholders, Flexsys remains committed to safeguarding both the environment and the communities where we operate.

ENVIRONMENTAL RESPONSIBILITY

Water Management

Flexsys recognizes the essential role water plays in chemical manufacturing and strives to use it responsibly across the value chain—from raw material sourcing to safe discharge. By optimizing processes, maximizing reuse, and treating wastewater thoroughly, we aim to minimize environmental impacts while upholding stringent regulatory standards.

Material Impacts, Risks, and Opportunities
Water scarcity, changing regulations, and potential groundwater contamination pose tangible risks to our operations and reputation. On the other hand, effective water stewardship can generate significant benefits: cost savings through efficiency improvements, improved stakeholder relations, and increased resilience to fluctuating water availability. By routinely assessing our water footprint, we identify opportunities for innovation in closed-loop cooling systems, on-site treatment facilities, and other strategic solutions.

Objectives and Targets

- Enhance water stewardship by minimizing consumption and improving wastewater management practices.
- Conduct an assessment of baseline water stress for 100% of sites on an annual basis.

Water Management Practices
To mitigate water risks and lower consumption, Flexsys employs several strategies across its facilities:

- **Water Recycling and Reuse**: Implement technologies (e.g., Heat Recovery / Steam Usage Projects) that capture and repurpose steam, and prioritize closed-loop cooling systems.

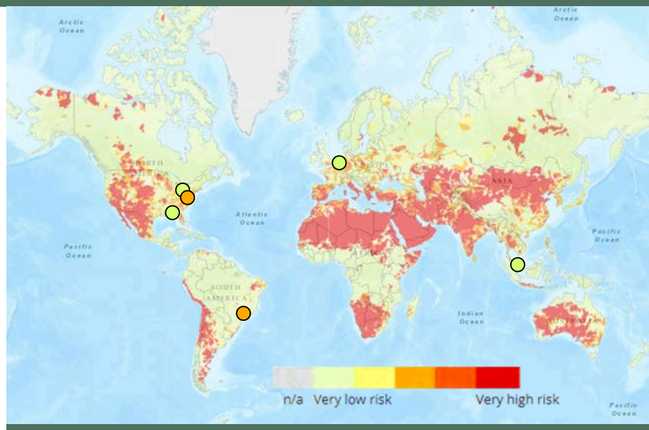
- **Wastewater Treatment and Control:**
  - Operate on-site treatment facilities and reservoir systems, such as at Monongahela, to meet or exceed regulatory standards.
  - Partner with third parties for off-site treatment when more efficient.

- **Groundwater Protection:**
  - Conduct regular inspections, maintenance, and spill response protocols (e.g., at Sauget).
  - Maintain ongoing monitoring programs to detect and mitigate any contamination risks.

- **Water Accounting and Audits:** Perform water audits to pinpoint high-usage areas and invest in targeted reductions.

Baseline Water Stress
Flexsys uses tools like the WWF Water Risk Filter to evaluate baseline-water stress and site-specific vulnerabilities, and guide mitigation plans. Baseline water stress measures the ratio of total surface and groundwater withdrawals to available renewable water.

Looking Ahead
By integrating robust water stewardship practices into our broader sustainability strategy, Flexsys actively reduces water-related risks, drives operational efficiencies, and fulfills our commitment to environmental responsibility. Our targeted reduction goals, combined with ongoing technological upgrades and site-specific risk assessments, ensure that we continually refine our water management approach—helping to protect vital water resources for the communities and ecosystems in which we operate.



Flexsys assesses baseline water stress at all sites using the WWF Water Risk Filter.

2024 Water Performance

0%

Water withdrawn or consumed from regions with high or extremely high baseline water stress

ENVIRONMENTAL RESPONSIBILITY

Nature & Biodiversity

Flexsys recognizes the importance of preserving biodiversity and is committed to understanding and minimizing any potential ecological impacts from its operations and products. Through regular assessments, targeted research, and on-the-ground initiatives, we strive to protect local habitats and maintain responsible land and resource management practices.

Material Impacts, Risks, and Opportunities

Unchecked impacts on biodiversity can lead to habitat loss, potential regulatory action, and reputational risks. Conversely, proactive stewardship opens pathways to innovation—such as developing alternative chemicals—and fosters stronger community and stakeholder relationships.

Objectives and Targets

- Preserve and enhance local ecosystems wherever we operate, ensuring zero significant biodiversity impacts from our manufacturing activities.
- Conduct an annual biodiversity risk assessment for 100% of sites and take measures to mitigate impacts in sites located near biodiversity-sensitive areas, if applicable.

Management Approach

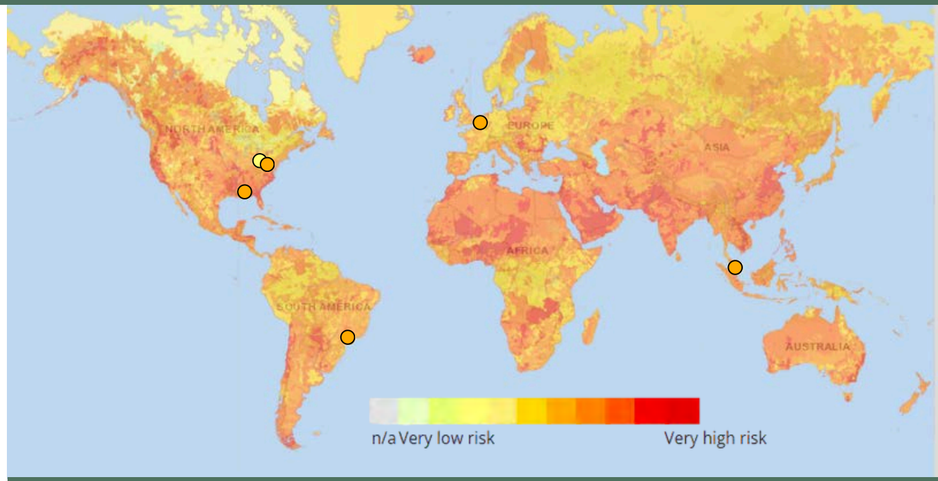
- **Risk Assessment and Monitoring:** We employ the WWF Biodiversity Risk Filter to confirm our direct operations do not encroach on legally protected areas or other sensitive hotspots. The WWF Water Risk Filter offers additional insight into water-related biodiversity concerns.

