



2020 Sustainability Report

A Year of Increased Transparency,
Material Progress, and COVID-19

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A Note From Our CEO



Since August 2019, Quaker Houghton has been actively integrating our legacy businesses into one combined organization. That work included uniting our people, aligning our processes and operations, organizing our data, and setting a strong vision for the future. Guided by our core values, we believe companies have the responsibility to not only meet their present needs such as profitability, but to act sustainably to manage environmental, social, and economic concerns in a responsible and ethical manner – so that future generations are healthy and successful.

We recognize that the daily choices and investments we make contribute to our

sustainability efforts. Those choices include: how we support the safety and well-being of our employees; responsible sourcing; the innovation of our offerings; the environmental efficiency of our operations; and empowering our people and communities to thrive. We also understand the critical role we play in supporting our customers on their individual sustainability journeys.

At Quaker Houghton, we have the privilege of being an essential provider to more than 15,000 customers around the world. The knowledge, offerings, and services we bring enable those customers to deliver vital goods to the global economy; goods ranging from steel and aluminum products, to end markets like automotive and beverage cans. In 2020, the impacts from COVID-19 challenged us to work together to understand and respond to the changes happening in the world. While ensuring the continuing operations of our customers, we needed to organize our resources around sustainability differently, and build a program that would help our now larger combined business make a positive impact long into the future.

As you will read in this report, 2020 was a year of substantial progress and strategic construction for our sustainability program. Notable highlights include:

- We stood up a new governance structure and developed plans to increase our reporting transparency.

- We worked with a broad set of stakeholders to complete a materiality assessment, understanding and validating which sustainability topics were most relevant and are the most critical for us to progress on moving forward.
- We aligned our disclosure to the global frameworks created by SASB (Sustainability Accounting Standards Board) and GRI (Global Reporting Initiative).
- We built the TCFD's (Task Force for Climate-Related Financial Disclosure) core elements into our strategy and disclosure and issued a statement of support for their organization and mission.
- We renewed our membership with the American Chemistry Council.
- Finally, having addressed our priorities and governance needs, we set a new sustainability vision and strategic pillars that will help translate our future goals into actionable measures.

The foundational work done in 2020 prepares us to confidently set goals and begin executing on our refreshed strategy this year. Our focus, and first commitment, starts with supporting the Paris Climate Agreement objectives by setting a clear carbon emission reduction goal for ourselves.

By 2030, Quaker Houghton will be carbon neutral in our global operations. The company also commits to setting [science-based targets](#) by 2030, to support the achievement of net zero emissions across our value chain by 2050. Neutrality will be achieved through actions such as energy efficiency and conservation measures, purchasing green power and Energy Attribute Certificates (e.g., Renewable Energy Certificates), as well as neutralizing residual emissions using high-quality carbon offsets.

With this commitment, moving Forward Together™, we will deliver contributions that result in a better, safer world and make a positive difference in the lives and organizations we touch.

Michael F. Barry

Chairman of the Board, Chief Executive Officer and President

2020 at a Glance



4k
Committed
Colleagues



31
Manufacturing Sites
Around the World



32
Technology Sites
Around the World

OUR COMPANY



15k
Customers



115
Countries Served Around the World



1.4B
in sales

OUR ENVIRONMENT



30%
of Our Electric Spend
is Renewably Based



33k
Tons of CO₂e
Emitted from
Our Operations
(Scope 1 and 2)



294k
Cubic Meters of
Water Consumed



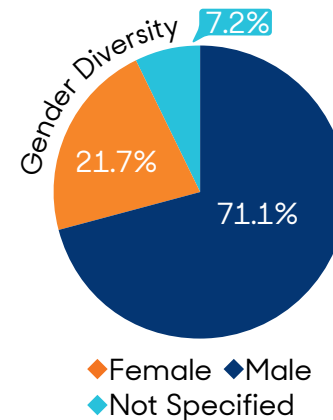
5+
EHSQ Awards
Provided by
Our Customers



8hrs
Invested per Colleague on
Online Specific Professional
Development Educational Training



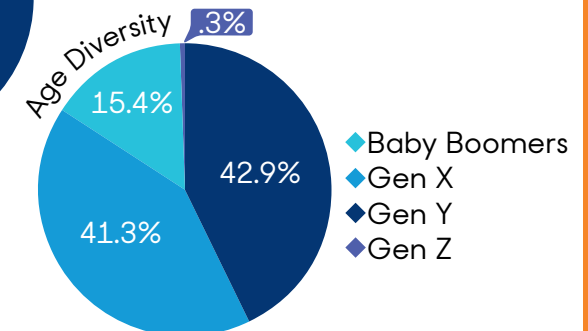
0.52
TRIR, Better than
Our 2019 TRIR of 0.76



OUR PEOPLE



21%
of our Management Team
are Women, Which is Consistent
with Our Global Gender Distribution



Note: Excluding sales, the metrics found in this report do not incorporate data from our recent acquisitions.

How We Manage Sustainability

Our commitment to sustainability has always been woven throughout our company's long-term business strategy. Newly established governance structures and clear accountability enable us to deliver on our updated sustainability vision. The key elements of Quaker Houghton's sustainability governance include:

Board Level Governance

Established in 2020, the [Board Sustainability Committee](#) has specific responsibility to assist the Board, including other committees of the Board as applicable, in its assessment, evaluation, and oversight of the company's sustainability programs and initiatives pertaining to the company's business, operations, and employees. See specific responsibilities for the Board Sustainability Committee in the [Committee Charter](#).

The members of the Sustainability Committee which meet 3–4 times a year are as follows:

- Jeffry D. Frisby, (Chairman) President and Chief Executive Officer, PCX Aerostructures, LLC
- Mark A. Douglas, President and Chief Executive Officer, FMC Corporation
- William H. Osborne, Senior Vice President of Operations and Total Quality, The Boeing Company
- Michael J. Shannon, Former Chief Executive Officer, Houghton International Inc.

Please see Quaker Houghton's most recent proxy statement for additional details on the members' extensive experience.

Executive Level Governance

In 2019, we integrated sustainability management into the [Executive Leadership Team \(ELT\)](#), our highest operational leadership group. Although the ELT has ultimate responsibility for the adoption and success of the company's sustainability strategy, they have delegated more routine oversight to the Executive Sustainability Committee.

The Executive Sustainability Committee meets 5–6 times a year, and consists of:

- Joseph Berquist, Senior Vice President Global Businesses, and Chief Strategy Officer
- Kym Johnson, Senior Vice President, Chief Human Resources Officer
- Wilbert Platzner, Senior Vice President, Global Operations, Environmental, Health and Safety (EHS) and Procurement
- Dr. David Slinkman, Senior Vice President, Chief Technology Officer

Functional and Disclosure Leadership

Our Corporate Manager of Sustainability works with leaders across the business to adopt and implement new sustainability strategies and initiatives and reports into our Senior Vice President of Global Operations, EHS and Procurement. The sustainability team then works with the disclosure and communications team to ensure that our business practices and progress is appropriately communicated to our investors, colleagues, and customers. The disclosure and communications team meets 6–12 times a year and includes representation from marketing, corporate communications, legal, sustainability, and EHS.

