



20/17

SUSTAINABILITY  
R E P O R T



Anderson  
DEVELOPMENT COMPANY

# CONTENTS

<b>Message from our President and CEO</b> .....	4
<b>Sustainability Report 2017</b> .....	7
Aim .....	7
Targets and Time covered in this Report .....	7
Global Reporting Initiative (GRI) .....	7
Contact for the Report .....	7
<b>About the Company</b> .....	8
History .....	8
Corporate Mission .....	9
Our Values .....	9
Code of Conduct .....	10
Participation in Associations and Organizations .....	11
Responsible Care® .....	12
Awards .....	13
<b>Products and Services</b> .....	14
Markets Served .....	15
<b>Corporate Governance</b> .....	16
Governance Structure .....	16
Policies and Certifications .....	17
<b>Financial Information</b> .....	17
<b>Commitment to Sustainability</b> .....	18
United Nations Sustainable Development Goals .....	18
Our Initiatives .....	19
<b>Stakeholders</b> .....	22
<b>Determining the Content of our Report</b> .....	24
<b>Our Employees</b> .....	26
Employee Health and Safety .....	27
<b>Community Engagement Strategy</b> .....	28
Educational Outreach .....	28
Community Engagement .....	31
<b>Product Responsibility</b> .....	32
Supply Chain .....	32
<b>Environment</b> .....	34
Environmental Initiatives .....	34
Energy and Emissions .....	35
Waste Management .....	36
Water .....	37
<b>Actions and Future Goals</b> .....	38
Sustainability Vision and Mission .....	38
2020 Sustainability Goals .....	38
GRI Index .....	40









**MARK KRAMER**

Anderson Development Company  
President & CEO

## *Dear Friends of Anderson Development,*

Anderson Development Company is a cutting-edge specialty chemical manufacturer located in North America. To ensure sustainable growth today and to protect our future for tomorrow, we need to pursue excellence in all facets of the triple bottom line. That is, beyond being economically viable, Anderson Development is responsible for its impacts on society and the environment. We aim for our business to be successful now and for the next 200 years. Anderson Development cannot be successful over that period in a world that fails. Anderson Development works to fulfill its mission in harmony with its surrounding community. We welcome our role as part of the fabric of the community. Much like a piece of interwoven fabric is stronger than a single thread, by working in partnership with our customers, our suppliers, our community, and our schools, we can tackle the challenges of a changing world together.

As a material science company which supplies other businesses with materials to produce a wide range of goods, many people never see the impact that our products have on making end-use products tougher or longer lasting, or the way our products allow the final goods to be produced in a manner that is more environmentally friendly and safer. Anderson Development's work is usually behind the scenes, partnering with customers to solve their problems and helping to make their businesses safe, sound, and competitive. This partnership with customers and focus on customer success is critical to Anderson Development's success.

Our people are the keys to our success, now and in the future, and we make significant investments to help them obtain the skills for our mutual long-term success. We continue to aspire to operate an incident-free workplace, and we engage all our people in our common effort for a safe and environmentally friendly workplace and community. Anderson Development must work as one team, a diverse group of people with a common aim, working cross-functionally, and accepting the challenge to creatively collaborate to achieve our goals. We begin this investment in people out in our broader community, as we partner with local schools in the education of our next generation.



While we certainly are always setting our expectations higher in our pursuit of excellence, in the last year the company has made significant progress along its journey:

- Refocused efforts towards a broader view of sustainability, from a view of just Safety/Health/Environmental and Quality excellence to a more holistic view of Sustainability and its broader impact on society. Began engaging our suppliers in a broader discussion of Sustainability and set core expectations for our suppliers.
- Continued focus on STEM education, deepened our engagement with the community and opened our doors wider to both students and teachers with a broad range of outreach, including student tours, teacher education, job shadowing and other educational support.
- Reinforced institutional learning with a very broad initiative to improve our investigation and understanding of situations in which we did not achieve our desired outcome so that we can learn, grow, and improve our processes for the future.
- Continued to improve our ability to proactively identify hazards and prevent incidents, for both occupational and process safety issues.

Since we have high aspirations, our journey is not yet complete. With our team of passionate people, I have every confidence that we will achieve our dreams.

Sincerely,

A handwritten signature in black ink that reads "Mark J. Kramer". The signature is written in a cursive, flowing style.

Mark Kramer



20/17

## SUSTAINABILITY REPORT

### Aim

The aim of this 2017 Sustainability Report is to inform all stakeholders of Anderson Development Company in a comprehensive manner about our sustainability performance. Information about our sustainability strategy and initiatives can be found on our website:

**[AndersonDevelopment.com/Sustainability](http://AndersonDevelopment.com/Sustainability)**

### Targets and Time covered in this Report

This Sustainability Report is Anderson Development's first attempt to represent the company's strategy and annual actions for the four pillars of Corporate Social Responsibility (Society, Environment, Marketplace and Workplace) for the period January 1, 2017 to December 31, 2017.

The Report includes our commitments to the principles and the strategy of Anderson Development Company towards Corporate Social Responsibility.

### Global Reporting Initiative (GRI)

This is Anderson Development's first Sustainability Report for which we used the new GRI STANDARDS as a reference to define the report content. For the report, we have been guided by the principles of the GRI STANDARDS for the content and its quality.

### Contact for the Report

For any further queries regarding the Sustainability Report for 2017, you may contact us at the following address:



**A n d e r s o n**  
DEVELOPMENT COMPANY

**Sustainability Committee  
Product Stewardship Department**

**1415 E. Michigan St.  
Adrian, MI 49221**

**[csr@anddev.com](mailto:csr@anddev.com)**





## HISTORY

***Anderson Development Company is a Specialty Chemical Company located in Adrian, MI (USA). We are a wholly owned subsidiary of Mitsui Chemicals Inc., incorporated in the state of Michigan in the USA.***

Anderson Development Company was founded in 1966 and incorporated in 1968 by Mr. Amos R. Anderson, after a long career in research and operations at leading chemical companies. Mr. Anderson's leadership and expertise in organometallic chemistry was pivotal to building a solid reputation for the development and manufacture of unique specialty chemicals. Over the years, the company evolved from contract research to contract manufacturing to development and manufacturing of differentiated high performance specialty materials. Anderson Development now serves the chemical industry as a key producer of thousands of tons of unique proprietary products for the coatings, elastomer, pharmaceutical, catalyst and electronics markets, as well as assisting other leading companies with toll manufacturing of select products within our chemical competencies. Core competencies include a wide range of batch chemistries like Acrylic and Urethane polymers, Organometallics, Organoboron reagents, and many others, including the necessary separation and purification processes required to produce high quality products.

In 1988, the company was acquired by Mitsui Toatsu Chemicals, which later merged with Mitsui Petrochemicals to become Mitsui Chemicals. Anderson Development's current product lines consist of a diverse line of differentiated specialty chemicals developed organically in our Adrian Research Facilities, transplanted from Mitsui Chemicals Research in Japan, or developed by and custom manufactured for leading Fortune 100 chemical companies. Anderson Development can either work completely independently from Mitsui Chemicals or cooperatively with Mitsui Chemicals, with complete secrecy and intellectual property protection or utilizing Mitsui Chemicals significant resources, depending on customer requirements. Independently operated, Anderson Development Company serves as the business center and technical center of excellence for a number of product lines within the Mitsui Chemicals Group.

Anderson Development has maintained its entrepreneurial and developmental spirit while evolving into a global manufacturer using the systematic ISO 9001, ISO 14001, RC14001 and cGMP

work processes needed to exceed the expectations of Quality, Safety, and Environmentally focused industries like top tier Automotive, Coatings, Pharmaceutical, and Semiconductor Manufacturers, while remaining globally cost-competitive.

***Anderson Development has remained in Adrian, Michigan, growing into a diversified performance and fine chemical company specializing in many chemistries and toll manufacturing.***

Anderson Development's business has grown globally over the last 50 years, with products produced in Adrian, proving their quality and competitiveness with major exports to Europe and Asia. While Anderson Development may not be a household name, our customer focus has been crucial to commercializing, manufacturing, and selling products which are widely used by both domestic and international companies for the manufacture of leading end-use products. It is guaranteed that you have seen our products in action, and Anderson Development is proud to be supplying the world's industries.

## CORPORATE MISSION

“Anderson Development Company will be a global supplier of innovative specialty chemical products, striving for continual improvement in all of our operations. It is our goal to be personal, efficient, and responsive to our customers and employees. We will provide a team-oriented atmosphere while allowing for individual diversity among our employees.”

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## OUR VALUES

***As a respected member of the community, both global and local, it is essential that Anderson Development’s business is conducted in accordance with the highest standards.***

**Responsible Operation** – All our operations will be conducted in a safe and environmentally sound manner, in compliance with all regulations. Anderson Development will endeavor to operate in harmony with our community.

**Ethical and with Integrity** – We will always act in good faith for people and society. We will act ethically and with integrity, and always follow our Code of Conduct.

**Customer Focus** – Anderson Development only succeeds when our customers succeed. Providing solutions to our customers to meet their needs is key to this success. We work every day to earn their trust and ensure their satisfaction.

**Quality of Life** – Anderson Development will work to improve the quality of life of our stakeholders- customers, employees, community, and shareholders.

**Continual Improvement** – We will challenge ourselves and never rest on the success of our past achievements. Using what we have learned, we will continue to move forward developing our business and ourselves. We will trust in our potential as we move forward and not fear failure.

**Team Oriented Atmosphere** – Our company and our associates are made stronger by working together towards our common mission. We will actively communicate, collaborate, and use our individual strengths to achieve success together.

**Individual Diversity** – Anderson Development values the differences that each unique associate brings to the team. We will encourage diversity.