- **Innovations and Emerging Research:** With studies indicating potential ecological risks tied to 6PPD, Flexsys invests heavily in alternative molecule research to maintain tire safety while minimizing environmental impacts. We also explore renewable feedstocks to reduce petroleum reliance and foster circular economy goals.

- **Local Habitat Engagement:** Beyond high-level screenings, we undertake local initiatives that support biodiversity. At our Nienburg, Germany site, for instance, employees and retirees install and maintain bird nesting boxes, demonstrating Flexsys' hands-on approach to enhancing local wildlife habitats.

Looking Ahead

By consistently monitoring biodiversity indicators, pursuing low-impact product innovations, and working closely with local communities, Flexsys advances its goal of responsible ecosystem stewardship. Our continued focus on habitat preservation, research, and stakeholder collaboration ensures that our growth remains in harmony with the natural environments in which we operate.



Flexsys assesses its biodiversity risk exposure using the Scape Physical Risk Tool from the WWF Biodiversity Risk Filter. Physical Risk is driven by the ways in which a business depends on nature and can be affected by both natural and human-induced conditions of land- and seascapes.

2024 Biodiversity Performance

0

SItes located near high-risk biodiversity-sensitive areas

ENVIRONMENTAL RESPONSIBILITY

Waste Management

Flexsys takes a comprehensive approach to waste management by focusing on reduction, responsible disposal, and employee engagement. By promoting reuse initiatives, proper sorting, and responsible handling of hazardous materials, we aim to minimize environmental impacts while enhancing operational efficiency.

Material Impacts, Risks, and Opportunities
Improper waste handling can lead to environmental harm, regulatory fines, and reputational damage. Conversely, proactive waste reduction and resource recovery lower disposal costs, reduce risks, and demonstrate commitment to sustainability.

Commitments and Targets

- Integrate waste minimization and recovery strategies across all operations.
- Reduce overall waste generated by 50% by 2040 relative to 2022 levels, ensuring responsible disposal of hazardous materials.

Management Approach

- **Employee Awareness and Training**: Employees receive practical guidance on waste sorting, minimization, and safe handling procedures, fostering a culture of environmental stewardship.
- **Resource Recovery**: Initiatives like solvent recovery systems, plastic pallet reuse, and byproduct reintegration reduce both hazardous and non-hazardous waste.
- **Waste Sorting and Disposal**: Site-specific plans ensure waste is separated by stream—e.g., plastic, metals, organic, hazardous—and processed through recycling, composting, or approved disposal methods.
- **Transboundary Movement Controls**: Strict tracking and partnerships with third-party providers verify that any cross-border shipment of hazardous materials adheres to environmentally sound management principles.

Case Study
Our new weight-efficient pallet design saves 240 tons of virgin plastic annually. Coupled with an ambitious pallet return program targeting an 80% return rate, we've cut plastic use by 20% to date.

Through these measures, Flexsys continues to refine its waste management practices, balancing operational needs with environmental responsibility and underscoring our commitment to a cleaner, more sustainable future.

Flexsys continues to commit to sustainability. Our Itupeva, Brazil site has removed 725 kg of plastic by removing plastic water bottles!

Reusable Flexsys bottles will be utilized along with the water coolers. This is expected to save 50,000 water bottles per year.

2024 Waste Management Performance

240

tons of virgin plastic saved annually through our pallet redesign and return program

ENVIRONMENTAL RESPONSIBILITY

Materials & Circularity

Materials
Flexsys is committed to minimizing the environmental footprint of its material use and chemical handling. From optimizing production processes and reusing inputs to replacing hazardous substances with safer, eco-friendly options, we strive to protect human health and promote sustainable innovation across our operations.

Material Impacts, Risks, and Opportunities
Uncontrolled material consumption and hazardous chemical use can lead to heightened regulatory, reputational, and safety risks. Conversely, more efficient use of inputs—along with adopting greener feedstocks—can reduce waste, spur innovation, and align Flexsys with evolving market and stakeholder expectations.

Objectives and Targets

- Promote circularity by optimizing material usage, recovering valuable inputs, and prioritizing safe chemical management.
- Maintain at least 98% solvent recovery and replace 100% of high-toxicity or fossil-based materials with safer, bio-based alternatives by 2040.

Management Approach

- **Reduction of Material Consumption and Reuse of Inputs**: Up to 99% of solvents are recovered in certain production lines, showcasing our dedication to process optimization and closed-loop manufacturing.
- **Exploration of Eco-Friendly or Bio-Based Materials**: Flexsys collaborates with customers and researchers to explore alternatives—e.g., replacing naphthenic process oil with sustainable / renewable oils—to lower toxicity and support a circular economy.
- **Safe Management of Hazardous Substances**: Strict protocols govern labeling, storage, handling, and disposal, supported by site-specific training and emergency management plans. Specialized procedures, like our Stripper Operating Procedure, ensure hazardous wastes are properly treated.
- **Transition to Less Hazardous Substances and Reduced Toxicity**: Initiatives focus on developing a replacement for 6PPD with a lower environmental footprint and other low-toxicity formulations, driven by stakeholder demands and emerging legislation.

Looking Ahead
Flexsys will continue to refine its material and chemical strategies through innovative research, cross-sector partnerships, and proactive regulatory compliance. By reducing toxicity, expanding the use of bio-based inputs, and promoting a culture of safety, we aim to remain at the forefront of responsible manufacturing and sustainable product development.

2024 Materials & Chemicals Performance

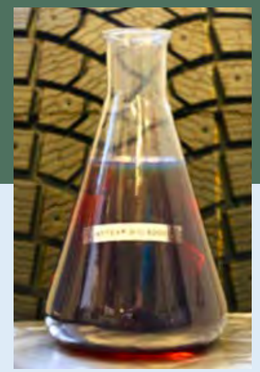
98%
Core products with more sustainable alternative in development

99%
Solvents recovered in the majority of production lines

0.31
Process Safety Incident Severity Rate (PSISR)

ENVIRONMENTAL RESPONSIBILITY

Materials & Circularity



We are investing in developing alternative sustainable raw materials for our product portfolio as part of our roadmap towards a fully circular economy.

Product Circularity

Flexsys is committed to driving sustainability across every stage of its product lifecycle while continuous innovation in chemical production. Over the past three years, we have dedicated 80% of our R&D investment to product redesign initiatives—with plans to maintain or increase this level over the next five years—to support the industry's goal of 100% sustainable materials. Our innovations focus on developing more sustainable insoluble sulfur and creating a next-generation replacement for 6PPD, the tire antidegradant whose transformation products (such as 6PPD-quinone) have raised ecological concerns.

