



sustainability

REPORT

AS OF OCTOBER 10, 2025



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Introduction - Letter from the CEO

Dear Stakeholders,

At FSI, sustainability is not just a goal—it is a guiding principle that has shaped our journey since our founding in 1972. As a second-generation family business, we have always believed that innovation and responsibility go hand in hand. FSI updates this Sustainability Report annually, which reflects our continued commitment to creating a better tomorrow through chemistry, care, and collaboration.

Our mission has always been clear: to develop polyurethane systems that meet the highest standards of performance while minimizing environmental impact. Through our patented Ecomate® technology, we've pioneered PFAS-free, zero-GWP, non-VOC solutions that help our customers meet their sustainability goals without compromising quality. These innovations are more than technical achievements—they are a testament to our belief that business success and environmental stewardship must coexist.

This report highlights the strides we've made in reducing waste, improving energy efficiency, and supporting our communities. From our global network of partners to our dedicated team members, every part of FSI is aligned with our core values: Sustainability, Innovation, and Caring. These values are not just words—they are the foundation of our culture and the reason we continue to grow and lead in the polyurethane industry.

As we look ahead, we remain committed to transparency, continuous improvement, and meaningful impact. We know that the challenges facing our planet and society require bold action and shared responsibility. That's why we will continue to invest in sustainable technologies, foster partnerships that drive change, and support initiatives that uplift the communities we serve.

Thank you for being part of our journey. Together, we can build a future that is not only more innovative— but also more sustainable.

Warm regards,

A handwritten signature in black ink, reading 'Todd A. Keske'.

Todd Keske
President & CEO
FSI



About the Company

FS is a privately held global leader in polyurethane chemical systems, headquartered in Earth City, Missouri. Since its founding in 1972, FSI has specialized in developing innovative and sustainable polyurethane foam technologies for industries including automotive, construction, marine, HVAC, and commercial refrigeration. The company is renowned for its patented **Ecomate®** blowing agent—a PFAS-free, zero-GWP, non-VOC solution that meets stringent environmental standards while delivering high-performance insulation and sealing capabilities. With a strong emphasis on custom chemical formulations, technical service, and equipment integration, FSI partners with manufacturers worldwide to solve complex challenges and support eco-conscious product development. Guided by core values of Sustainability, Innovation, and Caring, FSI continues to expand its global footprint while maintaining its commitment to environmental stewardship and customer success.



About this Report

This report is designed to provide our stakeholders with a clear, transparent view of the progress we're making toward a more sustainable future. It answers important questions about our environmental and societal impact, highlights the good work being done across our teams and partnerships, and reinforces our commitment to continuous improvement. We're proud to share key metrics, including our greenhouse gas (GHG) emissions, which are measured and reported using the globally recognized GHG Protocol. Currently, we have no regulatory obligation to disclose sustainability related information and have made a good faith effort to report on a voluntary basis the information we believe to be useful to our stakeholders. By sharing this information openly, we aim to build trust, foster accountability, and demonstrate how our values—Sustainability, Innovation, and Caring—are driving real-world results.



Leadership

Governance at FSI is guided by a strong commitment to Environmental, Social, and Governance (ESG) principles. The company integrates these values into its strategic decisions, ensuring that sustainability is not just a goal but a foundational element of its business model. FSI’s governance practices include rigorous quality control, ethical business conduct, and partnerships with organizations that share its environmental and social values. This holistic approach to leadership and governance enables FSI to deliver high-performance, eco-friendly solutions while fostering long-term value for customers, employees, and stakeholders alike.

Policies and Declarations

As part of our governance structure, FSI has developed several policies and practices to clearly communicate the expectations of our business. These policies serve as a foundation for ethical conduct, regulatory compliance, and risk mitigation, ensuring that partners, suppliers, and employees align with the company’s standards. By articulating expectations around behavior, transparency, and decision-making, we foster a culture of shared responsibility and long-term collaboration.

Our policies are intended to communicate with a particular audience; therefore, we do not make all details publicly available. However, we have provided summaries below as a means of instilling confidence in our practices.

Employee Handbook	Our handbook is provided to all new employees and available for our workforce to reference on our internal intranet. The handbook sets forth our policies and practices on many topics, including but not limited to personnel practices, benefits, and time off.
Business Ethics & Code of Conduct	FSI is committed to upholding high ethical standards in all corporate activities in every market served. Employees are expected to act with honesty, truthfulness, and integrity, and to comply with all applicable laws, including those related to employment, discrimination, health, safety, antitrust, and the environment. Additionally, FSI does not knowingly support any organization which espouses discriminatory policies or practices.
Discrimination	FSI is an equal opportunity employer and does not discriminate on any basis as defined by applicable federal, state, and local laws. Our nondiscriminatory policies are administered not only in the letter but the spirit of the law. All new employees must acknowledge this expectation in writing during onboarding.