## CODE OF CONDUCT

***The Anderson Development Company Code of Conduct states that every employee should act with integrity and responsibility, following the Guidelines described below:***

- **Quality of Life** – We will take the initiative in addressing quality, environmental, health, safety, and security issues to preserve the global environment and secure safety as per the Anderson Development Company Sustainability Policy.
- **Customer Satisfaction** – We will supply products and services that meet or exceed the requirements of our customers.
- **Conflicts of Interest** – Anderson Development Managers, Directors and Executives are required to disclose any personal interest they may have on any issue that is being considered by Anderson Development’s Board of Directors. All employees are required to refrain from participating in any activity in which they will profit, directly or indirectly, due to their affiliation in any form with another entity doing business with Anderson Development or which is in competition with Anderson Development.
- **No Improper Influence** – Anderson Development expects all employees to use only legitimate practices in commercial operations and in promoting the company’s position on issues before governmental authorities. As stated below, “kickbacks” or “bribes” intended to induce or reward favorable buying decisions and governmental actions are unacceptable and prohibited. Suppliers will be handled on a non-discriminatory basis, without reference to personal relationships, and consistent with federal laws and regulations. No director, officer, or employee shall seek or accept entertainment or gifts exceeding industry standards from suppliers or others with whom the company does business.
- **Confidentiality** – Employees must maintain the confidentiality of confidential information entrusted to them by Anderson Development or its customers, except when disclosure is authorized by the President of the company by executed Non-Disclosure Agreements or required by law or regulation. If there is a question as to the confidentiality of an item of information, it must be referred to senior management for a decision. Any improper disclosure is likely a breach of contract and could lead to liability to the owner of the confidential information as well as serious damage to the company’s reputation. The obligation to preserve confidential information continues even after employment terminates.
- **Accounting Information** – Employees are prohibited from making any false, misleading, or incomplete statements, or providing incomplete or incorrect information to our accountants and auditors in their preparation or audit of Anderson Development’s financial statements. Accounting policy objectives are to standardize the financial reporting to provide adequate internal controls that insure records and reports are in accordance with Generally Accepted Accounting Practices (GAAP).
- **Compliance with Laws and Regulations** – Obeying the law is the foundation on which our ethical standards are built. All employees must respect and obey the laws of the cities, states, and countries in which we operate. Anderson Development holds training sessions to promote compliance with laws and regulations.
- **Labor Practices** – We are committed to creating an environment that is diverse and free from discrimination and harassment. We will provide equal opportunity in employment to all employees and applicants for employment. Comments or actions that encourage or create a hostile work environment will not be tolerated.



## PARTICIPATION IN ASSOCIATIONS AND ORGANIZATIONS

Anderson Development partners with organizations around the world, supports global sustainability initiatives, and engages regularly with outside stakeholder groups. Based on our size, global scale, and unique capabilities, we can devote considerable resources and expertise toward helping solve some of the world's greatest sustainability challenges. In addition to our direct business engagement, many of our sites and employees give back through corporate philanthropy and volunteerism.

Additionally, we participate in many associations and organizations at the regional, national, and international level. Examples of those most relevant to our sustainability initiatives are highlighted below:

### Industry

- American Chemistry Council
- Michigan Chemistry Council
- Polyurethane Manufacturers Association
- Detroit Society for Coating Technology
- Center for the Polyurethane Industry
- Powder Coatings Institute

### Community and Charitable

- Lenawee Intermediate School District – Advisory Committee for Biochemical Technology (partner for program)
- Lenawee County Chemical Industry Network
- Michigan Economic Development Corporation
- Local Emergency Response Initiatives
- Local Fire, Police and Hospital support
- Stubnitz Environmental Education Center
- Daily Bread of Lenawee County (Food Pantry)
- Goodwill Industries of Southeastern Michigan
- Habitat for Humanity Lenawee County

### Professional

- National Safety Council
- The Society for Human Resources Management
- Human Resource Association of Southeast Michigan
- American Chemical Society
- ASQ
- National Human Resources Management Association
- International Foundation of Employee Benefit Plans
- The Employers' Association
- Alliance of Hazardous Materials Professionals
- American Institute of Chemical Engineers
- American Society of Mechanical Engineers
- International Society of Automation
- Institute for Supply Management Inc. (Certified Purchasing Manager)
- Michigan Association of Certified Public Accountants



“I was first introduced to ADC through the iChallengeU program, which allows students to work on a real-world question with an industry partner for two weeks. iChallengeU is a great way to show students what it is like to work in industry and empower them to solve problems. ADC is our most active and strategic partner.”

Carley Kratz, Ph.D.  
Biochemical Technology  
Instructor,  
LISD Tech Center





## RESPONSIBLE CARE<sup>®</sup>

***At Anderson Development, the protection of our local and global communities is critical to the long-term success of our customers and to the long-term success of our company. Anderson Development follows the principles of Responsible Care<sup>®</sup> which aim to continually improve performance related to the environment, health, safety, and security with a focus on our stakeholders.***

Environmental, health, safety, and security performance has improved greatly through implementation of the **Responsible Care<sup>®</sup>** by American Chemistry Council (ACC) members.

Involvement in **Responsible Care<sup>®</sup>** is required for all ACC member companies. Some of the program elements include:

- Determining and publicly reporting performance
  - Meeting **Responsible Care<sup>®</sup>** Security Code requirements
  - Using the **Responsible Care<sup>®</sup>** management system. This includes system planning, implementing the system, checking to make sure that it is working properly, and management taking the necessary steps to improve the system.
  - Obtaining an independent certification that the management system is functioning properly.
- Responsible Care<sup>®</sup>** is a global initiative. It is practiced in economies around the world with the goal of promoting the safe and secure management of chemicals, products, and processes.
- Anderson Development is committed to the ACC **Responsible Care<sup>®</sup>** Guiding Principles:
- To lead in ethical ways that increasingly benefit society, the economy, and the environment.
  - To design and develop products that can be manufactured, transported, used, and disposed of or recycled safely.
  - To work with customers, carriers, suppliers, distributors, and contractors to foster the safe and secure use, transport and disposal of chemicals, and provide hazard and risk information that can be accessed and applied in their operations and products.
  - To design and operate facilities in a safe, secure, and environmentally sound manner.
  - To instill a culture throughout all levels of the organization to continually identify, reduce, and manage process safety risks.
  - To promote pollution prevention, minimization of waste and conservation of energy and other critical resources at every stage of the life cycle of products.
  - To cooperate with governments at all levels and organizations in the development of effective and efficient safety, health, environmental and security laws, regulations, and standards.
  - To support education and research on the health, safety, environmental effects, and security of products and processes.
  - To communicate product, service, and process risks to stakeholders and listen to and consider their perspectives.
  - To make continual progress toward a goal of no accidents, injuries, or harm to human health and the environment from products and operations, and openly report health, safety, environmental, and security performance.
  - To seek continual improvement in the integrated **Responsible Care<sup>®</sup>** Management System<sup>®</sup> to address environmental, health, safety, and security performance.
  - To promote **Responsible Care<sup>®</sup>** by encouraging and assisting other companies to adhere to these Guiding Principles.

## AWARDS

***During 2017, we received a significant award from Plan Tech, the “2017 Polyurethane Supplier Excellence Award”. Plan Tech has been supplying high-quality cast urethane parts around the world for the last 30 years and has come to rely on our experience when identifying new applications that demand superior technical support.***



From the start of a new project, the Anderson Development technical support team assists Plan Tech’s design team with selecting the best polyurethane chemistry based on the desired durometer, tensile strength requirements and compression set criteria needed for the application. The benefits of casting with high-performance polyurethane from Anderson Development is a material consistency which allows Plan Tech to produce such high-performance products as urethane gears and sprockets, urethane idler wheels and thousands of other custom molded parts all backed with physical properties unmatched to similar material.

Being partnered together for three decades has made it possible for Plan Tech to provide replacement and OEM custom cast urethane parts to industrial manufacturing companies. The industries that Plan Tech manufactures custom urethane parts for require high-performance, strong tensile strength and enhanced abrasion resistance. The industries range from conveyor systems utilizing urethane bearings, amusement park rides with custom flume wheels and urethane gears and sprockets for the farming industry.

**/// Plan Tech**  
**Urethane Cast to Last**

Anderson Development, as a world leader in the polyurethane industry, has also helped Plan Tech when a custom application requires additional abrasion resistance. Anderson Development has been a leader in the development of specialty urethane prepolymers to significantly enhance the material performance. Plan Tech relies on Anderson Development’s best in class, rapid, on-time delivery performance. This on-time delivery performance helps Plan Tech business from carrying high amounts of working capital while keeping brand new polyurethane ready to manufacture custom polyurethane parts for its customers.

Over the decades, many startup polyurethane companies have tried to duplicate Anderson Development’s material performance but none have come close to the durability of Anderson Development’s signature line of polyurethanes. All of Anderson Development’s varieties of polyurethanes are extremely predictable, making custom castings and moldings possible for high volume demands. From bubble gum soft to rock hard urethane for high abuse applications, Anderson Development delivers the support and quality needed for any business to be successful.

***“Industrial applications for polyurethane continues to grow worldwide. Anderson Development Company is recognized as having market-leading expertise. This expertise, combined with Plan Tech’s three decades of custom cast urethane experience, is a key driver in our ability to continue to grow our business.”***

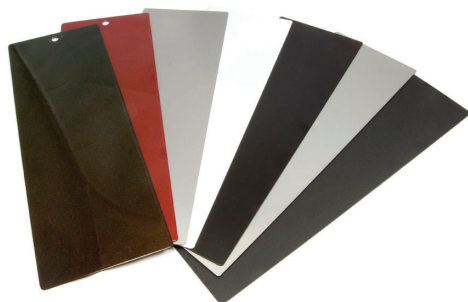
*Melanie Patten, Plan Tech VP of Operations.*



## PRODUCTS AND SERVICES

**At Anderson Development Company, we focus on our customer's success, and are committed to providing our customers value-added solutions. We are a specialist in custom manufacturing with 50 years of diverse experience in synthesis, distillation, blending, crystallization, filtering, and related processes. Spacious, well equipped and maintained facilities are available for producing intermediates or finished products.**

Our Almatex® acrylic resins, Andur® urethane prepolymers and Curene® curatives, and Almabor® boron compounds are just three product lines that empower hundreds of applications world-wide, in markets as diverse as automotive coatings, adhesive, sealant, elastomers, semiconductors, pharmaceuticals, and catalysts.



### Almatex® Acrylic Resins

Almatex® acrylic resins represent a wide range of high quality, crystal clear acrylic powder coating resins. These resins are mainly GMA acrylics (epoxy functional), although hydroxyl functional or carboxylic functional acrylics (HFA or CFA) are also available.

Powder coating made from Almatex® GMA acrylics is especially noted for weather durability, gloss, crystal clarity, chemical resistance, and smooth finish. The resins exhibit excellent oven-bake tolerance, good caking stability, excellent electrical insulation properties, and an outstanding performance in electrostatic spraying equipment. These products allow application of the coating without solvent, allow the recovery and reuse of overspray, and require low temperatures for curing. Their use provides significant VOC reductions and a lower carbon footprint for the end user.