For instance, our lower-carbon Crystex™ grades align with our decarbonization goals; Crystex™ Cure Pro can reduce our customer’s rubber mixing times by up to 40%, and support cutting energy consumption and Scope 1 and 2 emissions by 30% for this phase of the tire making process. Cure Pro also has a 10% lower PCF when compared to HDOT20, providing an even lower LCA. Concurrently, we are investigating sustainable oils from bio-based and recycled feedstocks and exploring alternative sulfur sources like anaerobic digester biogas.

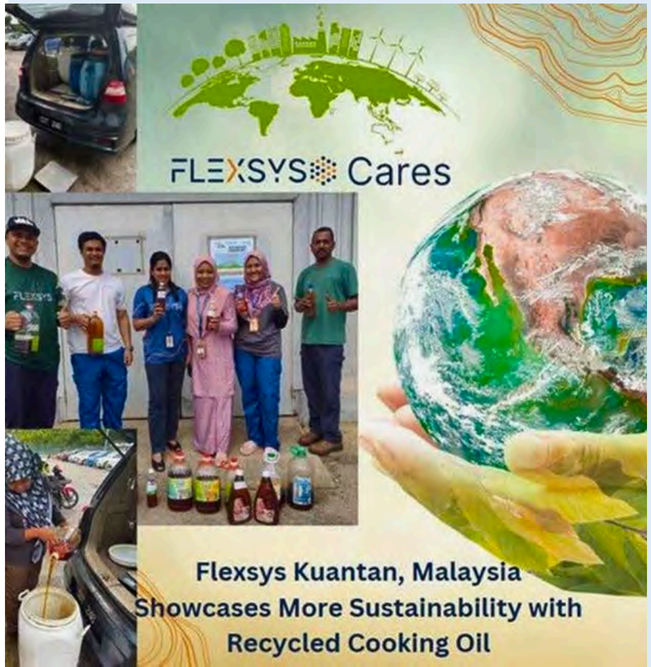
On the antidegradant front, our collaborative research with the USDA Agricultural Research Service is paving the way for innovative molecules that replace 6PPD—thereby mitigating the environmental concerns associated with 6PPD-quinone—while maintaining tire safety and longevity. Comprehensive cradle-to-gate life cycle assessments (LCAs) further inform our raw material choices and process optimizations, and these insights are shared with customers and stakeholders to foster industry-wide improvements.

Product Use and End-of-Life Considerations

Flexsys provides customers with detailed guidelines to ensure optimal product performance and longevity. For example, Crystex™ should be stored in a well-ventilated area below 35°C, away from direct sunlight and any products that emit free amines, which can trigger its reversion to a non-insoluble form. When stored in closed containers below 20°C, this reversion rate is kept below 1% per year—thereby preventing issues like sulfur bloom in uncured rubber.

Efficiency is further enhanced by our formulations that require reduced dosages without sacrificing performance. Our high-purity 6PPD allows customers to use less product for the same protective effect, and CurePro’s formulation—with only 10% process oil—delivers a higher concentration of sulfur, lowering overall chemical use per tire. In addition, our next-generation antidegradant will significantly reduce toxic transformation products, such as 6PPD-quinone, meeting stringent environmental and safety standards.

At the product’s end-of-life, Flexsys actively pursues circularity by collaborating with external stakeholders—for example, partnering with tire manufacturers and pyrolysis technology leaders to explore repurposing pyrolysis oil from end-of-life tires. We also operate a re-certification program that tests products beyond their shelf life for safe reuse and reintegrate off-spec materials back into production, diverting them from landfills. By minimizing plastic use in our operations and engaging suppliers on recycled content practices, Flexsys ensures that sustainability and circularity are woven into every phase of the product lifecycle.



ENVIRONMENTAL RESPONSIBILITY

Materials & Circularity

We continue to push the envelope and invest in developing the next-generation of more sustainable additives, leading the way for the tire industry to achieve their 100% sustainable material goals.

SUSTAINABLE OIL for CRYSTEX
Investigating the feasibility of replacing naphthenic process oil (NPO) with a biobased oil (traceable soybean, rapeseed, etc.), as well as exploring sourcing oil from end of life tires.

NEXT-GEN ANTIDEGRADANT
Committed to finding a new antidegradant molecule that can replace 6PPD with a lower environmental/ toxicological impact and no reduction of tire performance or lifetime.

CIRCULAR SULFUR
Investigating alternative options for sulfur sourcing (beyond refineries) including: anaerobic digester biogas, and tire recycling. Also investigating the appropriate carbon footprint that should be ascribed to refinery souced sulfur.

NEXT-GEN SULFUR
S12 - a breakthrough in insoluble sulfur performance - can be produced with a lower carbon footprint vs. traditional polymeric sulfur, allowing current compounds to be produced more efficiently and enabling the production of compounds that are out of reach today.

GUIDING PRINCIPLES FOR SUSTAINABLE INNOVATION

- Deliver product excellence while minimizing environmental impact
- Strive for the lowest carbon footprint across the entire value chain
- Prioritize circular and bio-based options while protecting biodiversity
- Minimize key resource depletion

Social Responsibility

Flexsys is dedicated to fostering a socially responsible and inclusive environment that supports both our internal workforce and the communities where we operate. We focus on creating a workplace that values diversity, promotes fair treatment, and offers equal opportunities for growth through transparent recruitment, robust career management, and comprehensive training initiatives. Our commitment to employee well-being is demonstrated through proactive health and safety programs, fair compensation practices—including our global Living Wage certification—and effective collective bargaining agreements that empower workers and ensure their voices are heard.

By integrating sustainable procurement practices and responsible sourcing into our value chain, we work closely with suppliers and customers to promote ethical labor practices and environmental stewardship. Together, these efforts not only drive innovation and enhance organizational performance but also contribute to building a resilient, sustainable future for all stakeholders.

SOCIAL RESPONSIBILITY

Employee Health & Safety

Flexsys places the highest priority on safeguarding the well-being of our employees, contractors, customers, visitors, and communities. Guided by our Flexsys Safety Policy, we cultivate a culture where safe work practices are non-negotiable, viewing workplace incidents and injuries as preventable risks that must be actively managed. The potential impacts of inadequate safety measures—ranging from operational disruptions to serious health hazards—are mitigated through our commitment to continuous improvement, robust training, and proactive risk management, which in turn unlock opportunities for enhanced productivity and innovation.