Our Vision

Social. Environmental. Economic Progress.

Through uniting our people, expertise and resources we will deliver contributions that result in a better, safer world and make a positive difference in the lives and organizations we touch.

Our Timeline

2019

- ✓ Completed a five-year legacy initiative to reduce energy, waste, water, and wastewater globally
- ✓ Quaker Chemical and Houghton International combined to create Quaker Houghton
- ✓ Established our sustainability team

2020

- ✓ Established Sustainability Committees at the Board and ELT Levels
- ✓ Determined to align disclosure with GRI, SASB, and TCFD
- ✓ Completed a comprehensive materiality analysis

2021

- ✓ Introduced our carbon neutral goal
- Will establish remaining program goals

2030

- Will achieve carbon neutrality in our operations
- Will establish [science-based targets](#) to achieve net zero emission across our value chain by 2050

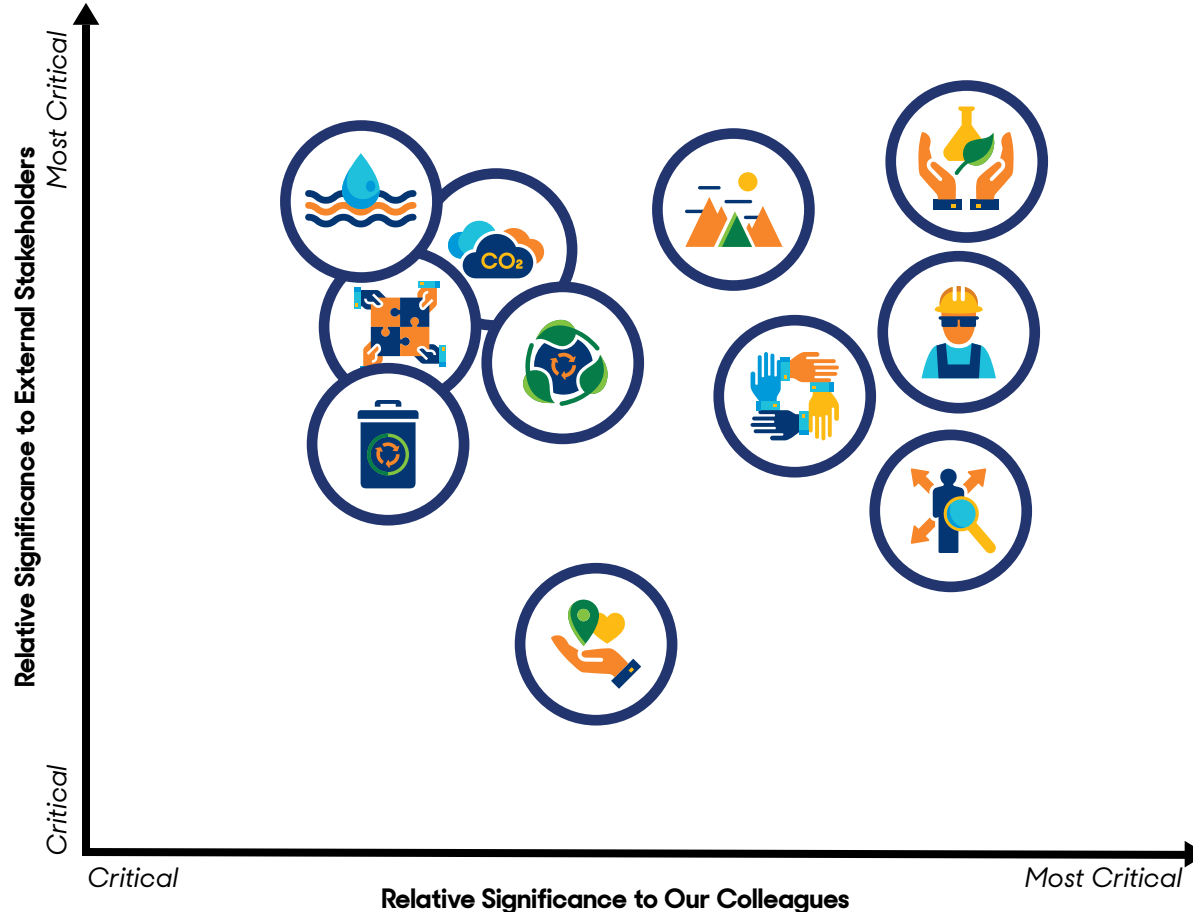
Our Materiality Results

Quaker Houghton completed a materiality assessment in 2020, after the combination of Quaker Chemical and Houghton International in Q3 of 2019, which roughly doubled the size of our company. The assessment enabled us to identify our most critical sustainability topics, prioritize and validate those topics with senior leadership, and actively promote the adoption of an integrated sustainability strategy.

Following extensive research and benchmarking, we identified potential topics and determined where on the value chain they were relevant. Then, we conducted in-depth stakeholder engagement, which included interviews with investors, customers, suppliers, and internal leaders. In addition, we surveyed roughly 10 percent of our colleague base to participate in the process.

After analyzing and synthesizing feedback, along with our consultants, we validated the prioritized topics (see exhibit below) with our ELT and Board Sustainability Committee.

In 2021, we look forward to establishing and publishing our public goals, key performance indicators (KPIs), and initiatives to target substantial progress in each of the highlighted areas.



Protecting Our Planet

- Managing our water responsibly
- Reducing our direct emissions
- Minimizing our waste

Empowering Our Colleagues and Communities

- Empowering our colleagues to live safe
- Investing in our people's growth and development
- Embracing diversity and inclusion
- Supporting our local communities' development

Sourcing Our Materials Responsibly

- Ensuring everyone in the supply chain is treated with dignity and respect
- Confirming sustainable sourcing of renewable raw materials

Innovating Together for a Better Tomorrow

- Minimizing hazards in our portfolio
- Transitioning our solutions to support a low carbon economy
- Formulating with renewable raw materials

Our Pillars

With an established vision and governance structure in place, we set our sights on how to best achieve that vision. Using data from our materiality analysis, these Pillars are the four key areas of focus that will help us create meaningful progress.





Innovating Together for a Better Tomorrow

As our customers transition to support a low-carbon economy, Quaker Houghton innovates to optimize their processes so they can reduce emissions and stay ahead in a changing world. Since the Quaker Houghton combination in 2019, we have realigned our strategy and organizational structure to focus additional resources on new product development, platforms, and industries. As a result, approximately 30 percent of all research and development (R&D) spend is now dedicated to innovation. We collaborate with product stewardship, sustainability, centers of innovation, technology, and global strategic organizations for each innovation research project we develop to influence the entire product lifecycle more positively. Our products are developed to be long-lasting and undergo internal testing to ensure bio-resistance and longer in-use life.

Minimizing Hazards in Our Portfolio

Quaker Houghton has a significant opportunity to create a positive impact through the effective management of product stewardship. We work to understand the full lifecycle impacts of our solutions and innovate to reduce those affects, protect the health and safety of anyone using our products, and effectively communicate potential hazards. In 2020, we managed product stewardship through our global operations organization, and in 2021 we transitioned the function to our R&D organization with ELT oversight. The new reporting structure strengthens the connection between our product stewards and R&D teams as they work together on development and product lifecycle support.