**Applications:** *automotive coatings, aluminum wheels, outdoor furniture, lawn and garden equipment, various architectural uses*



### Almabor® Boron Compounds

Anderson Development is one of the world's largest merchant producers of specialty borate esters. Anderson Development is a global supplier of a boron-based product line, Almabor®, including: Triisopropyl Borate (TiPB), Triethyl Borate (TEB), Tri-n-Butyl Borate (TnBB), Trimethoxyboroxine (TMBX), among others. Anderson Development serves a diverse range of highly specialized industries with boron applications including electronic chip manufacturing, chemical intermediates, catalysts, fuel and lubricant additives, adhesion polymers, liquid crystal manufacturing, and more.

**Applications:** *pharmaceutical synthesis, electronics, adhesion and lubrication additives, oil fields*

**Andur® and Curene® Urethane Elastomers**

Anderson Development is a global supplier of urethane elastomer systems. Our highly qualified technical team readily develops custom prepolymer and curative solutions to customer problems with the goal of extending part life and durability. Anderson Development offers products from a wide variety of chemistries including MDI, TDI, Low-Free TDI, and Aliphatic Systems.



Our urethane technology and sales teams work in partnership with customers to design and specify the system to best solve customer problems and to allow their products to be more durable and effective, in whatever the application may be. Anderson Development does not take a “one-size fits all” approach, but instead provides optimized systems to maximize customer success. With an optimized system, end users can achieve a longer life for their parts, enabling a lower environmental footprint.

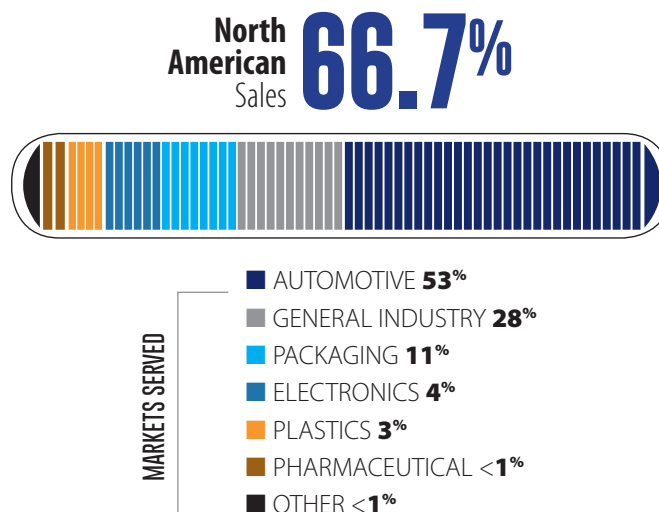
**Applications:** *elastomers, adhesives, sealants - market segments including: industrial wheels and tires, rolls and coverings, mechanical goods, semiconductor manufacturing, mining and oil field, recreational sports, agriculture*

**Custom Manufacturing**

Anderson Development focuses on long-term manufacturing agreements to select customers for products in which Anderson Development is best positioned to serve. In these cases, we extend the manufacturing capabilities of our customers. These relationships have endured and thrived for as long as 40 years, with Anderson Development serving its customers as the sole source for global supply.

**MARKETS SERVED**

Anderson Development is a global company with sales in various locations. North America accounts for 66.7% of our sales. We mainly serve the automotive and industrial markets (>90% of our business), as well as the electronics and pharmaceutical markets, among others.



We don't take a “one-size fits all” approach. Instead, we provide optimized systems to maximize customer success. End users achieve a longer life for their parts, enabling a lower environmental footprint.



## CORPORATE GOVERNANCE

**Strong corporate governance is an integral part of our core values and supports our sustainable growth mission. We are committed to having sound corporate governance principles and practices.**

### GOVERNANCE STRUCTURE

As a wholly owned subsidiary of Mitsui Chemicals America, a wholly owned subsidiary of Mitsui Chemicals, Inc., Tokyo, Anderson Development Company functions as an independent entity that is fully consolidated into the Coating and Engineered Materials Division, within the Food and Packaging Materials Division of Mitsui Chemicals. Anderson Development is registered in the US as a Michigan corporation.

Our company's governance processes are integrated with that of Mitsui Chemicals and board processes are designed to keep board members informed of significant

economic, environmental, and social issues impacting the company.

As a wholly owned consolidated subsidiary, Anderson Development is subject to oversight and audit by staff functions from Mitsui Chemicals and Mitsui Chemicals America for all areas, including but not limited to Internal Controls (JSOX), Responsible Care® (Safety and Environmental) and Quality Management. These Mitsui Chemicals staff functions assist the Board of Directors in fulfilling its oversight responsibilities regarding all Sustainability related issues.

#### **Anderson Development is governed by a board of directors comprised of:**

##### **Yasunori Nishiyama**

*Chairman of the Board  
Anderson Development Company  
President of Mitsui Chemicals America*

##### **Dr. Shinichi Nakagawa**

*Mitsui Chemicals America  
Representing the Coatings and Engineered Materials Division  
and Mitsui Chemicals America*

##### **Takefumi Suzuki**

*Director Mitsui Chemicals  
Representing the Coatings and Engineered Materials Division*

##### **Mark Kramer**

*Anderson Development Company  
President and CEO*

##### **Heather Hawley**

*Anderson Development Company  
CFO, Treasurer and Corporate Secretary*

#### **The board of directors has only one committee, the Executive Committee, comprised of all the US based directors, which governs the routine operations of the company.**

##### **Yasunori Nishiyama**

*Chairman of the Board of Anderson Development Company,  
President of Mitsui Chemicals America*

##### **Mark Kramer**

*Anderson Development Company  
President and CEO*

##### **Dr. Shinichi Nakagawa**

*Mitsui Chemicals America, Representing the Coatings and  
Engineered Materials Division and Mitsui Chemicals America*

##### **Heather Hawley**

*Anderson Development Company  
CFO, Treasurer and Corporate Secretary*

## POLICIES AND CERTIFICATIONS

We embed responsible and sustainable practices into our procedures to support and enhance the safety and health, process safety, environmental product stewardship, community awareness and emergency response, and security of our operations. One of the ways that we achieve this is by aligning our operations and activities with:

- Responsible Care® Management System
- ISO 9001 Quality Management
- RC14001 Technical Specification
- ISO 14001 Environmental Management
- ICCA Global Responsible Care® Charter

We also apply policies from our parent company, Mitsui Chemicals, in our daily operations. These policies can be found here:

[mitsuichem.com/en/csr/research/policy.htm](https://mitsuichem.com/en/csr/research/policy.htm)

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## FINANCIAL INFORMATION

Anderson Development Company is 100% subsidiary of Mitsui Chemicals.  
The financial results of Mitsui Chemicals can be viewed here:

[mitsuichem.com/en/ir/library/](https://mitsuichem.com/en/ir/library/)



**Mitsui Chemicals**  
Group

## COMMITMENT TO SUSTAINABILITY

***As a global supplier of innovative specialty chemicals, Anderson Development is committed to improving environmental, health, safety, and security performance.***

### **Anderson Development Company Sustainability Policy**

At Anderson Development Company, we are committed to Sustainability by enhancing the “Quality of Life” of our stakeholders by striving for an incident free workplace through the continual improvement of:

- Health, Safety and Security
- Environmental Preservation through consideration of the environmental, health, safety and security impacts of our activities, products, and services
- Customer satisfaction
- Meeting compliance obligations and other agreed upon commitments; and Supporting the Responsible Care® Guiding Principles

This policy describes our intentions and provides direction for conducting business.

To demonstrate our commitment, Anderson Development has obtained registration to RC14001, an environmental, health, safety, and security management system standard. Continuously improving product quality, service, and overall value to customers is at the heart of our strategy. As an instrumental part of this strategy, Anderson Development has adopted ISO 9001 as our model for quality assurance and has obtained registration for the Acrylic Resin process, and we operate other processes in compliance with that standard.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Anderson Development Company recognizes that the protection of our local and global communities is vital to the future of our company. We pledge to support the United Nations Sustainable Development Goals by contributing to goals and targets that are material to our organization, where we can achieve the greatest impact. Our actions correlate to:

- SDG 3 – Good Health and Well Being
- SDG 4 – Quality Education
- SDG 10 – Reduced Inequalities
- SDG 12 – Responsible Consumption and Production



Continuously improving product quality, service, and overall value to customers is at the heart of our strategy, guiding us to adopt ISO 9001 as our model for quality assurance and obtain registration for the Acrylic Resin process in compliance with that standard.







Safety matters. We support and encourage a safe, healthy lifestyle through education and a focus on well-being.



We actively support and invest in quality education through internships, scholarships, and community events.



From our mission statement to our processes, we support diversity, equality, and fairness for all employees.



Our goals include the responsible use of natural resources to design and manufacture products supporting sustainability.

Our sustainability initiatives intersect with four of the 17 goals outlined in the 2030 Agenda for Sustainable Development.

## OUR INITIATIVES

### HAZWOPER (Hazardous Waste Operations and Emergency Response) Training

Mitsui's Chemical Safety Day

iChallengeU Participant and Host

Manufacturing Day Participant and Host

Lenawee County Chemistry Teachers Association Sponsor

Payback For Education Participant and Host

First Robotics Sponsor

### Scholarship Opportunities

Strokes For Students Participant

Job Shadowing & Internship Opportunities

CO-OP Opportunities

Recycling Initiatives

Household Hazardous Waste Collection Event Sponsor

Almatex<sup>®</sup> Acrylic Resin:  
The Sustainable Solution

## HEALTH AND SAFETY

Anderson Development strives for an accident and injury free work place by identifying and eliminating workplace hazards. Anderson Development provides employees with the equipment, procedures, and training necessary to reduce exposure to hazards. In addition, Anderson Development provides information to employees which is intended to help our people manage their own personal well-being.

Although our products provide many benefits to society, they must be managed in a responsible manner to prevent negative impacts to people and the

environment. Anderson Development is committed to promoting product safety and stewardship throughout the value chain. This includes all aspects ranging from sourcing raw materials to our customers using and disposing of our materials.

Anderson Development is strongly committed to preventing catastrophic accidents associated with the manufacture of chemicals. To this end, we support a culture that promotes process safety. Proper design, operation, and maintenance of facilities are important aspects of process safety.

