



 **usalco**<sup>®</sup>

2023 Corporate Sustainability Report

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**LEADERS IN CLEAN WATER  
SOLUTIONS**

USALCO is proud to be affiliated with the following organizations



## *A MESSAGE FROM OUR CEO*

USALCO is grateful for the opportunity to share this exciting report on our progress towards improving sustainability, inclusivity, and equality in everything we do. Our mission is to be a force for good that enhances the lives of our stakeholders and the communities where we live, work, and operate.

We aspire to accomplish this vision by investing, first and foremost, in our most important group of stakeholders – our employees. We also channel the proceeds of our success towards R&D, new technologies, manufacturing, and logistics assets – all with a vision to create a more sustainable future for water treatment so that our customers and society might benefit.

Over the past year we have made tremendous strides as you will see in the following pages but there is so much work yet to be done. It is no secret that water-treatment infrastructure is aging and, in some cases, failing. Energy requirements to transport and treat water are enormous, and discharge limits are often not attained.

USALCO has existing and emerging technologies that can address many of these issues. We partner with customers and leading innovators and hire, retain, and develop exceptionally dedicated people who are like-minded in helping us fulfill our vision.

My personal thanks go out to all stakeholders, partners, and supporters who are aligned in the common ambition to have a positive impact on our world and the people in it.

Ken Gayer, Chief Executive Officer

USALCO

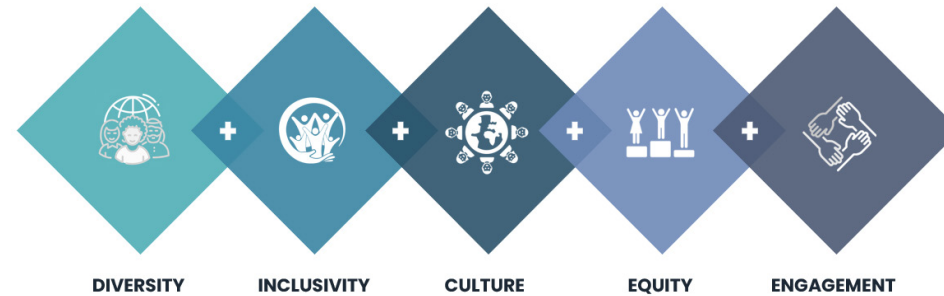




*USALCO'S GOWTH AND DIVERSITY ACTIONS ARE A BRIGHT SPOT*

One of USALCO's Core Values is Respect for People. This Core Value is comprised of many important components, among the most important of which is gender equality and diversity. In fact, central to everything we, as an organization, do on a daily basis is implementing growth-oriented, forward-thinking ideas to provide a great place to work.

For example, in early 2022, the Company formed its Diversity, Inclusivity, Culture, Equity and Engagement (DICE) Committee exclusively comprised of USALCO employees. The DICE Committee is integral to the DNA of the Company. The purpose of this permanent standing USALCO Committee is to produce specific "grass roots," strategic corporate initiatives to further promote gender diversity, inclusivity, equity, and engagement of for every USALCO employee.



These initiatives have included:

- Collecting and analyzing resources related to DICE efforts throughout the several divisions of the Company.
- Identifying (through, for example, literature review, industry benchmarking, and other methodologies) best practices that should be implemented within the Company to further promote gender diversity and inclusivity.
- Creating policies and procedures to implement best practices regarding growth and gender diversity, with appropriate benchmarks and monitoring procedures.
- Identifying educational materials that all Committee members can read to familiarize themselves with issues pertaining to gender diversity/equity and inclusivity in best-in-breed companies.



One of the most important best policies to emanate from the DICE Committee was the creation and implementation of a generous *paid parental leave policy*. Under this policy, USALCO provides full-time employees who have been employed by USALCO for at least one year with up to eight (8) weeks of paid parental leave, which includes bonding associated with (i) the birth of a child of an eligible employee and (ii) the placement of a child with an eligible employee for adoption or foster care. Parental leave may be used within one year of any of the occurrence of one of the qualifying events described above.

Quarterly updates to the Company's Board of Directors on *diversity hiring* is also a key component of the Company's overall strategy to growing our already robust gender-diverse workforce. This top-level commitment to inclusion, diversity and equity is how we cultivate belonging, develop and advance our employees, and help them reach their full potential.

