Transformation. It’s what chemicals do, what materials create, what pharmaceuticals support. As an investor, SK Capital drives company transformation in a way that’s sustainable – in all meanings of the word – more efficient, lower impact, reduced risk and long-lasting.
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WELCOME TO SK CAPITAL’S FIRST SUSTAINABILITY REPORT.

Sustainability has been integral to SK Capital since its founding in 2007. In fact, it is central to the firm’s mission statement: “we sustainably create value for our stakeholders in all economic environments.” To achieve this mission, we are fortunate that our strategy is focused on the so-called “industry of industries,” because chemicals and materials play such a vital role in the global economy and our daily lives. SK Capital firmly believes that sustainable transformation — processes and corporate practices — when combined with science and ingenuity — can deliver enormous benefits to society and the environment.

So far, 2020 has been an extraordinarily challenging year, yet we are proud to report the progress our portfolio companies are making on their ambitious sustainability goals. Furthermore, we’ve undertaken a significant firmwide initiative to formalize our Sustainability Program across our portfolio management activities. This includes formalizing the Environmental, Social and Governance (“ESG”) integration into our investment process and establishing a proprietary set of ESG Principles and frameworks for identifying the most material sustainability-linked factors affecting our investments. This enhanced Sustainability Program is a full-portfolio approach that now directly links value to sustainability in a way that reflects the founding values of the firm.

While SK celebrates many sustainability-related successes across all of its portfolio companies, let us first acknowledge the risks and challenges associated with managing a diversified portfolio of investments in our sectors of focus. In November 2019, an explosion occurred at the Port Neches, Texas site of TPC Group, an SK Capital investment since 2012. This unfortunate accident occurred despite the robust safety protocols the company had in place and the substantial capital and maintenance expenditures made since the firm first invested. Incidents of this nature remind us of the high stakes associated with operating safely and the implications on all stakeholders, especially the surrounding communities in which our portfolio companies operate.

Our firm’s overarching strategy is to identify businesses with untapped potential, and this sometimes includes considering investments in companies that have historically lacked a focus on sustainability. Rather than shy away from these opportunities, SK Capital strives to engage with businesses by using the sustainability lens, supported by our industry and operating experience, to appropriately allocate capital and other resources to drive improvements. This often necessitates additional investment in upgrading physical assets or revitalizing R&D programs to support a business on its path to achieving sustainable growth.

A good example of this is Ascend Performance Materials’ recent introduction of Acteev™ textile resin, a breakthrough solution specially formulated with zinc ion technology to provide long-lasting >99% antimicrobial efficacy, including against SARS-CoV-2. This technology had been in development for several years, but with the recent pandemic and shortage of effective materials for masks, filters and other PPE, the company accelerated the product launch and is in the process of commercializing a broad line of products.

This is the SK commitment to sustainability — a constant eye toward the material factors that enhance value, minimize risk and promote sustainable returns. As a firm, we are proud to embrace sustainability and, as investors, we believe it is essential. We thank you for your ongoing support as we seek to responsibly deliver value for all our stakeholders.

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*Acteev™ technology has been shown in laboratory tests to destroy SARS-CoV-2, the coronavirus that causes COVID-19, and other pathogens including H1N1, coronavirus 229E and Gram-positive and Gram-negative bacteria such as staphylococcus and E. coli. All data presented on this page comes from testing performed by independent third-party laboratories. Testing conducted on various end forms. Testing by University of Cambridge found a >3 log (99.9%) reduction in SARS-CoV-2 and H1N1 viruses upon instant contact on proprietary BB textile fabric with Acteev technology as compared to an identical basis weight polypropylene BB textile fabric without Acteev technology. Acteev Protect does not protect users or others against disease-causing bacteria. Not all claims are permitted in all jurisdictions, including in the United States. Some device designs currently under review with the U.S. Food and Drug Administration. Ascend has more than 15 patent families pending on Acteev technology.
Bonding Industries.

The specialty chemicals and materials sectors are viewed as the “industry of industries,” engineering and producing molecules into the vital materials that protect food, create medicines, brighten clothes, decorate homes and power cars.

What makes these industries special though, is the “molecular link” from product to product. A byproduct of one process can serve as an input to another. Through manufacturing of specialty chemicals, materials and pharmaceuticals, SK Capital’s portfolio companies transform these elements into the valuable substances and solutions its customers need to produce countless products — and strive to do so in a safe and sustainable manner.
SK Capital’s ESG Principles.