## ENVIRONMENTAL MANAGEMENT

Anderson Development aspires towards waste minimization and environmental preservation through sound operation of its manufacturing facilities as well as through the development of new products and technologies.

### QUALITY

Anderson Development strives to be a customer focused organization that aspires to understand and meet our customers' requirements. As a learning organization, to better serve the customer, to be more efficient, and to do things right the first time, Anderson Development is focused on continual improvement and embraces opportunities to learn and improve.

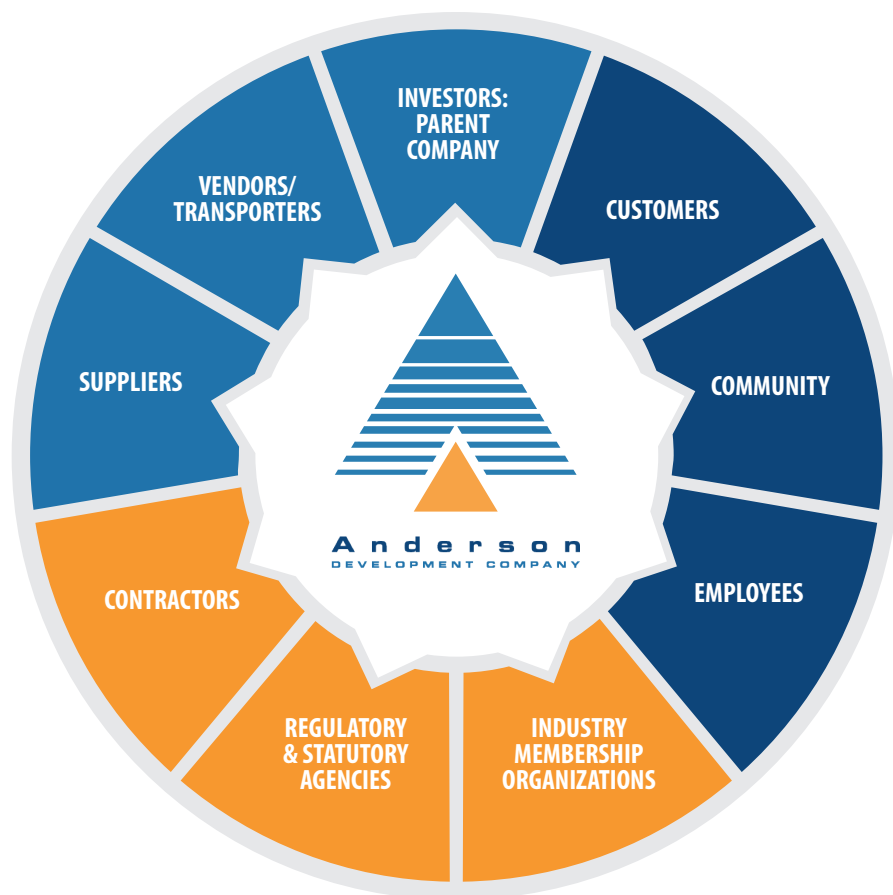
### SECURITY

Anderson Development cooperates with the appropriate governmental agencies, such as the Department of Homeland Security and local municipalities, to preserve the security of our community through the protection of the public, our employees, facilities, products, and information.

## MANAGEMENT SYSTEM

Anderson Development utilizes an integrated management system based on the concept of Plan, Do, Check, Act. We are committed to conforming to Quality and Responsible Care® Management System (QRCMS) requirements. We set and review goals and objectives to ensure continual improvement in our QRCMS. We promote a spirit of openness with our key interested parties, considering employee, public, and customer inputs. This policy is communicated to all persons working for and on behalf of the organization and is available to the public.





## STAKEHOLDERS

We recognize the importance of all stakeholder groups whether these are internal stakeholders such as employees or external stakeholders such as suppliers and customers. Primary stakeholders we have identified are shown at the left:



OUR STAKEHOLDERS	WHAT THEY EXPECT FROM US	COMMUNICATION Channels and Frequency of Engagement
Investors: Parent Company Mitsui	Expect the organization to manage its risks and opportunities that can affect an investment; Expect the organization to follow procedures and requirements	<ul style="list-style-type: none"> <li>• Board Meetings</li> <li>• Annual Reports</li> <li>• Routine Audits</li> </ul>
Customers	Expect product quality, safety and reliability, sales and distributions, supply and demand for products, ethical business practices, data protection and privacy, issues related to products, packaging, product end of life, pricing, manufacturing processes	<ul style="list-style-type: none"> <li>• Direct Contact Through Sales/ Marketing, Technical Service, Customer Service</li> <li>• Industry Meetings</li> <li>• Annual Survey</li> <li>• Social Media</li> <li>• Annual Newsletter</li> </ul>
Community- Lenawee Intermediate School District; Community Representatives; First Responders; Lenawee County Chemical Manufacturers	Expect socially acceptable performance, honesty, and integrity; Expect a safe and healthy environment	<ul style="list-style-type: none"> <li>• Social Media</li> <li>• Neighbors (Biennial Surveys- Hazardous Waste Collection Event)</li> <li>• First Responder Training Events</li> <li>• LCCM – Quarterly Meetings</li> <li>• Schools – Annual Education Events</li> </ul>
Employees	Expect ethical business practices, business performance, sustainable innovation, workplace health and safety, human capital development, diversity and inclusion, human rights, access to and affordability of medicines, data protection and privacy	<ul style="list-style-type: none"> <li>• Direct Management Contact</li> <li>• Routine Gemba Walks</li> <li>• Open Door Policy</li> <li>• Conflict Resolution Policy</li> <li>• Annual Performance Reviews</li> <li>• Social Media</li> <li>• Quarterly Employee Meetings</li> <li>• Quarterly Newsletter</li> <li>• Training Program</li> <li>• Employee Assistance Program</li> </ul>
Industry membership organizations	Expect collaboration on EHSS issues (Ethical business practices; Community Engagement/Impact; Sustainable Sourcing/Procurement)	<ul style="list-style-type: none"> <li>• Membership</li> <li>• Annual Conferences</li> <li>• Quarterly &amp; Biannual Meetings</li> <li>• Social Media</li> </ul>
Regulatory or statutory agencies	Expect demonstration of legal compliance	<ul style="list-style-type: none"> <li>• Direct Engagement; Meetings</li> </ul>
Contractors	Expect to work in a safe and healthy environment	<ul style="list-style-type: none"> <li>• Annual Safety Training</li> <li>• Daily direct engagement</li> </ul>
Suppliers	Expect unbiased meeting of Supply and Demand; Ethical Business Practices	<ul style="list-style-type: none"> <li>• Surveys and Direct Contact Through Procurement</li> </ul>
Vendors / Transporters	Expect safe handling and delivery of raw materials and products	<ul style="list-style-type: none"> <li>• Daily Direct Engagement;</li> <li>• Vendors: Annual Contractor Safety Training</li> </ul>



## DETERMINING THE CONTENT OF OUR REPORT

To determine those sustainability issues directly related to our operations and activities, we used a three-channel approach. Firstly, through our daily and frequent engagement with our key stakeholder groups, we were able to derive those issues that directly influence their relationship with Anderson Development, as well as those issues that are of high concern to them. Secondly, we considered the impact we have as a company to each issue, through our operations and performance. Thirdly, we performed a benchmarking of sustainability reports of our sector to verify that all issues considered of high importance by the sector are included in the report. Thus, we were able to determine that the following topics are of high importance to us, and thus included in the report:





## OUR EMPLOYEES

Total Company turnover rate in 2017  
**11.6%**

Average length of service in 2017  
**12.27 YEARS**

New hires by age group

Age <30 = **9**  
Age 30-50 = **7**  
Age >50 = **1**

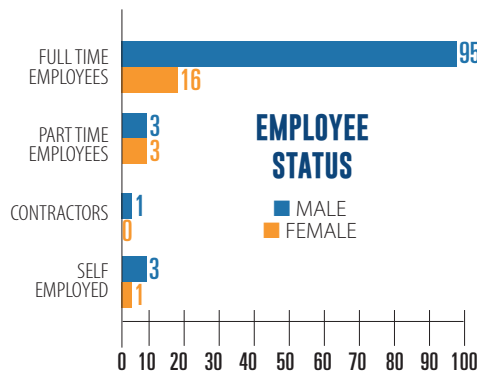
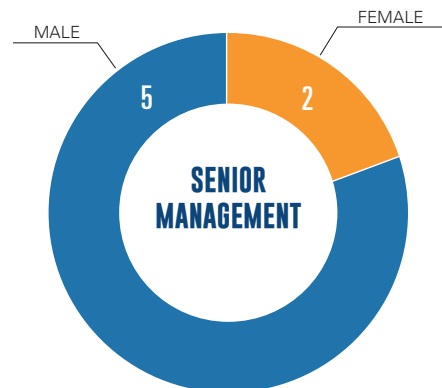
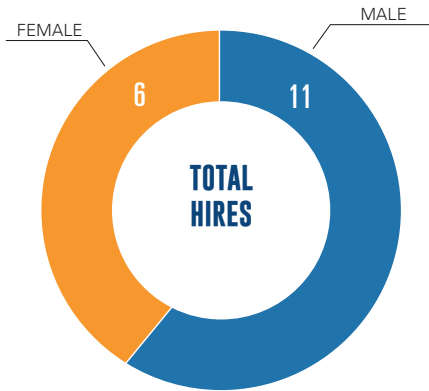
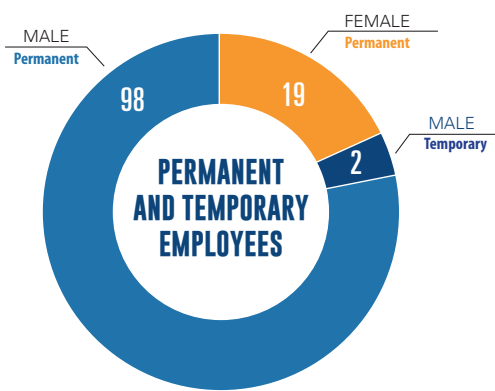
**117**  
Employees as of December 31, 2017

Our employees are our power. We strive to provide them with a friendly and pleasant working environment. Our goal is to offer them a safe and positive working experience, proper rewards, and to support and recognize their potential.

Our goal is to inspire our people. We support career development and enhance the self-esteem of our employees through rewards and promotions. We encourage our employees to confront challenges and to further develop their abilities.

