

Sustainability Policy Update - Verdant Specialty Solutions

1. Introduction

As a global specialty chemical company producing surfactants derived from palm and coconut oil precursors, Verdant Specialty Solutions is committed to sustainable and responsible sourcing, environmental stewardship, and social responsibility. This policy outlines our commitments to regulatory compliance, traceability, ethical conduct, and climate action. We recognize our role in fostering a sustainable chemical industry and commit to continuous improvement in our practices.

2. Regulatory Compliance & Traceability

2.1 Compliance with NDPE & EUDR Regulation

Verdant Specialty Solutions aligns with the latest regulatory requirements, ensuring compliance with key sustainability-driven regulations:

- **No Deforestation No Peat No Exploitation (NDPE):** We are committed to environmentally safe supply to ensure full compliance with global restrictions.
- **European Union Deforestation Regulation (EUDR):** We guarantee that our palm and coconut oil supply chains are deforestation-free, fully traceable, and meet stringent EU sustainability mandates. This includes supplier due diligence and satellite monitoring to verify deforestation-free sourcing.

2.2 Traceability & Responsible Sourcing

To ensure sustainability and accountability in our supply chain, we commit to:

- Working with our internal and third-party auditors implement **100% traceability** of raw materials by 2026, allowing for real-time tracking of supply sources.
- Requiring all suppliers to comply with our **No Deforestation, No Peat, No Exploitation (NDPE) policy**, ensuring environmental integrity and social responsibility.
- Conducting **annual supplier audits**, including on-site assessments and third-party verifications, to evaluate compliance with sustainability standards.
- Enforcing compliance with **anti-slavery and child labor regulations**, requiring suppliers to implement robust policies preventing forced labor, human trafficking, and child exploitation in line with international labor laws.

3. Meeting Code of Conduct Expectations

We expect all employees, suppliers, and business partners to uphold the highest ethical standards, including:

- **Environmental Responsibility:** Adopting best practices in sustainable production, minimizing pollution, and prioritizing eco-friendly innovation.
- **Business Integrity:** Ensuring transparency, implementing anti-corruption policies, and upholding ethical business operations.

- **Human Rights & Fair Labor:** Promoting a safe, diverse, and inclusive work environment, strictly prohibiting forced labor, discrimination, and unsafe working conditions.
- **Adherence to the Foreign Corrupt Practices Act (FCPA):** Verdant Specialty Solutions strictly prohibits bribery and corruption in all forms, ensuring compliance with the FCPA by enforcing policies that prevent illicit payments to foreign officials, maintaining accurate financial records, and fostering a culture of ethical business conduct across global operations.

4. Social & Environmental Risk Management

4.1 Labor, Wage, and Human Rights

Verdant is dedicated to ethical labor practices and upholding international labor standards by:

- Adopting **ILO Principles**, ensuring fair wages, safe working conditions, and the right to collective bargaining, in alignment with the **International Labor Organization (ILO)**.
- Implementing a **Living Wage Policy**, providing fair compensation above minimum wage levels to ensure a decent standard of living for all workers.
- Conducting **Third-Party Social Audits**, partnering with external organizations to regularly evaluate human rights risks and supply chain labor practices.
- Enforcing **zero-tolerance policies** on forced labor and child labor, requiring all suppliers to comply with international anti-slavery and child labor laws.

4.2 Environmental Risk Mitigation

- Establishing **water stewardship programs** to minimize freshwater consumption, enhance water recycling, and protect water resources in surfactant production.
- Expanding **waste reduction initiatives**, incorporating circular economy principles, reducing chemical waste, and promoting biodegradable alternatives.
- Investing in **biodiversity conservation efforts** by restoring ecosystems affected by raw material sourcing and collaborating with conservation groups.

5. Climate & Carbon Management

5.1 Disclosure of Scope 1 & 2 Emissions

- Publicly disclose **Scope 1 & 2 emissions by 2027**, in accordance with GHG Protocol standards, with independent third-party verification.
- Implement **energy efficiency measures** across operations, investing in low-carbon technologies and transitioning to renewable energy sources.
- Reduce manufacturing-related emissions through **process optimization, electrification, and supply chain decarbonization**.

5.2 Life Cycle Analysis (LCA) & Product Carbon Footprint

- Conduct **Life Cycle Analysis (LCA) studies** with supply chain partners to determine the full environmental impact of our products.
- Establish **Science-Based Targets (SBTs) by 2025 to meet 2030 net 0 goals**, aligning our emissions reduction commitments with the **Paris Agreement** goals.

- Reduce **Scope 3 emissions** by collaborating with upstream and downstream stakeholders on sustainable raw material sourcing and logistics efficiency.
- Develop **carbon offset programs** in partnership with verified initiatives to counterbalance unavoidable emissions.

6. Supplier Compliance & Accountability

To ensure all strategic suppliers align with Verdant's sustainability goals, we require:

- Compliance with **environmental, labor, and human rights standards**, including NDPE commitments and fair labor practices.
- Participation in **periodic compliance questionnaires**, ensuring continuous alignment with Verdant's sustainability objectives.
- Provision of **third-party compliance certifications**, such as **EcoVadis, ISO 14001, or RSPO**, to verify adherence to global sustainability standards.
- Regular **audits and sustainability assessments** conducted internally and by independent third-party organizations.
- Collaboration through **supplier engagement programs**, sharing best practices and providing training on sustainability advancements.
- Transparency in **GHG emissions reporting, water usage, and deforestation-free sourcing**.

7. United Nations Sustainable Development Goals (UN SDGs)

Verdant Specialty Solutions supports the following **UN SDGs** as part of our sustainability strategy:

- **SDG 3 (Good Health and Well-being)**: By reducing hazardous chemicals in our supply chain, we protect both workers and consumers from harmful exposure.
- **SDG 5 (Gender Equality)**: We promote diversity, equity, and inclusion in our workforce and ensure equal opportunities in leadership roles.
- **SDG 6 (Clean Water and Sanitation)**: Our water stewardship initiatives aim to minimize water consumption, enhance wastewater treatment, and protect local water resources.
- **SDG 8 (Decent Work and Economic Growth)**: By enforcing fair wages, safe working conditions, and labor rights compliance, we contribute to sustainable economic growth.
- **SDG 12 (Responsible Consumption and Production)**: We drive circular economy practices, sustainable sourcing, and waste minimization strategies to promote responsible production.
- **SDG 13 (Climate Action)**: Our commitment to reducing Scope 1, 2, and 3 emissions and adopting science-based climate targets supports global efforts to combat climate change.

8. Implementation & Continuous Improvement

Verdant Specialty Solutions will:

- Develop and maintain **KPIs and monitoring frameworks** to measure progress toward sustainability targets and publicly report findings.
- Actively engage with **industry groups, NGOs, and regulatory bodies** to stay ahead of evolving sustainability trends and standards.
- Publish an **annual sustainability report**, detailing achievements, challenges, and future commitments in traceability, emissions reductions, and ethical labor practices.
- Foster a **culture of continuous improvement**, ensuring our policies evolve in response to technological advancements, regulatory changes, and stakeholder expectations.

Conclusion

Through this **Sustainability Policy**, Verdant Specialty Solutions reinforces its commitment to responsible business practices, regulatory compliance, and environmental leadership. By integrating traceability, ethical conduct, and carbon management into our operations, we will drive meaningful change toward a more sustainable future.

Sincerely,
Todd Nelmark
Chief Executive Officer
Verdant Specialty Solutions