Another important initiative that the Company uses to further promote gender diversity in its growth plan is to make salary offers based on the job, and not on what a person made in their last position. This approach helps balance the unfortunate historical U.S. job market archetype where women were typically paid less than men.

In short, USALCO recognizes the numerous benefits of growing its strong history of gender equality in the workplace, including:

***Positive company culture:*** A gender-equal environment where all employees feel respected and valued creates an overall positive workplace. Our gender-diverse culture helps our employees notice that their coworkers have talents and strengths they don't possess. Appreciation for these differences promotes respect.



## LABOR AND HUMAN RIGHTS



*Positive company culture:* A gender-equal environment where all employees feel respected and valued creates an overall positive workplace. Our gender-diverse culture helps our employees notice that their coworkers have talents and strengths they don't possess. Appreciation for these differences promotes respect.

*More innovation and creativity:* People of different genders bring unique talents, strengths, and skills to the workplace, which can improve collaboration and creativity. We find that gender diversity increases innovation.

*Enhanced reputation:* By intentionally promoting gender equality in the workplace, USALCO fosters an excellent company reputation. People who have similar values with USALCO want to work for our Company. Happy employees help create a positive, productive workforce.

*Improved conflict resolution:* Strong communication skills among employees are essential for success. People of different genders naturally communicate differently, with some preferring to communicate problems directly and others working as peacemakers. USALCO sees the combination of all these communication styles in one work environment as a cooperative and collaborative way to more easily achieve conflict resolution.



SUSTAINABILITY GOALS



*Committing to Change and Investing in our Future*

At USALCO, we take a deliberate approach to sustainability. We have developed a systematic framework that aligns with the UN Sustainable Development Goals (SDGs) to help keep us focused on the progress we make. By being deliberate about our goals and tracking our progress along the way, we are working to drive deeper engagement across our company and throughout our supply chains.

Our framework encourages us to carefully evaluate every facility, product, and workflow in our company – from raw material usage through production, delivery, and consumption. Our manufacturing, administrative and distribution teams also work to reduce their energy usage and streamline their processes as much as possible.

*Reduce Energy Intensity/Ton by 10%    Reduce Scope 1 and Scope 2 GHG/ton by 10%    Reduce Avg. Highway Miles per Delivery by 15%    Reduce Non-hazardous Waste/ton by 10%*

**Engage External Stakeholders**

Be "fair-share" givers in our communities

**Engage Internal Stakeholders**

Impact local schools through volunteering  
Measure/track/improve DE&I

**Streamline Processes**

Standardize operational procedures.

**Optimize Facilities & Products**

Increase efficiency through  
Continual Improvement Projects.



**IMPROVE EMPLOYEE EXPERIENCE**

Standardize operational processes.  
Increase employee involvement.

**REDUCE ENERGY INTENSITY**

Reduce Energy Intensity/Ton of product manufactured.

**REDUCE GHG EMISSIONS**

Reduce average highway miles per delivery through network optimization.

**REDUCE WASTES TO LANDFILL**

Reduce non-hazardous waste generated per ton.