Furthermore, we stimulate meritocracy, equal opportunities, and motivation; we invest in our employees and they express their gratitude by supporting us throughout their working career.

Our belief is that consistent and relevant training is the key to succeed in our development goals. Therefore, we have managed to build specific strategies for every department and reward plans for highly qualified employees.



## BENEFITS

### Eligible Full-Time Employees:

▶ **MEDICAL INSURANCE**  
(Including prescription drug coverage): employees may elect to opt-out with proof of coverage elsewhere and receive a monthly opt-out from the Company. The Company pays 90% of the premium.

▶ **DENTAL INSURANCE**  
The Company pays 50% of the premium.

▶ **VISION INSURANCE**  
The Company pays 50% of the premium.

▶ **FLEXIBLE SPENDING ACCOUNT**  
The Company provides a competitive incentive.

▶ **DEPENDENT CARE ACCOUNT**  
The Company offers a Dependent Care Reimbursement Account for employees. The employee pays 100% of the premium.

▶ **SHORT TERM DISABILITY**  
The Company pays 100% of the monthly premium.

▶ **LONG TERM DISABILITY**  
The Company pays 100% of the monthly premium.

▶ **LIFE AND AD&D INSURANCE**  
The Company pays 100% of the monthly premium.

▶ **VOLUNTARY LIFE INSURANCE**  
Employees may purchase additional life insurance for themselves, spouse, and dependents. The employee pays 100% of the premium.

▶ **EDUCATIONAL ASSISTANCE**  
The Company believes in supporting and encouraging employees who desire to grow professionally through increased job-related knowledge and skills. To demonstrate this commitment, we have established an Educational Assistance Program, available to active employees occupying a permanent position who have completed at least one (1) year of service.

### Eligible Full-time and Part-time Employees:

▶ **401(K) PLAN**  
Employees will receive a competitive company match.

▶ **EMPLOYEE ASSISTANCE PROGRAM**  
The Company sponsors an EAP to help employees and their families. Employees and/or their dependent can receive a specified number of free visits to address concerns/issues.

## EMPLOYEE HEALTH AND SAFETY

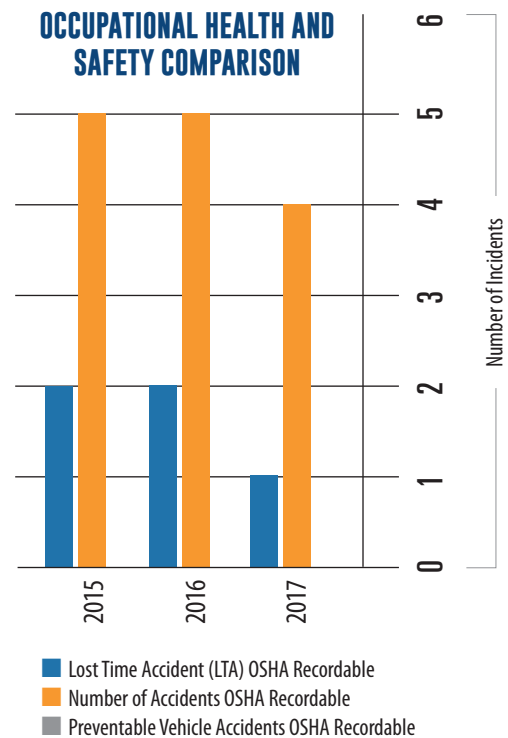
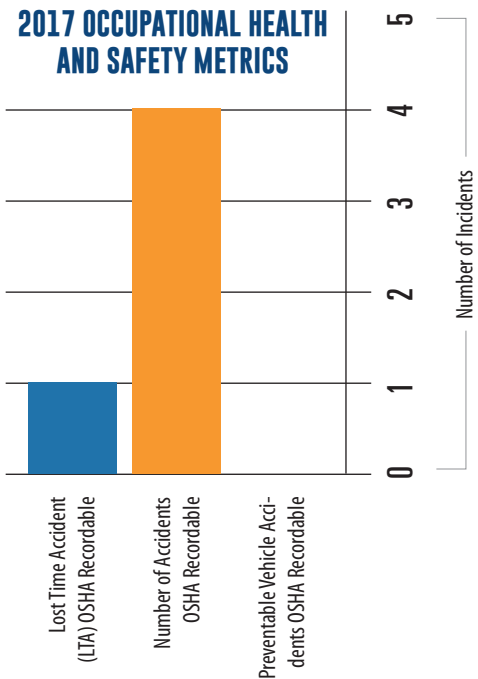
Anderson Development Company is an active and responsible member of the community in which we operate. We are committed to the protection of the environment, health, safety, and security of our employees and stakeholders. We meet or exceed all requirements for compliance with regulations governing the operations of our facilities.

Our employees play an important role in ensuring safety in our manufacturing operations. We employ highly trained professionals and make certain that our training programs are effective. As a result, operators are capable of safely operating equipment, and are expected to take necessary actions if they recognize an un-safe condition. Our employees are actively involved in all elements of our process safety management systems including: planned preventative maintenance, process hazard analysis, pre-startup safety review, and management of change.

Anderson Development is committed to providing a safe working environment. We maintain an active Safety Committee which meets to openly review, discuss, and improve our overall employee health and safety performance. In addition, all employees participate in our quality, environmental, health, safety, and security “near miss” reporting program which is communicated throughout our entire company to promote awareness and prevent future incidents. Our employees also periodically participate in job safety analysis (JSA) reviews to identify and assess work place hazards. We also sponsor annual medical assessments for our employees.

Anderson Development is also committed to ensuring the security of chemicals. This includes meeting all the requirements of governmental agencies, such as OSHA, the Department of Homeland Security, the Department of Transportation, and our commitment to Responsible Care®.

We want to serve our community in a positive way. Creating a climate in our company that is safety focused is the first step in making it all possible.



Our employees are our power. Our goal is to offer them a safe and positive working experience, proper rewards, and support and recognize their potentials.



## COMMUNITY ENGAGEMENT STRATEGY

Anderson Development Company is an active and responsible member of the community in which we operate. We are committed to the protection of the environment, health, safety, and security of our employees and stakeholders. We will meet or exceed all requirements for compliance with regulations governing the operations of our facilities.

### ***Anderson Development is actively involved with community educational and outreach programs.***

- Supporting the Lenawee County Stubnitz Environmental Education Center (SEEC). Through the SEEC, thousands of Lenawee County students take part in environmental school field trip programs; teachers receive professional development environmental training; and the facilities provide weekly day camps and science camps throughout the summer.
- Sponsoring Household Hazardous Waste Collection Events.
- Providing scholarships to students pursuing careers in Science, Technology, Engineering and Math (STEM).
- Offering on-site training facilities for our local fire department and emergency responders, and actively participating in periodic live and tabletop emergency response training drills.
- Anderson Development is actively involved in pollution prevention. We endeavor to minimize waste and practice the 3 R's of waste minimization (reduce, reuse, and recycle). We use control measures to minimize emissions into the environment.

## EDUCATIONAL OUTREACH

Anderson Development partners with several local schools and programs to allow students from middle school, high school and college to enrich their education by applying what they have learned in school in our facility. Anderson Development works to show the next generation that there are endless opportunities within Science, Technology, Engineering and Math (STEM) for them to explore. Ninety-six percent of all manufactured goods are touched by the business of chemistry. Often, the idea of chemistry is highly abstract to students (and many adults!). Our approach to chemistry is down to

earth, simply solving our customers' problems. We like to share our love of using science to solve problems with the next generation. Chemistry is part of everyday life, and our products are a part of many people's lives, even though they don't realize it!

It is important for students to realize that there are many careers in the business of chemistry that don't involve becoming a chemist or engineer. In fact, for Anderson Development to be successful, it takes everyone working as a team. There are many career opportunities within manufacturing that are crucial to keep us going every day.

We need technicians who operate processes safely and efficiently. We need mechanics who are good working with their hands that can fix things and keep our plant running. There are opportunities within sales, customer service, accounting/finance, purchasing, quality control, safety, environmental, product stewardship, human resources, shipping and receiving, personnel management and many, many more. Each of these departments are like parts to an engine; the engine doesn't run unless each part does their job.





We hope that opening our doors to the next generation will give them a real-life experience that will help them choose a career within the chemical manufacturing industry. We truly enjoy the time we spend with students who visit and work for us. Anderson Development's educational outreach has a number of key components:

#### **Cooperative Education and Internships –**

Supplementing a university education with practical work is especially important for technical fields like engineering and chemistry. To support the growth of our next generation of technologists, Anderson Development has partnered with local universities to provide student experiences throughout the year and during summer breaks. During these cooperative education and internship experiences, students perform real-world engineering and chemistry research/development work. These opportunities allow them to further their education and earn towards it.

**Lenawee County Chemistry Teachers Network –** In partnership with the Lenawee Intermediate School District (LISD), a program was initiated in support of the continuing education of Lenawee County chemistry teachers. In this program, teachers and industry practitioners meet monthly to discuss how chemistry is applied industrially to solve real world problems and to help the teachers enrich their programs and engage their students. These programs range from touring local facilities, which are in the business of chemistry, to round-table discussions for the teachers in the 11 school districts in the county to share best practices and plans to further student education. As part of this program, Anderson Development sponsored all of the participating teachers to attend the 2017 Michigan Science Teachers Association conference, where they engaged on the state level to further develop their programs. In fact, this LISD/ Anderson Development Company partnership won an Educational Innovation Award from the LISD in 2017.

**Payback for Education –** Each year, Anderson Development participates with the LISD's Payback for Education program. Payback for Education pairs students of Lenawee County and participating businesses and sponsors based on the general interest of the student. The students spend three hours with the business and learn about the different career options available.

2017 was the 29th year of the program and hosted over 200 8th grade students. This program is perfect for students who may not know exactly what career they want to pursue. This opportunity allows them to have a first-hand experience that can help them make educational and career choices for their future. This year, Anderson Development hosted 6 students. The students were able to experience casting of a prepolymer and a curative in our Urethane Research and Development Lab. The students were also given a tour, educated on the different chemistries and products at Anderson Development, and learned about the different career opportunities available at Anderson Development and other chemical companies. We look forward to participating for many years to come.

**Strokes for Students –** Anderson Development participated in the Annual Strokes for Students: A Lenawee County Education Foundation fundraiser for scholarships, teacher mini-grants and Job Readiness Scholarships.

