




# ESG & Sustainability: The State-of-Play for Specialty & Contract Chemical Producers

November 15, 2022



## Serving SOCMA Members – Understanding ESG & Future Implications

- Identify evolving standards and requirements for **management of operational ESG**
- Identify evolving standards and requirements for **ESG-related disclosures and reporting**
- Develop **benchmarking and communications** for ESG to support the N.A. Specialty Chemicals industry
- Provide **ESG-related resources** for the N.A. Specialty Chemicals industry to enable:
  - **ESG compliance**
  - **Business continuity**
  - **Mitigation of ESG-related risks**



SOCMA and The ChemQuest Group collaborated to launch a survey of members, with the objective to:

**Obtain a deeper understanding of needs, definitions, values, and concerns pertaining to ESG reporting and policies within the N.A. Specialty Chemicals Industry.**

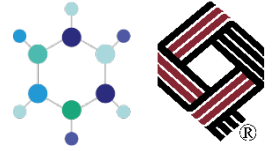


# ESG Written Member Survey & Working Group Interviews

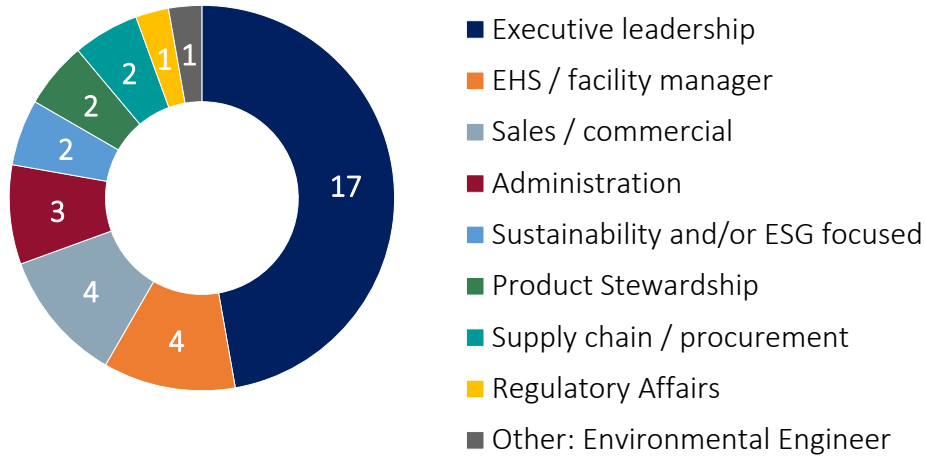
Edye Fox Abrams, VP, Business Development and Marketing



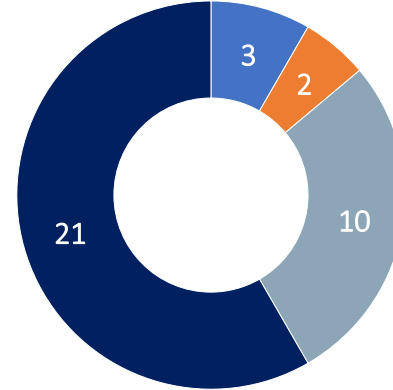
# SOCMA-ChemQuest ESG Survey Participation