Harassment and Abuse	FSI maintains a strict zero-tolerance policy for harassment and abuse in the workplace, extending to employees, vendors, customers and referral sources. Harassment—including verbal, written, or physical conduct based on race, sex, religion, age, disability, or other protected status—is strictly prohibited, as is any behavior that creates a hostile or offensive work environment. Sexual harassment, including unwelcome advances or conduct of a sexual nature, is not tolerated under any circumstances. Employees are provided training regarding what constitutes harassment and given guidance on how to report such matters to the company. FSI promptly investigates all such allegations in as confidential a manner as possible and may take corrective action, including counseling, training, transfer, suspension or termination. Retaliation against anyone who reports harassment or participates in an investigation is expressly forbidden, and violations may result in disciplinary action up to termination.
Occupational Health and Safety	FSI prioritizes a safe and healthy workplace. Employees are expected to follow all safety instructions and procedures, and the company enforces a drug-free workplace policy. Any work-related injuries or unsafe conditions must be reported immediately, and FSI complies with all relevant health and safety laws.
Freedom of Association and Collective Bargaining	Nothing in company policy is intended to improperly limit or interfere with employees' rights to discuss terms and conditions of employment, form or join labor unions, or engage in legally protected activities, including collective bargaining, as provided by law.
Wages and Benefits	FSI maintains competitive salary levels and complies with all applicable wage and hour laws. The company offers a range of benefits, including medical, dental, vision, 401(k), paid time off, and various leave policies. Overtime is paid in accordance with federal and state laws, and all compensation is administered fairly.
Working Hours	Working hours are tracked for all nonexempt employees, with overtime paid for hours worked beyond 40 in a week. Employees are required to adhere to attendance and punctuality policies, and breaks and meal periods are provided according to law and company policy.



Forced Labor, Child Labor, and Human Trafficking	FSI complies with all laws and regulation prohibiting the use of forced labor, including child labor, and human trafficking. This includes all US import laws and regulations that prohibit the importation of goods produced or manufactured wholly or in part by convict, indentured, or forced labor, which includes forced or indentured child labor.
Anti-Bribery and Anti-Corruption	FSI strictly prohibits bribery, kickbacks, and fraudulent activities. No company funds or assets may be used for bribes or improper payments, and employees must avoid any conduct that could compromise the company's integrity or reputation. Violations can result in termination and possible criminal prosecution.
Anti-Counterfeiting Measures	FSI's Executive Team must approve any agreements involving the company's trademarks. Proposed product or service names must be verified to avoid infringing on others' trademark rights. Use of another company's trademark, even with a business relationship, requires careful review. Employees must avoid unauthorized use of copyrighted materials and seek guidance when unsure about copying or using such content.
Import and Export	FSI complies with all applicable export control and sanctions laws. Employees must abide by all economic sanctions or trade embargoes that the United States has adopted, whether they apply to foreign countries, political organizations or particular foreign individuals and entities.



Environment

FSI is dedicated to advancing sustainability in the polyurethane industry by developing innovative solutions that reduce environmental impact while maintaining high performance. Our formulations are designed with efficiency in mind, helping industries achieve durability and reliability with less waste. We continuously invest in cutting-edge technology, rigorous quality control, and responsible manufacturing practices to ensure our products meet the highest sustainability standards. Beyond our products, we are committed to advancing eco-conscious practices across our operations, from the careful sourcing of raw materials to the optimization of transportation routes for lower carbon emissions. Our innovative closed-loop system minimizes waste, while regular audits enable continuous improvement in our environmental performance.

Innovative solutions

FSI pioneered the development of **Ecomate®**, an advanced sustainable blowing agent technology designed to replace harmful greenhouse gases such as CFCs, HCFCs, and HFCs. With zero global warming potential (GWP) and non-VOC classification, Ecomate® meets stringent environmental standards, including compliance with the Kyoto Protocol and the Paris Agreement. Its formulation is readily biodegradable, non-toxic to aquatic life, and free from persistent bioaccumulative toxins (PBTs), resulting in minimal environmental impact. Unlike HCFOs and HFOs, Ecomate® has no known condensation point, which enhances thermal conductivity, dimensional stability, and overall product durability.

