Stepan

ADVANCING FOR A SUSTAINABLE, RESILIENT FUTURE

2024 SUSTAINABILITY REPORT

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About This Report

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Stepan Company ("Stepan" or the "Company") invites you to read our annual Sustainability Report, which demonstrates our commitment to promoting ethical and responsible business practices, as well as social and environmental responsibility. This report emphasizes our current initiatives and performance in 2024, unless otherwise stated. It provides an update to our 2023 Sustainability Report, published in June 2024. Information included in this report covers all Stepan entities under our operational control, with unadjusted, consolidated data. Over the course of this reporting period, Stepan has not acquired new manufacturing assets.

Stepan reports in accordance with the 2021 Universal Global Reporting Initiative (GRI) Standards, which apply from January 1, 2024, to December 31, 2024, as well as the Sustainability Accounting Standards Board (SASB) Chemicals Standard. We also map our climate disclosures with the Task Force on Climate-Related Financial Disclosure's (TCFD) guidelines.

For this report, ERM CVS provided external limited assurance of our 2024 Scopes 1 and 2 greenhouse gas emissions (GHGs) and energy data based on the Greenhouse Gas Protocol reporting criteria. We also obtained limited assurance for select water use and safety metrics. The assurance process is monitored, and results are reviewed and communicated up to the Board, by leaders of Stepan's Sustainability Steering team, including the Chief Technology and Sustainability Officer and Stepan's Vice President of Environmental Health Safety and Security. We continue building our readiness for data assurance for additional metrics by standardizing our data collection and management systems. Additional details on Stepan's approach for energy and emissions data management and reporting can be found in our Basis of Reporting Document. For more information on Stepan, please visit stepan.com. If you have any questions or comments, please contact us at sustainability@stepan.com.

MESSAGE FROM EXECUTIVE LEADERSHIP

Message From the CEO

GRI 2-22

For over 90 years, Stepan Company has delivered products to help improve people's lives. Our earliest products were designed to help control dust on rural dirt roads, and the organization quickly expanded into the sale of detergents and disinfectants. Over the years, the Company has diversified the chemical platforms that we specialize in, and we have expanded our presence to reach customers around the world. Throughout the Company's long history, our team has remained agile and responsive to the needs of our customers, positioning us to deliver solutions through a wide range of products across personal care, health and hygiene, agricultural, insulation, and industrial markets.

Over the years, Stepan has implemented broad initiatives and practices aimed at delivering sustainability benefits for our customers and other stakeholders. We continue building our portfolio of products and services that help reduce greenhouse gas (GHG) emissions, promote more efficient use of resources, and are safer for people. This includes biobased or biocircular products from our ISCC PLUS certified plants, products serving agricultural and nutritional markets, products that improve building energy efficiency, products with a lower environmental impact, and many others.

Our growth mindset drives our strategic decision-making, guiding our investments in foundational chemistries and technologies to enhance and diversify our capabilities. For example, our pursuit of and commitment to fermentation technology has opened market opportunities for biological solutions, and our team continues to explore, develop, and deliver value in this area. The investment in our newest site in Pasadena, Texas, the largest in Company history, is expected to enable strategically targeted growth across our Surfactants segment. This site will unlock long-term growth opportunities in construction, agriculture, and household goods, including a variety of biobased offerings for our customers.

Across our facilities, operational excellence is key to driving resiliency and efficiency in our processes and for responsible management of the resources we depend on. Our efforts include reducing waste, keeping materials in use, driving energy and water use efficiency, and implementing other initiatives that can help drive resilience and create more sustainable operations. In 2024, more of our sites achieved certification to the International Organization for Standardization (ISO) 14001 or 50001 standards for environmental and energy management. Implementing best practices and standardizing processes across the organization remains a focus to improve efficiency, performance, and the delivery of our stretch goals.

Most importantly, safety is essential to all our work. We are focused on maintaining the safety of our employees, processes, and communities. Stepan teams dedicate significant efforts and investments to this area, including the establishment of a new operations team in 2024 focused on day-to-day safety effectiveness. We continued building strong policies and standards to help us achieve our ambitious safety goals.

I am incredibly proud to be the fifth CEO of Stepan Company. I take this responsibility—to guide the organization toward a sustainable, successful future—very seriously, and I have deep respect for the contributions of our Board of Directors, Executive Leaders, and all team Members, past and present. We will continue delivering exceptional solutions as we build on our past successes, integrate new technologies and capabilities, and expand our offerings in the marketplace.

Looking ahead, I am very excited about the prospects for the organization and the evolution to a results-oriented culture at Stepan. We have an incredible team—#ONETEAM—that makes a difference every day and helps us continue delivering meaningful impact as we push for strategic growth and superior shareholder value creation.

Luis E. Rojo
President and Chief Executive Officer (CEO)

Message From the CTSO

GRI 2-22

This is a dynamic time for Stepan Company, and I am excited for the opportunities to drive sustainable growth and expand our sustainability focused products and services. Over the past several years, Stepan has invested significantly in increased manufacturing capabilities and for transformative technological strengths that allow entry into new markets. We aim to leverage these investments to fulfill our growth ambitions, and today we are excited to offer a broad portfolio of products that reflect the longstanding as well as emerging needs of our customers globally.

Sustainability continues to underpin our efforts, and it is integrated into our work across the organization. From raw material sourcing, to manufacturing activities and product innovation, we work to standardize sustainability criteria in our processes. Stepan is driving action across key areas for reduction of Scope 1, 2, and 3 greenhouse gas emissions. Use of alternative raw materials with a lower emissions footprint offers the greatest potential to lower our Scope 3 emissions, and we continue to identify opportunities and offer a growing number of such solutions to our customers.

At our manufacturing sites, we are committed to reducing our Scope 1 and 2 emissions through optimization of our processes and significant investments in renewable electricity. We source about 45% renewable electricity across our operations, including 100% renewable electricity for our European usage. In addition to prioritizing greenhouse gas emissions reduction, we also work on managing the resources we depend upon in a manner that promotes sustainability and resilience.

We continue efforts to support responsible water management and conservation, and we held steady on our water use goal.

Investments in forward-looking innovation, technologies, and capabilities remain a focus for our teams. We have ongoing commitments related to evaluation and consideration of emissions impact, as well as other sustainability criteria at early stages of product design and project development. We are integrating new technologies for a more agile and streamlined innovation and product development process, and we are exploring use of artificial intelligence for some aspects of our work.

In all our efforts, stakeholder engagement is key for continued progress. Stepan works closely with our suppliers, customers, service providers, and numerous industry organizations to explore rapidly evolving technologies and facilitate delivery of exceptional products and services. These partnerships are also key as we navigate shifting regulations, environmental and societal factors, and other considerations.

We are proud of our great progress and have met or exceeded our initial environmental goals. In this report, we are happy to announce new sustainability targets for the organization. Over the next several years, we will work to drive reductions in waste generation, promote water risk management at our higher-risk sites, and continue reducing GHG emissions with a goal to reduce our Scope 1 and 2 emissions by 35%. We will also expand on our current renewable electricity investments, aiming for an energy mix that includes renewable and zero-carbon electricity commitments covering 90% of our usage by 2030.

Our dedicated teams, strategic investments, and close collaborations are essential as we work to exceed customer expectations while advancing for a resilient and sustainable future.

Sincerely,

Jason Keiper

Jason Keiper
Vice President and Chief Technology and Sustainability Officer (CTSO)

ABOUT STEPAN

GRI 2-1, 2-6

We continue our work to grow in sectors that present sustainability advantages, while maintaining a focus on our foundational chemistries.

A GROWTH MINDSET

A growth and innovation mindset drives Stepan's focus on delivering chemical solutions that foster a cleaner, healthier, and more energy-efficient world. As a global leader in the production of specialty chemicals, we continue to expand our capabilities to deliver products that address market challenges and broaden our positive impact. This includes strategic growth in sectors that offer sustainability advantages while maintaining our focus on foundational chemistries. Through new market exploration, responsible and ethical operations, and innovation strategies that introduce cutting-edge technologies and services, Stepan remains dedicated to creating sustainable value for our customers and contributing to a resilient future.

Within the Polymers segment, we deliver products for insulation, coatings, adhesives, sealants, and elastomer (C.A.S.E.) applications, as well as key components for the automotive, marine, and various industrial sectors. Our Specialty Products segment includes leading solutions in flavors, emulsifiers, and solubilizers for the food, flavoring, nutritional supplement, and pharmaceutical industries. Recent investments have opened new opportunities in biological solutions. By combining our deep chemical expertise with our emerging capabilities in fermentation technology, we are poised to deliver innovative, environmentally and socially beneficial solutions to both existing and new markets.

OUR MARKET IMPACT

Our manufacturing and technical capabilities enable us to make an impact across diverse markets. Stepan's Surfactants segment serves a broad range of consumer needs, including personal care, cleaning, and disinfecting, while also providing tailored applications for the agricultural, oilfield, and construction industries.

In 2024, Stepan sold over 1,000 different products to over 2,500 customers across various end use markets, with additional customer reach through our global distribution network. Across our diverse markets, we uphold our commitment to being a leading provider of chemical solutions in our key business areas through ongoing investments in growth, process optimization, and customer-centric innovation.

Sustainability Priorities

With a focus on strategic and sustainable growth, we seek opportunities across our areas of impact. Through this report, we are proud to highlight work from the past year as we continue building on our investments and the strengths of our teams to make progress toward our priorities and vision.

MANUFACTURING STRENGTHS

Investments to expand and diversify our manufacturing capabilities provide several key advantages such as enhanced logistics efficiency, growth in biological solutions, and increased capacity to serve the agricultural, insulation, and personal care markets. Learn more about our strengths in the Advantageous Products section of this report.

REGULATORY COMPLIANCE

Operating ethically and responsibly is foundational to all our work. Learn more about our commitments and efforts to address emerging regulations and growing expectations related to business ethics and supply chain due diligence in the Regulatory Compliance and Product Stewardship section of this report.

MORE SUSTAINABLE RAW MATERIALS

With six sites ISCC PLUS certified, our teams are committed to delivering more sustainable solutions and reducing the carbon footprint of our products. Learn more about our other efforts to design and commercialize safer and more sustainable products in the Advantageous Products section of this report.

RESOURCE EFFICIENCY

100% of our European sites are now committed to renewable electricity, and we continue work to improve resource management and efficiency at our global sites. For more information, please see the Environment, Resources, and Climate Impact section of this report.

ENVIRONMENTAL MANAGEMENT

Five Stepan sites meet the ISO 14001 or 50001 criteria for environmental and energy management. Learn more about our work to implement best practices for the environment in the Environment, Resources, and Climate Impact and the Responsible Practices sections of this report.

TECHNOLOGY TO DELIVER PORTFOLIO IMPACTS

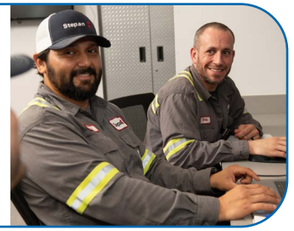
From developing fermentation capabilities to integrating new technologies for improved product design and services, our teams are embracing technology that supports our sustainability goals. For more information, please see the Advantageous Products section of this report.

SUPPLIER SUSTAINABILITY ENGAGEMENT

Over 80% of our raw material and packaging suppliers by spend have been evaluated for their sustainability-related performance. Learn more about our Partner for Sustainable Supply (PaSS) program in the Third-Party Partnerships section of this report.

OUR PEOPLE

Across our 14 Research and Development (R&D) centers and 22 manufacturing facilities, Stepan's technical experts are key to our success. For more information, please see the Valuing People and Communities section of this report.



STEPAN AT A GLANCE

Company Values

Stepan employees are essential to the Company's success, and we take pride in their dedication, talent, and expertise. Our workforce demonstrates a strong commitment to delivering chemical solutions that align with our Company Values and support a more sustainable future. Through effective collaboration with customers, suppliers, and other partners, they drive innovation and meaningful impact.

PEOPLE FIRST
Empowering Everyone to Make a Difference

INTEGRITY
Doing the Right Thing

CUSTOMER FOCUSED
Partnering to Deliver Value

CONTINUOUS IMPROVEMENT
Improving Every Day

GROWTH, INNOVATION, AND SUSTAINABILITY
Shaping the Future Through Curiosity

Stepan's 2,400 permanent, full-time employees across 14 countries—Brazil, Canada, China, Colombia, France, Germany, India, Mexico, the Netherlands, the Philippines, Poland, Singapore, the United Kingdom, and the United States—are dedicated to advancing our practices and executing our strategic goals.

Our global network includes 14 R&D centers, staffed by technical experts specializing in synthesis, product design and development, formulation, process technology, and analysis. This team, along with our 22 manufacturing facilities worldwide, enables us to deliver solutions that address real-world needs while prioritizing safety for people and the environment.

HEADQUARTERS
Northbrook, Illinois, USA

TOTAL EMPLOYEES
2,400

OPERATIONS
22 manufacturing sites in 12 countries

2024 NET SALES
$2.2 billion

BUSINESS SEGMENTS
Surfactants, Polymers, and Specialty Products

YEAR FOUNDED
1932

PRODUCTS
1,050

MARKETS SERVED

- Personal Care
- Phthalic Anhydride
- Industrial Products
- Coatings, Adhesives, Sealants, and Elastomers
- Pharmaceutical, Medical Nutrition, and Dietary Supplements
- Household, Industrial, and Institutional Cleaning and Disinfection
- Insulation
- Construction
- Agriculture
- Oilfield

GOVERNANCE

Commitment and Management Approach

GRI 3-3

Stepan remains committed to ethics, integrity, and compliance as we advance our growth and innovation strategy. We hold ourselves and our business partners to clearly defined standards of practice. Stepan's Code of Conduct and our Third-Party Code of Conduct outline the principles of ethical business conduct that guide our operations. Additionally, our policies are publicly available in multiple languages on our website.

Stepan also aligns with external frameworks, including United Nations Global Compact (UNGC) and our long-term commitment to Responsible Care®. By setting clear expectations and maintaining transparent governance, we reinforce accountability and create long-term value for our stakeholders.

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Stepan's Board of Directors provides oversight and guidance for our global operations.

Board of Directors

GRI 2-9, 2-11, 2-12

Comprised of eight members, six of whom are independent, the Board leverages its collective expertise in business leadership, industry experience, and strategic planning to guide the Company's strategic priorities.

F. Quinn Stepan, Jr.
Chairman

Luis E. Rojo
President and CEO

Lorinda A. Burgess
Audit Committee Chair

Susan M. Lewis

Joaquin Delgado
Nominating and Corporate Governance Committee Chair

Jan Stern Reed
Human Capital and Compensation Committee Chair

Randall S. Dearth[1]
Compliance Committee Chair and Lead Independent Director

1 Mr. Randall S. Dearth assumed the role of Lead Independent Director on April 30, 2025.

BOARD DUTIES AND RESPONSIBILITIES

Our Corporate Governance Guidelines and committee charters outline the expectations and responsibilities of the Board and its four committees—Audit; Compliance; Human Capital and Compensation; and Nominating and Corporate Governance.

To fulfill their responsibilities, Stepan's Board of Directors have complete access to corporate management at all times to enable directors to ask any questions and receive all information necessary.

The Board performs the following principal functions, exercising business judgment in good faith:

- Ensuring legal and ethical conduct, including reviewing and approving updates to the Code of Conduct (the "Code");
- Overseeing risk management policies and processes;
- Selecting, evaluating, compensating, and, where necessary, replacing the CEO and planning for his or her succession;
- Advising on senior management selection, evaluation and development;
- Participating in and monitoring strategic planning;
- Providing general oversight of business operations and approving significant corporate actions;
- Overseeing the integrity of Stepan's financial statements and financial reporting processes;
- Overseeing environmental, social and governance (ESG) and climate-related matters, including:
  - (i) reviewing and evaluating Stepan's ESG plans and practices;
  - (ii) reviewing current trends and discussing such matters with management; and
  - (iii) monitoring the development and use of measurement and tracking metrics
- Evaluating Board processes and performance;
- Selecting and nominating Board candidates; and
- Compensating directors.

Sustainability Governance

GRI 2-12, 2-13, 2-17

Stepan's sustainability program is guided by a cross-functional team with representation from our global regions. The ESG Steering Team is responsible for defining the Company's sustainability strategy and goals, driving key initiatives, monitoring and preparing for related regulations and mandates, and fostering collaboration and partnerships that enable success in these areas.

Our Steering Team membership is reviewed annually and has evolved based on the shifting needs and requirements of the organization. The leaders of Stepan's Regional Supply Chain Sustainability Councils also sit on the Steering Team, playing a crucial role facilitating two-way communication across regions and streamlining efforts to deliver progress on our sustainability goals and initiatives.

Functional teams across the Company collaborate with Stepan's Steering Team to monitor shifting expectations and requirements. They work to drive a positive impact, including reducing manufacturing and product impacts, delivering safer and more sustainable products, and maintaining regulatory compliance.

> Through all our efforts, we remain focused on producing top-performing products for our customers and the market.

Stepan's ESG Steering Team is overseen and guided by the Chief Technology and Sustainability Officer (CTSO), who serves on the ESG Subcommittee of Stepan's Executive Leadership Team. This subcommittee directs the Company's current and future sustainability-related priorities, monitors progress toward Company goals, and guides a strategy that enables resilience and agility on these topics. Established in 2022, the subcommittee meets quarterly and provides regular reports to the complete Executive Leadership Team, the President and CEO, and the Board.

The President and CEO provides approval, review, and further guidance on identified sustainability topics, including:

- Strategic planning
- Risk management policies and processes
- General oversight of the business
- Significant corporate actions
- ESG and climate matters, including:
  - Stepan's plans and practices
  - Current trends
  - The development and use of measurement and tracking metrics
  - Emerging ESG regulations

Through this governance structure, we aim to integrate a culture of sustainability across Company functions. Ongoing collaboration with dedicated team leaders is essential to meeting the expectations of our stakeholders and driving meaningful progress towards our sustainability goals.

Governance Framework

GRI 2-13

SUSTAINABILITY AT STEPAN

Commitment and Management Approach

GRI 2-14, 3-3

Stepan is committed to reducing the environmental impact of our operations and to taking actions to reduce greenhouse gas emissions, while delivering safer and more sustainable products and services to the market. In 2024, we pursued cross-functional initiatives with impact across our value chain.

This past year, we collaborated with supply chain partners to explore sustainable energy sourcing and raw material alternatives. Notably, we expanded the number of our manufacturing facilities certified to the International Sustainability and Carbon Certification (ISCC) PLUS standard with all European sites achieving certification. This certification provides external verification of our sustainability claims, strengthening transparency with customers.

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Sustainability Materiality and Reporting →

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Progress on Our Sustainability Goals →

All of Stepan's European sites are ISCC PLUS certified for delivery of products with sustainability benefits.