Objectives and Targets

- Our key objectives are to achieve zero workplace incidents, ensure full compliance with safety standards, and maintain a culture of continuous improvement through regular training and risk assessments.
- We target 100% participation in safety training programs and consistently monitor our performance using industry-standard metrics such as Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR).

Management Approach

Flexsys employs a comprehensive approach to safety management that includes rigorous risk assessments, regular inspections, and ongoing process improvements. Local safety committees and cross-functional teams—including executive leadership—conduct regular reviews and third-party audits to ensure that all equipment, work procedures, and emergency response plans meet or exceed required safety standards. Through detailed training programs—from onboarding sessions to specialized workshops—and confidential reporting systems like our Navex hotline, we empower our employees to identify and address potential hazards promptly. Initiatives such as “White January” mental health campaigns in Brazil, road safety campaigns in Kuantan, and wellness challenges in the U.S. exemplify our commitment to both physical and mental well-being.

Looking Ahead

As we move forward, Flexsys remains dedicated to strengthening our safety culture through innovation, enhanced training, and proactive risk management. Our goal is to sustain a safe, healthy, and supportive working environment that not only protects our workforce but also drives continuous operational excellence and contributes to a resilient, sustainable future.

2024 Health & Safety Performance

0.63

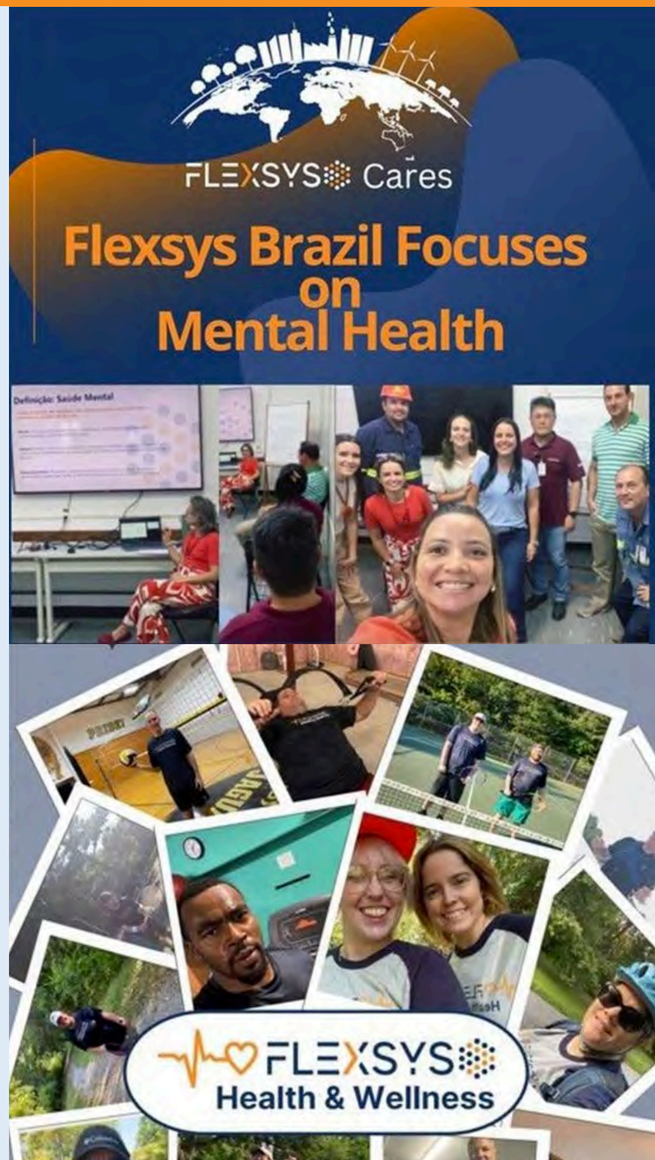
Total Recordable Incident Rate (TRIR)

4

Work-related accidents

100%

Employees trained on health & safety topics



SOCIAL RESPONSIBILITY

Workforce Inclusivity

2024 Workforce Inclusivity Performance

22%
Women employees in the whole organization

100%
Employees earning a living wage

11%
Women in senior management

99%
Employees trained on anti-discrimination

11%
Women on the board of directors

97%
Unadjusted gender pay gap

Flexsys is dedicated to cultivating a workplace where every individual feels valued, respected, and empowered to contribute their unique perspectives. We view these efforts not only as a legal and compliance obligation but as essential drivers of innovation, collaboration, and overall organizational well-being. Environmental and social factors—such as inequitable recruitment practices, harassment, and lack of career advancement opportunities—pose risks that can negatively impact employee morale and retention, while an inclusive, engaging culture unlocks innovation and competitive advantage.

2025 Objectives and Targets

- Our strategic objectives include implementing transparent, bias-free recruitment processes, achieving 100% training on harassment prevention and inclusivity, and ensuring equitable pay and career development opportunities.
- We aim to maintain high employee satisfaction and retention, as reflected in key performance indicators such as grievance resolution metrics, and diversity statistics.

Management Approach

Flexsys employs a comprehensive, multi-tiered management approach to promote workforce inclusivity and engagement:

- **Inclusive Recruitment and Development:** We enforce transparent hiring practices and clear job descriptions, supported by formal guidelines to reduce bias and enhance accessibility.
- **Workplace Harassment Prevention and Safe Reporting:** A robust harassment prevention policy, coupled with an anti-retaliation framework, ensures that all employees can report concerns safely via confidential channels such as our Navex hotline. Regular training on unconscious bias and discrimination further reinforces respectful workplace interactions.
- **Supporting All Abilities and Ensuring Equitable Pay**: We proactively and continuously review remuneration practices—most recently validated by a Syndio study in 2024—to ensure fair compensation and performance-based rewards.
- **Living Wage Certification: F**lexsys has earned global certification for paying a fair, living wage, reflecting our commitment to ensuring all employees can afford essentials such as housing, food, and healthcare.

SOCIAL RESPONSIBILITY

Working Conditions

Flexsys is committed to providing a supportive and transparent work environment that not only ensures fair remuneration but also fosters work-life balance and continuous employee engagement. Inadequate compensation, inflexible scheduling, or poor communication can negatively affect morale and productivity, while robust benefits and open dialogue create opportunities for higher satisfaction, retention, and overall organizational performance.