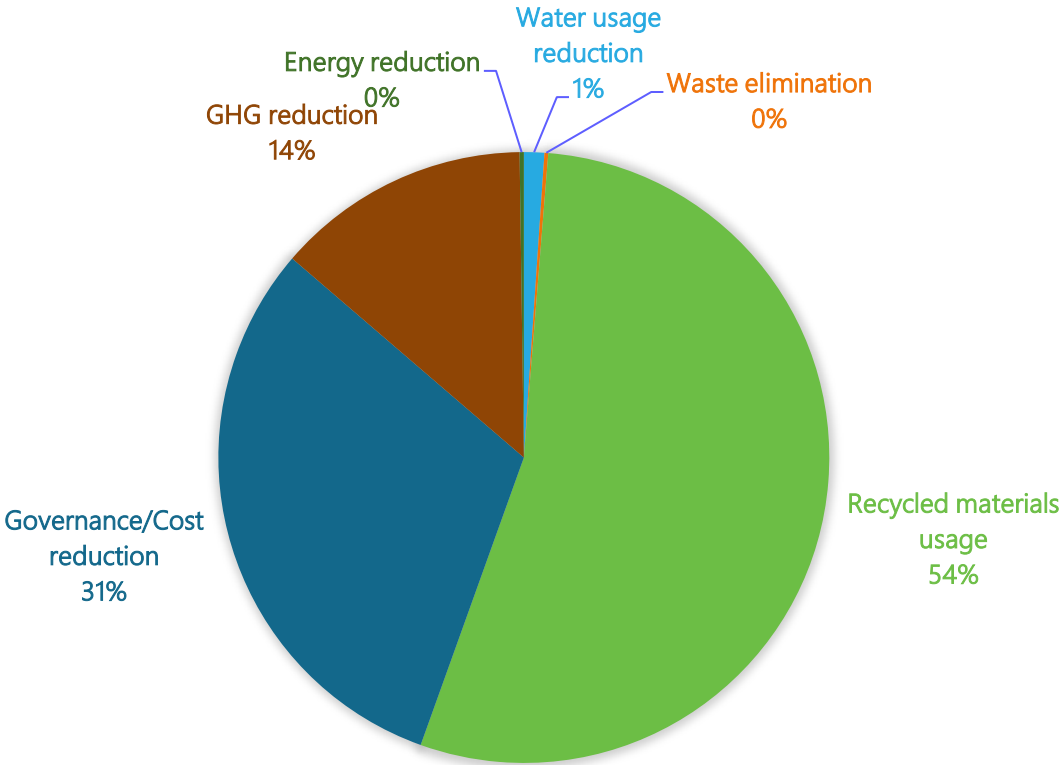
SUSTAINABILITY GOALS



*Committing to Change and Investing in our Future*

While we are in the early stages of our sustainability journey, projects identified through our productivity pipeline have provided USALCO with opportunities to continuously improve our operations. Currently, there are more than 10 million dollars of projects that have impacted on our sustainability goals\*.

*Reduce Energy Intensity/Ton by 10%    Reduce Scope 1 and Scope 2 GHG/ton by 10%    Reduce Avg. Highway Miles per Delivery by 15%    Reduce Non-hazardous Waste/ton by 10%*



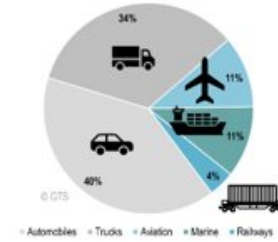
Scope	Source	2021	2022	UOM
		Total Emissions	Total Emissions	
1	Natural Gas	21,339.316	17,040.493	mtons CO2e
1	Diesel	7,760.565	1,451.605	mtons CO2e
1	Gasoline	80.302	13.273	mtons CO2e
1	Propane	227.652	226.853	mtons CO2e
<b>1</b>	<b>Total Scope 1</b>	<b>29,407.835</b>	<b>18,732.224</b>	<b>mtons CO2e</b>
2	Electric Power	7,165.500	6,856.022	mtons CO2e
<b>2</b>	<b>Total Scope 2</b>	<b>7,165.500</b>	<b>6,856.022</b>	<b>mtons CO2e</b>



# SUSTAINABILITY GOALS



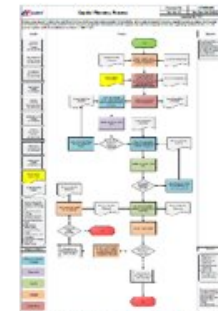
- Reduce energy usage
- Measure net water consumption
- Measure/track/reduce emissions
- Reduce waste/landfill inputs



- Be "fair-share" givers in our communities
- Make an impact on our local schools



- Increase efficiency through Continual Improvement Projects
- Standardize processes and operational procedures
- Improve employee experience



## SUSTAINABILITY GOALS



### *Committing to Change and Investing in our Future*

Product stewardship and the use of recycled materials where possible remains a priority for USALCO. We constantly evaluate our processes for opportunities to use eco-friendly materials to reduce our carbon footprint.

Whether it is caustic, acid or aluminum, 85% of all USALCO facilities use some type of recycled material or co-product stream within their operations. This resulted in more than 75MM Lbs. of raw materials that were from non-virgin sources.

This allows USALCO to deliver a product to market that is not just sustainably sourced but will be used to provide potable as well as industrial water and wastewater treatment chemistry solutions.





*USALCO Celebrates Opening of New Research and Technology Center*

USALCO, LLC opened a new Research and Technology Center at its flagship manufacturing facility in Baltimore, Maryland. The Tech Center will play a vital role in accelerating the Company's research and development efforts to tackle some of the most complex water treatment challenges. It aims to enhance the current practices to make them more sustainable and capable of handling new and emerging contaminants.