MORE SUSTAINABLE PRODUCTS

Raw material alternatives present significant potential to reduce the impact of greenhouse gas (GHG) emissions, and throughout the year, we collaborated with suppliers and customers to explore opportunities. Stepan also partnered with suppliers to improve traceability in our palm derivatives supply chain, achieving high levels of traceability levels back to our supply chain mills. We will continue to enhance this data to support global efforts to end deforestation.

Stepan also expanded our Partner for Sustainable Supply (PaSS) program, incorporating more suppliers into sustainability and ethics performance assessments. A majority of participating suppliers performed at or above industry average across a broad set of criteria, and this externally managed assessment is a fundamental part of our supply chain due diligence.

To better quantify product and process impacts, we enhanced our Product Carbon Footprint (PCF) reporting capabilities by developing a streamlined analytical tool and continuing engagement with suppliers for primary emissions data.

SAFER, MORE SUSTAINABLE PROCESSES

We remain dedicated to best practices in safety and environmental management across our organization. The Stepan Management System (STEMS) is a critical tool for collecting and analyzing environmental and safety performance data, helping sites monitor activities, identifying process improvement opportunities, and optimizing overall performance. These efforts also play a critical role in tracking our progress toward Company goals and communicating broadly on sustainability matters. Several of Stepan's sites obtained International Organization for Standardization (ISO) certifications for energy or environmental management, underscoring our dedication to process and management improvements. Within this last year, we also refined our capital project review process to incorporate additional sustainability-related criteria.

Stepan developed an internal framework for use during the early stages of product development by combining broad elements of product and process impact. This framework includes the review of safety and sustainability criteria, beginning with raw material selection and continuing through later phases of the product life cycle. The goal is to standardize the use of this framework to guide new product development and bring products to the market that align with our safety and sustainability goals.

STEWARDSHIP AND COMPLIANCE

In 2024, Stepan monitored and prepared for emerging regulations, including the European Deforestation Regulation (EUDR) and the Corporate Sustainability Reporting Directive (CSRD). These efforts included tracking of regulatory requirements, stakeholder engagement, cross-functional collaboration, and a double materiality assessment. In the coming years, we will continue to adapt to evolving regulations and anticipate shifts that may impact our sustainability strategy and reporting.

Stakeholder Engagement

GRI 2-29, 205-3

Stepan regularly seeks feedback from a broad group of stakeholders, including employees, customers, suppliers, investors, and local communities. Their input helps shape our sustainability strategy, ensuring alignment with our Company Values.

In 2024, Stepan engaged diverse stakeholders through customized surveys on broad topics and maintained open, routine communication through the following channels:

Employees: Direct engagement, town halls, surveys, site safety committees, email, Company portal, digital signage, social media, webcasts, and ethics hotline

Customers: Email, surveys, client panels and meetings, site visits, virtual laboratory collaborations, tradeshows and events, website and live chat, online platforms, social media, and digital portals

Investors: Annual stockholders meeting, quarterly earnings calls, U.S. Securities and Exchange Commission (SEC) filings, website, conferences, email, telephone calls, and meetings

Suppliers: Annual and periodic meetings with key suppliers, industry tradeshows, Environmental, Social, and Governance (ESG) focused assessments, requests for sustainability information, and best practice sharing between sustainability teams

Local communities: Volunteer support, philanthropic giving, science and engineering training, chemistry education days, safety awareness activities and training, including with local first responders

Sustainability Materiality and Reporting

GRI 3-1, 3-2

Stepan is committed to transparency and accountability in sustainability reporting. We have reported on sustainability topics for many years, communicating in accordance with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD) frameworks. Our reporting to date has been organized based on the results of prior materiality analysis as well as the requirements of each of the indicated frameworks.

In 2024, Stepan conducted a double materiality assessment, a dual-lens approach to evaluating how an organization's activities impact people and the environment while also assessing risks to or opportunities for the organization's financial position, performance, and resilience. Stepan's materiality work was informed by our prior materiality assessment and involved a review of the Company's organizational structure and business model, key policies and processes, broad engagement of internal and external stakeholders through customized surveys, interviews with Stepan functional and regional leaders, and executive leadership review. Results from this work serve to define the key sustainability reporting topics shared in this report.

Please visit our Corporate Governance webpage in the Investor section of Stepan's website to learn more about our governance structure, procedures and policies.

External Accountability Frameworks

Stepan actively partners with prominent corporate advocacy organizations and implements nationally and internationally recognized sustainability and climate accountability frameworks and standards. Our affiliations include membership commitments, certifications, reporting, and external audits. Stepan fulfills growing stakeholder demands for accountability and transparency in corporate disclosures by adhering to these established frameworks and standards. Our responsibility and accountability partnerships include:

- American Chemistry Council (ACC) Responsible Care®
- American Cleaning Institute (ACI)
- Carbon Disclosure Project (CDP)
- EcoVadis
- European Federation for Cosmetic Ingredients
- Global Reporting Initiative (GRI)
- International Organization for Standardization (ISO) Standards
- International Sustainability and Carbon Certification (ISCC) PLUS
- Roundtable for Sustainable Palm Oil (RSPO)
- Supplier Ethical Data Exchange (SEDEX)
- SEDEX Member Ethical Trade Audit (SMETA) Standards
- Sustainability Accounting Board Standards (SASB)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- United Nations Global Compact (UNGC)

Stepan has actively participated in several ranking frameworks for many years, including EcoVadis and CDP. In our 2025 EcoVadis, rating Stepan ranked in the top 6% of manufacturers of other chemical goods, based on our 2024 actions and performance. This reflects our ongoing efforts to identify areas for continuous improvement related to business ethics, human and labor rights, environmental practices, and sustainable procurement.

Our sustainability strategy is also informed by the United Nations Global Compact (UNGC) and CDP. As a proud signatory to the UNGC since 2018, we actively support the UN's Sustainable Development Goals (SDGs) and the Ten Global Principles in the areas of human rights, labor, environment, and anti-corruption. Our commitment extends to advancing the UN's overarching goals across the regions where we operate. For over a decade, Stepan has reported annually to the CDP Climate Change questionnaire, disclosing the Company's GHG emissions. In 2018, we expanded our CDP reporting to include water usage across our global facilities, and in 2021, we began reporting on forest impact and deforestation risks through the CDP Forests questionnaire.

Progress on Our Sustainability Goals

GRI 3-2

ESG PRIORITY TOPIC	GOAL	TARGET YEAR	2024 PROGRESS
Ethics and Compliance	100% employee participation in Ethics and Compliance trainings	Ongoing	100%
Employee Safety	A Total Recordable Incident Rate (TRIR) of less than 0.25 across all Stepan facilities	2025	0.65
Emissions Reduction	Reduce Scope 1 and 2 GHG emissions (in metric tons) by 10% across all sites Results without adjustment to base year for acquired sites	2025	10%
	Results with adjustment to base year to account for acquired sites	2025	22%
Water Conservation	Reduce global water usage by 40% across our 2016 baseline facilities	2025	43%
Renewable Energy	Source 20% of global electricity from renewable sources	2025	43%

ADVANTAGEOUS PRODUCTS

Commitment and Management Approach

GRI 3-3

Stepan remains firmly focused on delivering exceptional products through customer-centric partnerships and innovation. With deep technical expertise, extensive manufacturing capabilities, and a strong supply chain network, we continue to invest in more sustainable solutions across a range of global markets. Our goal is to be the preferred supplier for our customers, and we take pride in the awards and recognitions that validate our efforts. In 2024, one of our customers ranked Stepan's Wesseling, Germany team in their highest category for chemical suppliers, recognizing our systems and processes that "play a crucial role in consistently delivering high-quality products." Additionally, our Polymers team received customer recognition for partnership in sustainability innovation.

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Sustainability-Focused Product Design and Impact Assessment →

Regulatory Compliance and Product Stewardship →

We offer a broad portfolio of readily available products while also driving strategic, multi-generational development of innovative, forward-looking solutions.

In recent years, our strategic investments have enabled us to:

- Tackle market challenges while improving safety for people and the environment;
- Expand biobased and fermentation-based product offerings;
- Enhance manufacturing capabilities for regional and local market efficiency; and
- Advance sustainability priorities, including food security, health and sanitation, resource conservation, and GHG emissions reduction.

In 2024, additional Stepan sites achieved ISCC PLUS certification, and we introduced new biobased and biocircular products to the market.

Our teams also explored ways to leverage Stepan chemistries that enable biostimulants to improve soil and plant health, expand our fermentation technology for application in key markets, and identify opportunities to eliminate compounds of concern in our polymers products.

To deliver new products and services with improved environmental and safety performance, our teams collaborate across disciplines for an informed and structured approach. In 2024, our Research and Development (R&D) team advanced the Safe and Sustainable by Design framework, which will be used to standardize safety and sustainability evaluation in early product development.

Our Process Technology Department (PTD) supports small-scale reaction testing, generating process control insights before full-scale commercial production. Through PTD trials, we aim for "Right the First Time" manufacturing, ensuring reliable and efficient product launches.

Stepan continues to modernize innovation and production processes, introducing new tools and technologies to drive success:

- Streamlining the New Product Introduction (NPI) process to accelerate product launches;
- Implementing new informatics tools to enhance material evaluation during the design phase;
- Exploring AI and machine learning to optimize operations and improve collaboration; and
- Launching a Digital Transformation program to deliver a data-driven approach to innovation and process technology work.

By integrating cutting-edge technology, we aim to streamline delivery of products that shape a safer, more efficient, and more sustainable future.

Products and Services for Sustainability Benefit

GRI 2-22, 3-3, 302-5

Stepan takes pride in our expanding portfolio of products and services that support global sustainability priorities. Sustainability remains an important driver for product development and process improvements, guiding our investments in diversification, technological advancements, and operational agility. Our teams continue to standardize sustainability integration across innovation, raw material sourcing, and project reviews. A critical aspect of this work is our proactive approach to regulatory compliance, and ensuring we effectively manage evolving requirements while driving sustainable progress.

POLYMERS

Stepan's Polymers team continues to advance its strategy to develop high-performing solutions that meet stringent safety and flammability requirements while reducing environmental impact. Investments in manufacturing and technology across North America and Europe have expanded the development of our TERATE® product line for polyol applications. The TERATE® HT group of polyester polyols delivers excellent performance related to fire safety when used in sprayfoam and rigid foam insulation, while also enabling robust insulation performance to drive energy efficiency. Our latest spray foam innovations include our high functional polyester polyols, TERATE® HT 5375 and TERATE® HT 5345 ES.

Stepan is committed to biobased, biocircular, and recycled materials in our rigid polyol business. In 2024, we collaborated with value-chain partners to develop and commercialize next-generation rigid foam insulation featuring Stepan's biocircular polyester polyol. Since 2023, we have expanded ISCC PLUS certification across six manufacturing sites in North America and Europe. Our STEPANPOL® PS-2352 BIOC and STEPANPOL® B-195 BIOC are used in next-generation lamination polyols and carry the ISCC PLUS certification for biocircular content. Their raw materials are derived from non-food grade crops or agricultural waste streams, helping reduce the product's carbon footprint while promoting long-lasting insulation benefits.

In addition to our ISCC PLUS certified products, all STEPANPOL® rigid polyols in North America are UL 2809® certified for having at least 45% post-industrial recycled content. Our European STEPANPOL® and TERATE® products also carry UL certification for the same levels of post-consumer recycled content.

Stepan's impactful polymer chemistries, sustainability focus, and global network of Technical Service teams differentiate us in the marketplace.

> Looking ahead, we will leverage multi-generational technology roadmaps to drive customer-focused innovation and explore circularity opportunities at different phases of the rigid foam life cycle.

Productivity improvements that benefit our customers remain a key focus, and Stepan's Smart Laydown™ program, launched in 2023, will continue expanding over the coming years. This patented technology integrates advanced diagnostic capabilities, digital solutions, and automation to enhance the customer experience. These programs optimize production processes, minimize manufacturing waste, and manage resource use.

Stepan aims to be the go-to partner for addressing current and emerging polymer market requirements. With continued investments in manufacturing capacity, new technologies, and foundational chemistries, we are well-positioned for growth in sustainability-driven markets.

SPECIALTY PRODUCTS

Stepan's specialty products support nutritional needs for both people and pets. For over 30 years, we have developed solutions that promote heart and brain health, nutrient absorption, infant nutrition, and weight management. Our lipid nutrition product line enhances functionality in foods, flavorings, nutritional supplements, and pharmaceuticals.

For example, Stepan's medium chain triglycerides (MCTs) deliver nutritional benefits across all age groups, while our patented technology ensures that our NEOBEE® MCTs meet European Food Safety Authority (EFSA) standards. Stepan also launched NEOBEE® M-5 COSMETIC for use in personal care products such as skin lotions and creams. This plant-based, sulfate free product offers sustainability benefits and an improved user experience.

SURFACTANTS

Stepan continues to diversify its surfactant portfolio by integrating new technologies and value chain partnerships to meet evolving market needs. Value chain partnerships are increasingly important due to the growing market demand for rapid delivery of new products. Customers seek high-performance solutions with enhanced sustainability attributes, including lower product carbon footprints, sulfate free formulas, mildness, and high biodegradability.

Strategic investments in fermentation assets since 2020 have driven the expansion of Stepan's BioSolutions platform, integrating fermentation technology with our existing portfolio of chemically derived solutions. We work closely with key partners as we advance our efforts in this area. Stepan's surfactants Business Development team explores adjacencies and transformational technologies with the potential to catalyze growth for the Company. This includes customer collaboration aimed at developing technology roadmaps for customer-centric innovation.

In 2024, we developed new intellectual property and scaled select biological solutions from lab to pilot scale. Over the past few years, we also launched two amino acid-based surfactants, MAPROSYL® 30-B and MAPROSYL® 25G-HP, to expand our sulfate free portfolio for consumer products. Our research efforts aim to expand our portfolio of high-performing, sustainable solutions for people and the environment, geared toward healthcare, consumer, and agricultural markets.

Within the agricultural sector, Stepan continues to expand services and develop products that enhance soil health, crop productivity, and formulations. Our Advanced Formulation Services (AFS) team helps customers navigate regional regulations and optimize agricultural product development and registration. Our teams continue to research biological solutions to support sustainable crop production, mitigate resistance issues, and improve soil health.
In the product development space, Stepan recently launched HALLCOMID® DML, a biobased, biodegradable solvent designed to replace petrochemical-based solvents. Throughout the year, our teams strategically collaborated with customers to identify opportunities and deliver solutions for an improved sustainability profile, including lower manufacturing footprints, reduced logistics impacts, and use-phase benefits.

Our teams recently developed field-ready solutions for biological control. In 2024, we announced STEPGROW® VIVO 101, a chassis system for biologically active ingredients. This surfactant blend is compliant with the U.S. Department of Agriculture National Organics Program (NOP). STEPGROW® VIVO 101 demonstrates good compatibility with various microorganisms, helping streamline the use of microbial solutions in crop management applications. Stepan conducts ongoing research on biological solutions and their integration with chemistry and application technology, aiming to mitigate resistance issues, improve soil health, and enable more sustainable crop production.

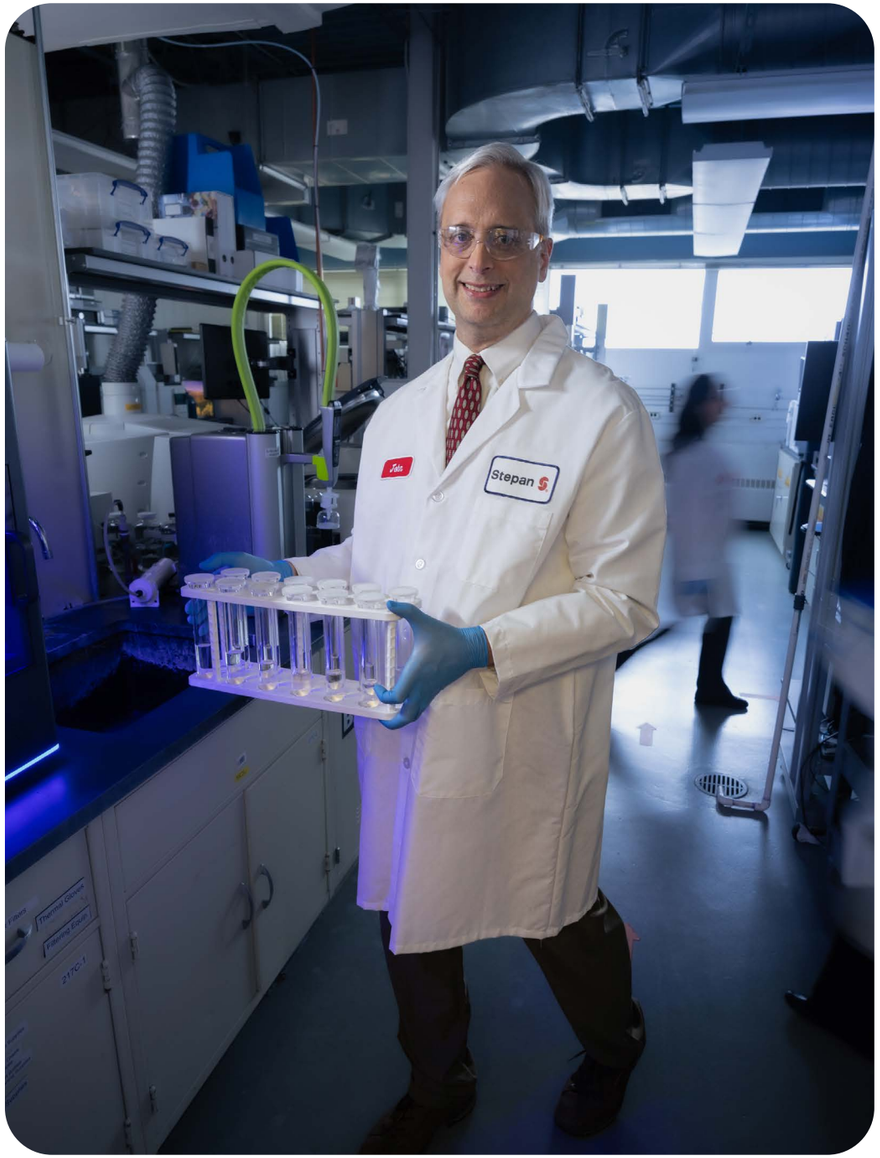
Stepan is expanding formulations that incorporate plant-derived raw materials from coconut, sunflower seeds and other sources. This includes a range of personal care and pet care products, such as STEPANQUAT® Soleil, STEPAN-MILD® GCC, and Stepan's LATHANOL® LAL series.

As we work to develop new opportunities to shift from fossil derived to biobased raw materials, our teams are scaling up our capabilities for products made with biobased alpha olefins and fostering partnerships with suppliers who can support our goals.