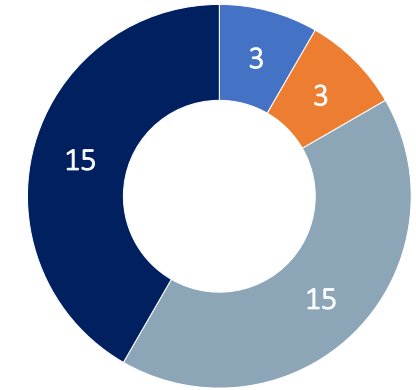
Responses by Role Type



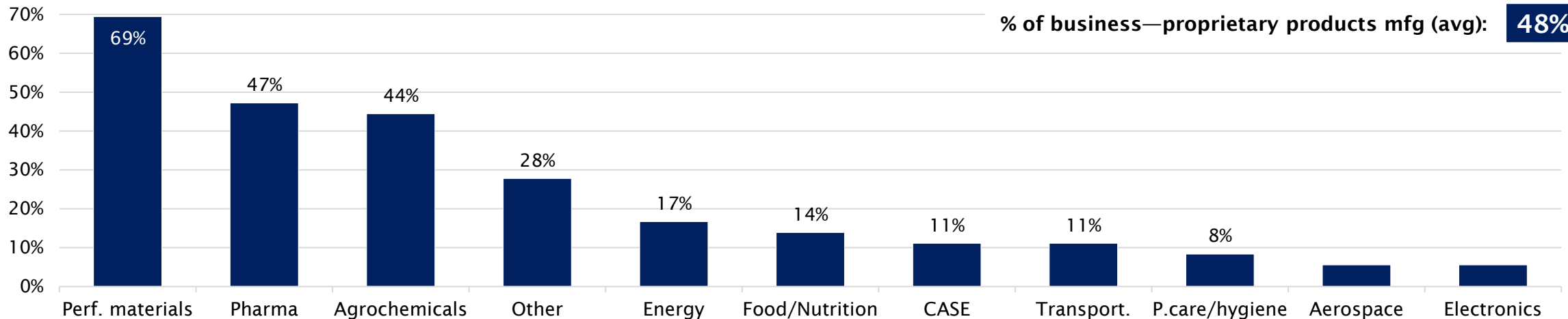
Responses by Number of Specialty Chemicals Production Plants