Ecomate® supports a wide range of applications—from energy-efficient insulation in consumer goods to lightweight integral skin foam in automotive components—delivering both high performance and environmental responsibility. Beyond its technical advantages, FSI's production of Ecomate® generates carbon offsets, enabling businesses to quantify and mitigate their greenhouse gas emissions. This positions Ecomate® not only as a superior foam solution but also as a strategic asset in the global transition toward sustainable manufacturing.

Beyond our specialty products, we collaborate with our customers across industries to optimize our products to their needs, which frequently results in environmental benefits. The following real-life use-cases across industries highlight the versatility, performance, and problem-solving capabilities of FSI's polyurethane systems:



- ✔ **Automotive:** In the automotive industry, weight reduction is critical for improved fuel efficiency. FSI collaborated with an automobile manufacturer to develop a lightweight polyurethane system for vehicle seats. The system not only met the stringent safety requirements but also provided enhanced comfort and durability. The result was a reduction in weight, contributing to increased fuel economy and reduced emissions.
- ✔ **Construction:** In the construction industry, insulation is paramount for energy-efficient buildings. FSI partnered with a construction company to provide a customized polyurethane insulation system for a large commercial project. The system offered exceptional thermal performance, moisture resistance, and structural integrity, leading to reduced heating and cooling costs and a more sustainable building envelope.
- ✔ **Refrigeration:** Commercial refrigeration requires reliable insulation to maintain optimum temperatures and reduce energy consumption. FSI collaborated with a leading refrigeration equipment manufacturer to develop an advanced polyurethane insulation system. The system achieved superior thermal insulation properties, resulting in reduced energy loss and enhanced refrigeration efficiency.

Efficiency and waste reduction:

In addition to providing sustainable products, we have implemented measures across our facilities to improve our environmental impact. We prioritize innovations that reduce processing time, labor requirements, and energy usage. We know that even small actions can have a big impact. Some of our efforts include:

- ✔ **Zero-landfill operations** at our Earth City, MO facility, where all materials—including plastics, dunnage, carbon steel, brass, aluminum, and copper—are recycled.
- ✔ **Optimized shipping strategies** that balance speed, cost, and environmental impact to reduce transportation-related emissions.
- ✔ **Pallet return and reuse program** that minimizes waste and supports circular logistics.
- ✔ **Energy-efficient infrastructure**, including auto-sensor faucets and motion-activated lighting throughout offices and plant floors.



- ✓ **HVAC setback controls** that regulate temperature based on occupancy, reducing unnecessary energy consumption.
- ✓ **Bottle-fill water stations** with built-in counters, replacing traditional fountains and saving over 35,000 plastic bottles annually from landfills and recycling centers.
- ✓ **Comprehensive recycling programs** for office paper, cardboard, and plastics.
- ✓ **Digital-first communication practices** that reduce paper usage by encouraging employees, vendors, and customers to conduct business electronically.

Measuring greenhouse gases:

To further solidify our environmental stewardship, FSI has prepared a greenhouse gas inventory in alignment with GHG Protocol, the internationally recognized standard for calculating and reporting GHG emissions. FSI has designated 2024 as its base year for GHG calculations. This milestone year was selected as it marks the first year with comprehensive activity data supporting our emissions tracking. FSI commits to recalculating base year emissions if cumulative changes amount to a 5% or greater variation. Adjustments below this threshold will be considered on a case-by-case basis.

In defining its organizational boundary, FSI has adopted the operational control approach, allowing for more effective monitoring and influence over emissions from operations. This decision is supported by peer benchmarking which indicated a similar boundary, allowing for enhanced comparability across organizations.

Based on a relevancy assessment guided by GHG Protocol criteria—including materiality, relevance, data availability, and peer comparability—FSI has elected to report Scope 3 emissions in the following categories:

CATEGORY 1: Purchased Goods and Services

CATEGORY 2: Capital Goods

CATEGORY 4: Upstream Transportation

CATEGORY 6: Business Travel

CATEGORY 7: Employee Commuting

CATEGORY 9: Downstream Transportation and Distribution

Greenhouse Gases	Units	Year Ended December 31, 2024
Total Scope 1 emissions	Metric tons CO ₂ e	836
Total market-based Scope 2 emissions	Metric tons CO ₂ e	855
Total Scopes 1 & 2 emissions	Metric tons CO ₂ e	1,692
Scope 3 emissions by category		
Category 1: Purchased goods and services	Metric tons CO ₂ e	20,930
Category 2: Capital goods	Metric tons CO ₂ e	2,227
Category 4: Upstream transportation	Metric tons CO ₂ e	1,649
Category 6: Business travel	Metric tons CO ₂ e	1,220
Category 7: Employee commuting	Metric tons CO ₂ e	253
Category 9: Downstream transportation	Metric tons CO ₂ e	1,720
Total Scopes 3 emissions	Metric tons CO ₂ e	27,998
Total emissions	Metric tons CO ₂ e	30,000