2025 Objectives and Targets

- Ensure every employee receives fair, transparent compensation and benefits, complemented by family-friendly policies and effective communication channels that support work-life balance and employee engagement.
- Achieve 100% clarity in our compensation communication processes and ensure comprehensive coverage for all employees under our healthcare and family-friendly benefit programs

Management Approach

Flexsys' management approach to working conditions is multi-faceted:

- **Fair Compensation and Benefits**: We clearly articulate our pay structures—from base salary to bonus plans—and provide additional overtime compensation and performance-linked incentives. This transparency empowers employees to understand their remuneration and career advancement opportunities.
- **Family-Friendly Programs and Work-Life Balance**: Recognizing the importance of balancing professional and personal responsibilities, Flexsys has implemented initiatives such as parental leave policies, a Healthy Babies Program, nursing support for mothers, and flexible work options (part-time, telecommuting, job-sharing). Comprehensive healthcare coverage further supports our team's well-being.
- **Employee Engagement and Satisfaction**: We maintain open communication through regular engagement, roundtable discussions, and other feedback mechanisms to ensure employees' voices are heard. This ongoing dialogue informs our continuous improvement efforts and helps align workplace policies with employee needs.

Collective Bargaining and Employee Representation

Flexsys is committed to upholding the principles of employee representation and fair labor practices, where applicable, by actively complying with national collective bargaining regulations with respect to those employees covered by collective bargaining.

Our respective Collective Bargaining Agreements govern key labor issues—including health and safety, working conditions, career management, training, and the prevention of discrimination and harassment—and is developed in consultation with the applicable elected employee representatives. This formal structure empowers the applicable workforce to voice concerns, negotiate labor terms, and collaboratively drive workplace improvements, thereby fostering an engaged, transparent, and supportive working environment.

We monitor our progress through key performance indicators, such as the number of employees covered by our collective agreements and representation initiatives, to ensure continuous enhancement of our social dialogue mechanisms.

2024 Working Conditions Performance

100%

Full-time employees with access to healthcare coverage

43%

Employees covered by employee representatives or collective agreements

SOCIAL RESPONSIBILITY

Career Management & Training

2024 Career Management & Training Performance

24.9

Average training hours per employee

Flexsys is committed to nurturing the growth and potential of its workforce by providing robust career development and training opportunities that drive innovation, collaboration, and overall organizational performance. Recognizing that insufficient career progression can lead to talent attrition and decreased productivity, we view comprehensive career management not merely as a compliance measure, but as a strategic imperative. In this context, our efforts mitigate risks—such as stagnation and disengagement—while unlocking opportunities for both individual advancement and corporate success.

2025 Objectives and Targets

- Our objectives include ensuring a transparent, merit-based recruitment process, and fostering equitable internal mobility.
- We target 100% participation in performance reviews and training programs.

Management Approach

Flexsys employs a multi-layered strategy to support career management and training:

- **Transparent Recruitment and Internal Mobility**: We maintain clear job descriptions and fair hiring practices, ensuring all candidates understand job requirements and selection criteria. Tools like formal performance appraisals support internal mobility, enabling employees to proactively shape their career paths.
- **Skills Development and Training**: We invest in comprehensive training programs—including vocational training, on-the-job coaching, mentoring, job rotations, and apprenticeships—that not only enhance current job performance but also build our collective expertise for future challenges.

SOCIAL RESPONSIBILITY

Human Rights

Flexsys upholds a comprehensive labor and human rights policy that addresses child labor, forced labor, human trafficking, and other human rights risks throughout our operations and extended supply chain. Our policy outlines clear commitments to prevent and promptly address these issues, emphasizing practices such as systematic age verification during recruitment and the protection of employee identification documents to ensure free and voluntary employment. This robust framework not only mitigates risks like reputational damage and legal penalties but also unlocks opportunities to enhance ethical standards and stakeholder trust across our value chain.

2025 Objectives and Targets

- We aim for zero tolerance of human rights violations by ensuring 100% compliance with our Code of Conduct through continuous training and proactive impact assessments.
- Our target is to maintain full adherence to our human rights policies, with measurable outcomes tracked via internal audits and grievance resolution metrics.

Management Approach

Flexsys implements a multi-layered strategy that includes formal human rights impact assessments to proactively identify and address potential risks. Our comprehensive procedures mandate regular training for employees, contractors, and stakeholders, reinforced by a confidential grievance mechanism (via our Navex hotline) that enables swift reporting and resolution of concerns. Regular internal audits and external reviews ensure our policies remain effective and adapt to emerging challenges.

Looking Ahead

Flexsys is dedicated to continuously enhancing our human rights practices through ongoing stakeholder engagement and process refinement. By integrating robust policies with proactive risk management and transparent reporting, we safeguard the fundamental rights of all individuals involved in our operations, reinforcing our reputation as an ethical and responsible organization.

2024 Human Rights Performance

100%

Sites undergoing child labor risk assessments

95%

Employees trained on child labor, forced labor, & human trafficking

0

Valid hotline cases on human rights topics

SOCIAL RESPONSIBILITY

Community Engagement

Flexsys sites around the globe continued to demonstrate that “Flexsys Cares” by supporting their local communities in myriad ways. Teams in Itupeva, Brazil were honored by the local government for charitable donations benefiting municipal programs, while employees in Kuantan, Malaysia donated time, funding, and supplies to enhance a local orphanage. In Nienburg, Germany, Flexsys supported “Operation Christmas Child,” became a collection point for used eyeglasses and hearing aids, and planted trees as part of the city’s 1000-year celebration. Across the United States, Flexsys held a friendly food drive competition, with the Monongahela team taking top honors for the second consecutive year—highlighting that communities in need are the real winners.

Beyond these efforts, Flexsys also focused on health and educational outreach. The Kuantan team organized a blood donation campaign that drew 84 participants, while the Nienburg site opened its doors to local teachers, showcasing career opportunities for students. Whether promoting health screenings for cancer awareness in Brazil or “adopting” families for the holidays in Sauget, Illinois, Flexsys continued to emphasize corporate social responsibility, uniting employees worldwide in the spirit of giving, compassion, and environmental stewardship.

SOCIAL RESPONSIBILITY

Customer Protection & Product Safety

2024 Customer Protection & Product Safety Performance

0

Number of product recalls

0

Number of incidents related to product safety

100%

GHS 1 & 2 products that have undergone a hazard assessment

At Flexsys, customer health and safety is a fundamental priority. We strive to ensure that every stage of our product lifecycle—from raw material sourcing to end-of-life management—adheres to rigorous standards of hazard analysis, regulatory compliance, and transparent communication. Guided by our Chemical Management Policy, we aim to minimize risks tied to the chemicals we produce, safeguarding not only our direct customers but also end-users and communities at large.