Responses by Number of Employees

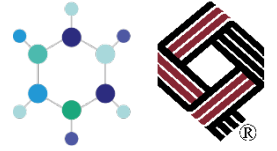


% of Responding Companies Active in Specific Market Segments

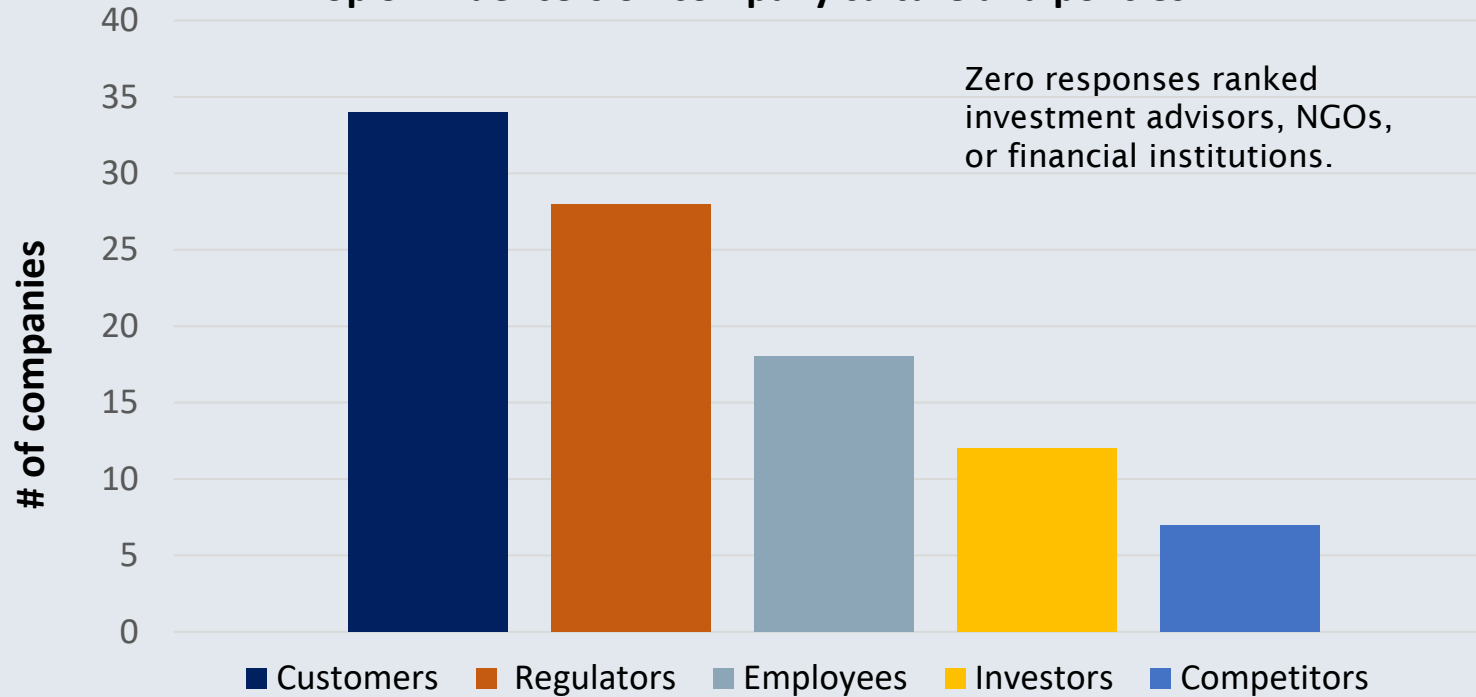


% of business—custom mfg (avg): **35%**  
 % of business—proprietary products mfg (avg): **48%**

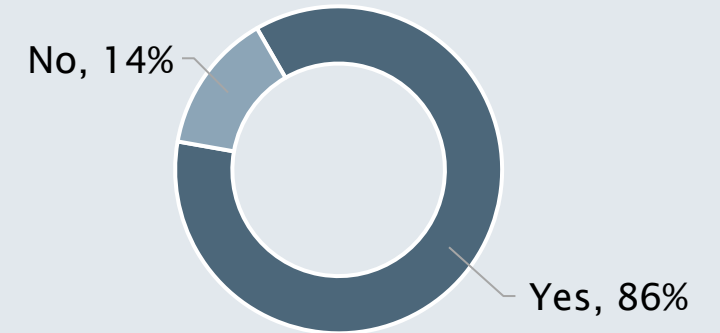
# ESG is a Hot Topic, Primarily Driven by Customer Engagement



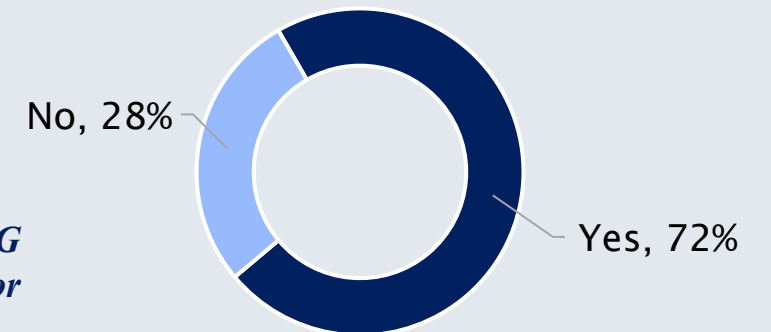
**Top 3 influencers on company culture and policies**



**Is your company having internal discussions about ESG?**



**Have you been asked for ESG information by your customers?**

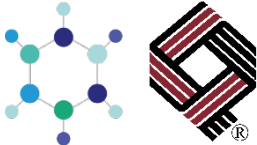


*“We are starting to see increased interest in ESG from our customers.”*

*“We are getting some push from customers and ownership level for ESG planning.”*