We consider environmental, health, and safety factors throughout the value chain of our products and solutions. Beyond observing the regulatory requirements in each country, we integrate product stewardship early into our business strategy and product development processes to identify less hazardous and more sustainable alternatives from the start.

Quaker Houghton's product stewards are proactive as new raw material classifications emerge. They work closely with our R&D teams and suppliers to align on interpretations and find safe alternatives to newly classified hazardous materials. Our product stewards review changes in raw material data and perform impact analyses on products using materials with higher hazards. Then, they collaborate with R&D and business teams to identify how these changes will impact our customers, and if there is an opportunity to reformulate using less hazardous materials without compromising performance.

Currently, more than 90 percent of our product portfolio is below the classification norm for carcinogenic, mutagenic, and reprotoxic (CMR) substances. This past year, our steel and metalworking technology teams in Europe worked with product stewardship to identify new chemistry that reduced overall raw materials with CMRs and aquatoxic properties by 4 percent in 2020 (vs 2019),

while maintaining high performance at a competitive price. We continue to develop new technology using renewable and recycled raw materials, as well as reduce the hazard profile of our current portfolio.

Our customers trust Quaker Houghton to deliver the latest chemical information and expert guidance on regulatory requirements. To meet this growing demand, and as part of the Quaker Houghton integration, in 2020 we began a new approach to product safety with the implementation of state-of-the-art product stewardship software to manage chemical compliance, regulatory requirements, and documentation. The investment provides improved long-term support for our growing organization and ensures we are well positioned to respond to evolving chemical regulations. The new system will launch globally in 2021.

Formulating with Renewable Raw Materials

Green chemistry is a topic that our technology community is passionate about, and one that is becoming increasingly important to our stakeholders. Part of our responsibility in protecting the planet and maintaining a sustainable business is to recognize the depletion of raw materials and look to renewable alternatives in our product formulations.

Today, we introduce renewable raw materials (RRM) in our products based on commercial demand and performance need. We are still in the early stages of defining a strategy to standardize the use of RRM where possible. Examples in our portfolio include:

- In-house ester production with vegetable-based raw materials.
- Lubricating oil used in the forestry industry, based on RRM. The non-toxic, label-free product is readily biodegradable in soil and water, in addition to being zero VOC and worker friendly.
- Vegetable-based hydraulic fluids.

In addition, in 2020, we engaged several suppliers who manufacture renewable resources to explore opportunities to replace petroleum- and mineral-based oils with renewable or bio-based alternatives. In 2021, we plan to establish a renewable resource team dedicated to this area and will set KPIs and goals through our sustainability strategy.

Transitioning Solutions to Support a Low Carbon Economy

The impacts of climate change are driving investors, regulators, consumers, and businesses to transition to a low-carbon economy. As many of our customers move to become carbon neutral, they look for increased transparency within their supply chain, and seek technology that will help them reduce emissions.

Our experts partner with customers to deliver sustainable solutions that reduce the environmental footprint of their manufacturing operations, minimize chemical consumption, and support a safe work environment, while also optimizing their operations and reducing costs.

One of the biggest benefits of the Quaker Houghton combination is the diversity of knowledge and experience of our colleagues. Bringing together our global R&D and strategic business organizations, we are better able to capitalize on that global knowledge and dedicate more resources to exploring the near- and long-term challenges our customers face. That information helps us prioritize our own innovation pipeline – ensuring our customers are prepared to lead through the changes that come with a dynamic global climate.

Through our QH FLUIDCARE™ chemical management services, we partner with our customers to provide innovative and sustainable technical solutions. This includes environmental services that help evaluate and minimize risk and promote responsible product management, such as waste fluid management, fluid recycling, reducing energy usage at customer locations, in addition to quite a few other benefits like fluid storage and spill kit management.

Our expanded offering helps customers reduce their footprint through solutions like our two-part coolant / cleaner technology that increases efficiency and decreases resource consumption. We also offer QH FLUID INTELLIGENCE™ equipment solutions that monitor, measure, and adjust fluids to maintain longer fluid life. This means fewer chemicals in circulation, reduced waste volumes, and reduced transport emissions.

Electric Vehicles.

Quaker Houghton is a leading global metalworking fluid supplier to the automotive and components industry. Our technology, engineering, and equipment expertise is applied in the initial casting process, to machining, cleaning, treating, and protection. In this industry, emissions mandates are driving the use of more lightweight materials, as well as the shift from internal combustion engine (ICE) to electric vehicles (EV). While there are differences between the production of ICEs and EVs, our technology supports this growing trend and is used in the manufacturing of EV parts like powertrains (electric motors, gear drives), battery enclosures, lightweight body panels, and structural stampings.

In 2019, we acquired the operating divisions of UK-based Norman Hay plc, which added new technologies in the die casting and automotive OEM markets (see Expanded Offerings Through Strategic Acquisition below). EVs use more components produced by die casting and lighter materials, like aluminum, to help increase battery performance. Examples of our solutions applied in the die cast space include:

- Systems used in thin wall die casting processes to manufacture lighter parts and battery components.
- Technology that activates at hot spots on the die. Hot spots are parts of the die that have cooled more slowly than surrounding material, which can lead to porosity and cracks.
- Technology to seal die cast and electronic parts against leakage.

Our EV strategy is managed through Quaker Houghton's global strategy organization, with ELT and Board oversight. In 2021, we will continue to take market share and evolve our solutions to meet the needs of an EV future.

Expanded Offerings Through Strategic Acquisition.

Part of our plan to increase shareholder value and ensure the continued, long-term success of our customer offerings is through strategic acquisitions that complement our existing business. The addition of Norman Hay adds new technologies with good growth characteristics in core market segments like die casting, components and light vehicles, and aerospace. We also believe it provides a strategic opportunity to benefit from external market trends, such as the light-weighting of vehicles and 3D printing, where we can leverage newly acquired technology (impregnation sealants), and our global footprint to grow in complementary geographic strengths.

In December 2020, we also acquired Coral Chemical Company, a U.S.-based provider of pre-treatment fluids, metalworking, and waste treatment products for the beverage cans and general industrial markets. Coral's technology and product portfolio delivers exciting opportunities for continued growth. Among their technology solutions are low and no-phosphate metal treatment fluids that provide an ecological and economical alternative to phosphate pretreatments, as well as water treatment solutions that neutralize heavy metals and dissolved phosphates, reduce sludge, and clarify wastewater.

Reducing Total Cost of Ownership.

As part of our competitive offering, Quaker Houghton's commercial and QH FLUIDCARE™ teams recommend and implement equipment, technology, and process solutions that reduce our customer's total cost of ownership (TCO) year over year. We work to identify and implement projects that support safe work environments, reduce waste, energy, water usage, and chemical consumption, as well as improve operational processes and tool life. These agreements are overseen by our

commercial and regional managing directors.