In 2024, Stepan continued to drive compliance with low 1,4-dioxane regulations, leveraging state-of-the-art technologies across several facilities. STEOL® CS-270 ULTRA is a high-active ether sulfate with <3 ppm of 1,4-dioxane at the time of manufacturing. STEOL® CS-230K PLUS and STEOL® CS-230 PCK PLUS are low active ether sulfates with <2 ppm of 1,4-dioxane at the time of manufacturing. Continued investments will further expand Stepan's portfolio of products to comply with stringent European regulations.

Stepan has made significant investments in its Pasadena, Texas manufacturing facility to expand capacity and bring alkoxylation technology in-house. Our effort enables us to efficiently deliver custom solutions to a wide range of markets. Stepan's expertise in innovation and production, combined with its broad product portfolio, allows us to serve agricultural markets with solutions that improve crop management. We also support industrial, institutional, and consumer markets with products that offer benefits such as disinfection and cleaning.

> By leveraging our alkoxylation growth strategy, our technical expertise, and our global manufacturing capabilities, we aim to meet the unique needs of our customers as we deliver products that support nutrition, health, wellness, and sustainability objectives.



Sustainability-Focused Product Design and Impact Assessment

To formalize sustainability thinking in product design and development, Stepan has established a product-profiling framework based on Safe and Sustainable by Design (SSbD) principles. This framework evaluates safety and sustainability across all life-cycle stages, guiding early product design. Starting in 2025, we will implement a materials informatics platform that enables inclusion of sustainability parameters as criteria in our innovation phase-gate process.

Raw materials selection plays a key role in product performance, life-cycle impacts, and Scope 3 GHG emissions. In 2024, our teams expanded supply chain engagement efforts to evaluate sustainability performance, define raw material emissions impacts, and explore alternative solutions, including biobased and biocircular materials. Through these efforts, we aim to reduce the carbon footprint for strategic products and deliver more sustainable solutions for our customers. Over the past year, we advanced our PCF process based on the Together for Sustainability (TfS) PCF Guideline for the chemical industry. We worked to automate our PCF process for more efficient assessments, and when fully implemented, we expect a more comprehensive analysis of our product portfolio for insights into highest emissions impact areas.

As we refine our understanding of process-specific environmental impacts, we will invest in modeling work that should enable more accurate PCF reporting and help identify opportunities for more sustainable processes. Stepan remains committed to resource conservation, waste reduction, and Scope 1 & 2 emissions reduction.

> By enhancing the efficiency and safety of our manufacturing processes, we further our goal of delivering safer, more sustainable products.

For additional details, please see the Third-Party Partnerships section of this report.

Regulatory Compliance and Product Stewardship

GRI 2-12, 3-3, 416-1

Stepan continuously assesses product risks to enhance safety, sustainability, and regulatory compliance. Our compliance efforts span:

- Manufacturing and material handling safety for employees
- Transport and delivery safety
- Finished product safety for customers

With *in silico* modeling tools, we conduct high-throughput screening for physical and chemical properties, environmental fate, ecotoxicity, and human health endpoints. These tools help identify potential risks and guide our work to develop innovative solutions to mitigate them.

Stepan's Regulatory and Product Safety team works closely with R&D to monitor evolving regulations. We utilize internal tracking tools for efficient regulatory monitoring and information exchange while collaborating with key chemical industry stakeholders to promote science-based improvement. In recent years, Stepan directed considerable effort to implement new technologies to comply with 1,4-dioxane regulations in the U.S., with European regulations pending. Our teams in these regions actively engage in trade association advocacy efforts on this and other topics (please see the Public Policy and Industry Associations section of this report for more information). Through their participation in various discussion forums, review of position statements and policies, and provision of expertise and data, they work to promote improvements and advocate for scientifically robust approaches for management of per- and polyfluoroalkyl substances (PFAS), microplastics, 1,4-dioxane, and other compounds of concern.

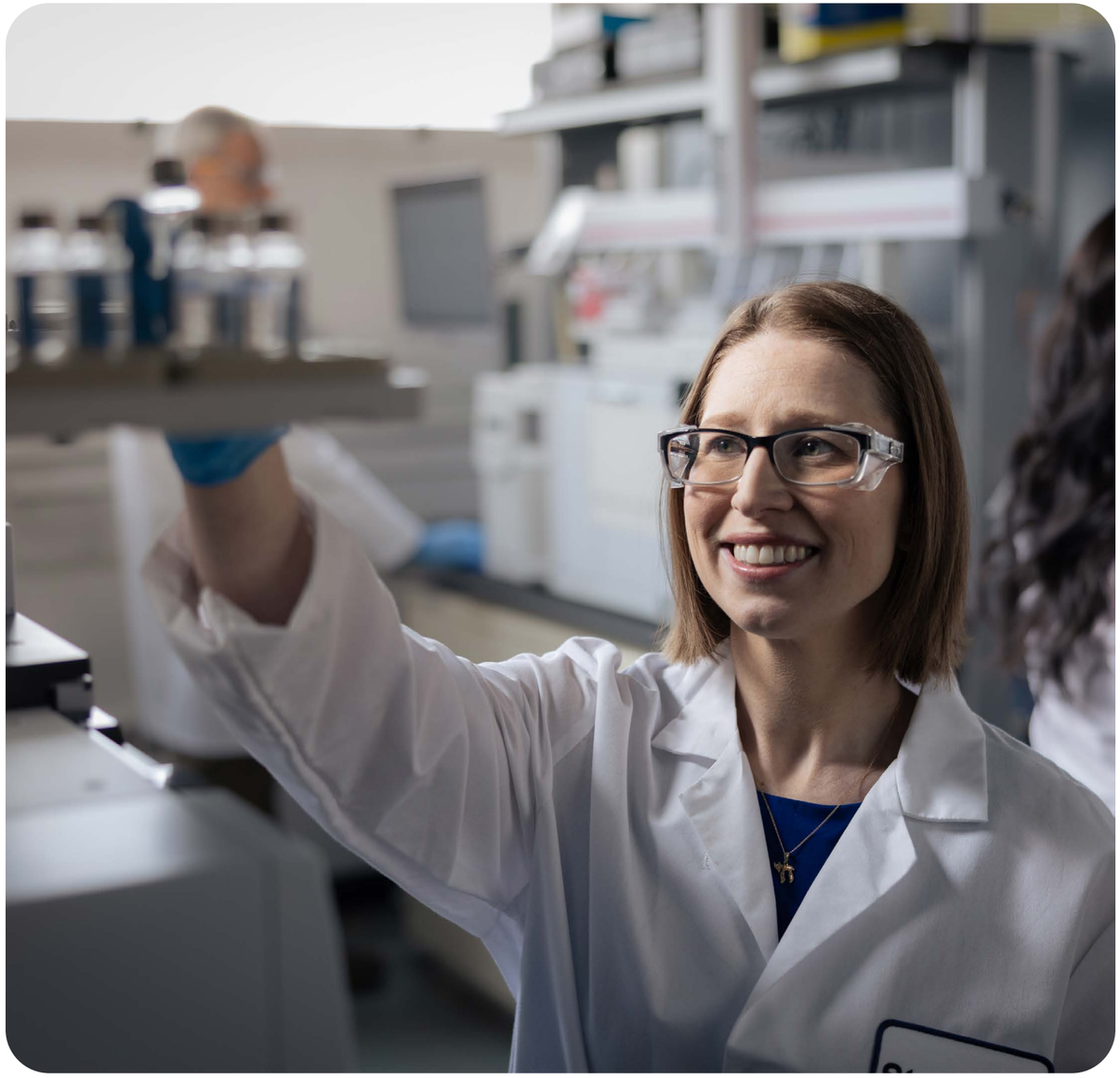
Stepan is driving progress in managing evolving global regulatory requirements. These provisions include the new EU regulations for lower allowable concentrations of 1,4-dioxane; ongoing management of Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) requirements globally; and emerging regulations related to sustainability reporting, deforestation-free products, and compounds of concern. From a risk perspective, regulatory changes are dynamic and complex, requiring strategic integration into our operations. For this reason, emerging regulations are a key risk identified in Stepan's Enterprise Risk Management (ERM) framework.

Stepan prioritizes transparency by providing stakeholders with product information on environmental, social, health, and safety impacts. Information is available on our website, in public records, or as part of the standard safety data we manage. For example, we provide Product Stewardship summaries on our website for chemistries identified as high-priority, and we work to meet or exceed safety standards through adherence to applicable laws and regulations to protect the environment and public health. Stepan makes critical safety information readily available to our stakeholders through all stages of material handling and transport using the Globally Harmonized System (GHS) of Classification and Labelling of Chemicals. Stepan's membership in the American Chemistry Council (ACC), European Chemical Industry Council (CEFIC), and similar organizations help align our practices with global safety and regulatory standards, driving responsible chemicals management and clear communications with stakeholders.

ADVANCING TECHNOLOGY FOR REGULATORY COMPLIANCE

Stepan successfully completed the implementation of our System Applications and Products in Data Processing (SAP) Environment, Health, and Safety (EHS) Management Module for Safety Data Sheet (SDS) and label generation, as well as dangerous goods assignment across our product portfolio and production facilities. Further enhancements to substance volume tracking and the management of the global chemical inventory are underway to fully utilize the system's capabilities while facilitating systematic global compliance.

We also implemented a new tool to streamline management of hazard labeling and notification. This tool ensures standardized communications for readily identifiable product composition, with the goal of promoting safe handling, as well as rapid response in the event of an emergency. This initiative supports mandatory compliance with Commission Regulation (EU) 2017/542, required for all European Economic Area (EEA) Member States.



ENVIRONMENT, RESOURCES, AND CLIMATE IMPACT

Commitment and Management Approach

GRI 3-3

Stepan focuses on managing our operations in a way that supports the delivery of quality products to our customers while increasing our operational efficiency and reducing environmental impact. This requires an ongoing focus on safety in our processes and for our people (see the Valuing People and Communities section for more details), as well as the implementation of best management practices and driving continuous improvement. Stepan implements programs across these areas, including an update to our capital project review process that standardizes evaluation of defined sustainability criteria at the early stages of project development.

IN THIS SECTION

Stepan focuses on managing our operations in a way that supports the delivery of quality products to our customers while increasing our operational efficiency and reducing environmental impact.

Stepan's supply chain and EHSS teams meet quarterly to share successes, best practices, lessons learned, and to promote broad alignment on Company initiatives. In addition, our Regional Supply Chain Sustainability Councils, led by a plant manager or an EHSS leader, foster communication and alignment with Stepan's sustainability priorities within their regions. These teams identify areas for process improvement and track progress toward Company goals based on site-level and regional considerations, such as regulatory requirements, infrastructure needs, resource availability, markets, and more.

Sustainability-related topics are shared with the ESG Subcommittee of the executive leadership team, which oversees and guides on issues related to climate impact, regulatory compliance, operational footprint, supply chain responsibility, and other ESG matters.

We track and manage safety and environmental information through the Stepan Management System (STEMS). Access to high-quality data on our environmental and safety performance is essential for assessing our environmental impact, tracking progress toward Company goals, reporting to our customers, and meeting regulatory and compliance requirements. To enhance transparency, we align with reporting categories with recognized frameworks, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) for sustainability topics, as well as the Occupational Safety and Health Administration (OSHA), U.S. Environmental Protection Agency (EPA), and other EHSS-related standards. The STEMS rollout continues by expanding data collection and monitoring capabilities, strengthening data quality control measures, and supporting change management.

With our focus on strengthening data management processes, we expanded the scope of our annual external assurance process to include a broader selection of environmental and safety metrics.

Over the past year, our sites continued driving progress by prioritizing the following levers:

- ISO 14001 or 50001 certification
- Investment in renewable or zero-carbon electricity
- Process optimization
- Waste reduction and resource circularity
- Water management focused on sustainability and resilience

All Stepan facilities are certified to the ISO 9001 standard, and we focus on increasing the number of manufacturing facilities that are ISO-certified for environmental (ISO 14001) or energy (ISO 50001) management. In 2024, our sites in Voreppe, France; Wesseling, Germany; Vlissingen, the Netherlands; Stalybridge, UK; Nanjing, China, and Jurong Island, Singapore, achieved certification to either ISO 14001, ISO 50001 or both. Aligning to these standards helps foster a mindset that is key to driving efficiency and emissions reductions across our operations.

In the U.S., our sites conform to the American Chemistry Council (ACC) and Responsible Care Management System (RCMS)®, while sites outside the U.S. participate in region-specific Responsible Care® program equivalents.

Responsible Care® recognized Stepan's team in the Philippines for its exemplary commitment to ethical and sustainable practices in the chemical industry.

The Responsible Care® programs evaluate processes, systems, and performance around EHSS and chemical safety management, emphasizing continuous improvement and excellence.

Across our regions, Stepan teams initiate and implement projects to improve safety, reduce waste, drive energy efficiency, strengthen water management, and meet stringent environmental requirements. We remain committed to advancing these areas through operational excellence, best management practices, and continuous improvement.

For more information on Stepan's sustainability teams, please visit the Governance section of this report.

Stepan's New 2030 Environmental Goals

EMISSIONS

35% reduction in Scope 1 and 2 GHG emissions[1]

WATER

Water resilience projects at 100% of high risk sites

RENEWABLE ENERGY

90% of electricity use covered by renewable or zero carbon energy[2]

WASTE

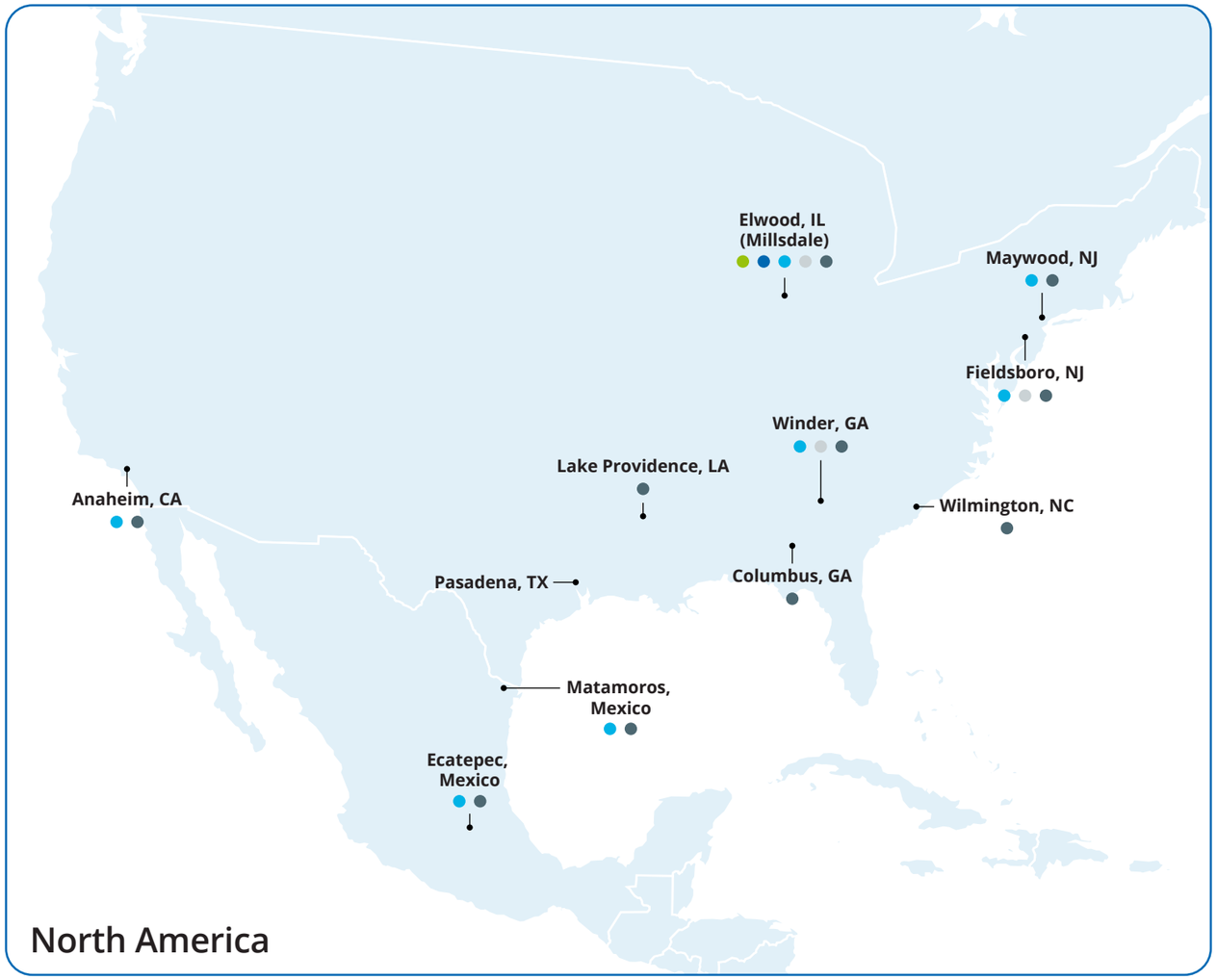
Reduce landfilled manufacturing waste by 10% and hazardous waste generation by 20%

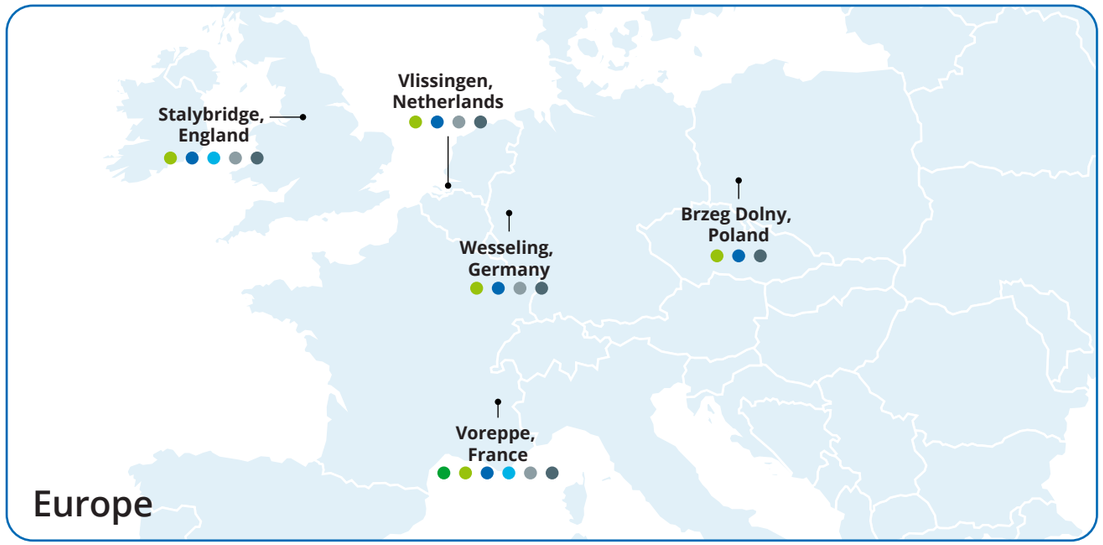
1 Reduction against 2016 base year.
2 With at least 60% as renewable electricity.