**SK Capital Mission: “We Sustainably Create Value for Our Stakeholders in All Economic Environments.”**

SK Capital believes success emanates from unwavering adherence to the firm’s principles. These core values contribute to a relentless determination to sustainably protect and grow investor capital. Sustainability principles have always been central to the SK investment model, which is why the firm has formalized its Sustainability Program.

**SK Capital believes success emanates from unwavering adherence to the firm’s principles. These core values contribute to a relentless determination to sustainably protect and grow investor capital. Sustainability principles have always been central to the SK investment model, which is why the firm has formalized its Sustainability Program.**

**SK Capital’s Culture & Core Values**

**PRINCIPLED, RESPECTFUL, TRANSPARENT, RELENTLESS, MERITOCRATIC, INCLUSIVE**

**SK Capital’s ESG Principles.**

1. **SYSTEMATIC IMPLEMENTATION:**
   - ESG implementation should be systematic throughout the investment, ownership and exit process.

2. **FOCUS ON MATERIALITY:**
   - Focus attention on ESG factors that are material to any given investment; materiality can be determined by assessing any factor’s importance to stakeholders and the magnitude of business, environmental or social impact.

3. **ENGAGE AND COMMUNICATE WITH STAKEHOLDERS:**
   - Work closely with stakeholders — colleagues, investors, portfolio companies, regulators, among others — in order to:
     - learn and enhance our consideration of ESG risk factors and
     - inform stakeholders about our ESG integration practices.

4. **IMPROVE ESG PERFORMANCE:**
   - As active investors, we partner with businesses where our ownership and involvement can potentially transform and improve the business’ ESG risk profile. Through corporate governance and management engagement, SK seeks to improve the ESG performance and reporting practices of our investments.

Identify incremental value-creation opportunities and potential risks to make better investment decisions to enhance returns.

Ensure portfolio companies act in a responsible manner towards their stakeholders.
ESG AND SUSTAINABILITY APPROACH

Full-Portfolio, Full-Cycle.

SK Capital endeavors to drive sustainability in every investment. If a portfolio company’s processes and products are already sustainable, the firm has the experience to build on that record. With companies that initially lack a sustainability focus, SK seeks to engage and drive value through improvement.

SK CAPITAL’S PORTFOLIO COMPANIES SEEK TO FIND SUSTAINABILITY-LINKED VALUE CREATION IN THREE MAIN AREAS:

- Improving sustainability of the inputs from the supply chain
- Creating products that are more sustainable or contribute to the sustainability of downstream processes
- Making processes more efficient, reducing emissions and waste

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With a focus on sustainability since the firm’s inception, SK Capital sees the value of investing with an ESG mindset. In 2020, SK formalized our Sustainability Program, which reflects our leadership team’s long standing focus on sustainability and our deeply held belief that a focus on sustainability drives tangible value creation in our sectors of focus.

One important component of SK Capital’s Sustainability Program is the more formalized integration of ESG considerations into the firm’s investment process. From the initial screening stage through advanced due diligence, ESG-related risks and opportunities are evaluated and factored into an investment’s value proposition.

As with any SK value creation initiative, management teams are key. SK seeks to consistently partner with portfolio company leadership on ESG-related initiatives and challenges, driving change and performance.

Linking Sustainability and Value.

DEAL EVALUATION PROCESS

- Sustainability factors are considered in every potential investment, evaluated as both a risk and opportunity
- Investment Committee takes a formalized and standardized approach to the consideration of ESG factors, including “traffic light” screening process and full diligence at execution stage

ESG TOOLKIT AND SUSTAINABILITY FRAMEWORK

- In-house proprietary framework for identifying sustainability topics that are specific to our sectors of focus
- Toolkit defines a standard set of evaluative questions qualifying a target company’s Sustainability Focus, Sustainable Process and Operations and Sustainable Products and Services

PORTFOLIO MANAGEMENT AND VALUE CREATION

- Investment process seeks to identify sustainability-linked value creation initiatives to pursue during the holding period
- We believe that the full-cycle approach helps drive attractive returns to our investors by shaping businesses with a lasting, sustainable footprint beyond SK’s ownership
ESG AND SUSTAINABILITY APPROACH

A Focus on Environmental, Security, Safety and Health is the Foundation of Success

SK Capital’s Sustainability Program seeks to determine which ESG factors are most material to a given investment. In our industries of focus, the topics of environmental, security, safety and health are always a material factor for consideration.