A great example of how we helped a customer reduce their environmental impact, improve worker safety, and lower costs using innovative UV technology comes from the EMEA region. A leading global supplier of high-performance control valves experienced bad odors and bacterial growth in the cutting fluid used in their complex machinery. To manage the bacteria, they replaced the fluid every 5-6 weeks and added biocides at the direction of their incumbent supplier. We proposed QH FLUIDWORKER™ as a solution, which eliminates the need for biocides by using UV-C light to damage bacteria DNA and prevent it from replicating. The customer installed QH FLUIDWORKER™ and switched to our UV-stable cutting fluid. The odors and bacterial growth ceased, and the customer saw increased fluid life, lower disposal costs, and increased productivity.

Fluid Recycling.

Another opportunity to help our customers reduce waste and lower their carbon footprint is by recycling product when it is viable and cost effective. We currently support recycling efforts at customer sites through equipment solutions for process fluids. Additional examples of how we have helped our customers reduce disposal include:

- Recycling forging process fluids, after new additives and testing to ensure the product's integrity.
- Working with a customer to develop a cleaner that can be used in the cleaning stage then added to a different process instead of being disposed.
- A patented system used in three customer die cast facilities to remove vegetable oil-based hydraulic fluid from die cast fluid, allowing the die cast fluid to be reused approximately 20-30 times.



Protecting Our Planet

People, planet, property – we protect what matters most. Climate change threatens the livelihood of our colleagues, customers, and communities. It also presents increased business risk with potential disruption along the entire supply chain. As our company doubled in size in 2019, we have more opportunities to seek ways to minimize our footprint. Our part in creating a sustainable organization and safer world means managing our operations and processes to lower the impact of waste, water usage, wastewater, energy, and emissions. These efforts are managed and reported by our global operations team, and in 2020, we added oversight at the ELT and Board levels.

Now, we are working to consolidate best practices as a combined company and will establish optimization projects and initiatives that are monitored with global KPIs and targets by the end of 2021. We will increase engagement and awareness by training our teams at each site, and support reduction efforts through technical solutions and changing our culture around how we use energy and resources.

Reducing Our Direct Emissions

While Quaker Houghton's operations are not overly emissions intensive, we are committed to reducing our carbon footprint and helping our customers do the same. As a starting point, it is our responsibility to manage and report on scope 1 and 2 emissions. By 2030, Quaker Houghton will be carbon neutral in our global operations. The company also commits to setting [science-based targets](#) by 2030, to support the achievement of net zero emissions across our value chain by 2050.

Neutrality will be achieved through actions such as energy efficiency and conservation measures, purchasing green power and Energy Attribute Certificates (e.g., RECs), as well as neutralizing residual emissions using high-quality carbon offsets. Beyond this, our continued focus is to become more energy- and carbon-efficient and to understand the full impact of greenhouse gas emissions within our value chain.

Initiatives to reduce emissions are implemented and managed locally by the operations team at each Quaker Houghton site and regionally by our procurement teams. In 2019, we concluded a five-year campaign to reduce fuel and electricity usage that directly impacts scope 1 and 2 emissions, leading to a decrease of fuel by 17 percent and electricity by 1 percent per ton produced (using 2014 as a baseline). Improvements included sourcing electricity from 100 percent green energy suppliers, making significant operational changes, as well as encouraging small behavioral changes.

In 2020, much of our focus shifted to helping our employees and customers meet the challenges of COVID-19, while continuing our integration plans. But we also took action to build our emissions reduction governance and strategy. We introduced a global data management platform to track fuel and energy usage. While we established a new baseline to account for the combined portfolio of Quaker Houghton in 2020, the impacts of COVID-19 led to an abnormal year. As a result, we will continue to set a rolling average baseline from 2020-2022

and will determine new short-term reduction targets in 2021 to help us benchmark progress against our 2030 goal.

Managing Our Water Responsibly

Water is an indispensable resource, essential for social, economic, and industrial sustainability. According to the UN, water is also where the effects of climate change will be felt the hardest. Quaker Houghton depends on water in our facilities, production processes, in customer operations, and more. As water availability becomes less predictable in certain parts of the world, including areas where we have facilities, our responsibility to reduce consumption and responsibly manage wastewater increases.

From 2014-2019, we reduced the amount of water used by 16 percent per ton of production, and decreased wastewater 3 percent per ton produced by optimizing production processes and investing in new systems (using 2014 as a baseline). In 2020, our focus turned to defining a path forward and establishing a new baseline as a combined organization, and we launched a data management platform to track water consumption and wastewater globally. In 2021, Quaker Houghton will introduce water reduction and management goals.

Minimizing Our Waste

Making smart, responsible choices about how we manage the materials in our products and lowering the volume of waste we produce isn't just good for the environment, it's good for business. Our product solutions create different waste streams. Each Quaker Houghton site is responsible for managing waste to landfill and strictly adheres to local regulations on waste disposal. Waste management is governed by our global operations team, and in 2020, we added oversight at the ELT and Board levels. In 2019, we reduced waste globally by 13 percent (using 2014 as a baseline). Today, we are working to set a new baseline for the combined company and will establish reduction targets in 2021.

Packaging.

In 2020, a project team started a global packaging overview to study the cost-effectiveness of reconditioning product packaging and containers, and to determine a global standard moving forward. One method that we have expanded is the reuse of intermediate bulk containers (IBCs). Quaker Houghton products are often handled and stored in IBCs and disposing them after a single use is not only costly, it adds to the waste stream. Reusing IBCs benefits the environment, our bottom line, and our customers. As an added service, we arrange for transport of customer IBCs to authorized third parties for proper cleaning so they can be refilled and reused. This helps our customers reduce waste and saves them the expense of disposal. IBC reuse is common throughout our operations in the EMEA region. In Dortmund, Germany, for example, we reuse 90 percent of IBC totes. Similar efforts take place in APAC and the Americas regions, and in 2021, we will look to standardize IBC reuse across our global operations.

Transportation pallets present another opportunity to reduce waste and lower costs. In the chemical industry, there are nine standard designs of chemical pallets (CP). In EMEA, the CP9 is our standard, and in 2020, we completed a project to introduce the CP9 pallet at three sites in the region that had previously used custom-made or other pallet types. The CP9 is cost-effective, smaller, and lightweight, meaning fewer materials consumed.

Prevention.

In 2020, Quaker Houghton introduced a global operational excellence team that is focused on reducing product waste. We have started with a goal to lower waste by 5 percent globally in 2021, compared to 2020, by minimizing the waste we create. The team is assessing ways to increase efficient inventory management. They will also study the link between waste volume and production volume and establish clearly defined KPIs in 2021.



Empowering Our Colleagues and Communities

Our colleagues are our greatest strength. For us to succeed and remain competitive, we must attract, develop, and keep the best people. Our approach is to do so through comprehensive talent management, while building an engaged culture that values diversity and inclusion, empowers our people, and gives back to our communities.