STEPAN'S GLOBAL FOOTPRINT

KEY

- Renewable Electricity Generation
- Renewable Electricity Certificates
- ISCC PLUS Certification
- RSPO Certification
- Low 1,4-D Implemented
- ISO 14001, 150001, and/or 45001 Certification
- ISO 9001 Certification





Energy and Greenhouse Gas Emissions

GRI 3-3, 302-4, 302-5, 305-5

With a focus on creating and delivering value for our stakeholders, Stepan has expanded its technological and manufacturing capabilities. While these developments have increased energy consumption, reducing greenhouse gas (GHG) emissions remains a key priority. For our Scope 1 and 2 emissions, Stepan continues to drive reductions through investments in renewable electricity and projects that enhance process efficiency.

Stepan covered 43% of our 2024 electricity usage with various renewable energy sources. On-site solar panels at our Salto, Brazil facility provide 100% of the site's electricity needs.

Stepan's Manizales, Colombia and Vespasiano, Brazil, sites utilize energy credits to cover their electricity consumption. The Voreppe, France manufacturing plant continues to source about 60% of the site's electricity needs from a power purchase agreement for nearby hydroelectric power, with energy credits covering the remaining needs. Across other European facilities, renewable energy certificates ensure that 100% of manufacturing electricity use in the region is covered by investments in renewable sources.

In the U.S., Stepan's largest manufacturing facility in Elwood (Millsdale), Illinois covers all of its electricity usage with renewable energy certificates. While overall energy consumption has increased since we began sustainability reporting, ongoing investments in renewable electricity have helped to manage and reduce our emissions footprint.

In recent years, Stepan has acquired several new facilities, necessitating an adjustment to our 2016 baseline. In accordance with the GHG Protocol, emissions estimates for the sites have been incorporated into the baseline emissions footprint for more accurate performance tracking. This is the first year that we are reporting against the adjusted baseline. In 2024, Stepan remained fairly steady relative to prior year performance, demonstrating a reduction of 10% against the original baseline and 22% against the adjusted baseline. Our goal is to build on our efforts and reach 35% emissions reduction in Scope 1 and 2 emissions by 2030.

Our European Supply Chain Sustainability Council has established energy teams at each regional site. Over the past few years, the teams conducted energy use surveys and gap assessments, enabling the development of energy management programs to promote efficiency.

22% reduction in Scope 1 and 2 emissions from adjusted 2016 baseline

Stepan's Wesseling, Germany facility underwent an audit by the German Emissions Trading Authority (DEHSt) and received state recognition for its emissions management efforts. In 2024, the Voreppe and Stalybridge teams achieved their first ISO 50001 certification for energy management, and the Voreppe site demonstrated a 5% reduction in emissions from the previous year. Across the region, our teams are driving actions to contribute to our new 2030 emissions target.

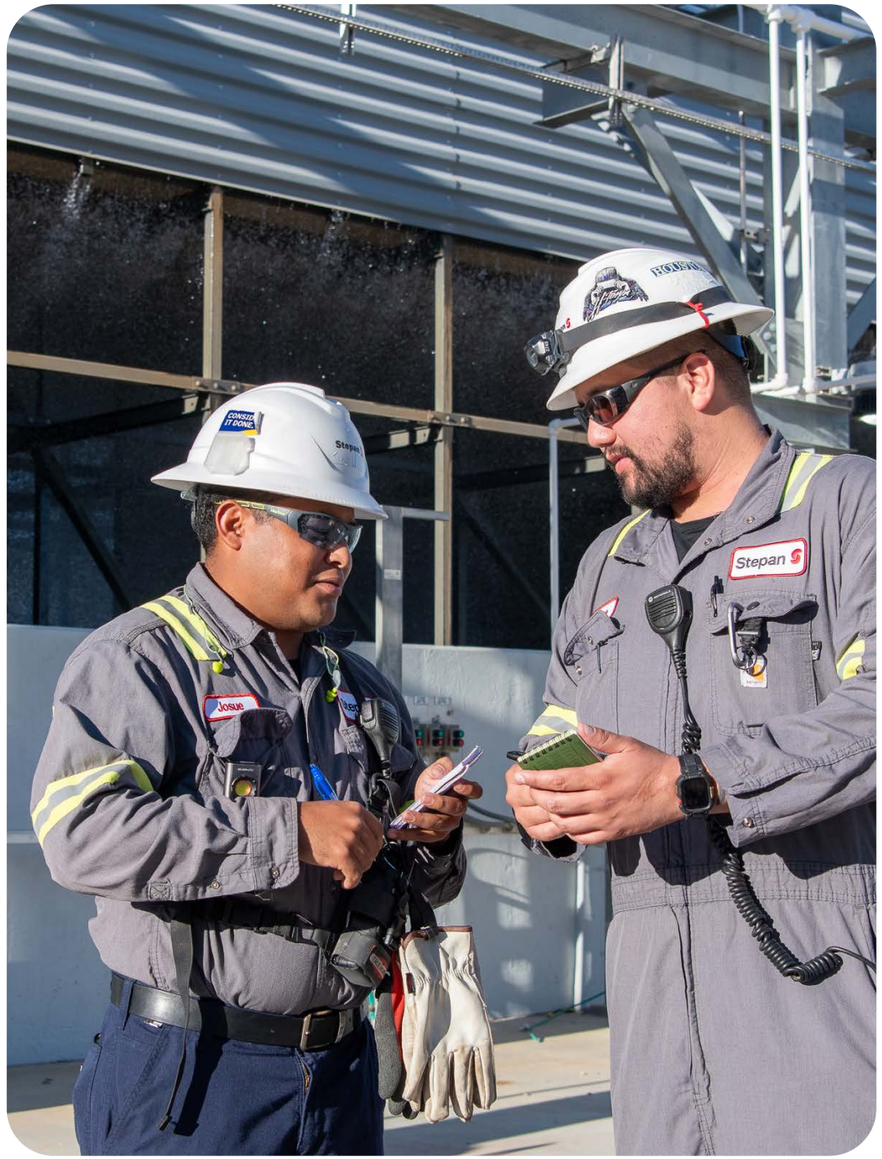
Stepan relies on fossil fuels in its manufacturing processes, and some sites are exploring ways to reduce emissions from fuel combustion. The Manizales, Colombia, team evaluated shifting boiler fuel from diesel to liquified petroleum gas to lower emissions. Engineering work for this transition is expected to be completed in 2025. Other sites have explored optimized cycle times and downtime to improve efficiency.

Stepan's Scope 3 emissions account for about 90% of our total upstream and operational carbon footprint. Key Scope 3 impact areas include emissions from transportation, energy-related activities, and goods and services. Our logistics team works to identify efficiency opportunities while ensuring safe and timely delivery of products through close collaboration with logistics partners.

Raw materials are the largest contributors to our Scope 3 emissions. In recent years, we developed a Sustainable Raw Materials program (see the Sustainable Raw Materials section for more details) to identify materials that offer the greatest opportunity for reducing our Product Carbon Footprint (PCF). We collaborate with customers and suppliers to assess carbon impact and explore improvement strategies.

In 2024, Stepan achieved ISCC PLUS certification at several facilities, including 100% of our European sites. This certification provides external validation of our claims related to more sustainable raw materials and products. Stepan also dedicates resources to explore emerging technologies for long-term GHG emissions reduction.

Beyond sharing performance metrics in this report, we annually report our GHG emission through the CDP platform and to ACC Responsible Care®. For the past several years, we have undergone third-party limited assurance for our Scope 1 and 2 emissions data, as well as energy consumption data. These efforts promote transparency, reinforce our commitment to high-quality data, and enhance readiness for anticipated mandatory ESG reporting.



Stepan's Pasadena facility incorporates water management systems and new equipment with high energy efficiency

Water Management and Use

GRI 3-3, 303-1

Management of freshwater resources is an ongoing focus for the organization and for our stakeholders. This effort involves decision-making and planning for site resilience and sustainable access for our processing needs, as well as consideration of community related needs and regulatory compliance. Stepan communicated in our prior report that we met our goal to reduce water use by 40% for our 2016 baseline sites.

> As we look out to 2030, our goal is to implement water resilience projects at our manufacturing facilities that are in regions with higher water-risk.

Our manufacturing activities depend on large quantities of water for cooling, cleaning, and generation of steam. Approximately 5% of the water activity at our sites is used in our finished goods, where water quality is a key priority. Depending on our region of operation, sites may use any combination of surface water, municipal water, or groundwater to meet these needs. Each area will also face different challenges and opportunities related to water management and access.

43% reduction of freshwater use at select Stepan sites, and a 30% reduction achieved across our full footprint since 2016

Stepan conducted an enterprise-wide water risk assessment in 2021 and 2022 using the World Resources Institute (WRI) Aqueduct tool. This assessment was enhanced with feedback from stakeholder surveys and interviews with site experts. The process considered factors such as water quality, quantity, regulatory, and reputational risks. Insights gained from this work were used to develop water risk management and tactical plans that address key issues at the sites. Issues range from management of extreme weather events that impact water availability, expanded development that places pressure on local water resources, or more stringent regulations for water quality. In 2024, we conducted a follow-up analysis to identify any changes to site-level risks as indicated by the WRI Aqueduct platform, and we found no significant changes in overall water risks.

Stepan sites have worked over the past few years to implement projects that promote more effective use of water resources and help improve site resilience. Through key initiatives, Stepan has delivered notable improvements, including investments in a cooling system at our Maywood, New Jersey site that allows a shift from continuous withdrawal of river water to a closed loop system, resulting in an over 90% reduction in water use, as well as improved energy efficiency.

We continue to recognize the benefits of installing rainwater collection systems in prior years. These systems at our Jurong Island, Singapore; Manizales, Colombia; and, in 2024, at our Vespasiano, Brazil facilities, enable the use of rainwater for cleaning. Rainwater collection systems also help reduce the use of other freshwater resources and lessen wastewater generation, delivering both economic and environmental benefits. Our team at the Vespasiano site also implemented a project for cooling tower water reuse, resulting in a reduction in water use of about 30 tons each day. Stepan's team at Vlissingen, the Netherlands, implemented a system to reuse process water to clean scrubbers, helping reduce the use of freshwater in their systems. Looking ahead, our teams will continue to identify opportunities to improve site resilience and water management in ways that address local and regional priorities.

Circularity, Waste, and Wastewater Management

GRI 303-2, 306-1, 306-2 (B.), 306-4

Stepan teams focus on identifying initiatives to reduce waste and wastewater at our sites. These projects offer multiple benefits, including enabling material reuse and circularity, supporting growth while maintaining permit compliance, lowering waste management costs, and providing environmental benefits.

Similar to our water management systems, our waste reduction and management strategies are tailored to each site, considering factors such as manufacturing activities, collaboration opportunities with nearby industrial partners, regulatory requirements, and available waste management systems.

Stepan relies on both on-site and third-party treatment of our waste streams. We work to ensure compliance and proper material handling in accordance with our standards and applicable regulations. To verify compliance and drive continuous improvement, we conduct assessments and audits of our own processes. We also evaluate third-party partners through our Partner for Sustainable Supply (PaSS) program and with audits of select suppliers.

Over the next few years, Stepan will focus on reducing manufacturing waste directed to landfill by 10% and reducing generation of hazardous waste by 20%. In addition, numerous projects have been investigated and implemented to enhance wastewater treatment processes. At our Millsdale facility, a temporary sludge press was installed to remove wastewater before shipment, reducing transport costs and associated emissions. In the UK, our Stalybridge facility began trials for on-site wastewater treatment using reed beds. If fully implemented, this method will allow for the natural treatment of certain waste streams and minimize the need for off-site transport.

Stepan's Ecatepec, Mexico team uses a UV wastewater treatment system that effectively inactivates microorganisms while reducing safety risks associated with other treatment methods. In Vespasiano, Brazil, the team installed flowmeters on wastewater systems to enhance monitoring, treatment, and compliance work. The team also installed a system to reuse cooling tower wastewater, decreasing wastewater generation by over 200 tons each month. At the Manizales, Colombia site, teams use an on-site biological reactor for wastewater treatment. This system treated 165 metric tons of wastewater generated from sulfate scrubbers, reducing the volume of wastewater sent off-site for treatment.

Additionally, 33 metric tons of wastewater were sent off-site for composting, and process improvements led to an overall reduction of 102 metric tons of sulfate containing water.

Projects completed in previous years continue to provide benefits in waste and wastewater management. These include reduced wastewater generation with rainwater capture for reuse at our sites (see the Water Management and Use section for more details). We also achieved reductions in sludge transport through process improvements at our Bauan, Philippines and Manizales, Colombia facilities.

Since implementing enhanced systems in 2022, Stepan's Wesseling, Germany team has maintained control over process waste and wastewater generation, significantly reducing waste at the site.

Other efficiency projects focus on condensate capture and reuse, diverting by-products from waste to reuse—either within our own processes or through sale to an industrial partner—and capturing and utilizing heat from exothermic reactions. These efforts help us manage our manufacturing footprint and promote circularity. Our sites will continue pursuing further improvements as we work toward our long-term sustainability goals.

Stepan's Millsdale team and two other sites successfully installed 1,4-dioxane removal systems for U.S. regulatory compliance

Pollution Management

Stepan's Environmental, Health, Safety, and Security (EHSS) teams manage air, water, and waste compliance requirements to reduce risks to people and the environment. This includes collaboration among site and corporate engineers, regulatory compliance teams, R&D teams, and other stakeholders to identify and manage potential risks, enhance processes, drive innovation for key priorities, and promote safety and transparency. Stepan continues to invest in regulatory compliance across regions and significantly supports the development of products that are safer for both people and the environment (see the Regulatory Compliance and Product Stewardship section for more details).

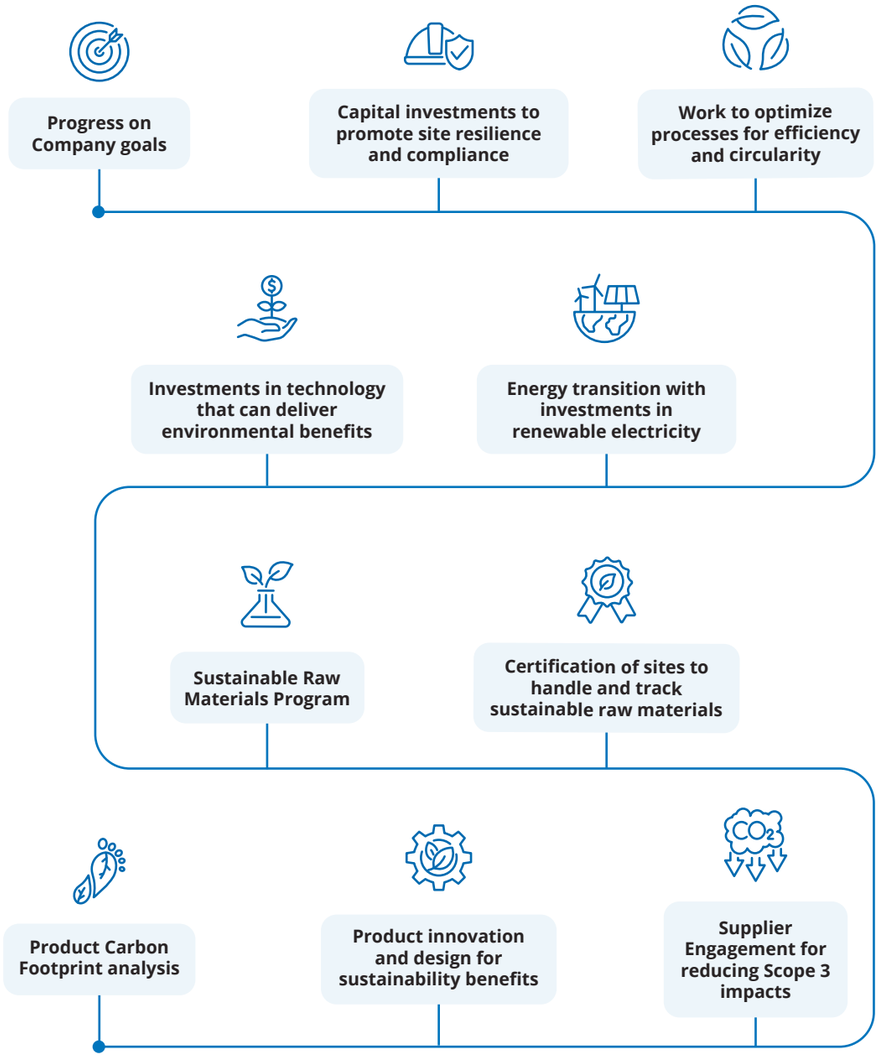
Compliance efforts may involve installing new processes or equipment that meet pollutant threshold requirements, developing improved material management approaches, and conducting ongoing monitoring, tracking, and review. For example, in response to regulatory limits on 1,4-dioxane—a byproduct produced in small quantities during the manufacturing of ether sulfate surfactants—Stepan teams have implemented substantial changes at several facilities over the past few years.

This work was fully completed in 2024, enabling Stepan to help customers meet low 1,4-dioxane product requirements. Lessons from this initiative will be applied to select European sites to support compliance with anticipated European standards.

Process safety is a key priority for preventing spills or other events that could release contaminants into the environment (see Process Safety section for more details). Training on safety, handling protocols, ergonomics, spill prevention, hazard awareness, and other topics is conducted regularly across our sites. Inspections for leak detection and safety equipment readiness are also performed.

Stepan collects and manages data on air, water, and waste pollutants through our STEMS management system. This information is reviewed and discussed quarterly across regional teams to ensure alignment and awareness of upcoming changes, initiatives, best practices, lessons learned, and other insights.

Stepan's Value Chain Activities to Mitigate Climate-Related Impacts



Climate Impact

Across our global manufacturing operations, we strive to anticipate and manage weather- and climate-related impacts for our business. Extreme temperatures, drought, and flooding can disrupt operations, affecting raw material access, transportation, and manufacturing. In recent years, some of our sites have experienced severe weather events, including area flooding, freezing conditions, and intense storms.

Stepan conducts ongoing reviews and analyses of potential threats and impacts, including water risk assessments, climate scenario analyses, and enterprise risk analysis. In addition to corporate-led initiatives, individual sites may carry out assessments for specific risks. For example, in 2024, Stepan's Stalybridge, UK team conducted flooding risk assessments, building on previous efforts to understand water and climate related vulnerabilities.