Operating businesses in a safe manner is of paramount importance to SK Capital, and safety is always the first item on the agenda of each portfolio company’s Monthly Operating Review.

Most of SK Capital’s portfolio companies have aligned their environmental, health, safety and security (EHS&S) around the American Chemistry Council’s Responsible Care program. This framework offers a familiar and respected foundation for SK Capital’s Sustainability Program. In addition to looking to Responsible Care — which is a program designed for chemical manufacturers — SK Capital has adopted concepts from other frameworks to tailor our Sustainability Program to the business of managing Limited Partner capital and a portfolio of private investments.

Companies also commit to public reporting and undergo mandatory facility audits to certify their performance. This reporting is made publicly available on the ACC’s website (responsiblecare.americanchemistry.com).

SK Capital’s 7 Core Areas of Sustainability Focus is a proprietary investment framework that supports our investment teams as we seek to identify the most material areas of concern for businesses in our sectors of focus. Each of the 7 Core Areas identifies subtopics that are likely to be material factors, which our investment teams and Investment Committee will consider throughout the investment and portfolio management process.

SK engages with its current portfolio in each of the 7 Core Areas of Sustainability to promote more sustainable practices. As with other areas material to investment, the firm places a premium on the contribution of its management teams and their ability to build long-term strength in their businesses.
Diverse Voices Enhance Value.

Diversity and inclusion at SK Capital means more than a developing program or area of focus. It is part of a deeply held belief system that every voice counts and collaboration means confronting one’s personal perspectives. At the corporate level, the firm continues to challenge itself to advance in this area, and it is of paramount importance. The guiding light for this effort will come in part from the SK portfolio, and the firm is working with the Archroma CEO, Heike van de Kerkhof, on this strategic sustainability topic.

Heike van de Kerkhof spent 28 years in increasingly senior roles at DuPont and its Chemours spinoff, then two years as a senior executive at BP. Named one of “The Most Powerful Women” in the Fortune 500, Ms. van de Kerkhof’s executive career began in 2005 when she was named global manager for the automotive market for DuPont’s Safety & Protection line of business. In 2008 she was promoted to managing director of DuPont’s Packaging & Industrial Polymers operations in Europe before, in 2012, moving to a similar position in DuPont Titanium Technologies. When her division was spun off in 2015, she became global sales director for Chemours’ titanium dioxide products. Ms. van de Kerkhof joined Archroma as CEO in January 2020 and serves as a CEO-in-Residence to help drive important sustainability initiatives throughout the SK Capital portfolio.

She speaks German, English, French and Dutch and holds a bachelor’s degree in mechanical engineering from University Monchengladbach in Germany and an MBA from European University in Switzerland. Ms. van de Kerkhof served as a non-executive director at Neste and is an active fundraiser for a girls’ school in Afghanistan.

Teams make better decisions than individuals 66% of the time, and diverse teams make better decisions 87% of the time.

Q&A with Archroma CEO, Heike van de Kerkhof

Q: How receptive has SK Capital been to your ESG ideas?
A: Yes, absolutely. We need to remember that “ESG” also includes social and governance imperatives — the S and the G — and Diversity and Inclusion are critical components. As I told SK’s Limited Partners at the most recent annual meeting, teams drawing from broader perspectives make objectively better decisions. Teams just in general make better decisions than individuals, but the teams that have women as well as men can bring that decision-making to even greater heights.

And, it’s important to remember that D&I is not all about gender. Diverse perspectives come from people of different ages, different geographic and cultural backgrounds, and different experiences and education. The research on the positive impact of a diverse employee base is very compelling.

Fostering environments where diverse perspectives are encouraged, where inclusive cultures are promoted — this is what can propel SK’s portfolio to greater performance now and in the future.

Q: How effective is ESG in driving performance?
A: Based on the size SK has reached, we are at a crossroads. We either put together sustainability reports because this is what we are pressured to do or because it is truly reflective of our DNA. From everything I have seen of SK Capital, it is decidedly the latter.

Since I joined Archroma as its CEO, I’ve made a commitment to helping SK’s broader portfolio drive sustainability initiatives — and I firmly believe I have a dedicated partner in SK to achieving these goals. They have made remarkable progress this year, and I am excited to work with them going forward to continue to facilitate portfolio advancement on these important topics.