## EDUCATIONAL OUTREACH CONTINUED...

**iChallengeU** – A two-week educational opportunity for high school students to work with area teachers, corporate, civic, and community leaders to develop solutions to real problems posed by the corporate/civic/community partners. Teachers trained in project-based learning work with the partners to identify “driving questions or challenges” that reflect real issues or problems in the participating companies and organizations. Student teams have two weeks, through their own research and evaluation processes and by working with assigned teachers, to propose solutions to the real-life questions or challenges.

This was Anderson Development’s third year participating in the program. The challenge presented to the students was in Quality Assurance. The driving question/challenge was, “How could Anderson Development improve our customer satisfaction program to get increased participation and more quality responses?”

A team of five students worked at our facility for two weeks, doing their own research on the challenge and working on their proposal. At the conclusion of the program, the team presented their solutions and participated in a competition involving other participating teams. Anderson Development has implemented some of the ideas presented by these teams.

**Junior Achievement’s Job Shadowing program** (Junior Achievement of the Michigan Edge) – Anderson Development welcomed three high school students who had an interest in becoming chemists or engineers. Two students with an interest in chemistry shadowed two of our chemists in our research and development labs and one student with an interest in engineering shadowed a group of engineers. The students spent a half day with our employees to see what their job consists of. Our goal in participating in this program is to help the students gain a better understanding of their career choices within the chemical manufacturing industry. Our industry supports over 30,000 stable, good paying jobs just in the state of Michigan. Our hope is they truly enjoyed their experience and that, ultimately, they will go on to become chemists or engineers who love their careers.

**Manufacturing Day** – A celebration of modern manufacturing. This day has inspired thousands of manufacturers to open their doors and demonstrate to the public modern manufacturing in action and inspire the next generation of skilled workers. Manufacturing Day gives companies an opportunity to tell their story, dispel any outdated myths about manufacturing, and share what is being made in the community.





### Manufacturing Day continued...

For the second year, Lenawee County participated in Manufacturing Day. This year, the number of students participating was approximately 400, nearly double that of last year! Each student participating in Manufacturing Day had the opportunity to talk with local companies before enjoying a lunch with peers and industry representatives.

Anderson Development welcomed over 100 students in 2017 for Manufacturing Day. The students were provided a tour of our R&D facilities,

the production plant and met a cross section of Anderson Development associates involved in manufacturing, ranging from chemists and engineers to operators and maintenance mechanics. It is our mission to help students learn about the many opportunities within manufacturing, so students can see how we apply what they learn in school, the types of materials we produce, and the types of potential career opportunities available to them within the chemical manufacturing industry.

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## COMMUNITY ENGAGEMENT

**HAZWOPER Training** – Protecting our employees and surrounding community is paramount to us at Anderson Development. In an unlikely event that we experience an emergency at our facility, Anderson Development is prepared to safely handle the situation. We have an extensive safety program, and HAZWOPER (Hazardous Waste Operations and Emergency Response) training is an established program for all employees who work with or handle hazardous materials or waste. Each year, Anderson Development partners with local emergency responders/fire departments for this training. This relationship provides an open line of communication, familiarity of our facility and products/chemicals we produce which not only helps keep us safe, but emergency responders safe also.

HAZWOPER is a set of guidelines established by the Occupational Safety and Health Administration (OSHA) which regulates hazardous waste operations and emergency services in the United States. Within the guidelines, the US Government regulates hazardous goods from inception to disposal. This training is covered under OSHA Standard 29 CFR Part 1910.120. Training is for all employees who are exposed or potentially exposed to hazardous substances, including hazardous waste. OSHA's HAZWOPER standard requires workers to be trained to perform their anticipated job duties without endangering themselves or others.

HAZWOPER training is designed to teach employees how to identify hazards and how to prevent accidents. The training teaches employees and first responders how to properly use a respirator for protection against chemicals, along with several other methods of personal protective equipment (PPE). HAZWOPER training is critical for any facility that manufactures, handles, or transports hazardous materials. The safety of our employees is our number one priority. HAZWOPER training sponsored by Anderson Development was held in May 2017. At this event, Anderson Development welcomed local emergency responders and another local chemical company, to attend the training. In some cases, this training is only available through the sponsorship of Anderson Development.

**Pack the Pickup** – 2017 was the third year Anderson Development participated in a food drive for the Daily Bread of Lenawee's food bank. This event is an opportunity for Anderson Development employees and families to make a positive impact on the community. This year, we collected 1,320 pounds of food donations (about 2% more than last year) and \$570 in cash donations (about \$55 more than last year). Anderson Development's check to the Daily Bread of Lenawee was for \$1,890.

## PRODUCT RESPONSIBILITY

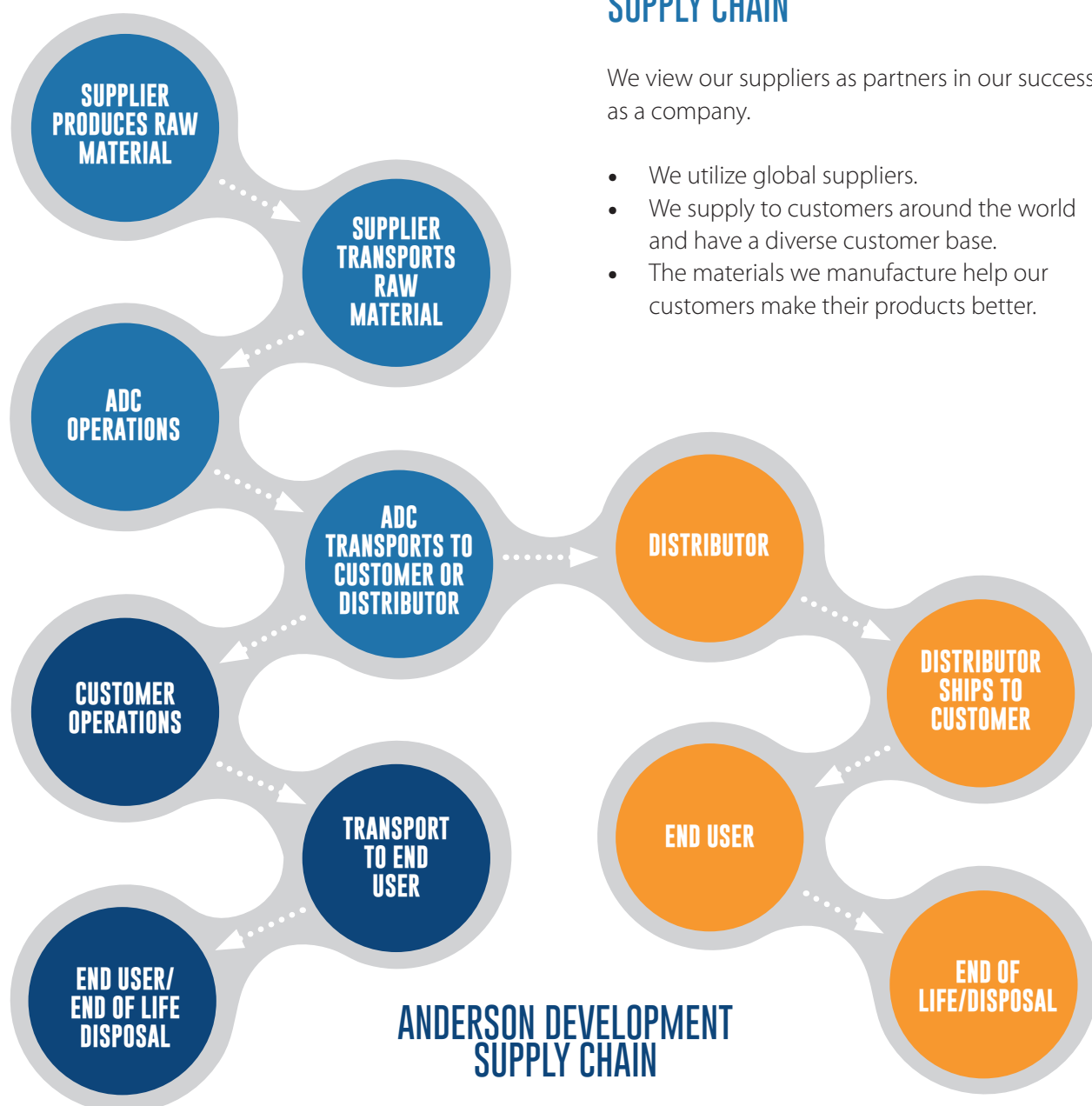
Anderson Development Company is committed to reducing the risks associated with the delivery of our chemical products. Anderson Development manages its distribution system to minimize the potential for issues that could occur.

Anderson Development is also committed to ensuring the security of chemicals. This includes meeting all the requirements of governmental agencies, such as OSHA, the Department of Homeland Security, the Department of Transportation, and our commitment to Responsible Care®.

### SUPPLY CHAIN

We view our suppliers as partners in our success as a company.

- We utilize global suppliers.
- We supply to customers around the world and have a diverse customer base.
- The materials we manufacture help our customers make their products better.



## BETTER PRODUCTS START IN ADRIAN WITH ANDERSON DEVELOPMENT

***“As a chemical manufacturing company that produces specialty and custom chemical products, it is often hard for those in our community to understand exactly what we do here since we don’t make something people see on a store shelf with our name on it.” Mark Kramer, President & CEO***

Many may not realize that our Almatex® acrylic resin makes its way to a coating company and then to a wheel company and finally to the automakers. When a person buys a new car and it has aluminum wheels, the resin on the wheels probably came from Anderson Development.

Our Andur® and Curene® urethane elastomers also have a wide range of uses. They

may be used to make tougher parts for agricultural equipment to harvest crops, longer lasting conveyor belts, escalator wheels, or more durable roller coaster wheels and to allow more efficient drilling for oil and gas.

Our Almabor® products are used in a wide variety of applications such as electronics, pharmaceutical drugs or “silly” putty! Many pharmaceutical products are enabled using Almabor® organoboron synthesis

reagents. The materials we produce allow the producers to efficiently synthesize medicines. Many chips in laptops, tablets and cell phones are produced using our Almabor® organoboron products.

We also collaborate with our customers to make products that help ketchup or sauce bottles keep the contents fresh, and products that are used to make a specialty ink for flexible packaging used in applications such as potato chip bags.