Stepan teams support both near-term and long-term planning by continuously reviewing procurement strategies, operations, resource access, logistics partners, and regulations while monitoring regional climate and weather events. In 2023 and 2024, we implemented projects to enhance operational reliability, including measures to protect against flooding, freezing, and hurricanes at higher-risk sites. These efforts will continue as we prioritize reliability and resilience across our operations.

In addition to actions taken to mitigate and manage impacts to our operations, we also invest to reduce our climate impacts.

> We work to drive improvements in our direct operations and to develop solutions to reduce our carbon footprint.

In 2024, we continued building upon prior commitments through investments in renewable electricity and manufacturing efficiency, identification of alternative raw materials, ongoing innovation for more sustainable products, and numerous other initiatives.

Stepan has committed to the Task Force for Climate Related Financial Disclosures (TCFD) and, in 2022, conducted a climate scenario analysis to enhance our understanding of near-term and long-term climate related impacts. The work included evaluating physical and transition risks across different climate scenarios. These findings, integrated with our Enterprise Risk Management (ERM) process, support our reporting under TCFD requirements.

The scenario analysis identified potential risks based on the best available data at the time. These risks varied by region and included potential shifts in the number of extreme heat or cold days, increased likelihood of flooding or tropical storms, water availability stress, higher wind speeds, and increased rainfall. These physical risks are likely similar to those faced by others in our industry operating in the same regions.

Our teams work to build organizational resilience as part of our standard business and management practices. For example, Stepan's existing management processes take into account possible unplanned disruptions due to natural disasters, weather, disease, transportation interruption, government regulation, and other potential causes. We implement policies and practices that enable agile and effective response to such events, as well as strategies to mitigate their impact where possible.

Additionally, our teams monitor regulations and strive for compliance readiness across environmental, social and business ethics topics. See the Governance and Sustainability Governance sections for more details on our management, strategy development, and oversight structure.

RESPONSIBLE PRACTICES

Commitment and Management Approach

GRI 2-28, 3-3

At Stepan, we prioritize responsible and ethical practices in our business activities and strive for ongoing improvement across our areas of impact. Stepan is a charter member of the American Chemistry Council (ACC) Responsible Care® program, and we adhere to the principles outlined by that organization, as well as by Responsible Care® sister organizations globally. With a focus on safety, product stewardship, responsible management, and ethical practices, our teams work collectively to make Stepan a trusted and valued partner for our stakeholders while delivering innovative goods and services with a positive impact.

IN THIS SECTION

Our Process Safety Management program encompasses hazard assessments, risk management programs, process standardization, training, emergency readiness, and external assurance.

Our ongoing emphasis on robust governance structures, policies, and comprehensive training and communication lays the foundation for regulatory compliance, helps mitigate risk, and enables best practices across the organization. Every Stepan employee plays a vital role in delivering on our commitment for ethical and responsible practices across our value chain—from engaging with our supply chain partners to managing our manufacturing processes, designing our products and services, and interacting with the market.

Occupational Health and Safety

GRI 3-3, 403-1, 403-2, 403-3, 403-4 (B), 403-7, 403-9, 403-10

Stepan maintains an unwavering focus on safety across all operations. Through role specific training in local languages, regular engagement with safety teams, and clear commitment from leadership, we continuously strive for zero incidents. Employees are empowered to stop work without fear of reprisal if they identify safety concerns—a message reinforced through training and monthly team meetings.

Teams across the organization have implemented programs to reduce specific risks within their operations. These programs include protective measures to control accidents or spills, standardization of protective equipment to prevent chemical exposure, reduction of "line-of-fire" risks, improvement of access routes, and installation of security measures to protect against falls. Our teams participate in training with local first responders, take part in safety drills for region- and location-specific risks, and undergo external inspections and audits for safety and compliance.

In 2024, the Company implemented a new organizational structure aimed at improving safety across our sites. Stepan also continues to use the SafeStart® and Safe Journey programs to promote safety awareness and hazard recognition. These behavior-based safety training programs focus on preventing unintentional human error and fostering critical safety habits, with the intent to reduce risks and the probability of injury.

Stepan's Environmental, Health, Safety, and Security (EHSS) team implemented the seven Life Saving Rules (LSR) program beginning in 2022. The program's roll-out and ongoing training continued throughout the year, with the goal of reducing risks associated with electrical work, confined space tasks, working at heights, and other manufacturing responsibilities. Through a focus on awareness and communication, we saw an increase in reporting near misses related to the LSRs and a decrease in the number of high-severity events.

Stepan's Maywood facility, along with 4 other U.S. teams received an ACC recognition for continuous improvement efforts related to environmental, health, safety, and security

Vespasiano team installs device to improve ergonomic safety

REDUCING ERGONOMIC RISKS

In recent years, Stepan's EHSS leadership has placed increased focus on reducing safety risks associated with ergonomic hazards. Supported by an AI-driven tool, we evaluate activities with the highest risk for ergonomic impact and identify opportunities to mitigate those risks through new procedures, modified responsibilities, or adjustments to key equipment. In 2024, Stepan's Salto, Brazil team implemented several improvements to reduce physical strain and improve safety for their operators. The Vespasiano, Brazil team identified an opportunity to reduce potentially severe injuries during the periodic movement of a large and heavy pump and gearbox. By installing a new mechanical device, designed in accordance with the Brazilian regulatory standard NR 11, the team significantly reduced the likelihood of risks associated with moving this equipment while also lowering maintenance costs and reducing the work hours originally required to complete the task. As we continue striving for top safety performance, these are excellent examples of the risks we work to eliminate or mitigate at all our sites.

Stepan has worked over the past several years to eliminate all incidents and achieve top-quartile safety performance. Over the first few years of reporting, we recognized steady improvements, but in the last two years, performance has taken a step back. In 2024, Stepan's Total Recordable Incident Rate (TRIR) was 0.65, up from 0.53 in 2023. We understand that achieving a TRIR of 0.25 requires exceptional safety performance. As safety is a top priority for Stepan, we will continue to take actions and make investments to reach that goal in 2025. This includes organizational shifts in addition to the standard practice of careful incident review and communication across our global operations.

Stepan maintains a constructive and collaborative workplace environment to promote shared learning, and teams regularly communicate on actions taken to mitigate and eliminate identified risks, best practices implemented, and other safety or process improvements.

While we fell below the Company safety goal, many of our sites reached impressive safety milestones. Three of our manufacturing sites achieved one year without a recordable injury. Five sites have operated four to five years without recordable injuries, and another manufacturing site, as well as our process technology development site, has operated seven to nine years without recordable injuries. Stepan's Matamoros, Mexico and Jurong Island, Singapore teams stand-out with their work over the past ten to eleven years without a recordable injury.

Stepan's annual President's Safety Award is an internal recognition for sites with a strong safety culture and top performance throughout the year. In 2024, eight of our manufacturing sites and seven of our R&D facilities received the award for performance related to recordable injuries, incidents, compliance, and other safety-related criteria.

Several of our sites also received external awards for safety performance. Last year, Stepan's Brzeg Dolny, Poland site received the Safety League Certificate from the Rescue Center, recognizing companies with strong first aid training programs and resources, as well as a safe working environment. Stepan's Maywood, New Jersey; Wilmington, North Carolina; Columbus, Georgia; Elwood, Illinois (Millsdale); and Pasadena, Texas facilities received an ACC recognition for continuous improvement efforts related to environmental, health, safety, and security work for ongoing improvement and performance.

Employees are encouraged to share insights and perspectives through regular surveys and participation in site Safety Committees. Every three to five years, Stepan conducts the National Safety Council Safety Barometer survey, which includes over 1,300 participants. Stepan placed in the top quartile for overall performance in our most recent survey, and the results are being used to inform planning and identify opportunities for further action going forward.

Process Safety

GRI 3-3, 403-2, 403-3, 403-4 (B.), 403-5, 403-9, 403-10

A key aspect of Stepan's safety culture is a focus on safety around our manufacturing processes. Our Process Safety team implements stringent measures to identify and mitigate potential incidents. Stepan's management systems and procedures govern resource management and safe practices across all areas of our operations. Our Process Safety Management program encompasses hazard assessments, risk management programs, process standardization, training, emergency readiness, and external assurance. Teams undergo regular training and collaborate with local first responders and industrial park partners to prepare for relevant emergency scenarios.

Stepan is a member of the Center for Chemical Process Safety (CCPS) of the American Institute of Chemical Engineers, and we work to drive ongoing improvements in our strategies for protecting employees and supporting process safety. CCPS's Risk-Based Process Safety Management System serves as the foundation for Stepan's process safety management strategy and is an example of how Stepan uses industry best practices to exceed regulatory requirements.

In 2024, Stepan's Millsdale team hosted the American Chemistry Council Midwest Regional Process Safety Network. ACC established the regional network in 2023 as part of its "Enhancing Process Safety" initiative, aiming to improve process safety in the chemical industry by fostering open dialogue across companies. There are currently four regional networks: Gulf Coast, Northeast, Midwest, and Texas, with Barry Bennet, a Stepan Process Safety Management Leader, serving as vice-chair for the Midwest region. The meetings, held quarterly, allow members from across broad regions to engage on regulatory topics, share best practices, provide incident updates, and address other items to promote safety in the chemical industry.

Our focus on process safety directly impacts worker and community safety. Strong practices and improvements implemented across our sites helped reduce Type 1 spills by 50% and Type 2 spills by 90% compared to the previous year, with some sites achieving no Type 2 or 3 spills for two or more years. The combined efforts across our sites resulted in 2024 being our second-best year on record for loss of primary containment (LOPC) events.

Our teams are determined to conduct their work in a way that protects the safety of our employees and the communities where we operate. We continue to build on robust management practices and behaviors while striving for ongoing safety enhancements.

Stepan's Vespasiano team prioritizes safety for employees and the community

PROMOTING COMMUNITY AWARENESS OF STEPAN'S PROCESS SAFETY COMMITMENTS

Stepan's Vespasiano, Brazil team exemplifies our commitment to being a responsible neighbor and a strong corporate citizen. To increase awareness of Stepan's operations and efforts to manage and mitigate risk, the team proactively engaged representatives from local housing complexes within their area of direct influence. The Vespasiano team shared information about Stepan's history, the work taking place on-site, and the safety and security measures in place. Additionally, the team led community members on a tour of the plant, including visits to the Control Room and Brigade Room, to provide a closer look at our operations. This initiative is part of the site's Environmental Education Program and builds on previous efforts to engage companies within the industrial district. It is a priority area for Stepan and demonstrates our commitment to the Responsible Care program.

Lead for Dangerous Goods Compliance, Brian Pendergast (left), receives CN Award

RECOGNIZING EXCELLENCE IN SAFETY

Stepan's Millsdale team was a proud recipient of the 2023 Canadian National Railway Company (CN) Safe Handling Award for their safe rail transport of Stepan products. The recognition is part of the CN Responsible Care program and is given to suppliers who meet defined safety thresholds. The Millsdale team prioritizes strong collaboration, determination, and a persistent commitment to safety for employees and communities.

Cybersecurity and Personal Data Protection

With ongoing shifts and advancements in technology, Stepan invests in security measures and training to maintain a safe and secure data management environment. These efforts are essential for protecting the organization's data, management systems, and operations, and are critical for legal and regulatory compliance. Stepan's policies and practices aim to ensure security of confidential information, the continuous availability of essential data, and the accuracy, consistency, and reliability of data from its creation to destruction.

Stepan teams remain committed to monitoring industry changes and implementing effective strategies to manage evolving cybersecurity risks. We drive ongoing improvements based on comprehensive and widely recognized guidelines provided by the National Institute of Standards and Technology through its Cybersecurity Framework.

Employees across the organization receive awareness training on responsibilities regarding the safe use of Information Technology (IT) assets. Stepan maintains a "Use of Information Technology Policy," which is communicated to the global workforce, with updates shared based on identified or potential risks. The goal is to prevent accidental or intentional misuse of IT resources that could compromise the confidentiality, integrity, and availability of sensitive data and systems.

Global companies, including Stepan, are subject to increasingly sophisticated cyberattacks with possible financial impact, necessitating continued advancements in security and employee training. In 2024, our teams implemented additional IT security standards for greater control over IT assets. The ongoing aim is to deploy multiple layers of security protection, such as firewalls, intrusion detection and prevention systems, system hardening, advanced endpoint protection, email filtering, access controls, and encryption, to provide multiple levels of defense against different threats. By using a defense in-depth approach, we work to protect our organization and reduce the likelihood of successful future cyberattacks.

Ethics and Compliance

GRI 2-16, 2-25, 205-2

Stepan's robust ethics and compliance program defines best practices and expected behaviors related to business conduct, and we work to ensure adherence to these defined principles across our business activities. Our teams understand that the long-term success of the organization depends on a firm commitment to doing the right thing every day. Stepan's Code of Conduct (the "Code") clearly defines the standards and expectations for our employees, executive leadership, and the Board. The Code and associated policies, procedures and processes are designed to help Stepan meet the highest standards of business integrity, and we continue to strengthen our program with ongoing training and robust oversight.

Stepan values our diverse workforce, and our employees thrive in a workplace that upholds fundamental human rights and prioritizes best practices. Stepan's Code of Conduct and policies on human rights, workplace behaviors, and child labor clearly communicate our commitments to these principles to all stakeholders. The Code also includes details on the laws and regulations that apply to our business, covering topics such as anti-harassment, cybersecurity, data privacy, confidential information, anti-bribery and anti-corruption, anti-money laundering, third-party relationships, conflicts of interest, fair competition, antitrust compliance, gifts, entertainment, and insider trading, among others. Stepan employees receive regular training to recognize questionable or potentially unethical behavior and are supported with clear guidance and secure channels for communicating concerns. Our annual goal is for all employees to undergo ethics and compliance training, and in 2024, we achieved 100% completion.

100% of employees completed ethics and compliance training in 2024

Stepan maintains policies and practices for reporting non-compliance, along with corrective action procedures. We adhere to applicable local, state, and federal laws and regulations related to business ethics. We also work to clearly communicate the responsibilities and obligations of our stakeholders in speaking up if they suspect a potential violation of the Code. Stepan provides multiple channels for reporting, including communicating with a supervisor or through our 24-hour EthicsPoint® helpline. The helpline is available in 39 languages, online or by phone, and anonymous reporting is an option wherever the law permits. Through these actions, we strive to prevent incidents and, when necessary, take defined measures to prevent recurrence.

Stepan's Ethics Ambassador (EA) program continued to expand over the past year. Stepan's Corporate Ethics and Compliance team relies on the partnerships established through this framework to strengthen communication and grow engagement throughout the organization, making sure that ethics messaging is made clearly relevant to all business units. Since launching the program in 2022, local EA teams have been established across all our regions of operation.

Stepan EAs help promote a culture of ethics and integrity through training programs, fostering open communication, and building relationships. They are also key in voicing questions or concerns raised by their peers. Stepan's Ethics Ambassadors are nominated and selected by senior leaders and work under the direction of the Chief Compliance and Risk Officer. They gain valuable institutional awareness and broaden their career experience through their commitment in this program, while serving an essential role in building a robust culture of ethics and compliance.

All potential partners undergo a risk screening prior to approval for business. Additionally, through our Third-Party Code of Conduct, which aligns with our Company Code of Conduct, we communicate expectations related to ethical business practices (see the Third-Party Partnerships section for more details). As we monitor the growing focus on supply chain due diligence and ethical supply chain practices, our teams are working together to review current practices and identify areas for alignment and ongoing improvement.

Ethics and compliance beyond our direct operations is also a priority for the Company, and Stepan expects our third-party partners to uphold defined principles and practices in their own activities.

Enterprise Risk Management

GRI 2-12, 2-25

Stepan employs Enterprise Risk Management (ERM) principles to identify, prevent, and mitigate potential risks to the organization. Our ERM program follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Through surveys, in-person interviews, and workshops, leaders across Stepan's global locations and functions contribute to our understanding of risks and support a risk-ranking process. This includes the review of current, emerging, and anticipated issues. The ERM program identifies owners who are responsible for developing or improving mitigation plans for key risks which are then shared within the organization. Stepan's Vice President, Chief Compliance and Risk Officer leads the ERM program and reports regularly to the Audit Committee of the Board of Directors on ERM matters.

A key priority for Stepan's risk mitigation strategy is the principle of resilience. Stepan strives for management systems, operational practices, infrastructure, and business strategies that promote resilience and agility in the event of disruptive circumstances. This can include risks posed by climate- or weather-related events, supply chain disruptions, or other challenges. We work to understand these risks and their potential impacts on our plants and value chain partners, and we engage with risk owners and stakeholders to make sure that potential risks are appropriately considered in our strategic and capital planning processes.

Third-Party Partnerships

GRI 3-3

Stepan continues to strengthen our third-party engagement programs, fostering collaborative partnerships to build more responsible and sustainable supply chains while delivering market benefits. Our business partners are essential to this success, and we expect them to uphold the same standards of business excellence and ethical conduct as Stepan (see the Ethics and Compliance section for more details). In addition to pre-screening for risk and communicating our Third-Party Code of Conduct, Stepan also outlines criteria for our biobased raw material suppliers in our Responsible Sourcing Policy for Stepan's Biosourced Raw Materials, including criteria to prevent deforestation and protect human and labor rights.

Over the past several years, Stepan has implemented a comprehensive supplier engagement program to enhance our understanding of supplier commitments and performance in sustainability. Our Partner for Sustainable Supply (PaSS) program facilitates communication on responsible supply chain practices and priorities related to sustainability and supply chain due diligence. We work with suppliers to identify raw material solutions that offer sustainability benefits, quantify raw material emission impacts, and design solutions to reduce our Scope 3 emissions.

The PaSS program also includes an annual supplier assessment against broad sustainability criteria using the EcoVadis platform. An EcoVadis assessment involves an external review of management practices and performance related to business ethics, human and labor rights, environmental topics, and sustainable procurement activities. Since launching in 2021, we have expanded the number of our suppliers and diversified the categories of suppliers participating in the assessment. On a spend basis, over 85% of our raw material and packaging suppliers, and 70% of our transportation and logistics suppliers, participated in an EcoVadis assessment in 2024. We also increase participation among our waste treatment providers to about 50%. Of the participating suppliers, over 80% ranked above average, and nearly 40% ranked as advanced.