Q: Is it tempting in the chemicals world to view “sustainability” mainly in terms of environmental impact. Is it safe to say that you have a broader definition?
A: Yes, absolutely. We need to remember that “ESG” also includes social and governance imperatives — the S and the G — and Diversity and Inclusion are critical components. As I told SK’s Limited Partners at the most recent annual meeting, teams drawing from broader perspectives make objectively better decisions. Teams just in general make better decisions than individuals, but the teams that have women as well as men can bring that decision-making to even greater heights.

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Fostering environments where diverse perspectives are encouraged, where inclusive cultures are promoted — this is what can propel SK’s portfolio to greater performance now and in the future.
Sustainability in both the product and the process: that’s how SK Capital thinks about enhancing its portfolio’s ESG profile. SK’s portfolio is a showcase of this focus — dealing with challenges, driving initiatives and creating value.
**End to End Sustainability Focus.**

Archroma is a global, diversified provider of dyes and specialty chemicals serving the branded and performance textiles, packaging and paper, and coatings, adhesives and sealants markets. With a heritage dating back to 1886, the company delivers specialized performance and color solutions in over 100 countries.

Archroma could not reach its sustainability goals unless they were shared by its entire supply chain. That is why the company selects specific vendors to source over 7,200 raw materials, with an eye to environmental impacts as well as other quality, security and cost concerns.

Many notable retail clothing lines are using the patented EarthColors technology to enhance their traceability and sustainability.

**EARTHCOLORS DYES**
- Creates warm shades from fully traceable natural leaves, nutshell and other overlooked resources
- In some cases, products are 100% composed of raw materials from the natural waste of the agricultural and herbal industry

**DENISOL® INDIGO FOR DENIM**
- Aniline-free indigo dye reduces environmental impact and employee health risk, without compromising on the iconic, deep violet-blue that consumers associate with denim jeans
- Liquid indigo solution is manufactured in an award-winning “zero liquid discharge” manufacturing plant
- Compliant with major eco-standards and fashion retailer requirements; suitable for current eco-labeling (e.g. bluesign® and GOTS)

**2020 Sustainability Targets.**

Archroma has achieved great success against its occupational safety, customer resource optimization and talent management targets, and is focused on extending its greenhouse gas baselining.

**Sustainability as a Competitive Advantage.**

While Archroma creates products that are sustainable, the company takes a holistic approach, incorporating sustainability-minded principles throughout its process and often winning business based on its “zero discharge” and “zero landfill” approaches. These goals apply not only to sourcing, production, packaging and shipping, but also to employee safety and workplace diversity.

**ARCHROMA PERFORMANCE vs BENCHMARK**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Performance</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Usage</td>
<td>-31%</td>
<td>-23%</td>
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<tr>
<td>Process Time</td>
<td>-22%</td>
<td>-17%</td>
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<tr>
<td>Process Cost</td>
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<td>-5%</td>
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<tr>
<td>Water Consumption</td>
<td>-29%</td>
<td>-21%</td>
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<tr>
<td>CO2, Emissions</td>
<td>-23%</td>
<td>-20%</td>
</tr>
<tr>
<td>Energy Consumption</td>
<td>-23%</td>
<td>-20%</td>
</tr>
</tbody>
</table>

**OZONATION FOR WASTEWATER BIODEGRADABILITY**

- In 2018, Archroma and Beijing Chemical University developed a catalytic ozonation step for wastewater to improve biodegradability and reduce effluent color value
- The project took only 6 months to implement
- Operating costs will be only $0.5/m³ of wastewater, and the company is evaluating rolling this effective, low-cost program out globally

**ARCHROMA RECEIVED A RATING OF GOLD FROM ECOCADIS FOR ITS ESG PROGRAM.**

* Source: Archroma Management

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Fully Ingrained Sustainability.

SI Group produces the performance additives and intermediates that go into pharmaceuticals, plastics, lubricants, fuels, tires and many other consumer products. SI Group has a hundred-year record of reliability and innovation, as well as a passion for safety, chemistry and extraordinary results.

Sustainable Products.

WESTON 705:
Next generation liquid phosphate antioxidant that is nonylphenol-free, reducing human health concerns. U.S. FDA approved its use in plastic packaging for baby formula.

ETHANOX 4716:
SI Group is investing to expand capacity of this key component for engine lubricants which reduces oxidation and enables customers to achieve better fuel economy, lower emissions and meet higher regulatory standards.

WESTON 705:

Operationally Focused.

SI Group’s commitment to operational excellence leads inexorably to a robust environmental policy. Its “balanced plant” initiative seeks to convert all incoming raw materials into usable products, minimizing waste in all its forms. In this and many other ways, the company continuously seeks to reduce its ecological impact.