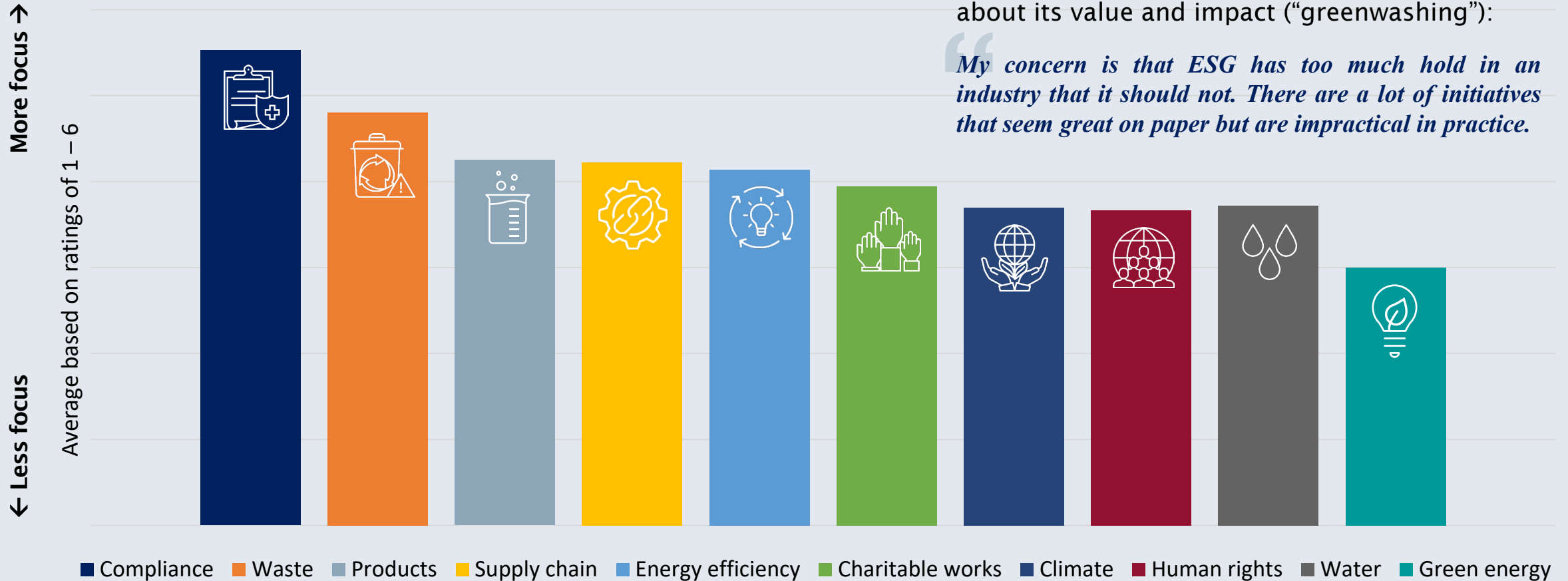
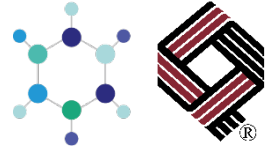
*“[We] need to delve into ESG standards/performance as a factor in employee retention /recruitment.”*

# How important is ESG? How prepared are we to meet ESG-related needs?



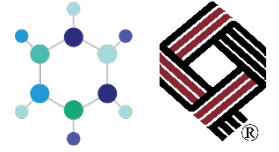
In general, most responders reported that ESG is at least somewhat important to their plans and ability to maintain/ win business. However, most companies feel only somewhat prepared or unprepared to manage ESG needs.