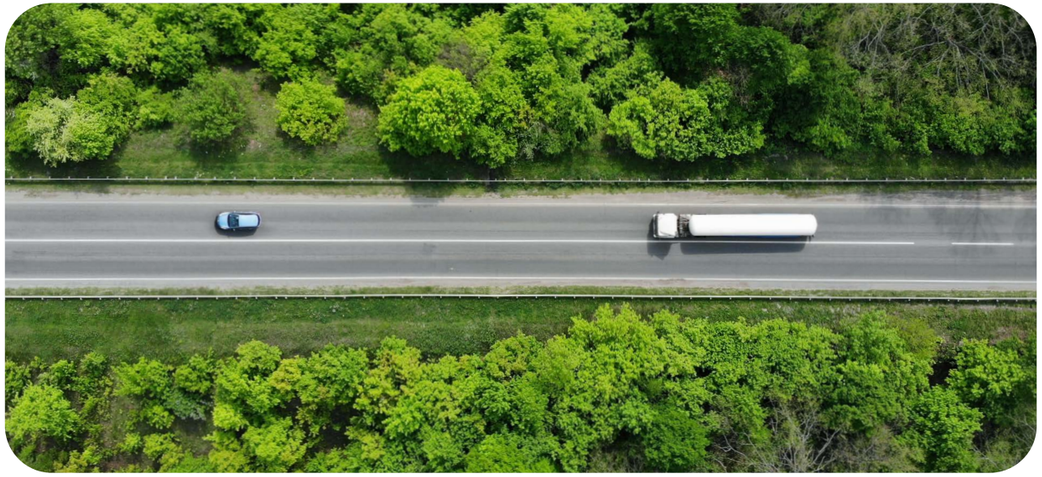
The opportunities to communicate our ambitions for continuous improvement and to facilitate year-over-year progress are a key element of our supplier engagement strategy. As we look ahead, topics including the reduction of Scope 3 emissions and supply chain due diligence will remain an area of focus.

Within our palm supply chain, Stepan has taken additional steps to engage suppliers on traceability efforts. Through our membership with Action for Sustainable Derivatives (ASD), we work with suppliers to map our palm derivatives supply chain and identify sourcing areas at higher risk of deforestation. In 2024, we achieved 98% traceability to our sourcing mills and about 77% traceability to the plantations in our supply base. Through our ASD partnership, we are working to make improvements that will deliver stronger data to inform sourcing strategies and support necessary reporting.

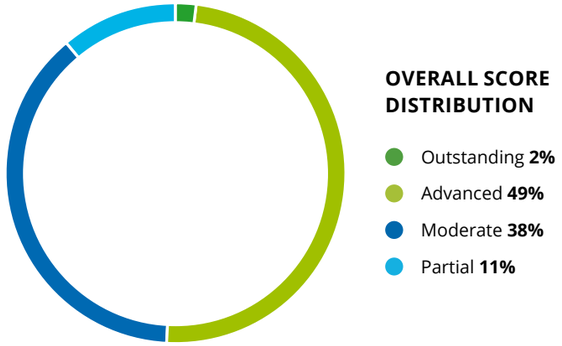
>80% of Stepan suppliers assessed by EcoVadis ranked at moderate or above for sustainability performance

Over the course of the year, we also worked to understand requirements of the European Deforestation Regulation (EUDR) and potential impacts to our business through engagement with our suppliers, customers, and other partners. While the implementation deadline has been delayed by one year, we remain focused on monitoring and preparing for any requirements that could impact Stepan.

In 2024, Stepan conducted an initial review of our supplier assessment and risk mitigation efforts, and in the coming year, we will work to identify areas for strengthening our approach and building new capabilities for an increasingly robust supply chain engagement process. This work is essential to prepare for current and anticipated regulations related to supply chain due diligence.



Stepan Supplier Performance on EcoVadis ESG Assessment



Sustainable Raw Materials

GRI 308-2

Raw material sourcing strategies represent a key opportunity for reducing environmental impact and supporting ethical and sustainable practices. Stepan has made significant investments to promote responsible practices related to raw material sourcing, enable more informed decision-making, foster robust reporting, and deliver products that meet customer needs and regulatory requirements. We also continue to engage with key associations to develop comprehensive views of emerging technologies that can provide options for safer and more sustainable products.

In our commitment to understanding our own carbon impact and supporting reporting to our customers, we continued to build our Product Carbon Footprint (PCF) program. In 2024, we worked to automate aspects of our PCF analysis. Through supplier engagement, we gained additional primary data for raw material impact.

As part of our ongoing work related to Stepan's Sustainable Raw Materials (SRM) program, we identified opportunities for sourcing lower-impact raw material and worked to understand emerging technologies and markets to support interest. This included continued engagement with key associations and their members to explore emerging technologies, solution maturity, and cross-industry partnerships.

A focus for customers has been lowering greenhouse gas emissions (GHGs), with an added priority on driving circularity. To enable external verification and facilitate communication on sustainability claims, Stepan added a new site to our RSPO certificate and gained ISCC PLUS certification for our largest U.S. facility and all of our European sites.

With a goal of establishing more systematic evaluation at early stages of product innovation, Stepan teams developed our Safe and Sustainable by Design (SSbD) framework. This framework evaluates numerous criteria related to safety and sustainability, from raw material sourcing to product end-of-life.

Through these and other initiatives, Stepan is expanding opportunities to deliver products with positive market impact and a lower environmental footprint.

Biodiversity

GRI 2-12, 2-25

Stepan recognizes the critical role of healthy ecosystems in protecting essential resources, safeguarding biodiversity, and supporting communities. Global ecosystems face increasing pressures from development, resource extraction, habitat destruction, pollution, and climate change. Through our operations and value chain partnerships, we are committed to minimizing our environmental impact and promoting responsible resource management.

For many years, Stepan has supported responsible sourcing efforts with our biobased materials, and through engagement with organizations such as Action for Sustainable Derivatives (ASD), we are working to gain transparency into our palm derivatives supply chain to help inform sourcing decisions. We have many sites that achieved external certifications related to more sustainable processes or materials. In addition, Stepan has collaborated and invested in opportunities related to alternative technologies and materials that can support goals to reduce emissions and mitigate other environmental impacts. Developing these technologies takes time and often comes with trade-offs that must be carefully evaluated and addressed.

Stepan delivers products to diverse markets, and in each area of our work, we aim to offer products that bring benefits to people and the environment. This includes benefits from the raw materials we use, our manufacturing efficiency, our products in use phase, and their end-of-life characteristics. In 2024, we delivered ISCC PLUS-certified polymer products that promote material circularity, and we investigated reuse of insulation materials at their end-of-life. Stepan also continued its expansion into agricultural markets with solutions that support soil health and minimize adverse impacts on ecosystems. Across markets, we remain focused on the evaluation and development of such opportunities. While not all opportunities are commercially viable, the effort to push toward safer and more sustainable products remains a priority.

We continue investing in the use of renewable electricity as a key lever for reducing our GHG emissions, and our sites maintained ongoing efforts to reduce water consumption, waste generation, energy use, and emissions. Our local teams also have initiatives related to habitat restoration, clean-up, protection of local species, and tree-planting to make a difference in their communities.

Across our value chain activities, we find opportunities to conserve resources and reduce waste, lower emissions, and strengthen partnerships to drive sustainability initiatives. Recognizing the interconnection between ecosystems, climate change, and societal well-being, we will continue working to reduce our environmental footprint while delivering solutions that support global sustainability goals.

Public Policy and Industry Associations

Stepan actively participates in industry associations through membership and leadership roles, fostering collaboration and knowledge sharing on key industry advancements, policy issues, and regulatory developments. As a charter member of American Chemistry Council Responsible Care® program, and through our engagement with numerous other groups, we engage with organizations that align with our business interests and sustainability goals.

Stepan actively monitors emerging regulations and policies impacting our global operations, including 1,4-dioxane regulations; revision to the Occupational Safety and Health Administration (OSHA) HazCom Standard 2012; REACH developments related to microplastics; the EU Chemicals Strategy for Sustainability (CSS) Roadmap; and the European Deforestation Regulation review among others. By maintaining strong industry engagement, Stepan reinforces proactive compliance, strategic alignment with industry trends, and continued leadership in sustainable chemical solutions.

PARTNERSHIPS

Stepan partners with leading organizations, including:

- American Chemistry Council (ACC)
- American Cleaning Institute (ACI)
- Action for Sustainable Derivatives (ASD)
- CO_2 Value Europe
- European Chemical Industry Council (CEFIC)
- European Oleochemicals and Allied Products Group (APAG)
- Polyisocyanurate Insulation Manufacturers Association (PIMA)
- Renewable Carbon Initiative (RCI)

VALUING PEOPLE AND COMMUNITIES

Commitment and Management Approach

GRI 3-3

At Stepan, we strive to create an inclusive, respectful and safe environment where employees can contribute meaningfully, reach their full potential, and feel a strong sense of community. Our global workforce is the foundation of Stepan's success, and employees have access to a wide range of resources and tools to support career growth and development. In addition to fostering personalized professional development, the Company prioritizes employee safety and well-being (see the Occupational Health and Safety section for more details), with clear and consistent messaging from leadership reinforcing these priorities.

IN THIS SECTION

We stand by our core belief that the unique perspectives and talents of each employee are essential to Stepan's success.

Stepan's Pasadena team worked together for exceptional safety performance during major construction at the facility

The executive leadership team provides oversight for workforce development, employee safety and well-being, talent attraction and retention, and other employee-focused initiatives. The Board of Directors provides additional guidance and, in collaboration with the executive and Human Resources (HR) management teams, supports the implementation of policies, programs, and practices aimed at securing the ongoing success of our workforce. Our commitment to being a preferred employer and valued community partner is rooted in our people-focused approach as we advance our business goals.

#ONETEAM

Stepan's new CEO launched a campaign, #ONETEAM, to promote collaboration and interconnection as we work together to drive business success. Through this and various other efforts, we are building a strong workforce community.

Talent Attraction and Retention

GRI 3-3

Across our business activities, Stepan employees make a positive impact through their experience, technical capabilities, and dedication to their work. Our strong focus on building an inclusive and interconnected workforce, combined with robust career development opportunities in a field that is tackling key global challenges make Stepan an attractive employer to both new and existing employees. We also remain agile and responsive to emerging workforce expectations and trends.

Stepan's HR management team conducts thorough market benchmarking and analysis to guide our recruitment efforts and compensation framework. We offer comprehensive compensation and benefits packages aligned with local practices, employee preferences, and regulatory requirements. Our Total Rewards program includes benefits designed to support financial well-being, personal and family health and wellness, and professional development. We also offer personal leave and region-specific vacation and flexible work schedules in addition to traditional holidays, allowing employees to recharge, connect with family, and maintain work-life balance. In addition to our Total Rewards program, Stepan provides an annual profit-sharing contribution to more than 77% of its global workforce. This program financially rewards employees in a manner that aligns with the Company's profitable growth.

STEPAN'S TOTAL REWARDS PROGRAM

- Market-competitive compensation
- Market-competitive benefits
- Region-specific vacation, holiday, and flexible work schedules
- Recognition program
- Personal health and well-being programs
- Retirement programs
- Profit sharing
- Family support
- Parental leave
- Tuition assistance

WORKPLACE EXPERIENCES TO PROMOTE GROWTH AND TALENT DEVELOPMENT

Providing workplace experiences to young people can have a significant impact as they navigate how to apply their interests and skills. Stepan teams offer these experiences to those considering careers in manufacturing. Our Elwood, Illinois (Millsdale) and Winder, Georgia teams have sponsored co-op positions for chemical engineering students for the past few years. This program, in partnership with local universities, allows students to work on projects, shadow different roles, and participate in performance reviews. The experience provides first-hand insight into the chemical industry and creates opportunities for students, including the potential for internships or direct hire. As Stepan aims to recruit early-career employees, we are excited to offer such opportunities to new talent.

Stepan's Stalybridge, UK team has promoted industry awareness in its local community for years as a sponsor of the Workplace Safari program (see the Community Connections for Positive Impact section for more details). In 2024, the UK team awarded an apprenticeship to a recent participant of the Workplace Safari program who visited Stepan and was eager to learn more about our work. As an apprentice at Stepan, he is gaining practical experience that will help shape his career development, and he will share his experiences and insights with new students who visit the site over the coming year. The team is proud that, through their efforts, they are promoting new talent in the chemical industry and creating opportunities for young people.

Stepan partners with local universities to offer co-op positions to chemical engineering students at our Millsdale and Winder facilities, creating early career workplace experiences

Stepan utilizes a variety of strategies to recruit talent to the organization, including job postings on our website and social media platforms, apprenticeship programs, internships that transition into full-time roles, partnerships with colleges and universities, and collaboration with industry organizations. Membership and participation in groups such as the Society of Hispanic Professional Engineers, Women in Chemicals (WIC), and similar organizations helps us raise visibility of our work and inspire the next generation of science and technology professionals. In 2024, Stepan participated in the Society of Women Engineers Annual Conference for the first time, and we will serve as a corporate sponsor for WIC in the coming year.

From 2019 to 2024, we maintained a stable employee base with approximately 10% growth as our operational footprint expanded. Through comprehensive benefits programs, competitive compensation packages, and a commitment to delivering key societal benefits, Stepan aims to attract top talent, promote retention of our skilled workforce, and maintain a positive reputation in our communities.

10% growth of employee base between 2019–2024

EMPLOYEE WELL-BEING

GRI 403-6

Stepan employees have access to resources and support mechanisms intended to promote emotional, mental, and physical well-being. We strive to create a workplace where employees can engage productively while recognizing that personal and external challenges may impact their ability to be fully present. We foster a safe and supportive environment where employees can seek assistance with respect and confidentiality.

Programs related to nutritional health, exercise, stress reduction, smoking cessation, and other wellness topics are offered across our sites, complementing our safety-focused priorities (see the Occupational Health and Safety section for more details). Stepan works to create comfortable, safe, and respectful workspaces with amenities that enhance productivity. Our focus on employee well-being strengthens our sense of community, reduces absenteeism, and empowers employees to contribute effectively.

EMPLOYEE TRAINING AND DEVELOPMENT

GRI 3-3, 404-2

Stepan employees are changemakers, and we want to acknowledge and celebrate that mindset. Our goal is for each employee to feel their work is connected to the Company's business priorities and to take pride in making meaningful contributions to Stepan's success. To reinforce this, we redesigned our performance management process to clearly demonstrate the connection between employee contributions and Stepan's performance. About 67% of Stepan employees participate in an annual performance review, gaining valuable insights for ongoing growth and development, as well as recognition and rewards for taking on greater responsibility aligned with Company goals.

Our Learning Governance Committee is responsible for management, development, and oversight of our learning and development strategy that caters to the various technical, functional, and soft-skill needs of our workplace. In alignment with industry best practices, we offer extensive training resources to support employees at all career stages. In 2024, we expanded the use of our Success Factors platform to deliver required and supplemental trainings across the organization. This platform is a key tool in our talent management strategy, enabling effective roll-out of on-demand trainings in local languages, tracking engagement in training programs, and identifying opportunities for improvement.

For our early-career employees, Stepan fosters essential workplace experience while encouraging fresh perspective from new team members. In 2024, we piloted a Presentation Skills program for employees and interns alike, aimed at developing key communication skills for successful workplace contributions. Additionally, we developed content for a Conflict Management course, set to launch in the coming year. Throughout their careers at Stepan, employees at all levels are encouraged to cultivate new skills, take on stretch assignments, collaborate with diverse teams, and explore adjacent functions to build a deeper understanding of the organization.

Stepan's leadership development programs remain essential to strengthening the skills of both current and future leaders. Our "Leading at Stepan" and "Empathetic Leadership" programs are foundational elements of our leadership development approach. Since its launch in 2022 and expansion in 2023, the Empathetic Leadership program has been completed by the majority of Stepan's senior leadership team. The ambition is to make this training more broadly available in the coming years, helping to cultivate a more empathetic mindset across our work functions. To continue supporting leadership growth, Stepan has also initiated quarterly alumni sessions for past participants of our leadership programs, where alumni take turns leading a session of their peers, bringing unique perspectives and experiences to the development process.

In 2024, we continued the Environmental, Health, Safety, and Security (EHSS) Critical Leader training program for all new plant managers, plant EHSS managers, and other key roles. This program provides a comprehensive introduction to Stepan's culture, EHSS vision and mission, and essential tools to help leaders drive success from day one.

Stepan also remains committed to mentoring emerging leaders. Our "Mentor Match" program pairs experienced leaders with newer leaders to help them enhance skills and increase their responsibilities within the organization. Panel-level mentoring, introduced in 2023, connects individuals with a range of senior leaders, allowing them to explore diverse leadership styles and career paths.

Through strategic and robust talent management initiatives, Stepan's HR team is keenly focused on empowering our employees to reach their career ambitions and contribute impactfully to Stepan's success.

Respectful Workplace Environment

GRI 2-8, 3-3, 405-1

Stepan is proud to have a Company culture that is inclusive, collaborative, and respectful. Through clearly communicated Company policies, supported by regular training programs, we stand by our core belief that the unique perspectives and talents of each employee are essential to Stepan's success.

Stepan's Code of Conduct outlines required workplace behaviors, including mechanisms for Speaking Up, such as the EthicsPoint® hotline, for addressing concerns or questions. Additional policies provide further elaboration on topics such as anti-harassment, human rights, and cybersecurity. We are committed to fair hiring practices and maintaining a harassment-free work environment. We strive to provide equitable pay and treatment for all employees, regardless of race, ethnicity, color, nationality, gender, gender identity, sexual orientation, age, language, religion, creed, social status, disability, or any other legally protected class. These standards also extend to our suppliers and business partners.

Our employees complete annual training to stay well-informed on key topics, including health and safety; anti-harassment; business ethics; and cybersecurity. These trainings reinforce consistent messaging on employee expectations and provide tools for real-world workplace application.

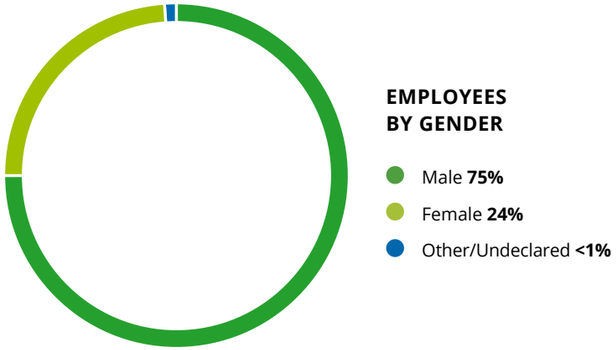
Stepan also fosters open dialogue to raise awareness on topics related to workplace respect. Through our Employee Resource Groups (ERGs), employees build community, strengthen connections, and promote greater understanding. Stepan's Women's Network, established in 2022, focuses on attracting and developing talented women to drive business outcomes and strengthen Company culture. In 2024, they continued their efforts to encourage regular dialogue, promote science education, and create opportunities for women in the chemical industry. Stepan's black employees' network, EMBRACE (Empowering Black Resources and Cultural Ethnicity), launched in 2023, remains focused on fostering an inclusive and welcoming workplace that values diversity and supports equal opportunities for all employees. With leadership from our EMBRACE ERG, Stepan provided funds to scholarship recipients in the American Chemistry Council (ACC) FOSSI (Future of STEM Scholars) program.