2025 Objectives and Targets

- Sustain a zero-incident culture through diligent risk mitigation and employee training.
- Enhance transparency by continuously updating SDS and product handling guides with the latest regulatory and scientific information.
- Zero Product Recalls: Maintain a record free of product-related recalls each year.
- 100% SDS Coverage: Ensure all products sold are accompanied by complete and up-to-date Safety Data Sheets.
- Incident Reduction: Aim to maintain customer health and safety incidents at zero.

Management Approach

Flexsys maintains a formalized process to assess and document health and safety risks throughout our product lifecycle. We integrate chemical hazard analysis, regulatory trend monitoring, and benchmarking against industry best practices to keep pace with evolving market expectations. These risk assessments are updated any time we initiate a new operation or modify an existing one, ensuring that our control measures remain fit for purpose.

To keep our customers informed, we regularly publish and update product handling guides and Safety Data Sheets (SDS)—essential tools for communicating potential chemical hazards and appropriate safety measures. In partnership with Chemical Watch, we actively track emerging health impacts, incorporating insights into our product stewardship strategy. For emergency response, we utilize CHEMTREC's 24/7 hotline, which is clearly listed on shipping documents and SDS, enabling swift communication in the event of a product-related incident.

Chemical Safety and EU REACH Regulation

In alignment with EU REACH requirements, Flexsys registers or confirms exemptions for substances manufactured or imported into the European Union. While polymers and mixtures are not directly registered, we ensure constituent monomers and substances meet the necessary regulatory obligations.

We also advise downstream users—both within the EU and globally—on the correct handling, disposal, and compliance considerations for our products. For customers exporting Flexsys products into the EU, we emphasize their responsibility to maintain individual REACH compliance.

Ensuring Customer Confidence

- Quality Assurance: All Flexsys sites follow ISO 9001:2015 standards, with ongoing testing to meet customer specifications.
- Technical Support: We provide dedicated expert guidance, helping customers optimize safety protocols and implement best practices in their own facilities.
- Innovation: Research and Development efforts target low-toxicity, low-carbon product designs, delivering improved performance with reduced health and environmental risks.

Looking Ahead

Flexsys remains committed to advancing our chemical safety strategies and regulatory compliance efforts in tandem with stakeholder feedback and global best practices. By embracing a proactive, risk-based approach—supported by robust communication and collaboration—we strive to protect our customers, end-users, and broader communities, reinforcing our position as a responsible, sustainability-focused industry leader.

Responsible Business

Flexsys has established a robust sustainability governance framework that embeds environmental, social, and ethical responsibility into every facet of our strategic and operational decision-making.

At the board level, our directors receive regular updates and training on sustainability issues—ensuring that climate change, resource efficiency, and ethical practices are prioritized—and a dedicated Sustainability Steering Team, led by our Chief Technology & Sustainability Officer, drives day-to-day oversight and continuous improvement. This framework integrates clear accountability and performance metrics, including environmental targets linked to executive incentives, while our comprehensive ethics, compliance, and anti-corruption policies ensure that all employees adhere to high standards of conduct.

In addition, our rigorous information security and cybersecurity measures safeguard critical data and support our commitment to transparency.

Through this holistic approach, Flexsys not only manages risks and capitalizes on opportunities but also reinforces our dedication to responsible business practices that underpin long-term success.

GOVERNANCE

Sustainability Governance

Comprehensive Sustainability Framework
Flexsys maintains a robust governance structure to embed environmental and social responsibility into every facet of our strategic planning and operational decision-making. This framework enables clear accountability, proactive risk management, and continuous improvement in sustainability performance.

Board-Level Oversight
Flexsys' Board of Directors holds direct competency in environmental issues, including climate change. They are regularly briefed by an internal working group of subject-matter experts, and board members receive ongoing training on relevant industry standards and best practices (e.g., TCFD, SBTi). At least one board member brings specialized expertise in navigating sustainability transitions and environmental scrutiny, ensuring informed guidance at the highest level of the organization.

Sustainability Steering Team & Senior Management
Day-to-day responsibility for environmental stewardship resides with the Chief Technology & Sustainability Officer (CTSO), an executive role reporting directly to the CEO. By combining strategic R&D oversight with accountability for sustainability, Flexsys underscores its belief that sustainable product design is a core driver of climate-related business solutions.

The CTSO ensures compliance with environmental policies, develops the climate transition plan, and oversees reporting and audits. They drive innovation in low-impact products and advance the Flexsys ESG agenda. Quarterly, the CTSO updates the Board on environmental performance, assessing risks, regulations, and sustainability metrics, while implementing controls based on the climate change policy.

Incentives for Environmental Management
To reinforce top-level accountability, Flexsys has integrated environmental metrics—particularly climate change targets—into the compensation structure for senior executives. Up to 10% of each C-suite leader's total annual bonus is tied to short-term performance against specific milestones, such as emissions reduction targets and measurable progress on the climate transition plan. These metrics are aligned with Flexsys' ESG commitments and are recalibrated each year to drive continuous improvement.

By linking compensation directly to sustainability outcomes, Flexsys ensures that leadership decisions consistently reflect the company's core environmental objectives, from carbon emissions management to the development of next-generation, low-impact tire additives.

Sustainability Governance Structure

2024 Governance Metrics

10%
Executive short-term bonus aligned to sustainability goals

11%
Women directors on the board

SOCIAL RESPONSIBILITY

Responsible Sourcing

2024 Responsible Sourcing Performance

100%
Targeted suppliers who have acknowledged our Supplier Code of Conduct

80%
Targeted suppliers covered by a sustainability assessment

100%
Buyers trained on responsible sourcing

100%
Targeted suppliers with contracts that reference the Supplier Code of Conduct

Spotlight

Emission Reductions Through In-Region Sourcing
By establishing regional supply networks that use local suppliers, Flexsys has reduced transportation-related emissions by an estimated 2.5x compared to cross-regional supply routes.