OPTIMIZATION & YIELD IMPROVEMENT (“WASTE TO GOLD”)

SI Group seeks to capture as much of the ~$50 million of theoretical annual “waste” as possible through operational excellence.

*Reflects the initial investment date of Addivant, an SK portfolio company, which was merged with SI Group when SK acquired SI Group in 2018.

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NIACET CORPORATION

Safe, Sustainable Nutrition & Health.

Niacet is the world’s largest producer of organic acid salts, performing essential safety functions in food, feed and pharmaceutical applications. The company fills vital everyday needs producing mold inhibitors in baked goods and animal feed, listeria inhibitors in processed meats and pharmaceutical solutions for kidney disease.

Niacet’s products serve diversified, highly regulated end markets and provide innovative solutions for food and feed safety and quality standards, as well as pharmaceutical products. The company also provides clean label alternatives that set new standards for efficacy and health benefits.

PHARMA
- Highly regulated acetates that perform essential functions in dialysis solution and insulin production
- Calcium Acetate used to treat hyperphosphatemia, a condition characterized by elevated blood phosphorous levels that affects end stage renal disease patients
- In certain pharmaceutical applications, Niacet is the only producer globally who can meet its customers’ demanding specifications

FOOD SAFETY
- Provian K is designed to preserve meat products using a low sodium content. Provian Plus, a new product, is specifically developed for plant-based protein meat substitutes
- For meat, Provian products extend shelf life and enhance food safety, at a more cost-effective price point than alternatives
- Provian line of products keeps food safe from pathogenic like Listeria monocytogenes, Salmonella and E-coli
- Solutions to support the movement toward cleaner food chains using fewer antibiotics in the production of animal agriculture
- Produce critical products to protect against mold, rope and other pathogens in bakery products and animal feed
- Combats the effects of mold spores and bacteria while also preventing spoilage and improving feed’s digestibility

CLEAN LABEL
- On the leading edge on the clean label trend by developing a vinegar-based product offering easily understood and recognized by consumers
- Vinegar is an ingredient based on the natural process of fermentation. Vinegar does not have any safety restrictions for human health and is used in many food preparations across the world
- The Progusta NDV product combines taste-enhancing properties with shelf life extension and microbial control

FOOD & FEED
- For 85 years, Niacet has been committed to sustainable growth as well as to the good of its employees, its communities and the environment.
- Niacet was recognized by the American Chemical Council for its superior environmental, health, safety and security performance. In presenting the award, the ACC – of which Niacet CEO Kelly Brannen is a founding member – cited the company’s Niagara Falls facility, which uses hydropower generated from the Niagara River for power while its steam requirement is supplied by a nearby energy-from-waste facility.
- Niacet earned a certification of suitability for its sodium acetate trihydrate product, granted by the European Directorate for the Quality of Medicines & HealthCare.
- Niacet has taken on such sustainability initiatives as pallet and product bag recycling, energy-efficient production, proper recovery systems for heat and wash water, sewer discharge reduction, emissions scrubbing and landfill stream reduction.
- The company also is engaged actively in a number of social responsibility programs.

LOCAL COMMITMENT
- To be a good citizen and contribute to the well-being of the community

PRODUCT & SERVICES
- To be a good citizen and contribute to the well-being of the community

PURPOSE
- To maintain and develop a profitable and growing business
- To provide job and financial security for all employees

EMPLOYEE COMMITMENT
- To provide safe working conditions through education and improved facilities
- To provide a method where all employees share in the growth and prosperity of the corporation and take pride in their personal and the corporate accomplishments

MARKETS SERVED:
FOOD SAFETY, FEED SAFETY, PHARMACEUTICAL, SEMICONDUCTOR & ELECTRONIC

DATE OF INITIAL INVESTMENT: 2017
HEADQUARTERS: UNITED STATES
OTHER LOCATIONS: NETHERLANDS, COLOMBIA
EMPLOYEES: ~225
FUND(S): IV

Products Driven by a Sustainable Mindset.

ROOTED IN RESPONSIBILITY —
THE NIACET CORPORATE CHARTER

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Empowering, Innovating and Operating

With history dating back to 1949, Ascend Performance Materials has grown into the world’s largest producer of nylon 6,6 resins, as well as a leader in the manufacture of fibers and specialty chemicals. These proprietary technologies are central to the production of nylon, plastics and synthetic fibers found in thousands of commercial and industrial products.