# On which areas of ESG is the specialty chemicals industry most focused?

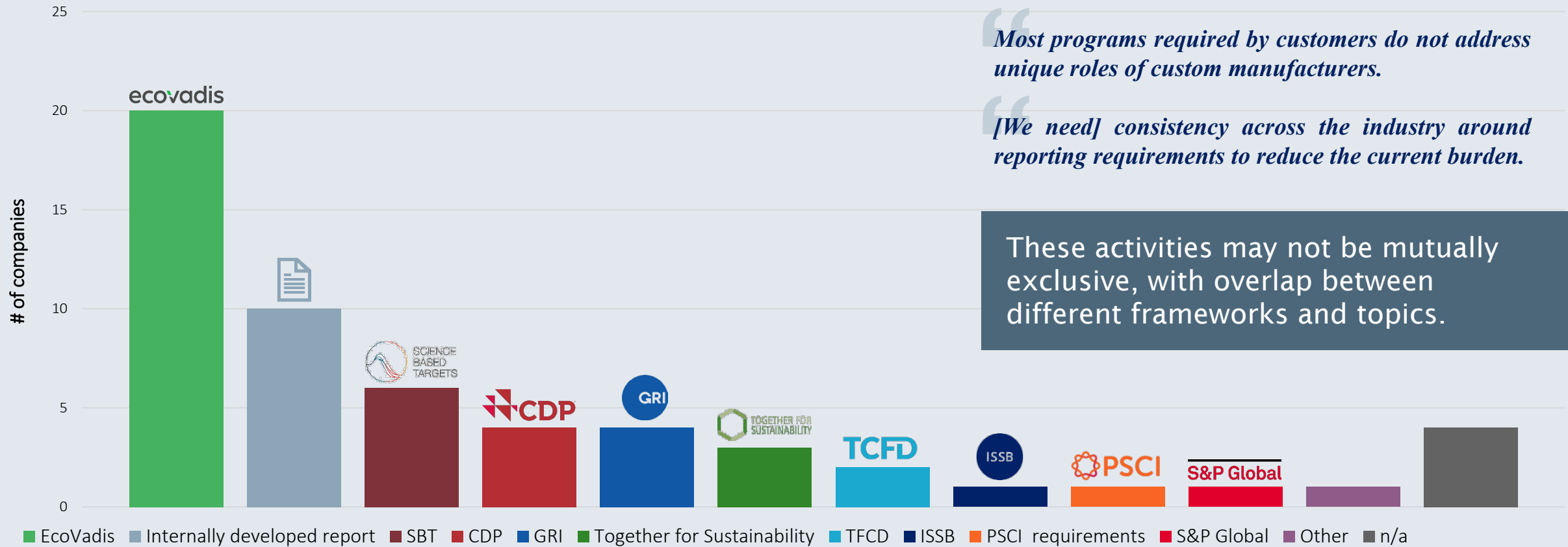


Larger companies tend to be focused on ESG across a wider range of topics, but smaller companies focus on key areas.

# What are current frameworks or standards being used?



Which current frameworks, platforms, rankings, or standards does your business use, or does it plan to use in the next year?



Some reported that current programs and frameworks are confusing or not tailored for specialty chemicals:

*“Most programs required by customers do not address unique roles of custom manufacturers.”*

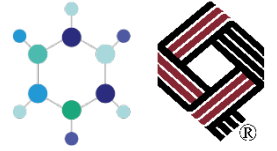
*“[We need] consistency across the industry around reporting requirements to reduce the current burden.”*

These activities may not be mutually exclusive, with overlap between different frameworks and topics.

Zero responders are using HRC or DJSI.



# ESG Survey & Interviews – Key Takeaways



## EcoVadis is most prevalent.

EcoVadis is currently the most requested ESG reporting format, but it is challenging to administer.

## ESG needs are resource demanding.

ESG needs are driven by customer requests and are frequently viewed as a “check the box” procurement activity requiring extensive time and documentation.

## Relevancies are shifting.

Many companies expressed concern about how much ESG activities represent real impacts and achievable goals.

## SOCMA Opportunities

- Develop documentation protocols for companies to **improve EcoVadis rank**.
- **Engage EcoVadis** about tailored needs (e.g. regional/sector-specific lanes).
- **Partner with other industry organizations** to engage EcoVadis.

- Develop templates to help **streamline customer engagement** (form letters, reports, etc.).
- Develop **best practices guidance for ESG metrics** (most important KPI, how to structure effective teams, etc.)
- Provide an explanation of **how ESG programs compare**, so companies can focus on the best solution(s) for them.

- **Evaluate alignment** with ChemStewards program to support future sustainability and environmental goals.
- Provide guidance on **how to engage with stakeholders** and drive meaningful conversations about ESG.
- **Generational shift** is occurring.

The survey/interviews show that ESG requests have a significant impact on company resources and may disproportionately impact smaller companies. SOCMA has the greatest opportunity to support its members when bridging the 'learning' phase between suppliers/customers and accelerating policy implementation.