### PRODUCT STEWARDSHIP

Anderson Development fosters the sharing of information about the proper use, storage, and disposal of products with our stakeholders, including customers, suppliers, distributors, and contractors. We provide cradle to grave assistance from developing products, using those products, and finally to recycling, reusing, or disposing of them.

Appropriate actions and communication media vary depending on the circumstances and are commensurate with any potential product risk. Typical product stewardship activities include safety data sheets & labels, training programs, and site visits.

### GHS IMPLEMENTATION

In 2012, OSHA published the new Hazard Communication Standard 2012 (29 CFR 1900.1200) that is aligned with the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). As with the old standard, HCS 2012 does not apply to consumer products. Anderson Development, as a chemical manufacturer, is compliant with the requirements of HCS 2012.



## ENVIRONMENT

We aim at constantly reducing our environmental impact through focusing on material recovery and reuse, on the collection of hazardous household waste, on calculating and reducing our carbon footprint, on waste management, on water management, and our emission management. Our environmental performance has improved greatly through implementation of the Responsible Care® management system.

### ENVIRONMENTAL INITIATIVES

**Anderson Development Company has had a number of key Environmental initiatives over the last year.**

#### Solvent Recovery and Reuse

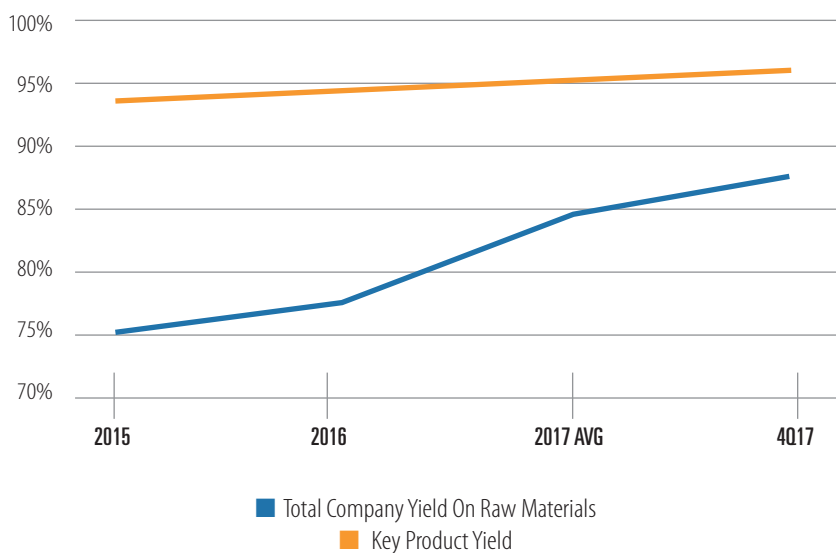
– In 2017, Anderson Development launched an aromatic solvent recovery and recycling initiative. The project required a significant capital investment and resulted in a significant reduction of raw material use, solvent purchases and GHG emissions. The GHG reductions reported are a result of the reduced transportation requirements previously required to both purchase virgin solvent and the shipping of the processed solvent off site. An unintentional positive impact not identified initially is the risk of transportation incidents may be reduced via this initiative as well. The following data demonstrate the reductions obtained since the solvent recovery system began operating full time (Qtr. 4 2017).

- 77% reduction in key product solvent usage since 2015.

- Eliminated the need for approximately 53 shipments of raw material solvent and 50 shipments of resale solvent for/from our key product line via bulk tanker from 2016 to 2017, which contributes to a reduction in mobile source greenhouse gas emissions generation (this reduction is expected to increase as the system hits full optimization).
- Reduced our key product carbon footprint by 1%.
- Site wide raw material yields have improved by 11% since 2015 (see table).
- Key product yield has improved by 2.5 % since 2015 (see table).

Impact of solvent recovery system on overall Anderson Development RM Usages:

#### KEY RAW MATERIAL AND PRODUCTION IMPROVEMENTS



## HOUSEHOLD HAZARDOUS WASTE COLLECTION

To assist our local community with responsibly managing the hazardous materials that are generated in the community's homes, Anderson Development, Wacker Chemical Corporation, and the Stubnitz Environmental Education Center have held several Joint Collection Events. The events have been a great success. These events have strong local business and community support. Over a 7-year period, these events have collected over 340,000 pounds of waste.

### Hazardous Waste Collection Day

May 13, 2017

- Cars processed in 2017 (20th year of this event): 720
- Estimated total chemical disposed at the 2017 event: 87,891 lbs. (44 tons)
- 47% were first time visitors

### Hazardous Waste Collection Day

May 7, 2016

- Over 42887 lbs. of waste was collected
- 46% of participants were first time visitors
- 54% had recycled with us at least 2 years

## ENERGY AND EMISSIONS

The following information presents our energy performance for 2017, as well as our Scope 1 emissions (generated from the combustion of natural gas) and our Scope 2 emissions (generated from electricity usage).

Our direct greenhouse gas emissions (Scope 1), which resulted from the consumption of 93,871scf of natural gas, were 5.64 tons of CO<sub>2</sub>eq. Our indirect greenhouse gas emissions (Scope 2), which resulted from the consumption of 9,647.622MWh of electricity, were 7,901.83tons of CO<sub>2</sub>eq.

Thus, for 2017 our total greenhouse gas emissions were 7,907.47 tons of CO<sub>2</sub>eq. For the calculation for our greenhouse gas emissions we used the emission factors from the United States Environmental Protection Agency for Greenhouse Gas Inventories (last modified 4/4/2014).



I'd like to personally say "Thank You" to ADC employees for their contributions to the community. It's always a pleasure working with you and others in the community to protect our environment for future generations.

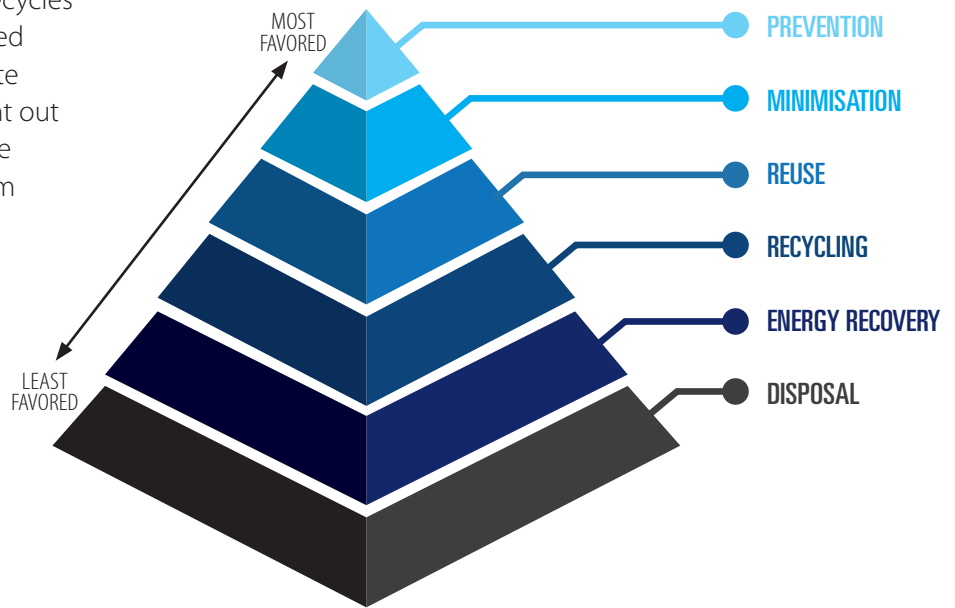
**Diana Schroeder**  
*Program Coordinator,  
 Lenawee County Solid Waste*



## WASTE MANAGEMENT

Anderson Development follows the waste minimization requirements outlined in the Resource Recovery and Conservation Act and the company’s Pollution Prevention Act policy to prevent pollution at its source and recycle or dispose of waste in a compliant, environmentally friendly manner. Anderson Development’s waste minimization methods include equipment or technology modifications, process or procedure modifications, reformulation or redesign of products, substitution of raw materials, reuse of raw materials within the process, and improvements in housekeeping, maintenance, training, and inventory control. When the generation of waste cannot be prevented, Anderson Development follows the sustainable material management - waste management hierarchy illustrated below:

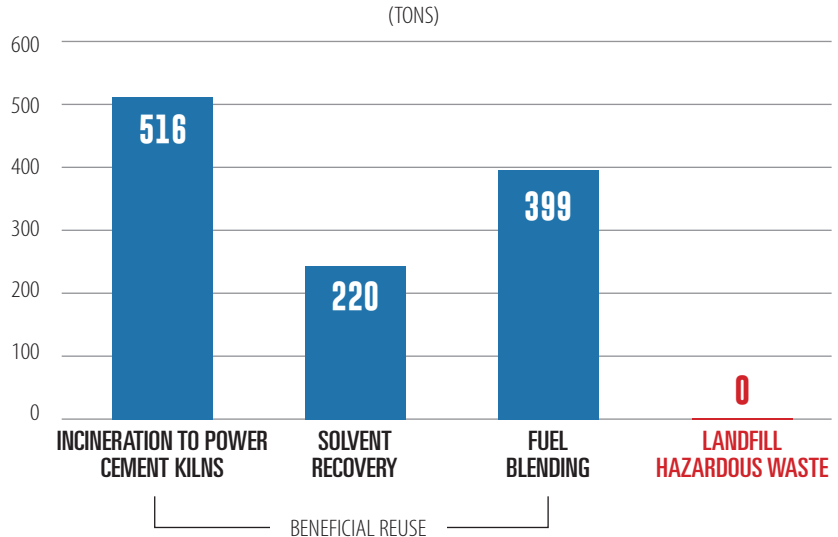
Currently, Anderson Development recycles paper, cardboard and metal generated onsite in lieu of landfilling these waste streams. Raw material drums are sent out for reclamation and reuse. Pallets are reused onsite. Only one waste stream generated onsite is landfilled, which represents less than 3% of all waste generated. During the 2018 Fiscal Year, Anderson Development will track sustainable material management progress to quantify materials that fall into the bottom four categories of the waste hierarchy.