Embracing Diversity and Inclusion

As a global company, we want to build an organization that is inclusive of all peoples and representative of the communities in which we operate. Through our efforts to combine as Quaker Houghton, we have established values comprised of embracing diversity and forming a company where we learn from and are inspired by the many cultures, backgrounds, and knowledge of our team members. Quaker Houghton provides equal employment opportunity and does not discriminate based on age, ethnicity, sex, disability / medical, race, religion, or sexual orientation. In addition, we believe that diversity and inclusion (D&I) are embodied by having working norms and cultural familiarities whereby employees feel included, engaged, and rewarded, regardless of their background or where they sit in the organization.

Valuing D&I is a competitive advantage in our day-to-day workplace. Individual skills, talents, and creativity can be harnessed to drive innovations for the organization. Managing diversity, equity, and inclusion directly enables the development and encouragement of a highly motivated, capable work team that is strengthened by all employees and their differences.

The transaction to combine Quaker Chemical and Houghton International closed in August 2019. We are early in our journey as a newly combined organization, and it will take time to bring our vision to fruition. In 2020, we focused on monitoring the engagement of our colleagues through periodic surveys and then adapting our approaches to ensure inclusion in our business decisions and employee programming. We took other concrete steps, backed by our first full year of joint people data following the combination.

What we achieved in 2020

- Launched our Women's Inclusion Network, whose goal is to promote self-development by connecting, educating, mentoring, and supporting women in their Quaker Houghton careers.

- Began a global pay equity analysis (to be finalized in 2021).
- Completed a global leveling project, which allowed us to identify gaps in leadership and management.
- Analyzed engagement survey data by organization and gender. This has been especially important during the ongoing COVID-19 pandemic, where external data shows that more women are leaving the labor force at a rate disproportionate to men. Quaker Houghton has worked to increase flexible work arrangements on a global scale to support our colleagues during the pandemic as they manage multiple priorities and challenges, and we will continue this practice.

In addition, we are making data-driven decisions to establish goals for diversity, equity, and inclusion, create recruitment metrics and diverse hiring practices, and to generate inclusion throughout our organization and leadership.

Quaker Houghton's CEO, Chief Human Resource Officer (CHRO), and ELT make certain our policies and procedures are non-discriminatory and inclusive, with review at the Board level. The application of these programs is managed by our HR organization and business leaders, to ensure our colleagues have a consistent experience that is inclusive both in sentiment and practice.

Investing in Our People's Growth and Development

When we think about our greatest differentiator, we think of the 4,000+ colleagues who make up Quaker Houghton. Their skills, talent, and expertise drive our success. Here, talent management is more than a series of checkboxes or tactical measures, it's a fluid process that interconnects with all areas of our business, policies, procedures, and culture to support our colleagues throughout the entire employee lifecycle.

How our people engage with these processes shapes the working norms that ultimately form our culture and our ability to provide exceptional service to our customers. Our sustainability as an organization depends on having the right people in the right roles, now and in the future. In the first 18 months since the Quaker Houghton combination, we invested in robust infrastructure, with appropriate oversight at the ELT and Board levels, to support employee growth and develop a solid pipeline of talent.

Quaker Houghton has established global internal goals with respect to talent management and employee development. We measure training hours, turnover, time to hire, and diversity hiring to assess our progress against these goals.

Performance Management.

We continually seek to improve and drive results. It's a fundamental value, supported by a solid process to ensure we deliver on it. Our global performance management process sets a consistent standard for how we evaluate employee performance, provide ongoing feedback, and set goals that align with our business strategy. The systems and processes for performance are managed within our global HR organization, but ultimately, our leaders are accountable for overseeing active participation by employees at every level.

Strategic People Agenda.

Through our strategic people agenda, we measure the talent landscape and build strategies to invest in a strong leadership pipeline for critical roles in the organization, both at the executive level and more broadly throughout the company. We review the capabilities of employees in key roles and identify emerging talent across the organization. We actively plan for their development, then continue with succession management updates. In each region, we have leader and manager programs to strengthen management effectiveness and build our future talent.

Learning & Organizational Development.

Continuous learning is essential for our sustained success and to meet the changing skills and knowledge needs of our business. We provide multimodal learning programs for all employee levels to support continuous learning and performance improvement. These learning and development programs are deployed through the company's learning management system (LMS), enabling manager engagement in assigning learning programs, monitoring completion, and reporting. Most company-sponsored training and development activities are administered through the LMS as our system of record for training and development.

It is our philosophy that continuous improvement of performance is an ongoing responsibility of every employee. To this end, as part of our performance management process, each colleague identifies learning goals and action plans with their manager. These goals are monitored by managers throughout the year via mid-year conversations and development feedback at the annual review and are integrated with our strategic people agenda for key roles. To support self-directed learning, a suite of more than 500 e-Learning resources are available 24/7 to all colleagues in multiple languages with business, personal development, and leadership topics.

Each year, we analyze learning and development needs in relation to key business objectives and develop relevant programs to meet those needs. Management and leadership development are an ongoing priority and includes coaching, blended learning, and customized programs.

What we achieved in 2020

- Launched Passport to Quaker Houghton, an interactive "re-boarding" program to engage our global colleagues with a shared identity as Quaker Houghton. Employees participated by mobile app or web browser to complete six "stories" focused on our business, people, culture, and values, with the opportunity to share feedback and impressions along the way.

- Globally launched virtual product training and completed over 2,000 hours of technical learning for more than 450 commercial and technology staff.
- Launched our strategic people agenda to bring visibility of talent across the organization and establish talent pipelines and development actions.
- Refined our leader and manager development programs; launched early-career manager training in Asia-Pacific, provided live performance management training for all people managers globally, and established manager forums for learning as we navigated the global pandemic.
- Conducted four global listening surveys to best understand employee sentiment on a variety of cultural platforms, including manager and colleague learning.

Supporting Our Local Communities' Development

Giving back to the communities where we live and work is important to building long-term success. Volunteering and philanthropy matter to our colleagues. We know this because as part of our 2020 materiality assessment, surveyed employees indicated that supporting community development is a top issue they believe is important to our business.

Quaker Houghton's volunteering program guidelines and initiatives are managed at the site level and vary by country and local culture. As an example, in the U.S., we support community giving by offering colleagues the opportunity for paid time off to volunteer, with a focus on science, technology, engineering, and math (STEM), and education-related initiatives. 2020 was a year rocked by the COVID-19 pandemic, and with that, we narrowed our focus to shore up the safety and well-being of our colleagues, while supporting our customers. In many ways, the pandemic changed how we work together. It shifted how we volunteer, too. For example, we recently connected with

Chester County Futures, a Pennsylvania-based organization that provides academic support, mentoring, and scholarships to disadvantaged youth in the local community. Through virtual mentoring, our volunteers will pair with high school students who are motivated to earn their diploma and advance to post-secondary education. It's not the traditional, face-to-face experience we are used to, but it's one way we are making a difference in today's new normal.

In the U.S., we also aligned our charitable giving program in 2020, which includes company-paid volunteer time and a matching gift program. Looking ahead, in 2021, we are building the infrastructure to establish a global ideology around volunteerism and philanthropy. That global vision and action plan will set the stage for how community engagement is cultivated locally by our employees.