EMPOWERING VOICES IN SCIENCE

In 2024, members from Stepan's ERGs, the Women's Network and EMBRACE, partnered with the Greater Houston local section of the American Chemical Society (ACS) and the Empowering Women in Organic Chemistry (EWOC) Texas chapter to co-host a networking session and group discussion. Stepan employees, including Dawn Friesen, member of the Executive Committee of the ACS Greater Houston Section, collaborated with other participants to share strategies for ensuring the voices of diverse stakeholders are represented in the scientific community. Collaboration on forums such as this builds on the visions for Stepan's ERGs and helps promote awareness and positive change.

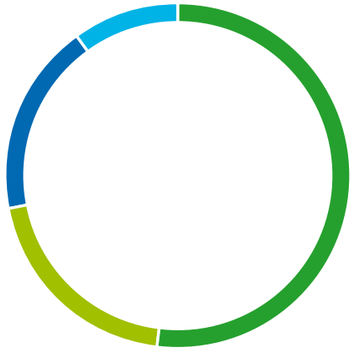
Employee Diversity

GRI 405-1



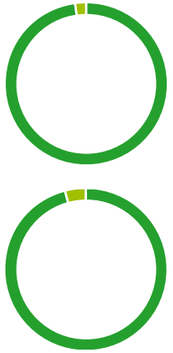
EMPLOYEES BY GENDER

- Male **75%**
- Female **24%**
- Other/Undeclared **<1%**



EMPLOYEES BY REGION

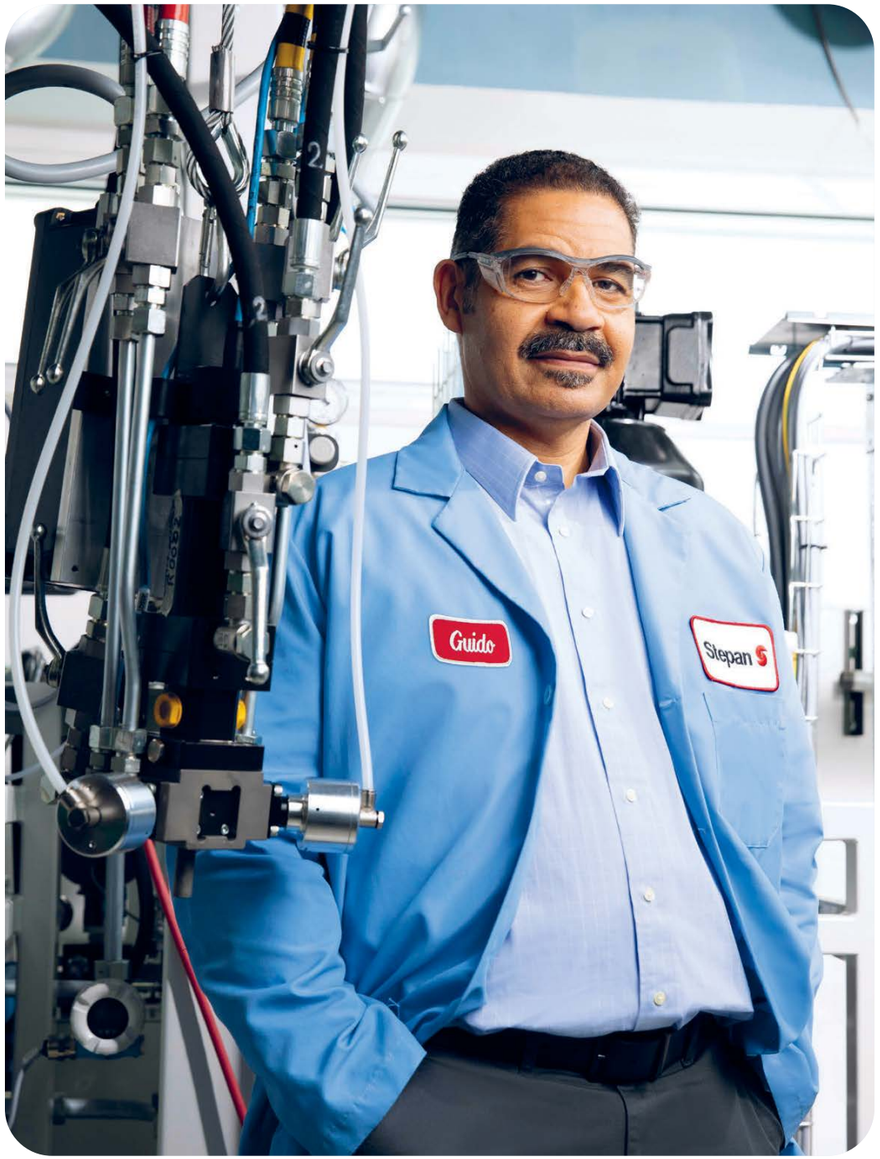
- U.S. and Canada **52%**
- Latin America **20%**
- EMEA **18%**
- APAC **10%**



EMPLOYEES BY CONTRACT TYPE

- Full Time **99%**
- Part Time **1%**

- Permanent **98%**
- Temporary **2%**



Employee Engagement

With our focus on building community and connection, Stepan has initiated numerous opportunities to hear from our employees and foster engagement.

DIALOGUES WITH EXECUTIVE LEADERSHIP

In 2024, we continued efforts to drive more effective communication and stronger collaboration across the organization. Quarterly town halls, where executive leaders visited various regions, promoted clear messaging on Stepan's strategy, priorities, and performance while also opening opportunities for dialogue with site teams. Executive leaders also hosted roundtable discussions to dive deeper into organizational matters and gather employee feedback.

SURVEYS AND LISTENING SESSIONS

Stepan conducts regular employee surveys to gain a comprehensive view of employee perspectives on Company performance, their sense of connection and recognition, among other topics. Our 2023 employee engagement survey, with an 85% participation rate, showed that 76% of employees feel their contributions are valued, and 86% feel a sense of belonging at Stepan.

Feedback from these surveys informed new initiatives and programs. Based on previous survey results, we have focused on change management, leadership training, and manager effectiveness. The engagement survey will be conducted again in the coming year.

These and other efforts to solicit feedback are valuable for monitoring and responding to workforce and organizational needs.

> Thoughtful listening is a core focus across initiatives, with the goal of capturing broad perspectives that enhance process development, increase effectiveness, and strengthen resilience.

For example, work on Stepan's New Product Introduction (NPI) initiative involved interactive listening sessions and feedback loops to leverage key stakeholder knowledge and perspectives early in the process.

Beyond town halls, roundtables, surveys, and listening sessions, Stepan facilities year-round communication through various channels, including the intranet, staff meetings, video communications from our leaders, and email. The Stepan Employee Newsletter provides monthly updates on initiatives, company achievements, team highlights, and other news.

SOCIAL CONNECTIONS

Through the year, our sites hosted a variety of mixers, social events, celebrations, and volunteer opportunities (see the Community Connections for Positive Impact section for more details), providing employees time to connect with both new and familiar colleagues. Several of our U.S. manufacturing teams organized barbecues or picnics with golf and other games. For the past few years, Stepan has hosted a Mobility Challenge, with many sites participating through bike-to-work, walking, and other activities. Some of our sites also hosted off-site team-building events, such as hikes in nearby natural areas or a day of games and dancing.

> Fostering a sense of belonging among employees is a key part of creating the Company culture that we value.

Employee engagement is essential for driving continuous improvement to meet the needs of both our employees and the organization. Insights gained through these efforts enable Stepan to refine workplace policies and programs promoting a sustainable and successful workforce.

Community Connections for Positive Impact

GRI 3-3, 413-1, 413-2

Stepan employees are proud members of the communities where we operate and are grateful for the opportunity to make a positive impact. Across our global operations, team members contribute in meaningful ways—whether by supporting those in need, hosting blood drives or food collections, or inspiring young people to explore career opportunities. Through these and other efforts, we strive to create a lasting positive impact. Over the years, we have worked to establish new and ongoing initiatives connected to health and well-being, STEM education, environmental clean-up and restoration, and safety. Learn more about our community efforts in 2024 throughout this section.

ENVIRONMENTAL

Reducing Our Impact: Stepan teams actively participate in community clean-up events, including those in Voreppe, France and the Philippines. The Philippines team has participated in the International Coastal Clean-up for many years. In 2024, they also planted over 200 Molave tree seedlings and 50 Narra trees—both native to the Philippines—to help offset greenhouse gas (GHG) emissions.

GIVING BACK AND SERVING OUR COMMUNITIES

Food and Clothing Drives: Stepan's Brazil teams conduct an annual winter clothing drive, collecting shoes, sweaters, blankets, and other items that are donated to a local organization supporting families in need.

Recognizing Local Heroes: Our Corporate team supports an annual event hosted by the American Red Cross honoring first responders, medics, and safety professionals for their service to the community.

The Talking Farm (Illinois): Since 2019, Stepan employees have volunteered at this 2.5-acre nonprofit urban farm near our Northbrook headquarters. Volunteers prepare soil, lay mulch, pull weeds, gather seeds, and engage in other activities. Food, herbs, and flowers grown on site are distributed to local food pantries, community members, and other organizations. Stepan became a corporate sponsor of The Talking Farm in 2023.

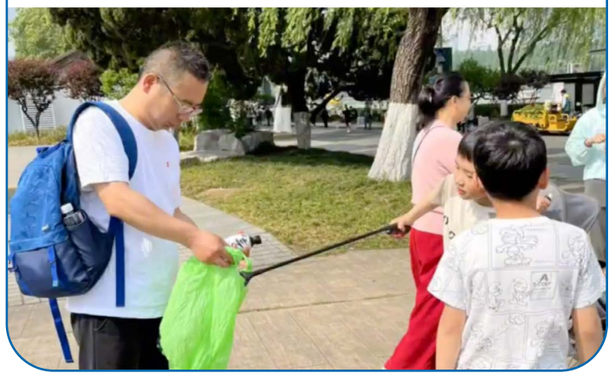
CONNECTING WITH KIDS

Children's Day in Matamoros, Mexico: Stepan's Matamoros, Mexico team celebrates Christmas and Children's Day each year with a kindergarten program in the area. Children's Day, a tradition started in 1925 to care for children impacted by war, is now a time to emphasize well-being and help children feel special. Our teams create celebrations with food, festivities, and piñatas.

Hygiene Awareness Program in Philippines: For over 20 years, Stepan's Philippines team has led an annual hygiene awareness program for kindergarten students, providing free hygiene kits and handwashing instructions.

Back to School Drive: In 2024, our Pasadena, Texas team supported the "Fill the Bus" campaign, collecting backpacks, notebooks, and school supplies for students in the La Porte school district. As Stepan's newest team, they are already making a meaningful impact.

Earth Day Activities: Stepan's China team hosted Earth Day activities, including no-car transit, waste clean-up, craft projects, and a family picnic, to raise awareness and help kids make a difference in their community.



STUDENT MENTORING AND STEM EDUCATION

Salto, Brazil: Stepan's Salto, Brazil team hosted a group of Chemical Engineering Students from Unicamp (Universidade Estadual de Campinas) for a tour of the industrial activities at the site. The team discussed the importance of innovation and sustainability in Stepan's daily operations, including Stepan's on-site solar energy production. Team members shared insights about their daily activities and what a career in manufacturing can entail. The event allowed the students to see practical application of their studies in chemical engineering.

Stalybridge, UK: In 2024, Stepan's Stalybridge, UK team continued sponsoring the Workplace Safari program, which aims to provide insights and experiences to high school students as they explore career opportunities. Over the course of the year, the Stepan team, with members across different functions, provided tours and open discussions to help students learn about the variety of work on-site and understand different career paths. The Workplace Safari program is part of a Greater Manchester, UK initiative to deliver work-based learning opportunities for young people, and in 2024 nearly 850 students participated in the program. Stepan's UK team was chosen to promote National Apprenticeship week in the region, and is proud to help raise awareness of chemical industry careers in their community.

Chemical Industry Council of Illinois & ICEF: Stepan continued our sponsorship and participation in events organized by the Chemical Industry Council of Illinois (CICI) and the Illinois Chemical Education Foundation (ICEF). In 2024, this included ongoing participation in the annual ICEF scholarship program, which awards eighteen high school students with $2,000 scholarships each for their academic excellence in science-related fields. ICEF promotes chemistry education and introduces students to chemical industry careers through various outreach activities, including an annual career conference. Over the years, our team members have proudly served in a variety of ways to support the mission of these groups.

Teach for America (TFA): Stepan's role as a TFA program collaborator continued in 2024. For many years, our R&D team members have worked to inspire students to consider a career in science and engineering. Last year, Stepan's R&D team members conducted full-day demonstrations and lessons on chemistry and career opportunities in the sciences for nearly 200 students. Stepan is proud of our long-time partnership with TFA and Northtown CICS High School.

Future of STEM Scholars Initiative (FOSSI): Stepan continues to support FOSSI, which provides scholarships to students pursuing STEM degrees at Historically Black Colleges and Universities (HBCU).

OVERCOMING DISASTER

Brazil Flood Response: In 2024, record flooding devastated large areas in southern Brazil. In some states, nearly 80% of the area was underwater, and more than 24,000 people were displaced from their homes. Stepan teams in Vespasiano and São Paulo helped provide personal care products and cleaning supplies for flood victims. Stepan leadership also donated our products for the formulation of much-needed cleaning solutions for remediation efforts. By stepping up during this crisis, Stepan's Brazil team helped make a meaningful difference.

Poland Flood Response: Stepan's Polska team joined forces with community members in Lower Silesia, Poland, during severe flooding along the Odra River. Stepan Brzeg Dolny employees worked with the army, local scouts, fire brigades, and volunteers to raise and reinforce barriers, filling sandbags day and night for several days. Others helped prepare food for the workers. Their efforts paid off, and the river did not breach the barriers. After the floodwater subsided, the Brzeg Dolny team continued helping with donations and support for clean-up efforts. They left with a strong sense that by working together, they accomplished something remarkable.

By working within our communities, we hope to make a difference, be valued in the neighborhoods where we work, and contribute to a resilient and sustainable future.