Ascend’s ESG orientation stems from its clearly delineated values and focus on three key elements: plants, products and people.

Ascend’s leadership sets the example as our CEO serves on the board of the American Chemistry Council, our VP of ESGH serves on the board of the Texas Chemical Council, and our Sustainability Director serves on the Texas Chemical Council Sustainability Committee.

Key Initiatives.

**ACTEEV™:**
- Acteev™ proprietary fabric and filter technology is used to form protective layers integral to face masks, apparel, upholstery, air filters and more. It prevents unwanted microbes from causing contamination and has greater than 99% efficacy at deactivating bacteria, fungi and viruses, including COVID-19.
- Submitted 510(k) premarket notifications with the U.S. Food and Drug Administration to use Acteev™ technology in surgical masks.
- Ascend is launching nonwoven technology for face masks and other end uses including filtration and medical-use textile fiber.

**REDUCING EMISSIONS:**
- In 2018, Ascend announced a $175 million project to install cogeneration units at its Decatur, Alabama facility in order to eliminate the use of coal-fired boilers. This is the largest single investment the company has made and targets an anticipated 60% emissions reduction at the plant.
- In 2019, Ascend expanded its emissions reduction efforts by developing a new technology that captures nitrous oxide emissions and converts them to nitric acid, a useful raw material.

![50% DECREASE IN NO EMISSIONS AFTER COMPLETION OF PHASE ONE](image)

Commitment to Emissions Reductions and Safety.

While Ascend creates sustainable products, the company is equally committed to sustainable process. The same motivations that cascade into goals for efficient manufacturing and packaging, low-impact shipping and reduced waste also apply to standard-setting for vendor management, employee safety and workplace diversity.

<table>
<thead>
<tr>
<th>EMPowering PEOPLE</th>
<th>INNOVating SOLUTIONS</th>
<th>OPERATING WITHOUT COMPROMISE</th>
</tr>
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<tbody>
<tr>
<td>• Workforce health and safety</td>
<td>• Sustainable products</td>
<td>• Energy</td>
</tr>
<tr>
<td>• Employee engagement, recruitment and development</td>
<td>• Research and development</td>
<td>• Greenhouse gas emissions</td>
</tr>
<tr>
<td>• Diversity and Inclusion</td>
<td>• Circular economy</td>
<td>• Air quality</td>
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<tr>
<td>• Community engagement and relations</td>
<td>• Supply chain</td>
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<td></td>
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<td>• Waste and hazardous waste</td>
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<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>GHG Intensity</th>
<th>SOx Intensity</th>
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<tbody>
<tr>
<td>BTU/lb produced</td>
<td>lbs co2e/lb produced</td>
<td>Emissions (lbs)/production (Mlbs)</td>
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<tr>
<td>0.48 Recordable Injury Rate</td>
<td>0.23 Process Safety</td>
<td>0.0012 2012 (5,245) BASELINE</td>
</tr>
<tr>
<td>3,721 Ascend Cares Volunteers</td>
<td>3,721 Ascend Cares Volunteer Hours</td>
<td>2012 (0.0012) BASELINE</td>
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<tr>
<td>13,783 Ascend Cares Volunteer Hours</td>
<td>13,783 Ascend Cares Volunteer Hours</td>
<td>2017 (0.0014) BASELINE</td>
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<tr>
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<tr>
<td>2012 (0.0014)</td>
<td>2012 (0.0012)</td>
<td>2012 (897) BASELINE</td>
</tr>
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</table>

We've made significant improvements to our facilities over the last five years. To take us further, we have assigned an Ascend black belt resource to identify and prioritize energy efficiency improvement projects.

As we look to our GHG emissions, we have developed new technology and achieved improved performance in the last two years.

We are transitioning away from coal as an energy source to natural gas. This conversion will be complete by the 2021 startup of our co-opération units in Decatur, Alabama.

These case studies represent a selection of SK Capital’s portfolio companies and are not meant to be a comprehensive representation of the portfolio.
SK Capital Portfolio is an Essential Link in the Chain.

The materials produced by SK Capital’s portfolio remain critical during the Covid-19 pandemic. Existing products and processes help meet the essential day-to-day needs of front line responders and everyday consumers alike. Going beyond the day-to-day, the SK Capital portfolio has reacted flexibly and quickly to meet the rapidly evolving set of needs with new or updated products.

SK Capital thanks the thousands of employees working for its portfolio companies who have made meaningful adjustments and sacrifices to get these important jobs done.