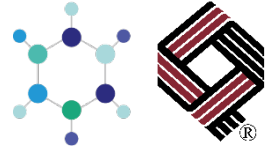


# A Manufacturer's Perspective

Seth Levine, Senior Director - Regulatory Affairs, Cambrex Corporation

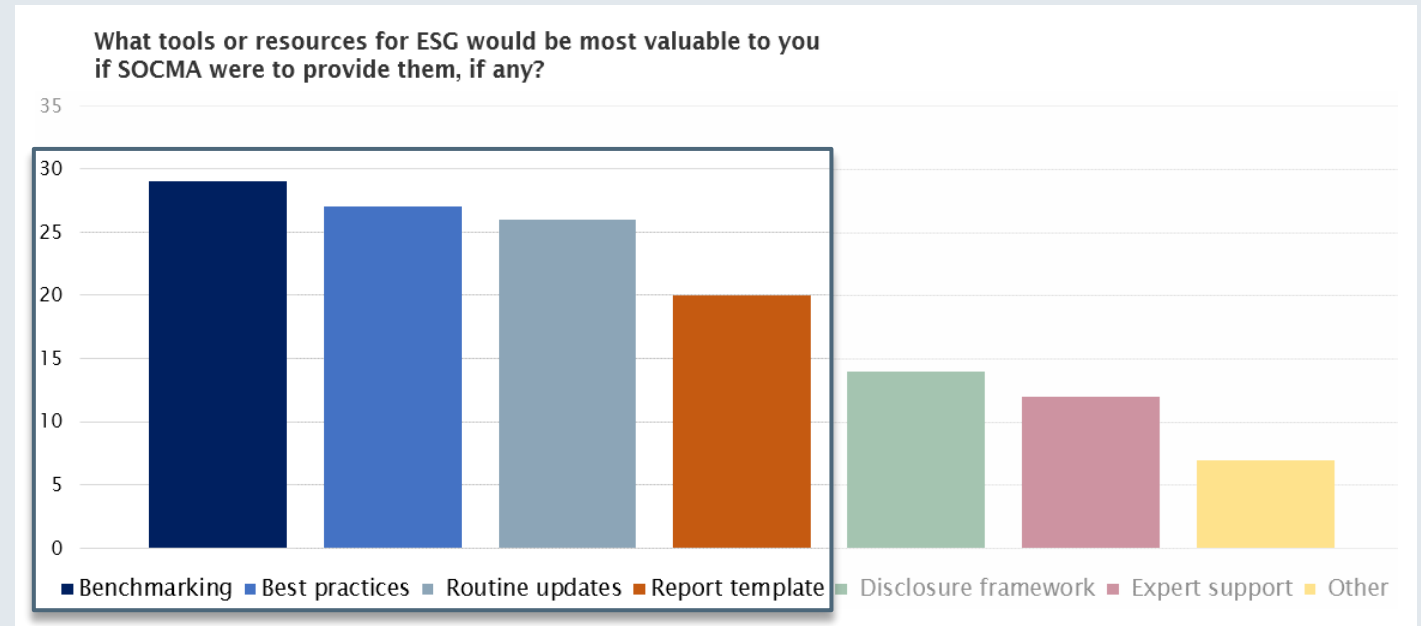


# The Path Forward



SOCMA support is needed and will provide value to its membership through the development of key resources to fill ESG gaps, while improving companies' capability and efficiency in meeting the needs of various stakeholders.

- Information on new **developments, best practices, and benchmarks** for the specialty chemicals industry
- **Frameworks and templates** that can be easily adopted by specialty chemical companies
- Information about how **available platforms and frameworks** compare and how data translates between them



The ChemQuest Group can provide **guidance and external resources** to SOCMA and/or individual members for development and implementation of company ESG goals.

# Questions?

## Edye Fox Abrams

VP, Business Development & Marketing

The ChemQuest Group

[EFAbrams@ChemQuest.com](mailto:EFAbrams@ChemQuest.com)

## Seth Levine

Senior Director - Regulatory Affairs

Cambrex Corporation

[Seth.Levine@Cambrex.com](mailto:Seth.Levine@Cambrex.com)