Empowering Our Colleagues to Live Safe

Nothing is more important than the health and well-being of our colleagues. At Quaker Houghton, we believe that each of us is responsible for the safety of ourselves and those around us. We are building a culture to maintain safe work environments, safe operations in our communities, and an active and engaged workforce, with the end goal of zero incidents and zero harm.

Quaker Houghton has more than 4,000 colleagues worldwide working in a variety of settings: offices, laboratories, manufacturing, and customer facilities. Our programs, policies, and systems are designed to protect our people in these varied environments to ensure that at the end of the day, each of us returns home safe. Employee safety is managed within our global operations, EHS and procurement organizations, with oversight at the ELT and Board levels. In 2021, we will launch a new, state-of-the-art platform to track and report on EHS and quality globally.

What we achieved in 2020

- Record safety performance with a total recordable incident rate (TRIR) of 0.52 vs 0.76 in 2019, improving from 34 recordables in 2019 to 23 recordables in 2020. In addition, in 2020, 95 percent of our 362 Quaker Houghton and QH FLUIDCARE™ sites were without a recordable incident. These results are well below the U.S. Bureau of Labor and Statistics average for our industry, which was 1.9 during 2019 (last published report). In 2021, our goal is to improve to 0.45 (20 recordables).
- Continued the global implementation of our 10 Lifesaving Rules (LSRs) with awareness training across the organization. These rules cover 10 high-risk activities and apply to everyone who works for or at Quaker Houghton: employees, temporary workers, contractors, and visitors.
- We implemented a program to complete LSR gap assessments, which will continue during 2021. Specifically, this meant continued implementation of job task risk assessments and fall protection gap analysis.
- Implemented new, global PPE standards with a focus on preventing chemical splash injuries. These standards include critical improvements in head, face, and eye protection. With this initiative, we saw a remarkable 45 percent reduction in chemical splash injuries in the Americas region.
- Launched employee training and awareness campaigns to address leading injury types, like trips, slips, and falls.
- Implemented new systems for incident tracking and reporting globally, and employee training in the Americas region.
- Launched our first regional safety day (Americas), with education customized for specific job roles.
- Launched a drive safe campaign in EMEA with general awareness training and more advanced training for colleagues who drive often for their job to help prevent road-related injuries.
- Developed a global pandemic playbook to outline required safety standards and protocols in response to the COVID-19 pandemic. See Our Response to COVID-19 for more information.

Our Response to COVID-19

Q&A with Kym Johnson, Senior Vice President, Chief Human Resources Officer



What procedures have changed or been put in place in response to COVID-19?

From the start, our approach has been to lead with empathy and prioritize the health, safety, and well-being of our people. We've established global practices

with nuances based on region or country. We quickly shifted to a remote work environment and introduced enhanced safety measures for our many colleagues who remained on-site in our labs or production facilities as essential employees.

Those safety protocols were guided by a newly formed pandemic playbook, which sets the global standard for how we manage the health and safety of our colleagues. There is some variation by locality, but it serves as a blueprint with respect to safety measures and how we manage exposure to the virus or illness.

Where there was a business impact, we prioritized retaining jobs where possible by carefully managing costs and cashflow. We leveraged government assistance programs in certain regions and adjusted shifts or employed temporary furloughs until we could bring employees back to work.

More so, our managers and leaders adapted quickly to offer increased flexibility for our people. This has been well received, and based on engagement surveys throughout the pandemic, we know our colleagues feel that their manager cares and supports them and that the appropriate safety measures are in place.

How has the pandemic changed Quaker Houghton's working norms?

Our colleagues are juggling multiple priorities and challenges on a scale that wasn't the norm before the pandemic. Childcare, eldercare, quarantine, and so on – the boundaries between work and home life have been blurred. But it was an opportunity for us to shift our mindset in terms of how the work gets done. We've increased flexibility as much as we can so our employees can work around these challenges. Our view around remote and flexible work arrangements will continue to progress.

Another area that's changed, or accelerated at least, is manager engagement. We've relied on our managers to stay in conversation with their employees and help us manage concerns throughout the pandemic. We've encouraged more frequent communications and touchpoints, and increased methods like stay interviews to retain critical talent.

How have we tackled engaging employees while working remotely?

Engagement in a time when so many of us are working remotely and physically distanced is a challenge, but from the start of the pandemic we've encouraged honest and open feedback, either through dialogue, focus groups, or our engagement surveys. We want to know how we're doing, what we can do better, and keep a sense of inclusion and community among our colleagues. We also increased engagement at the manager level, knowing how important they are to the employee experience.

For fun, we encourage our leaders to organize (virtual) happy hours, coffee breaks, or games. In the U.S., for example, we rolled out a virtual activities program with monthly games.

From a systems standpoint, we fast-tracked the

global launch of Microsoft Teams in December 2020. This wasn't planned to be introduced until later in 2021, but we saw the increased need for enhanced connectivity and collaboration. Additionally, we created a COVID-19 resource page on our intranet, which serves as a hub for communications, resources, and updated information for our employees.

We have also engaged with our employees on the topic of mental health, whether they are working remotely or on-site. It's always been an important subject, but it carries extra significance right now. We approach mental health with empathy, knowing that we are all faced with incredible challenges. We have heavily promoted the benefits and resources available to our employees, such as employee assistance programs, webinars addressing mental health and well-being, and HR connectivity sessions. We encourage regular check-ins and try to normalize talking about mental health as much as we can.

What will 2021 look like for our colleagues?

We do see a light at the end of the tunnel, but it will take some time before we return to a pre-pandemic normal. We will continue with the measures we've established, like remote work and reduced travel, until it's safe to ease back. When we do bring our people back into the offices, it will be a phased and gradual approach. Our continued focus in 2021 is helping our employees manage multiple challenges, with particular attention to well-being, and resourcing appropriately to manage workload and prevent burnout. We'll keep engaging our managers with development forums and training.



Sourcing **Our Materials Responsibly**

Responsible sourcing is essential to our business and is a sustainability priority. We work with our suppliers to ensure that materials are sourced in accordance with environmental and social regulations, as well as high ethical standards, by committing to our Supplier Code of Conduct.

Confirming Sustainable Sourcing of Renewable Raw Materials

Transparency and traceability are becoming increasingly important to our stakeholders and customers, and we are making strides to increase visibility and reduce risk in our supply chain. Quaker Houghton holds a Supply Chain Certification in Uithoorn, the Netherlands, from the Roundtable on Sustainable Palm Oil (RSPO). This certification is an assurance to our customers that the palmoleine we use in products manufactured in Uithoorn are 100 percent responsibly sourced. In the U.S. and other regions, we use a book and claim method to purchase credits for certified palm oil.

In 2020, using our mutual best practices and experience, we developed a combined [Supplier Code of Conduct](#) that sets forth standards based on the Ten Principles of the UN Global Compact and the global Responsible Care® initiative. Our Supplier Code of Conduct calls on our suppliers, and their business partners, to comply with these statements related to environmental care:

- Comply with all applicable environmental, health, and safety regulations.
- Promote the safe and environmentally sound development, manufacture, transport, use, and disposal of products.
- Protect employees' and the general public's life at large against hazards inherent in processes and products.
- Use resources efficiently, apply energy-efficient, environmentally friendly technologies, and reduce waste, emissions to air, water, and soil.
- Minimize impact on biodiversity, climate change, and water scarcity.