SI GROUP
A performance additives and intermediates producer

- Makes propofol, which is used for intubation, and supplies POLYBOND™ 3200, a critical component for the manufacturing of face masks and medical applications
- Ramped up production to meet increased demand from pharma and packaging markets

ARCHROMA
A provider of colors and specialty chemicals

- Barrier and antimicrobial products provide two layers of protection for enhanced PPE and medical masks
- Developed a thickener for sanitizing gels which can be manufactured faster and cheaper than similar products

NIACET
A producer of specialty ingredients for food, feed and pharmaceuticals

- Makes shelf stabilizers to ensure scarce food supplies are suitably preserved and transported
- Supplies the acetates needed in treatments for health conditions that exacerbate Covid-19

WAVELENGTH
A developer and manufacturer of active pharmaceutical ingredients (APIs)

- Produces ingredients for therapies to manage respiratory critical-care patients, as well as ease intubation, such as Midazolam and Cisatracurium
- Several governments worldwide have partnered with Wavelength given its proven ability to supply and expanding capacity

PERIMETER
A formulator fire safety materials and oil additives

- Diverted fire suppressant foam capacity to produce sanitizer for the protection of healthcare and essential personnel in Spain
- Due to ongoing second wave of COVID-19 in fire prone areas, aerial firefighting is increasingly important as it provides relief to front line workers operating in close proximities

GEON
A compounder of PVC and other high-performance polymers

- Produces materials for such medical applications as tubing, clinical equipment and diagnostics
- Project Collaboration, a no-cost opportunity granting access to the intellectual and manufacturing know-how of the GEON workforce during the pandemic

SUSTAINABLE SUPPLY CHAINS DURING COVID-19
Sustainability has been core to SK Capital’s approach, and it will continue to be so going forward. In practice, this deeply held philosophy means a commitment to evolution, to constant evaluation, to oversight, to advancement, to engagement and — ultimately — to progress.
Feeding Operations with Sustainability in Mind.

Supply chains provide the inputs to transform natural resources, other raw materials and chemical components into end products on a global scale. Procurement and supply initiatives deeply impact not only a company’s financial bottom line, but also its ability to efficiently, safely and reliably deliver for its own customers.

Therefore, while it is natural for strategic decision makers to focus on competitors, products and clients, suppliers are just as important. In the chemicals industry – where quality and safety are of paramount importance – suppliers and their ability to efficiently, safely and reliably deliver for its own customers to produce end products on a global scale. Procurement and supply initiatives deeply impact not only a company’s financial bottom line, but also its ability to efficiently, safely and reliably deliver for its own customers.

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SK PORTFOLIO

COMPANY OPERATIONS

SUPPLIERS

• Cost
• Location
• Quality
• Sustainability Focus

PRODUCTION

• Input Cost
• Input Quality
• Sustainability Impact

ALL PORTFOLIO COMPANIES

• Input Security
• Sales Margins
• Gross Profit
• Reliability for Customers
• Overall Impact

Company managers are receptive to our suggestions. At SK Capital, my focus will be not one portfolio company, but many. I’ve been asked to take a strong focus on procurement as a value proposition. How do we improve and speed up the value contribution of procurement savings in each of and throughout SK’s portfolio companies — it’s a big and important ask. Besides that, I also am pulled into other activities that are focused on operational enhancement, which — quite often — have a large sustainability component.

In several of the SK portfolio companies, I have started over the past year by looking at procurement costs as the first piece. How do they spend their procurement costs? Is it all spent on pure raw material or a custom-manufactured one, is the quality good business sense, can they economically be the supplier of a product or service? Are there any other activities that are focused on operational enhancement, which — quite often — have a large sustainability component.

Developing and qualifying as a Six Sigma Black Belt.

Q&A with Amber Shook, SK Capital’s Director of Operational Excellence and Synergies.

Q: Are you looking to identify opportunities within the portfolio in which one company acts as the supplier and another as the customer?

A: Yes, that’s part of my role. I look for those symbiotic opportunities all over the network. Who makes what, does it make good business sense, can they economically be the supplier of a raw material or a custom-manufactured one, is the quality component? My starting question in any investment always is to look for saving money in procurement, and that naturally leads to an exploration of synergies.

We have many more of these synergies than we can count, and I strongly believe they ultimately will drive more economical practice and deliver value. But, what excites me is they also will deliver more sustainable practice throughout the portfolio and be another way that SK attracts top talent.