## HAZARDOUS WASTE

We manage our unusable or non-recyclable hazardous wastes by sending them offsite to be incinerated in power cement kilns, for solvent recovery or for fuel blending. Disposal of waste in landfills is considered only after all other options have been investigated. In 2017, the following quantities of hazardous waste were treated:

### WASTE TREATMENT BY CATEGORY



## NON-HAZARDOUS WASTE

Our non-hazardous wastes (liquid and solid waste) are managed through a variety of techniques which include offsite treatment and discharge for water, incineration, recycling, and burial in landfills. In 2017, the following quantities of non-hazardous wastes were treated:

- 1,094,800 gallons of water sent offsite for treatment and discharge under the disposal facility's National Pollutant Discharge Elimination permit
- 190.4 tons of non-hazardous process waste sent offsite for incineration
- 315 gallons of parts washer solution sent offsite for recycling
- 1.2 tons of paper sent offsite for recycling
- 140 tons of construction debris sent offsite for landfill

## WATER

All our water consumption is from purchased water. At the moment, we do not use any water which we collected from surface water, seawater, directly collected rainwater, or groundwater. It is our goal to constantly improve our water consumption efficiency. In 2017, we consumed 15.6 million gallons of purchased water.

Currently we do not track the quantity of wastewater generated from each source within our processes. We track the total amount of wastewater generated sitewide. In the 2018 Fiscal Year, Anderson Development plans to initiate a study to quantify the amount of wastewater generated from the different sources. Once this data is collected, we will analyze the technical and financial feasibility of wastewater reduction projects. Anderson Development

acknowledges the benefits of recycling and reuse to the natural resources and society. Wastewater generated at Anderson Development is sent offsite to a regulated, permitted facility for treatment and discharge to a waterbody once acceptable discharge limits are met. This process allows the water to return to the natural water cycle rather than being sent for disposal.



Anderson Development acknowledges the benefits of recycling and reuse to the natural resources and society.

## ACTIONS AND FUTURE GOALS

### SUSTAINABILITY VISION AND MISSION

Anderson Development has established purposeful sustainability targets for 2020. We have designed our sustainability strategy to foster our goals as we journey toward a more sustainable future. This strategy will guide our actions to develop our workforce, our marketplace, and protect our planet. We will create a more sustainable business environment by communicating our sustainability expectations with our business partners. We will further support those United Nations Sustainable Development Goals (UN SDGs) material to our organization. We will aspire towards an accident and incident free workplace. We will continue our efforts to improve the quality of life of our employees and community.

1

*Educate all of our employees on Sustainability to foster in them the desire to support our goals and strategy and to inspire them to actively participate in our initiatives and to identify future initiatives material to our organization and in support of the UN SDGs.*

#### TARGETS

- 100% of employees educated
- 100% of employees empowered to participate in our sustainability program

*Committed to enhancing our employees' quality of life through continual improvement of and investment in employee engagement, training and development, and health and wellness initiatives.*

#### TARGETS

- 100% of our employees have access to company-sponsored health and wellness programs
- Continue to invest in employee development to ensure a talented workforce

2

3

*Protect the health and welfare of our employees and community through the development of world-class, safe operating performance. Engage all Anderson Development employees to work towards an injury and accident free workplace through safe operating systems, behaviors and conditions.*

#### TARGETS

- Improve our occupational and process safety performance for an accident free workplace by 2020, and achieve reduced recordable injuries, zero Tier 1, and two or less Tier 2 process safety incidents
- Continue to strengthen our foundation through increased education, participation and communication to ensure a Sustainable Safety Culture
- Maximize interactions with and continue to provide support to local emergency responders



4

*Invest in Educational Outreach and assistance to foster interest in chemistry to support our future workforce and contribute specifically to the UN SDGs (Quality Education and Reduced Inequalities) in ways which are most material to Anderson Development, have the most impact in our local community, and align with our mission.*

**TARGETS**

- Increase participation in our educational outreach activities related to sustainability throughout our community
- Monitor the success of our current activities and look for ways to enhance these activities

5

*We will continue to reduce our impact on the environment, and will develop a set of initiatives to ensure our success.*

**TARGETS**

- Increase our expertise in Life Cycle Analysis
- Establish a Carbon Footprint for key products comprising >25% of our business
- Continue to monitor and track our aromatic solvent recovery and recycling initiative to understand and optimize the overall impact in reduction of our GHG emissions
- Begin rationalizing production utility usage (i.e., natural gas, electricity, water, nitrogen) and waste generation to allow the prioritization of opportunities to reduce our operational footprint

6

*Actively develop and promote products that support the UN SDGs (Good Health and Well-Being and Responsible Consumption and Production).*

**TARGETS**

- Encourage industry adoption of more sustainable materials by focusing 75% of Research and Development toward products which can contribute to a reduced environmental and/or safety impact for our customers or products that reduce the overall footprint by increased durability

*In support of our 2020 Sustainability Targets, we will continue to improve customer satisfaction and to improve the Sustainability of our supply chain, ensuring all critical suppliers are aligned with our vision of Sustainability.*

**TARGETS**

- Development of a Business Partner Code of Conduct that aligns with our 2020 Sustainability Goals
- Communicate our Supplier Code of Conduct with 100% of our suppliers
- Validate that most of our material supply base meets Anderson Development sustainability expectations
- Continue to focus on improving customer satisfaction and expand efforts to evaluate and measure
- Greater than 50% of customers surveyed respond with overall positive feedback

*Continue the development of world-class Safety and Environmental management systems by upgrading Anderson Development to the RC14001®:2015 Technical Specification in 2018.*

7

8

## GRI INDEX

The present Sustainability Report of Anderson Development Company is the company's first attempt to communicate its sustainability performance. The report covers our activities during 2017. It was evaluated by the Centre for Sustainability and Excellence (CSE), according to the reporting guidelines of GRI STANDARDS, and it was verified that it is a "Citing GRI Standards" Report.

GRI STANDARDS #	DISCLOSURE TITLE	REFERENCE
<b>GENERAL DISCLOSURES</b>		
<b>C O M P A N Y P R O F I L E</b>		
GRI 102-1	Name of the organization	Anderson Development Company
GRI 102-2	Activities, brands, products, and services	Products & Services
GRI 102-3	Location of headquarters	Anderson Development Company: 1415 E. Michigan St., Adrian, MI 49221
GRI 102-4	Location of operations	History
GRI 102-5	Ownership and legal form	Financial Information
GRI 102-6	Markets served	Products & Services
GRI 102-7	Scale of the organization	Financial Information
GRI 102-8	Information on employees and other workers	Our Employees
GRI 102-9	Supply chain	Supply Chain
GRI 102-10	Significant changes to the organization and its supply chain	During the reporting period there were no significant changes to the organization and its supply chain
GRI 102-11	Precautionary principle or approach	Corporate Mission Our Values Commitment to Sustainability Product Responsibility Actions and Future Goals
GRI 102-12	External initiatives	Participation in Associations & Organizations
GRI 102-13	Membership of associations	Participation in Associations & Organizations
<b>S T R A T E G Y</b>		
GRI 102-14	Statement from senior decision-maker	Message from our President and CEO
<b>E T H I C S A N D I N T E G R I T Y</b>		
GRI 102-16	Values, principles, standards, and norms of behavior	Our Values Policies & Certifications Actions and Future Goals
<b>G O V E R N A N C E</b>		
GRI 102-18	Governance structure	Corporate Governance
<b>S T A K E H O L D E R E N G A G E M E N T</b>		
GRI 102-40	List of stakeholder groups	Stakeholders
GRI 102-41	Collective bargaining agreements	There are no collective bargaining agreements at Anderson Development Company
GRI 102-42	Identifying and selecting stakeholders	Stakeholders
GRI 102-43	Approach to stakeholder engagement	Stakeholders
GRI 102-44	Key topics and concerns raised	Stakeholders
<b>R E P O R T P R O F I L E</b>		
GRI 102-45	Entities included in the consolidated financial statements	Financial Information
GRI 102-46	Defining report content and topic boundaries	Determining the Content of our Report
GRI 102-47	List of material topics	Determining the Content of our Report
GRI 102-48	Restatements of information	This is our first sustainability report, hence there are no restatements of information from previous reports
GRI 102-49	Changes in reporting	This is our first sustainability report, hence there are no significant changes in the report

GRI STANDARDS #	DISCLOSURE TITLE	REFERENCE
<b>R E P O R T P R O F I L E C O N T I N U E D . . .</b>		
GRI 102-50	Reporting period	Sustainability Report 2017
GRI 102-51	Date of most recent report	Sustainability Report 2017
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	Sustainability Report 2017
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2017 GRI Index
GRI 102-55	GRI content index	GRI Index
GRI 102-56	External assurance	For the present sustainability report, we have not sought external assurance
<b>SPECIFIC DISCLOSURES</b>		
<b>E C O N O M Y</b>		
GRI 201	<b>ECONOMIC PERFORMANCE</b>	
GRI 103	<b>Management Approach</b>	Financial Performance About the Company
GRI 201-1	Direct economic value generated and distributed	Reference has been made to the financial performance of our parent company, Mitsui Chemicals
<b>E N V I R O N M E N T</b>		
GRI 302	<b>ENERGY</b>	
GRI 103	<b>Management Approach</b>	Energy & Emissions Environmental Initiatives Responsible Care ®
GRI 302-1	Energy consumption within the organization	Energy & Emissions
GRI 303	<b>WATER</b>	
GRI 103	<b>Management Approach</b>	Water Environmental Initiatives Responsible Care ®
GRI 303-1	Water withdrawal by source	Water
GRI 305	<b>EMISSIONS</b>	
GRI 103	<b>Management Approach</b>	Energy & Emissions Environmental Initiatives Responsible Care ®
GRI 305-1	Direct (Scope 1) GHG emissions	Energy & Emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy & Emissions
GRI 306	<b>EFFLUENTS AND WASTE</b>	
GRI 103	<b>Management Approach</b>	Waste Management Environmental Initiatives Responsible Care ®
GRI 306-2	Waste by type and disposal method	Waste Management
<b>E M P L O Y E E S - S O C I E T Y</b>		
GRI 401	<b>EMPLOYMENT</b>	
GRI 103	<b>Management Approach</b>	Our Employees
GRI 401-1	New employee hires and employee turnover	Our Employees
GRI 401-2	Benefits provided to full time employees	Our Employees
GRI 403	<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>	
GRI 103	<b>Management Approach</b>	Employee Health & Safety
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Employee Health & Safety

This Sustainability Responsibility Report has been conducted by the Centre for Sustainability and Excellence



CENTRE for SUSTAINABILITY  
and EXCELLENCE