In 2021, we will add oversight at the ELT and Board levels, build a holistic strategy, and set targets for responsible sourcing of raw materials that consider environmental, social, and ethical factors. We will continue to work with our suppliers and business partners to assess

their sustainability performance and identify improvement initiatives along our supply chain.

Ensuring Everyone in the Supply Chain is Treated with Dignity and Respect

Integrity is a central piece of Quaker Houghton's history, and we are proud of the reputation and trust we have earned. To maintain that trust, we expect our suppliers, as well as their suppliers and subcontractors, to fully comply with applicable laws and adhere to internationally recognized environmental and social standards. Additionally, our expectations reflect a commitment to conducting daily business with integrity and high ethical standards to serve the best interests of our business, our employees, communities, customers, and suppliers.

As a global organization with suppliers spanning multiple countries with different legal, regulatory, and human rights practices, it is our responsibility to understand and manage potential risks, as well as support the ethical treatment of all people in our supply chain. This topic is managed by our global procurement team, with oversight at the ELT and Board levels.

Quaker Houghton expects our suppliers and subcontractors to share these standards to make a positive contribution to our stakeholders worldwide and the communities which we directly impact:

- Support the protection of internationally proclaimed human rights, including minimum wage and working hours.
- Protect confidential information and take necessary measures to prevent the misuse, theft, fraud, or improper disclosure of such confidential information.
- Do not use or condone forced labor or child labor.
- Have measures in place to eliminate and /or address abuse and discrimination in the workplace.

- Inhumane treatment, physical punishment, insults, harassment, coercion, and discrimination based on national or ethnic origin, race, religion, gender, age, marital status, disability, sexual orientation, ancestry, citizenship, military service, or social and economic status are strictly prohibited.
- Support the free communication of employees relative to concerns about working conditions, compensations, etc., without embedding fear of reprisal, intimidation, harassment, or retaliation.
- Agree to abide by all applicable laws and regulations related to conflict minerals.

In addition to the Supplier Code, [Quaker Houghton's Code of Conduct](#) explicitly sets the expectation that employees, contractors, subcontractors, vendors, suppliers, partners, and others must avoid complicity in any practice that constitutes forced labor or trafficking.

Our Sustainability Data

Organizational Profile

FRAMEWORK CODE	DESCRIPTION	DATA LOCATION/ RESPONSE
GRI 102-1	Name of the Organization	Quaker Houghton 2020 10-K, pg 1
GRI 102-2	Activities, brand, products and services	Quaker Houghton 2020 10-K, pg 2
GRI 102-3	Location of headquarters	Quaker Houghton 2020 10-K, pg 19
GRI 102-4	Location of operations	quakerhoughton.com
GRI 102-5	Ownership and legal forum	Quaker Houghton 2020 10-K
GRI 102-6	Markets served	Quaker Houghton 2020 10-K, pg 3
GRI 102-7	Scale of the organization	Quaker Houghton 2020 10-K, pg 4
GRI 102-8	Information on employees and other workers	Quaker Houghton 2020 10-K, pg 4
GRI 102-10	Significant changes to the organization and its supply chain	Quaker Houghton 2020 10-K, pg 2
GRI 102-13	Membership of associations	Quaker Houghton is a member of the American Chemistry Council (ACC).
GRI 102-14	Statement from senior decision-maker	A Note from Our CEO
GRI 102-15	Key impacts, risks, and opportunities	Quaker Houghton 2020 10-K, pg 7
GRI 102-16	Values, principles, standards, and norms of behavior	Code of Conduct, pg 1
GRI 102-17	Mechanisms for advice and concerns about ethics	Code of Conduct, pg 12
GRI 102-18	Governance structure	How We Manage Sustainability 2021 Proxy Statement, Section - <i>Corporate Governance</i>
GRI 102-19	Delegating authority	How We Manage Sustainability
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	How We Manage Sustainability
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Our Materiality Results
GRI 102-22	Composition of the highest governance body and its committees	2021 Proxy Statement, Section - <i>Meetings and Committees of the Board</i>
GRI 102-23	Chair of the highest governance body	2021 Proxy Statement, Section - <i>Meetings and Committees of the Board</i>
GRI 102-24	Nominating and selecting the highest governance body	2021 Proxy Statement, Section - <i>Governance Committee Procedures for Selecting Director Nominees</i>
GRI 102-25	Conflicts of Interest	Corporate Governance Guidelines, pg 5
GRI 102-35	Remuneration policies	2021 Proxy Statement, Section - <i>Executive Compensation & Director Compensation</i>

GRI 102-36	Process for determining remuneration	2021 Proxy Statement, Section – Executive Compensation & Director Compensation
GRI 102-38	Annual total compensation ratio	2021 Proxy Statement, Section – Pay Ratio Disclosure
GRI 102-45	Entities included in the consolidated financial statements	Quaker Houghton 2020 10-K
GRI 102-47	List of material topics	Our Materiality Results
GRI 102-50	Reporting period	2020 Calendar Year
GRI 102-51	Date of most recent report	23-March-2021
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding report	Sustainability@quakerhoughton.com
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report references the GRI Standards
GRI 102-55	GRI content index	Content index
SASB RT-CH-000.A	Production by reportable segment	Quaker Houghton 2020 10-K, pg 38,62

Environmental and Social Data

TOPIC	FRAMEWORK CODE	DESCRIPTION	DATA LOCATION/ RESPONSE
Reducing Our Direct Emissions	GRI 103-1, 103-2, 103-3	Management approach	Reducing Our Direct Emissions
	SASB RT-CH-110a.1 GRI 305-1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	21,000 metric tons of CO2e, 25% covered under emissions-limiting regulations.
	SASB RT-CH-110a GRI 305-5	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Reducing Our Direct Emissions
	GRI 305-2	Gross global Scope 2 emissions	12,000 metric tons of CO2e
	SASB RT-CH-130a.1 GRI 302-1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	(1) Total energy consumed- 435 thousandGJ (2) Electricity from grid: 70% (3) Renewable Electricity: 30% (4) Self-generated: 0%
	GRI 103-1, 103-2, 103-3	Management approach	Reducing Our Direct Emissions
	SASB RT-CH-120a.1 GRI 305-7	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Currently our organization does not track this information globally. We are investing in new platforms in 2021 that will allow us to refine our data management and will work to improve reporting this metric moving forward.