Q: How receptive are company managers to your suggested supply chain modifications and other operational changes?

A: SK Capital approaches every initiative with our management teams in the spirit of partnership — we aim for best-in-class talent, and we place trust in their expertise and decision-making. In terms of supply chain and procurement, I have been approaching these types of projects not necessarily as “ESG”, but rather that it’s just plainly good business to save cash. And, as we achieve greater enhancements to process and structure, we’re building value but we’re also building credibility. This kind of alignment with management is a real hallmark of SK Capital’s investment strategy, and we are demonstrating through action as well as policy that we hold sustainability concepts to be both dear and valuable.

Maybe even more importantly, my conversations are not the first time they have heard SK Capital speak of sustainability. These discussions are there from the screening and diligence phases of every investment. Sustainability is a truly embedded part of the firm’s culture and, therefore, our portfolio’s cultures as well.

Amber Shook joined SK Capital in 2019 as the Director of Operational Excellence and Synergies, where she guides SK portfolio companies through the end-to-end supply chain.

She earned a B.S. in chemical engineering from Drexel University and an MBA from Kenan-Flagler Business School at the University of North Carolina. She is CSCP-certified through APICS and qualifies as a Six Sigma Black Belt.

Prior to joining SK Capital, she was the Director of Global Supply Chain for Catalent Pharma Solutions. In addition, Ms. Shook has held a variety of management positions for DuPont, Michelin and Coca-Cola Refreshments.

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Q: What is your role at SK Capital?

A: I come out of some sizable global companies — DuPont, Michelin, Coca-Cola, Catalent Pharmaceuticals. So, I have really crossed over industries in leadership roles related to manufacturing, supply chain, procurement, and the improvement of everything that falls underneath those umbrellas.

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Q: Why do you believe an emphasis on supply chain and procurement is a sustainable value-add for the SK portfolio?

A: There’s an old saying in data management: “garbage in, garbage out,” and I believe this same concept can apply to manufacturing in the specialty chemicals, materials and pharmaceuticals spaces as well. Securing supply chains — as we’ve seen during the COVID-19 crisis — is critically important to company operations. Local procurement, optimizing ordering and delivery, seeking sustainable alternatives and recycling initiatives — all of these can drive a company’s bottom line.

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Q: How receptive are company managers to your suggested supply chain modifications and other operational changes?

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OVERSIGHT: RESPONSIBILITY FOR RESPONSIBILITY

Sustainability Reporting.

In addition to producing Annual Sustainability Reports for our investors, SK Capital was proud to become a signatory to the United Nations-supported Principles for Responsible Investment, reporting on our Responsible Investment approach and climate impact.

Sustainability Program Oversight.

SK Capital's Sustainability Program will be driven by all of the members of our firm and supported by our world-class management teams for the benefit of all of our stakeholders. In order to provide guidance and oversight, SK Capital has established a Sustainability Committee, which meaningfully overlaps with both Investment Committees.

- Establish and maintain ESG policies and procedures
- Regular reporting to the Managing Director group
- Review ESG-related incidents (if any)
- Oversee ESG communication and reporting to external stakeholders
- Continue to advance the Sustainability Program for the benefit of the firm, the portfolio and the investment process
- “Open door” sessions, with access for the entire firm to present sustainability ideas

BARRY SIADAT  Co-Founder Managing Director
MARIO TOUKAN  Managing Director
HEIKE VAN DE KERKHOF  CEO of Archroma
JACK NORRIS  Managing Director
MARIO TOUKAN  Managing Director
BEN DILLON  Managing Director
PHIL MCDIVITT  CEO of Ascend

“We sustainably create value for our shareholders in all economic environments.”

SK Capital’s Sustainability Program and this Sustainability Report are just part of the sequence of steps our firm can take as we follow a path guided by sustainability. The firm and its portfolio companies have identified several topics within responsible investing that have the potential to deliver additional value to our stakeholders:

1. Develop portfolio-wide reporting systems to measure key performance indicators on the most material ESG topics
2. Continue to look through the lens of sustainability to support thematic sourcing of opportunities
3. Promote ongoing collaboration across the portfolio to exchange best practices and drive portfolio-wide initiatives
4. Deepen the link between sustainability and measurable value creation
For SK Capital, there is no finish line when it comes to evaluating and enhancing the ESG profile of our portfolio. This focus on sustainability has always been ingrained in how we do business and will remain so, transforming the chemicals industry and transforming investments for years to come.