**Figures may be rounded*

Understanding Scope 1, 2, and 3 Emissions

FSI reports its greenhouse gas emissions according to the internationally recognized GHG Protocol, which categorizes emissions into three distinct “scopes”:

- 
Scope 1 (Direct Emissions): These are emissions that come directly from sources owned or controlled by FSI, such as fuel combustion in company vehicles or onsite manufacturing processes.
- 
Scope 2 (Indirect Emissions from Purchased Energy): These emissions result from the generation of electricity, steam, heating, or cooling that FSI purchases and uses in its operations. Although the energy is consumed by FSI, the emissions are produced offsite by the utility provider.
- 
Scope 3 (Other Indirect Emissions): These are all other indirect emissions that occur as a result of FSI’s activities, but from sources not owned or directly controlled by the company. Examples include emissions from the production of purchased goods and services, transportation, business travel, employee commuting, and waste disposal.



By reporting across all three scopes, FSI provides a comprehensive view of its climate impact and identifies opportunities for improvement throughout its value chain.

FSI is currently focused on establishing and enhancing its GHG reporting process and data quality. We are committed to reviewing performance over time, as more data becomes available and may consider establishing targets in the future, based on organizational objectives. Additionally, we may continue to define and assess additional metrics to help manage our exposure to climate risk and improve our planetary impact.

Social

At FSI, caring is more than a value—it's a responsibility. While our Employee Handbook and related policies provide a foundation for how we operate, it is the real moments, both big and small, that truly define our culture. From team celebrations and collaborative projects to mentoring and supporting one another in day-to-day work, our employees demonstrate what it means to care, support each other, and make a meaningful impact. This commitment extends beyond the workplace, inspiring initiatives that benefit our communities, strengthen connections among colleagues, and drive innovation across the polyurethane industry.

Employee Experience & Culture

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FSI fosters an environment where every idea has value and every voice is heard. Employees collaborate across departments, pilot new solutions, and share insights that drive innovation in the polyurethane industry. Each year, the Dr. John F. Timberlake Award recognizes an individual who exemplifies excellence, curiosity, and teamwork, highlighting the dedication and impact of our people. Beyond recognition, we support career growth, work-life balance, and personal development, creating opportunities for employees to thrive both professionally and personally while contributing to the company's ongoing success.

Community Engagement & Support

Caring extends beyond our walls. FSI proudly supports organizations that make a difference in our communities, including, but not limited to:



LASE Specialized Education - Empowers students of all abilities through Christian special education, providing them with the tools and guidance to succeed.



Feed My People - Provides food, hope, and support to individuals and families in need, addressing critical needs in our local community.



Great Rivers Habitat Alliance - Protects and restores floodplain wetlands, preserving natural habitats for wildlife while supporting the people and communities that rely on these vital ecosystems.



The Joshua Chamberlain Society - Provides long-term assistance to wounded veterans and their families, honoring their service and helping them rebuild their lives.



Support for Local Law Enforcement - Our Earth City Global Headquarters serves as a substation for the St. Louis County Police, giving officers a place to rest while remaining close to the community they serve.

Through these partnerships and initiatives, our employees actively engage in efforts that reflect FSI's values and extend our culture of caring beyond the workplace.

Our Philanthropy Director coordinates opportunities for employees to engage in additional charitable initiatives and community events. From supporting local organizations to participating in meaningful 10 causes, employees actively contribute to efforts that align with FSI's mission and make a tangible difference in the communities we serve.



Everyday Moments That Define Us

These initiatives and events, from internal celebrations and collaborative breakthroughs to community support and simple acts of kindness, illustrate how FSI's culture comes to life in the everyday actions of our people. Whether it is employees coming together to solve a complex challenge, celebrating milestones, or lending a helping hand to colleagues or community members, these moments reflect the values we hold dear. It is a culture built on respect, collaboration, and shared purpose, where each individual's contributions help drive innovation, strengthen teams, and make a meaningful difference both within the company and in the communities we serve.