TOPIC	FRAMEWORK CODE	DESCRIPTION	DATA LOCATION/ RESPONSE
Managing Our Water Responsibly	GRI 103-1, 103-2, 103-3	Management approach	Managing Our Water Responsibly
	SASB RT-CH-140a.1 GRI 303-1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) Total water withdrawn: 294,000 cubic meters; (2) Usage in regions with high or extremely high baseline water stress: 30%
	SASB RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	2
	SASB RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Managing Our Water Responsibly
		Waste water discharge	Our waste water discharge is approximately 75% of our total water withdrawn. We are investing in new platforms in 2021 that will allow us to refine our data management and will work to improve reporting this metric moving forward.
Minimizing Our Waste	GRI 103-1, 103-2, 103-3	Management approach	Minimizing Our Waste
	SASB RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	Hazardous waste generated: 5,000 metric tons; Hazardous waste recycled: 5%
Supporting Our Local Communities Development	GRI 103-1, 103-2, 103-3	Management approach	Supporting Our Local Communities Development
	SASB RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Supporting Our Local Communities Development
Genetically Modified Organisms	SASB RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Genetically modified organisms are not relevant to our business.
Management of the Legal & Regulatory Environment	SASB RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Although our organization supports the mitigation of climate change and environmental protection, we do not take any formal corporate positions on government regulations.
Investing in Our People's Growth and Development	GRI 403-3	Performance reviews	Investing in Our People's Growth and Development
		Global employee voluntary turnover	5%
	GRI 404-1	Hours invested per colleague in online specific professional development training	8 hours



TOPIC	FRAMEWORK CODE	DESCRIPTION	DATA LOCATION/ RESPONSE
Empowering Our Colleagues to Live Safe	GRI 103-1, 103-2, 103-3	Management approach	Empowering Our Colleagues to Live Safe
	SASB RT-CH-320a.1 GRI 403-9	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) TRIR: 0.54 - incorporates direct employees and contract employees. (2) Fatality rate: 0 - for direct employees and contract employees. For more information please see Empowering Our Colleagues to Live Safe
	SASB RT-CH-320a.2 GRI 403-5	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Empowering Our Colleagues to Live Safe
	SASB RT-CH-540a.2	Number of transport incidents	0
	SASB RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	We do report US data to the American Chemistry Council and identified 5 process safety related incidents in the US in 2020 which represents 43% of our business. We are investing in new platforms in 2021 that will allow us to refine our data management and will work to report this metric moving forward.
Embracing Diversity and Inclusion		Global employee age diversity data	Generation Z: 0.3% Generation Y: 42.9% Generation X: 41.3% Baby Boomer: 15.4%
		Global employee gender diversity data	Male: 71.1% Female: 21.7% Not Specified: 7.2%
		Percentage of women in our management team	21%
		Non discrimination statement	We value our differences and as part of our non discriminatory practice we take every situation seriously and follow a standard process to investigate situations that arise in our business, with the objective of fairly and consistently reviewing all situations to address any concerns and identify a resolution.

TOPIC	FRAMEWORK CODE	DESCRIPTION	DATA LOCATION/ RESPONSE
Transitioning Our Solutions to Support a Low-Carbon Economy	SASB RT-CH-410a.1	Revenue from products designed for use phase resource efficiency	<p>Although a majority of our products reduce energy at the customer location, total revenue from products that are designed to increase resource efficiency during their use phase cannot currently be quantified for Quaker Houghton's portfolio. In order to meet our existing product performance standards, our solutions must make our customers more efficient. We routinely quantify this through internal laboratory testing, modeling, and periodic verification by our customers (See example 1 & 2 below). At this time we do not have the appropriate infrastructure to manage use-phase data on a global level, but will consider how to quantify that data, and it's supporting evidence in the coming years.</p> <p>Example 1- A Quaker Houghton metalworking fluid provides 3% reduction in "in-out" power use over lifetime of cutting inserts and represented a 22.3% reduction in material waste generation.</p> <p>Example 2- A 31% reduction in rolling oil consumption achieved with a steel rolling customer.</p> <p>(See report section Transitioning Our Solutions to Support a Low Carbon Economy for more information.)</p>
Minimizing Hazards in Our Portfolio	GRI 103-1, 103-2, 103-3	Management approach	Minimizing Hazards in Our Portfolio
	SASB RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	(1) 62% of the products in our portfolio are classified as GHS Category 1 and 2 Health and Environmental hazardous substances. While our organization is still consolidating legacy processes, we expect to be able to report what percentage of sales these products represent in our 2021 report. (2) All products (100%) are classified as GHS Category 1 and 2 have undergone hazard assessment. The hazard assessments are internal business processes known as Product introduction and amendment process (PIP) and INI - Formulate (New) Item [Process 02-01-12I]. Process flows are available for these business processes but both include reviews by Product Stewardship and EHS staff for both the Health and Environmental classification of the product and also for the safe handling of the materials during manufacture and end use.
	SASB RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Minimizing Hazards in Our Portfolio

Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements, including statements regarding the potential effects of the COVID-19 pandemic on the Company’s business, results of operations, and financial condition, our expectations that we will maintain sufficient liquidity and remain in compliance with the terms of the Company’s credit facility, and statements regarding remediation of our material weaknesses in internal control over financial reporting on our current expectations about future events. These forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, intentions, financial condition, results of operations, future performance, and business, including but not limited to the potential benefits of the Combination and other acquisitions, the impacts on our business as a result of the COVID-19 pandemic and any projected global economic rebound or anticipated positive results due to Company actions taken in response to the pandemic, and our current and future results and plans and statements that include the words “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan” or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in such statements. A major risk is that demand for the Company’s products and services is largely derived from the demand for its customers’ products, which subjects the Company to uncertainties related to downturns in a customer’s business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, the primary and secondary impacts of the COVID-19 pandemic, including actions taken in response to the pandemic by various governments, which could exacerbate some or all of the other risks and uncertainties faced by the Company, including the potential for significant increases in raw material costs, supply chain disruptions, customer financial instability, worldwide economic and political disruptions, foreign currency fluctuations, significant changes in applicable tax rates and regulations, future terrorist attacks and other acts of violence. Furthermore, the Company is subject to the same business cycles as those experienced by our customers in the steel,

automobile, aircraft, industrial equipment, and durable goods industries. The ultimate impact of COVID-19 on our business will depend on, among other things, the extent and duration of the pandemic, the severity of the disease and the number of people infected with the virus, the continued uncertainty regarding availability, administration and long-term efficacy of a vaccine, or other treatments, including on new strands or mutations of the virus, the longer-term effects on the economy by the pandemic, including the resulting market volatility, and by the measures taken by governmental authorities and other third parties restricting day-to-day life and business operations and the length of time that such measures remain in place, as well as laws and other governmental programs implemented to address the pandemic or assist impacted businesses, such as fiscal stimulus and other legislation designed to deliver monetary aid and other relief. Other factors could also adversely affect us, including those related to the Combination and other acquisitions and the integration of acquired businesses. Our forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its operations that are subject to change based on various important factors, some of which are beyond our control. These risks, uncertainties, and possible inaccurate assumptions relevant to our business could cause our actual results to differ materially from expected and historical results. All forward-looking statements included in this press release, including expectations about the improvements in business conditions during 2021 and future periods, are based upon information available to the Company as of the date of this press release, which may change. Therefore, we caution you not to place undue reliance on our forward-looking statements. For more information regarding these risks and uncertainties as well as certain additional risks that we face, refer to the Risk Factors section, which appears in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, and in subsequent reports filed from time to time with the Securities and Exchange Commission, including, once filed, our Annual Report on Form 10-K for the year ended December 31, 2020. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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