Flexsys is committed to integrating environmental and social responsibility throughout our procurement practices. Recognizing that supply chain risks—such as labor violations, environmental degradation, and non-compliance with global standards—can have far-reaching impacts on our business and reputation, we have developed a comprehensive Sustainable Procurement Policy. This policy sets clear qualitative and quantitative objectives to minimize risks and promote sustainable practices across all supplier engagements, thereby creating opportunities for innovation, resilience, and improved supply chain performance.

2025 Objectives and Targets

- Our strategic objectives include ensuring that 100% of targeted suppliers acknowledge and adhere to our Supplier CSR Code of Conduct, which outlines expectations on labor standards, human rights, environmental stewardship, and ethical business practices.
- We aim to embed sustainability into every stage of our procurement process, from initial supplier assessments using NAVEX Risk Rate screenings to regular on-site audits and capacity-building initiatives.
- By prioritizing suppliers based on business risk mitigation and material sourcing criteria, we target continuous improvement in sustainability performance and risk reduction across our supply chain.

Management Approach

To implement these objectives, Flexsys employs a structured CSR risk analysis process that identifies suppliers, products, or purchasing categories with elevated sustainability risks. Our approach includes:

- **Supplier Engagement**: We engage suppliers through our publicly available third-party code of conduct, ensuring that environmental and social requirements—such as adherence to the European REACH standards—are clearly communicated and monitored.
- **Capacity Building and Training**: Our procurement professionals receive regular training on sustainable procurement, while suppliers are engaged through ongoing dialogues, performance reviews, and corrective action guides aimed at enhancing environmental and social practices.
- **Contract Integration**: We incorporate robust social and environmental clauses into supplier contracts, ensuring that expectations regarding labor rights, human rights, and ecological conservation are met and that non-compliance is addressed through clear suspension and engagement procedures.

Through these coordinated efforts, Flexsys not only minimizes supply chain risks but also fosters a collaborative environment where sustainability is a shared commitment across our entire value chain.

GOVERNANCE

Ethics, Compliance & Anti-Corruption

Flexsys is deeply committed to upholding the highest standards of ethical conduct across all facets of our operations. Recognizing that unethical practices can lead to reputational damage, regulatory penalties, and operational disruptions, we have developed a comprehensive framework to prevent corruption, bribery, conflicts of interest, fraud, and money laundering. This proactive approach not only mitigates risks but also enhances stakeholder trust and drives sustainable business growth.

2025 Objectives and Targets

- Our strategic objectives are to ensure 100% employee awareness and adherence to our Code of Conduct, to perform regular corruption and bribery risk assessments, and to maintain robust whistleblower protections.
- We target zero confirmed corruption incidents and continuously increase the percentage of employees trained on ethics, reinforcing our commitment to a transparent, accountable, and ethical corporate culture.

Management Approach

Flexsys employs a structured management approach that includes:

- **Risk Assessments and Due Diligence:** Regular corruption and bribery risk assessments, along with thorough anti-corruption due diligence for third-party intermediaries, help us identify and mitigate potential risks.
- **Training and Communication:** Comprehensive training programs—offered both online and in-person—ensure that all employees understand our ethical standards and proper procedures. Mandatory compliance signatures reinforce individual accountability.
- **Approval Processes:** Specific approval procedures for sensitive transactions, such as gifts and travel, are in place to prevent conflicts of interest and perceptions of impropriety.
- **Whistleblower Protections:** A robust, confidential whistleblower system, complete with non-retaliation safeguards and multiple reporting channels (e.g., hotline and email), empowers stakeholders to report concerns without fear of reprisal.
- **Auditing and Monitoring:** Regular internal and external audits, particularly in departments such as accounting and purchasing, verify the effectiveness of our anti-corruption controls and ensure continuous improvement.

Looking Ahead

By embedding ethical principles into our corporate governance and aligning our actions with best practices, Flexsys ensures that transparency and accountability remain at the core of our operations. Our ongoing commitment to robust ethical standards not only safeguards our reputation but also positions us for long-term sustainable success.

2024 Ethics Performance

95%

Employees trained on anti-corruption and other business ethics topics

0

Confirmed corruption incidents

0

Whistleblower reports

GOVERNANCE

Information Security

2024 Cybersecurity Metrics

0

Confirmed information security incidents

Flexsys is committed to safeguarding data and systems through a comprehensive information security policy that clearly defines our organizational responsibilities and proactive measures. Recognizing the importance of protecting sensitive information, our policy extends beyond internal procedures to include regular employee training—delivered both online and in-person—to build robust awareness of potential cyber threats and responsible data handling practices. This commitment underpins our efforts to ensure transparency and maintain stakeholder trust across all operations.

2025 Objectives and Targets

- Our key objectives are to ensure 100% of employees complete cybersecurity training annually, maintain strict adherence to internal controls and data classification protocols, and minimize the number of confirmed information security incidents.
- These targets support our goal of a resilient information management framework that aligns with industry best practices and regulatory requirements.

Management Approach

Flexsys employs a multi-layered management strategy to protect our digital assets:

- **Risk Assessments and Due Diligence**: We conduct periodic internal and external risk assessments to identify and prioritize security challenges across all functions, including accounting, purchasing, and broader information management.
- **Third-Party Security Measures**: Systematic due diligence is enforced when working with brokers, contractors, and consultants, ensuring that external partners meet our stringent security standards.
- **Incident Response**: Our Incident Response Procedure (IRP) provides clear directives for managing breaches and mitigating further risk, while robust whistleblower channels offer confidential, non-retaliatory reporting options for both employees and external stakeholders.
- **Records Retention and Compliance**: A formal records retention schedule ensures that third-party data is maintained in compliance with legal requirements, further reinforcing our multi-layered defense strategy.

Metrics and Performance

We continuously monitor the effectiveness of our cybersecurity measures through key performance indicators, including the number of confirmed information security incidents and the percentage of employees completing cybersecurity training. These metrics guide ongoing improvements in our defense mechanisms and support our commitment to maintaining organizational resilience.

Looking Ahead

Flexsys remains dedicated to strengthening our information security and cybersecurity framework as threats evolve. By integrating continuous risk assessments, enhancing training programs, and refining our incident response processes, we aim to sustain a secure operational environment that protects our critical data, reinforces stakeholder trust, and ensures long-term organizational success.