The Tech Center represents a four-million-dollar investment and will create space for up to 19 skilled technical jobs. "The need for cutting-edge research and development to improve the sustainability and effectiveness of water treatment has never been greater. This investment will allow us to bring new chemistry and services solutions to municipal and industrial water treatment customers that reduce energy consumption, extend equipment life, and lower overall costs," said USALCO CEO Ken Gayer.

The company's Vice President for Technology, Jim Dulko, added, "USALCO has been the leader in developing and commercializing innovative water treatment chemistries for decades with products such as DelPAC® Polyaluminum Chloride Solution that revolutionized water treatment and are used throughout the world today. We look forward to further scientific advancements in this critical field through this investment to benefit our customers and society."





*USALCO Partners With Texas Treatment Facility To Streamline Coagulant Program*

USALCO has a long history of developing close relationships with our customers to create innovative and flexible solutions. As an organization, USALCO is dedicated to implementing sustainable solutions and innovative practices that contribute to the betterment of our planet and communities.

The San Patricio Municipal Water District, located in Ingleside, Texas, provides potable water to more than 85,000 customers through municipal and industrial contracts. The district sources its raw water from the Nueces River, Lower Colorado River, and Lake Texana.

After discovering several maintenance issues, the district management sought advice from other utilities in Texas. They were referred to USALCO to find a solution. The issue was caused by the plant’s aluminum sulfate program, which required high doses of caustic soda to raise the pH of the finished water before distribution.

Despite installing an inline mixer and implementing a six-month inspection program, clogging issues persisted. USALCO recommended the plant convert to a polyaluminum chloride formula to solve the clogging issue.

The product formulation was tailored to the raw water specifications and plant design and showed a reduction in caustic dosage, among other benefits.



- 1 > \$1.5M Annualized Savings
- 2 55% Lower Coagulant Feed
- 3 Lower pH Adjustment Chemistry Dosage
- 4 Improved Sludge Handling
- 5 25% Lower Polymer Dosage

## STAKEHOLDER ENGAGEMENT



### *Community Commitment an Essential Element to USALCO Operations*

USALCO views our social and community engagement programs as an essential element in our right to operate. We require our employees to be “fair share” givers in the communities that we serve since they ultimately sustain our business by providing employees that come to us ready to work in industrial environments.

Through our *Partners in Education* program, we hold annual back-to-school drives and make donations of school supplies and other essential items needed for the success of the children in our local schools. The supplies are delivered by members of the local plants deliver the supplies in person.



The Partners in Education program also allows members of the company to visit local elementary and middle schools to teach science labs. The goal is to spend time talking to the kids and teachers about what we do and to develop an interest in S.T.E.M. in the kids.

During our most recent Partners in Education visit, lab employee *Erik Calderon* was able to impact almost 160 third grade students over the course of 2 days.

STAKEHOLDER ENGAGEMENT



USALCO's community commitment does not stop at local schools. We also partner with agencies such as the *United Way*, *Make-A-Wish Foundation*, *Ronald McDonald House Charities*, and the *American Red Cross* to support the needs of families that are currently going through some challenging times in their lives.



*Champions of Success*

USALCO's work around sustainability could not be accomplished without the dedicated employees across the business enterprise. As such we feel it is very important to recognize those that go beyond the normal duties and take the next step as champions.



*Champion of ESG – Brenda Maldonado (Dorado, PR)*

Brenda is this year's Champion of ESG for her work in the community on various projects with Partners in Education, Ronald McDonald House Charities, and establishment of community cleanup days in Dorado, PR. She was also recognized as Woman of the Year by the local community of Dorado.



*Champion of Safety – Jai Kelkar (La Porte, TX)*

Jai is this year's Champion of Safety for the establishment of Safety Boot Camps at USALCO. Jai's idea provides peer to peer training opportunities on SH&E topics in an atmosphere that allows time for hands on training. Jai has successfully delivered multiple sessions of the Safety Boot Camps this year.



*Champion of Sustainability – Chad Shook (Centreville, MS)*

Chad is this year's Champion of Sustainability for his work on waste reduction and waste stream recycling. Working with his operations team in Centreville, Chad was able to successfully program that returns sample streams back to the process and completely remove the need for waste dumpster. This resulted in a significant cost savings and increase in manufacturing efficiency.

## SUSTAINABILITY METRICS



USALCO's measures performance around sustainability based on the SASB and Responsible Care metrics. Below is our most recent data.

TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT OF MEASURE	RESPONSE
GREENHOUSE GAS EMISSIONS	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tons (t) CO <sub>2</sub> -e, Percentage	CO <sub>2</sub> e = 18,732.224 mtons CO <sub>2</sub> e 0%
	RT-CH-110a.2	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	n/a	Our sustainability goals involve reducing Scope 1 & 2 GHG emissions by 10% as well as energy intensity per ton of product manufactured by 10%. As we continue to grow, we are working to reduce the average highway miles driven to delivery.
AIR QUALITY	RT-CH-120a.1	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> ) (2) SO <sub>x</sub> (3) volatile organic compounds (VOCs) (4) hazardous air pollutants (HAPs)	Metric tons (t)	NO <sub>x</sub> = 19.2793 SO <sub>x</sub> = 12.6082 VOCs = 0 HAPs = 0.6373
ENERGY MANAGEMENT	RT-CH-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable (4) total self-generated energy	Gigajoules (GJ), Percentage	1) 410625.3384 GJ 2) 68361.2712 GJ 3) <1% 4) <1%
WATER MANAGEMENT	RT-CH-140a.1	(1) Total water withdrawn (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress.	Thousand cubic meters (m <sup>3</sup> ), Percentage	1) 576443 m <sup>3</sup> 2) High = 4.9%; Extremely High = 0%
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	0
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	Limited risks identified. Ongoing reviews in place
HAZARDOUS WASTE MANAGEMENT	RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	Metric Ton percentage	57,512 metric tons 0% Recycled (We work to reuse and repurpose chemicals within our operations as much as possible)  Very little of the waste we generate is classified as hazardous. By the time we get to the point that we need to dispose of waste products, we have already extracted most of the economic benefit, so that little more could be recycled.
COMMUNITY RELATIONS	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	n/a	USALCO is a Responsible Care Company and participates in the Local Emergency Planning Committee meetings in areas local to our plants. We also have an internal Risk Analysis Process US-CR-MP-003. This process is used to evaluate a potential risk from an external or internal issue that may affect our ability to meet our business or safety, health, environment, or security objectives.



TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT OF MEASURE	RESPONSE
WORKFORCE HEALTH & SAFETY	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (A) direct employees and (b) contract employees	Rate	1) 2.65 TRIR 2) Fatality rate 0% for both employees and contractors
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	n/a	As a Responsible Care company USALCO maintains a hazard communication plan. This plan is re-evaluated annually and communicated to employees. Customers regularly receive USALCO's products' current chemical hazard information via product labeling, safety data sheets, placarding, and letter communications.
PRODUCT DESIGN FOR USE-PHASE EFFICIENCY	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	Reporting currency	Due to the nature of our business, usage rates are difficult to track in a meaningful way
SAFETY & ENVIRONMENTAL STEWARDSHIP OF CHEMICALS	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	Percentage by revenue, Percentage	1) 64.6%* 2) 100%  We are a chemical company, and we sell, and our customers demand, reactive chemistry which is classified as GHS hazardous
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	n/a	Less than 0.6% of our annual revenue is derived from Substances of Very High Concern (SVHC).
GENETICALLY MODIFIED ORGANISMS	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Percentage by revenue	<1%
MANAGEMENT OF THE LEGAL & REGULATORY ENVIRONMENT	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	n/a	USALCO has established a Regulatory Review Process (US-QM-MP-009-00) to manage the review of all new or changed regulations to verify compliance. We also participate in the American Chemistry Council's Responsible Care Program. Active members are notified of upcoming changes to regulations, but also help shape regulations through participation with the organizations. We use a compliance calendar to ensure that regulatory action items, including renewal of permits, storm water inspections, etc. are all completed in a timely manner.
OPERATIONAL SAFETY, EMERGENCY PREPAREDNESS & RESPONSE	RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Number, Rate	PSIC - 2 PSTIR - 0.46 PSISR - 2.08  Each facility has a site-specific emergency response plan that is reviewed and tested on a scheduled basis. It is updated based on results of drills or if changes to the facility or management are made. We train all employees to ensure proper response in an emergency. Training includes security, chemical spills, weather emergencies, fire/explosion, injury, and utility failure.
	RT-CH-540a.2	Number of transport incidents	Number	2 (DOT Recordable collisions; 4,777,499 miles traveled)

CONTACT US AT:  
2601 Cannery Avenue  
Baltimore, MD 21226  
(410) 354-0100

Learn more at [usalco.com](http://usalco.com)