Appendix

APPENDIX

SASB Index

Disclosure Topic	Metric	Unit	Response or page number	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tonnes (t) CO2e, %	68,924 MT CO2e; 15.5% covered by EU ETS; 4% covered by German ETS	RT-CH-110a.1
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	n/a	See pages 11-14	RT-CH-110a.2
Air Quality	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Metric tonnes (t)	Data not available	RT-CH-120a.1
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Gigajoules (GJ), %	(1) 2,063,516 GJ; (2) 14%; (3) 2.7%; (4) 0 GJ	RT-CH-130a.1
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic metres (m^3), %	(1) Data not available; (2) 2,897 ML; 0% consumed in regions with high or extremely high baseline water stress	RT-CH-140a.1
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	0 incidents of non-compliance	RT-CH-140a.2
	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	See page 16	RT-CH-140a.3
Hazardous Waste Management	(1) Amount of hazardous waste generated, (2) percentage recycled	Metric tonnes (t), %	(1) 3,145 (Ex. US); (2) 1.7% of waste is recovered in Itupeva, including non-hazardous waste	RT-CH-150a.1
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	n/a	See pages 27-28	RT-CH-210a.1
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	(1) 0.63; (2a) 0; (2b) 0	RT-CH-320a.1
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	n/a	See page 23	RT-CH-320a.2
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	USD $	Revenue figures are confidential.	RT-CH-410a.1

APPENDIX

SASB Index

Disclosure Topic	Metric	Unit	Response or page number	Code
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	% by revenue, %	(1) 100%; (2) 100%	RT-CH-410b.1
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	n/a	See page 19	RT-CH-410b.2
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	% by revenue	0%	RT-CH-410c.1
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	n/a	See Section 4.11 of Flexsys' 2024 CDP Climate Change Disclosure	RT-CH-530a.1
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Number, Rate	PSIC: 13; PSTIR: Data not available; PSISR: 0.31	RT-CH-540a.1
	Number of transport incidents	Number	Data not available	RT-CH-540a.2
Activity metric	Production by reportable segment	Cubic metres (m^3) or metric tonnes (t)	Data not disclosed	RT-CH-000.A

APPENDIX

Additional non-financial performance KPIs

Category	Metric	Unit	FY2024 | (*FY2023)
GHG Emissions	Scope 1	MT CO2e	68,924
GHG Emissions	Scope 2 (Location-based)	MT CO2e	75,246
GHG Emissions	Scope 2 (Market-based)	MT CO2e	75,066
GHG Emissions	Scope 3 Cat 1: Purchased goods & services	MT CO2e	102,416*
GHG Emissions	Scope 3 Cat 2: Capital goods	MT CO2e	2,213*
GHG Emissions	Scope 3 Cat 3: Fuel-and-energy-related activities	MT CO2e	31,771*
GHG Emissions	Scope 3 Cat 4: Upstream transport & distribution	MT CO2e	10,774*
GHG Emissions	Scope 3 Cat 5: Waste generated in operations	MT CO2e	553*
GHG Emissions	Scope 3 Cat 6: Business travel	MT CO2e	824*
GHG Emissions	Scope 3 Cat 7: Employee commuting	MT CO2e	1,419*
GHG Emissions	Scope 3 Cat 8: Upstream leased assets	MT CO2e	1,078*
GHG Emissions	Scope 3 Cat 9: Downstream transport & distribution	MT CO2e	2,042*
GHG Emissions	Scope 3 Cat 10: Processing of sold products	MT CO2e	76,010*
GHG Emissions	Scope 3 Cat 12: End of life treatment of sold products	MT CO2e	3,693*
Energy	Total energy consumption	kWh	573,199,047
Energy	Total renewable energy consumption	kWh	15,310,942
Water	Total water consumption	ML	2,897 (Ex. US)
Water	Total amount of water recycled and reused	m3	1,791,708 (Itupeva only)
Air	Total weight of air pollutants	T	89.33 (Ex. Itupeva, Nienburg)

Category	Metric	Unit	FY2024
Waste	Total weight of hazardous waste	T	3,145 (Ex. US)
Waste	Total weight of non-hazardous waste	T	4,843 (Ex. US)
Waste	Total weight of waste recovered	T	54 (Itupeva only)
Employee health & safety	Days lost to work-related injuries, fatalities and ill health	Days	0
Employee health & safety	Number of work-related accidents	Number	4
Training	Average hours of training per employee	Hours	24.9
Compensation	Direct employees covered by a living wage benchmarking analysis	%	0
Compensation	Direct employees paid below living wage	%	0
Compensation	Average wage gap for direct employees paid below living wage against a living wage benchmark	%	0
Compensation	Average unadjusted gender pay gap	%	97
Responsible procurement	Targeted suppliers who have signed the supplier code of conduct	%	60
Responsible procurement	Targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements	%	100
Responsible procurement	Targeted suppliers covered by a sustainability assessment	%	80
Responsible procurement	Targeted suppliers covered by a sustainability on-site audit	%	0
Responsible procurement	Buyers who received training on sustainable procurement	%	100
Business ethics	Employees trained on business ethics	%	95
Business ethics	Reports related to whistleblower procedure	Number	0
Business ethics	Confirmed corruption incidents	Number	0
Business ethics	Confirmed information security incidents	Number	0

APPENDIX

UN SDG Alignment

	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER
SDG SUB-GOALS	**6.3** Improve water quality by reducing pollution and minimizing release of hazardous chemicals and materials **6.4** Substantially increase water-use efficiency and ensure sustainable withdrawals	**7.2** Increase substantially the share of renewable energy **7.3** Improvement in energy efficiency	**8.5** Achieve full and productive employment and decent work for all women and men **8.7** Prevent forced labour, modern slavery and human trafficking in all forms **8.8** Protect labour rights and promote safe and secure working environments for all workers	**9.4** Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	**12.4** Management of chemicals and wastes throughout their life cycle **12.5** Substantially reduce waste generation through prevention, reduction, recycling and reuse **12.6** Adopt sustainable practices and integrate sustainability information into reporting	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters **13.2** Integrate climate change measures into business strategy and planning	**14.1** Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
OUR ACTIONS	• Minimal water use at production sites • Continue our history of Process Safety Excellence to minimize releases	• Increasing use of renewable energy • Deploying capital to maximize plant energy efficiency	• Maintain Historically Strong EHS Performance • Ensure compliance with global directives on human rights	• Continue Global leadership in efficient use of raw materials and process solvents • Sustainable product innovation	• Develop the next industry standard tire Antidegradants for prolonged product life • Maximize the use of our Plastic Pallet Return Program	• Achieve Net zero targets • Maintain Alignment with global climate standards	• Mitigate habitat impact from stormwater runoff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