APPENDIX

Global Reporting Initiative (GRI) Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Stepan 2024 Form 10-K, pg.1; Stepan Company; Stepan Website: Locations; About Stepan			
	2-2 Entities included in the organization's sustainability reporting	Stepan 2024 Form 10-K, pg. 23; Basis of Reporting Document; About This Report; Stepan's sustainability report includes reporting on the same entities as covered in the Company financial reporting statements.			
	2-3 Reporting period, frequency, and contact point	Stepan 2024 Form 10-K, pg. 23; About This Report			
	2-4 Restatements of information	Percent of energy from grid electricity: restated in 2020 to align with GRI reporting guidance. Percent of purchased palm derived material certified under RSPO: restated for 2019 and 2020 for consistency in calculation methodology.			
	2-5 External Assurance	About This Report; Assurance Report; Stepan undergoes external assurance for our annual energy usage and associated Scope 1 and 2 emissions. We engage ERM CVS for limited assurance, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Standards Board. The process includes review and evaluation of the accuracy, completeness and representativeness of Stepan's energy use and emissions disclosures through review of our data management systems, interviews of relevant staff, and site visits. For our 2024 performance, we also obtained limited assurance for select water and safety metrics as part of our broader commitment to environmental and operational transparency.			
	2-6 Activities, value chain, and other business relationships	Stepan Responsible Sourcing Policy; About Stepan			
	2-7 Employees	Analyst Download			
	2-8 Workers who are not employees	Respectful Workplace Environment; Stepan is not able to report on this topic at this time but will evaluate possible tracking in the future. Contractors may hold responsibilities for office-related work, laboratory roles, or work at our manufacturing facilities, and they support a range of technical and soft-skill duties.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Stepan Corporate Governance Guidelines; Board of Directors			
	2-10 Nomination and selection of the highest governance body	Stepan Corporate Website: Nominating and Corporate Governance Committee Charter; Stepan Corporate Governance Guidelines			
	2-11 Chair of the highest governance body	Stepan Board of Directors			
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors; Sustainability Governance; Enterprise Risk Management; Regulatory Compliance and Product Stewardship; Talent Attraction and Retention; Stepan Corporate Governance Guidelines			
	2-13 Delegation of Responsibility for managing impacts	Sustainability Governance; Governance Framework			
	2-14 Role of the highest governance body in sustainability reporting	Sustainability at Stepan: Commitment and Management Approach; Sustainability Materiality and Reporting			
	2-15 Conflicts of interest	Stepan Corporate Governance Guidelines			
	2-16 Communication of critical concerns	Stepan Code of Conduct; Stepan EthicsPoint Hotline; Ethics and Compliance			
	2-17 Collective knowledge of the highest governance body	Sustainability Governance			
	2-18 Evaluation of the performance of the highest governance body	Stepan Corporate Governance Guidelines			
	2-19 Remuneration policies	Stepan 2024 Proxy Statement, pg. 18			
	2-20 Process to determine remuneration	Stepan 2024 Proxy Statement, pg. 18			
	2-21 Annual total compensation ratio	Stepan 2024 Proxy Statement, pg. 18			
	2-22 Statement on sustainable development strategy	Message From the CEO; Message From the CTSO; Products and Services for Sustainability Benefit			
	2-23 Policy Commitments	Stepan Website: About Us; Stepan Human Rights Policy; Stepan Code of Conduct			
	2-24 Embedding policy commitments	Stepan Code of Conduct			
	2-25 Processes to remediate negative impacts	Stepan Corporate Governance Guidelines; Enterprise Risk Management; Ethics and Compliance			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	Stepan EthicsPoint Hotline			
	2-27 Compliance with laws and regulations	Stepan 2024 Form 10-K, pg. 33			
	2-28 Membership associations	Responsible Practices: Commitment and Management Approach; Stepan is a voluntary member of numerous organizations including American Chemistry Council Responsible Care; American Cleaning Institute; Ethics and Compliance Initiative; Society of Corporate Compliance and Ethics; Polyisocyanurate Insulation Manufacturers Association.			
	2-29 Approach to stakeholder engagement	Stakeholder Engagement			
	2-30 Collective bargaining agreements	Analyst Download; Stepan leadership upholds our People First value. Our Code of Conduct, Inclusion and Diversity policy, Human Rights policy, Anti-Harassment policy, and numerous safety policies and programs are some of tools that we utilize to define the principals by which we operate and hold ourselves accountable. About 30% of our employees are covered by collective bargaining agreements and all of our employees should expect to be treated in a manner consistent with our public policies and commitments. All employees have access to our public ethics hotline and are trained on their right and responsibility to raise issues of concern.			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Materiality and Reporting; In 2021, Stepan conducted a materiality assessment. The process involved surveys and interviews of internal stakeholders and a smaller group of external stakeholders, as well as use of an AI tool for more comprehensive review of broad topics relevant to our industry. Stepan shared results in our 2021 Sustainability Report, outlining the key priority topics that were identified in that process. We have continued to report on these categories and undertook a Double Materiality analysis in 2024 as part of our CSRD readiness work.			
	3-2 List of material topics	Sustainability Materiality and Reporting; Progress on Our Sustainability Goals			
Delivering Superior Customer Experience					
Climate Change, Energy, and GHG Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Analyst Download; Environment, Resources, and Climate Impact: Commitment and Management Approach; Energy and Greenhouse Gas Emissions; Stepan sites utilize diverse energy sources to operate our manufacturing and business activities. This includes natural gas, diesel, propane, gasoline, electricity, steam, as well as renewable sources of energy. Based on broad scientific consensus, use of fossil fuels contributes to climate change impacts. Stepan is working to increase the percentage of our activities using renewable electricity, however some activities will depend upon fossil fuels for the foreseeable future. In addition to increasing percentage of renewable electricity that we use, we look for opportunities to drive efficiency in our manufacturing activities, including capture and reuse of steam and heat, equipment upgrades, operational efficiency improvements and more.			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Analyst Download; Stepan Company monitors energy use and greenhouse gas (GHG) emissions data in support of sustainability goals and reporting and has collected this data for numerous years across our sites. This information is used to communicate to external stakeholders on our environmental footprint and to identify opportunities for improvement to our global operations. We work to align with broadly recognized frameworks and report annually to the CDP (formerly the Carbon Disclosure Project) on our energy usage and emissions. CDP works to drive further alignment with widely adopted frameworks including the GHG Protocol Corporate Accounting and Reporting Standard. Stepan strives to align with the GHG Protocol for emissions calculations, and we work to drive continuous improvement in our GHG data collection and management process.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	Stepan conducted a Scope 3 inventory based on the GHG Protocol methodology in 2022 for 2021 activity. Scope 3 emissions were estimated using a combination of activity-based, hybrid, and spend-based analysis with emissions factors IPCC AR5 report and from the EcoInvent database. We are unable to meaningfully calculate downstream emissions and our reporting includes upstream and operational emissions only (3.1-3.7 emission categories). A partially refreshed analysis was conducted for 2024 activity with IPCC AR6 emission factors, including raw materials and energy and fuel related emissions. In our initial full analysis Purchased Goods and Services represented the largest source of our Scope 3 emissions (90%), and Energy and Fuel-Related Activities was the next largest category. Combined these two categories account for about 95% of Stepan's cradle-to-gate Scope 3 emissions for 2024. Stepan's combined Scope 3 emissions for 2024 were estimated to be approximately 3.3 million mt CO_2e. Since the last analysis, standard EcoInvent emission factors have increased to reflect more upstream greenhouse gas emissions across broad categories.			
	302-3 Energy intensity	Analyst Download			
	302-4 Reduction of energy consumption	Basis of Reporting Document; Energy and Greenhouse Gas Emissions; Assurance Report; Absolute energy usage increased by 6.5% over the prior year from 3,900 to 4,155 terajoules. About 30% of our total energy usage is related to electricity and steam and 43% of the Scope 2 energy was covered by renewable energy sources. Stepan has implemented efficiency projects at different sites, including equipment upgrades, installation of solar power supply, and process optimization. However, we have also increased our manufacturing footprint and implemented other projects to comply with regulations that have resulted in increased energy use at some sites.			
	302-5 Reductions in energy requirements of products and services	Energy and Greenhouse Gas Emissions; Products and Services for Sustainability Benefit; Basis of Reporting Document	302-5	Information Unavailable	Stepan does not track reductions in energy requirements of sold products and services.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Basis of Reporting Document; Analyst Download			
	305-2 Energy indirect (Scope 2) GHG emissions	Basis of Reporting Document; Analyst Download			
	305-3 Other indirect (Scope 3) GHG emissions	Basis of Reporting Document; Analyst Download; Please refer to the response given above for GRI 302-2.			
	305-4 GHG emissions intensity	Analyst Download			
	305-5 Reduction of GHG emissions	Energy and Greenhouse Gas Emissions; Analyst Download			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)	Basis of Reporting Document; Analyst Download; Stepan Company monitors energy use and greenhouse gas (GHG) emissions data in support of sustainability goals and reporting and has collected this data for numerous years across our sites. This information is used to communicate to external stakeholders on our environmental footprint and to identify opportunities for improvement to our global operations. We work to align with broadly recognized frameworks and report annually to the CDP (formerly the Carbon Disclosure Project) on our energy usage and emissions. CDP works to drive further alignment with widely adopted frameworks including the GHG Protocol Corporate Accounting and Reporting Standard. Stepan strives to align with the GHG Protocol for emissions calculations, and we work to drive continuous improvement in our GHG data collection and management process.			
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Basis of Reporting Document; Analyst Download			
Climate Change, Energy, and GHG Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Management and Use			
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management and Use; Stepan conducted detailed water risk assessments in 2021 and 2022. External risks for Stepan's facilities were assessed using the World Resources Institute's (WRI) Aqueduct™ Water Risk Atlas, an open-source online tool that provides global information about water-related risks. The Aqueduct (version 3.0) water risk framework creates indexed (categorical) scores for 13 water risk indicators, which are grouped and weighted to produce composite scores for three different water risk categories: water quantity, water quality, and reputational risk. The three composite scores are then combined into one Overall Water Risk score, enabling a portfolio-level comparison of water risks over a wide geographical range. Stepan's sites were analyzed using both the "Baseline" and "Future" Risk scenarios. The results identified the highest potential risks for Stepan's facilities and ranked the facilities based on their Overall Water Risk scores.			
	303-2 Management of water discharge-related impacts	Circularity, Waste, and Wastewater Management; Stepan manages water discharge and wastewater in accordance with local, state and national laws and as required to maintain our permits to operate. This includes regulations outlined by the U.S. Clean Water Act.			
	303-3 Water withdrawal	Analyst Download			
	303-4 Water discharge	Analyst Download			
	303-5 Water consumption	Analyst Download			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Circularity, Waste, and Wastewater Management			
	306-2 Management of significant waste-related impacts	Circularity, Waste, and Wastewater Management; Stepan collects waste-related data in our STEMS platform with reporting categories and enable sustainability-related reporting as well as mandatory reporting to regulatory bodies.			
	306-3 Waste generated	Analyst Download			
	306-4 Waste diverted from disposal	Analyst Download; Circularity, Waste, and Wastewater Management			
	306-5 Waste directed to disposal	Analyst Download			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
Talent Attraction, Engagement, and Retention					
Employee Learning and Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent Attraction and Retention; Employee Training and Development			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Analyst Download; In Stepan's Success Factors training platform, employees can access required and mandatory training resources. In 2024, an average of just over 8 hours of training were administered through the online platform across all employee groups and an average of 10 hours were administered to Company leaders (manager level and above). These numbers do not include trainings conducted in person and on site.			
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training and Development			
	404-3 Percentage of employees receiving regular performance and career development reviews	Analyst Download			
Workplace Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Respectful Workplace Environment; Employee Diversity; Stepan works to uphold the principles outlined in our Code of Conduct, Human Rights Policy and numerous other such frameworks. Our Third-Party Code of Conduct outlines comparable expectation for our suppliers. We separately outline expectations for our palm supply chain partners in our Responsible Sourcing Policy, with a focus on ending deforestation and human and labor rights issues that, in some instances, have been identified at the plantation level of the palm supply chain. In 2023, Stepan joined ASD to help strengthen our understanding of potential supply chain issues and to increase our visibility into our palm supply chain.			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Respectful Workplace Environment; Analyst Download			
	405-2 Ratio of basic salary and remuneration of women to men	Every 2-3 years Stepan conducts an analysis of pay equity across gender and other diversity metrics for our U.S. sites. This is part of our work to ensure that we uphold our commitments and are accountable to the principles outlined in our Code of Conduct, Anti-Harassment Policy and other policies that apply to our global workforce.	405-2	Confidentiality Constraints	Stepan does not currently disclose this information publicly but is reviewing our approach to remuneration reporting to consider future disclosure.
Occupational Health, Safety, and Well-Being					
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Practices: Commitment and Management Approach; Occupational Health and Safety; Process Safety			
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	Occupational Health and Safety			
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety; Process Safety			
	403-3 Occupational health services	Occupational Health and Safety; Process Safety			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety; Process Safety			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
GRI 403: Occupational Health and Safety (2018)	403-5 Worker training on occupational health and safety	Occupational Health and Safety			
	403-6 Promotion of worker health	Employee Well-Being			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety			
	403-8 Workers covered by an occupational health and safety management system	Stepan is a member of the American Chemistry Council (ACC) and a Responsible Care partner. Stepan's Management system (STEMS) is based on the Responsible Care Management System (RCMS), which is an integrated health, safety, security and environmental management system using the Plan-Do-Check-Act continual improvement cycle, as well as applicable regulations and Stepan Company Corporate policies. This includes requirements outlined by the Occupational Safety and Health Administration in the U.S. and other such regulations that apply to our global facilities. ISO 45001:2018 Occupational Health and Safety Management Systems ISO 14001:2015 Environmental Management principles are also integrated into Stepan's Management System. STEMS is utilized across our global operations.	403-8 a.i, ii; b., c.	Information Unavailable	Stepan does not currently collect information related to contract worker demographics and EMS.
	403-9 Work-related injuries	Analyst Download; Occupational Health and Safety; Process Safety; Stepan has ongoing work to identify, manage, and mitigate risks including standard processes for pre-start-up safety review and hazard analysis, process hazard analysis checklists, monthly EHSS team meetings to review incidents, learnings, and best practices, and more. Behavior based training programs are implemented at our global sites and tools to identify workplace ergonomic hazards are also utilized.			
	403-10 Work-related ill health	Analyst Download; Occupational Health and Safety; Process Safety			
Customer Experience					
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety			
Community Connection					
GRI 3: Material Topics 2021	3-3 Management of material topics	Valuing People and Communities: Commitment and Management Approach; Community Connections for Positive Impact			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Connections for Positive Impact			
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Connections for Positive Impact			
Regulatory Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Products and Services for Sustainability Benefit; Regulatory Compliance and Product Stewardship			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Analyst Download; Regulatory Compliance and Product Stewardship			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Analyst Download			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Advantageous Products: Commitment and Management Approach			
Product Stewardship					
GRI 3: Material Topics 2021	3-3 Management of material topics	Advantageous Products: Commitment and Management Approach			
Corporate Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance: Commitment and Management Approach			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stepan Code of Conduct			
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Analyst Download			
	205-2 Communication and training about anti-corruption policies and procedures	Stepan Third-Party Code of Conduct; Stepan Code of Conduct; Analyst Download; Ethics and Compliance			
	205-3 Confirmed incidents of corruption and actions taken	Stakeholder Engagement; All Stepan stakeholders have access to the ethics hotline reporting system, EthicsPoint. Calls placed through this system remain anonymous and are independently reviewed to determine necessary actions. Stepan currently manages any such incidents according to our stated grievance management process. We will review reporting practices to determine any changes in disclosure.	205-3	Confidentiality Constraints	Stepan does not publicly disclose information on incidents of corruption.
Promoting a Circular Economy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Products and Services for Sustainability Benefit; Stepan Third-Party Code of Conduct; Stepan Responsible Sourcing Policy			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Analyst Download			
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Raw Materials; Analyst Download; Stepan evaluates our suppliers through a combination of pre-qualification risk assessments and comprehensive annual ESG assessment. Stepan also conducts traceability work on our palm supply chain, including review of potential risks.			
Partnerships and Collaborations					
GRI 3: Material Topics 2021	3-3 Management of material topics	Third-Party Partnerships			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/RESPONSE	OMISSION Requirement(s) Omitted	Reason	Explanation
Non-Discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stepan Inclusion and Diversity Policy; Stepan Code of Conduct; Stepan conducts annual Enterprise Risk as well as Compliance Risk Assessments. Results are compiled and analyzed by Stepan's Ethics and Compliance team, with oversight from Stepan's Chief Compliance and Risk Officer. The results of the Enterprise Risk Assessment are shared and confirmed by the CEO, the Operating Committee and the Audit Committee of the Board, which is responsible for overseeing the Company's risk management practices generally.			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Stepan Code of Conduct; Stepan publicly communicates clear policies related to anti-discrimination and harassment, with training required of all employees on an annual basis. Stepan also maintains an ethics hotline for reporting concerns or incidents. Reported incidents are managed according to the process outlined in Stepan's Code of Conduct.	406-1	Confidentiality Constraints	Stepan does not publicly disclose information on incidents of discrimination.

Sustainability Accounting Standards Board (SASB) Index

TOPIC	ACCOUNTING METRIC	CODE	LOCATION OR DIRECT ANSWER
GHG Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulation (Metric tons (t) CO_2e, Percentage (%))	RT-CH-110a.1	Analyst Download
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2	Progress on Our Sustainability Goals; Environment, Resources, and Climate Impact: Commitment and Management Approach; Energy and Greenhouse Gas Emissions; Stepan conforms to the ACC Responsible Care Management System, and additionally continues to implement a Stepan Management System, which incorporates criteria from ISO 14001 (environmental management) and ISO 50001 (energy management). We track energy and emissions data against our baseline across our global facilities. We define energy use and emissions reduction targets and implement projects across our sites that enable energy efficiency.
Air Quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs) (metric tons)	RT-CH-120a.1	Analyst Download
Energy Management	Percentage of energy that is grid electricity, renewable, and self-generated (GJ and %)	RT-CH-130a.1	Analyst Download
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress (Thousand cubic meters (m^3), Percentage (%))	RT-CH-140a.1	Analyst Download
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	RT-CH-140a.2	Analyst Download
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	Environment, Resources, and Climate Impact: Commitment and Management Approach; Water Management and Use
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	RT-CH-150a.1	Analyst Download
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	Valuing People and Communities: Commitment and Management Approach; Community Connections for Positive Impact; Environment, Resources, and Climate Impact: Commitment and Management Approach; Water Management and Use
Workforce Health and Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	RT-CH-320a.1	Analyst Download
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	Responsible Practices: Commitment and Management Approach; Occupational Health and Safety; All sites have a hazard communication program and personal protective equipment programs. In addition, we have completed qualitative industrial hygiene risk assessments at our global sites to identify potential exposures, identify applicable occupational exposure limits and risk rank the activities. Using this evaluation, sites perform employee exposure monitoring as required. Depending upon results of monitoring, controls are evaluated, and improvements are implemented.
Product Design for Use-Phase Efficiency	Revenue from products designed for use phase resource efficiency	RT-CH-410a.1	Omission: Stepan does not currently track this metric and will evaluate for possible future reporting.

TOPIC	ACCOUNTING METRIC	CODE	LOCATION OR DIRECT ANSWER
Safety and Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	Analyst Download; Responsible Practices; Advantageous Products; Regulatory Compliance and Product Stewardship
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	Advantageous Products; Products and Services for Sustainability Benefit; Regulatory Compliance and Product Stewardship; Responsible Practices; As a member of American Chemistry Council (ACC), Stepan is actively engaged with the Global Product Strategy (GPS) initiative. GPS, which is designed to meet the United Nation's Strategic Approach to Chemicals Management, aims to improve product stewardship within the chemical industry and with suppliers and customers throughout the chain of commerce. Additionally, Stepan implemented the Product Safety Code which contains 11 management practices to focus on the knowledge, management, and communication of the health and environmental impacts of chemical products. Stepan prioritizes the chemicals we manufacture and is using a tiered approach to create our product stewardship summaries. We completed product stewardship summaries for those chemicals identified as high priority according to national and/or international regulation.
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	RT-CH-410c.1	We do not currently have data for percentage of products by revenue that contain genetically modified organisms, but genetically modified raw materials represent less than 1% of Stepan's total raw materials by spend.
Management of the Legal and Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	Environment, Resources, and Climate Impact; Advantageous Products; Stepan 2024 Form 10-K, pg. 9
Operational Safety, Emergency Preparedness and Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	RT-CH-540a.1	Analyst Download
	Number of transport incidents	RT-CH-540a.2	Analyst Download
Activity Metric	Production by reportable segment	RT-CH-000.A	Analyst Download

Task Force on Climate-Related Financial Disclosures (TCFD)

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
Governance			
a) Describe the board's oversight of climate-related risks and opportunities.	What are the processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues?	2024 CDP Report, C4.1.2, C4.2, C4.3.1 A full Board review of the Company's strategic plan, which includes sustainability objectives, targets, progress and process, is completed on an annual basis with supplemental reviews happening as progress is completed. The Company publicly committed to the Task Force for Climate-Related Financial Disclosures in 2022 and conducted climate risk scenario analyses for physical and transition risks to Stepan business and in 2024 the Company conducted a double materiality assessment. Results from this work will inform planning and reporting. Progress on ESG topics including water risk, energy sourcing, emissions targets, climate impacts, enterprise risks, etc. are regularly communicated to the Board.	IFRS S2 Climate-related Disclosures, 2023, para. (6) (a) (i-iv), (b) (i-ii)
	Do the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures?	2024 CDP Report, C4.1.2 Board of Directors; Sustainability Governance; Enterprise Risk Management The Board reviews needs and initiatives related to operational efficiency, compliance, product development, and other Company efforts with the potential to deliver climate-related benefits. The President and CEO works with Board members to oversee Stepan's risk management policies and processes; participate in and monitor Stepan's strategic planning; provide general oversight of the business and review and approve significant corporate actions, and oversee environmental, social and governance ("ESG") and climate matters, including (i) reviewing and evaluating Stepan's plans and practices; (ii) reviewing current trends and discussing such matters with management; and (iii) overseeing the development and use of measurement and tracking metrics. This includes review and approval of public sustainability goals, review of progress toward to goals, and oversight related to investments that can impact delivery on company goals. The Board oversees major capital expenditures, acquisitions, divestitures. Their work includes consideration of diverse factors, including climate or weather-related issues as relevant. The ESG Subcommittee of the executive leadership team meets on a bimonthly basis and provides oversight for the corporate ESG Steering Team, monitors progress in implementing Stepan's ESG strategy, reviews and provides inputs regarding public sustainability goals, reviews progress toward those goals, and provides regular updates to the Board on these matters.	
	How does the board monitor and oversee progress against goals and targets for addressing climate-related issues?	2024 CDP Report, C4.1.2, C4.3.1 Sustainability Governance A full Board review of the Company's strategic plan, which includes sustainability objectives, targets, progress and process, is completed on an annual basis with supplemental reviews happening as progress is completed. The ESG Subcommittee of the executive leadership team meets on a bimonthly basis and provides oversight for the corporate ESG Steering Team, monitors progress in implementing Stepan's ESG strategy, reviews and provides inputs regarding public sustainability goals, reviews progress toward those goals, and regularly reports to the Board on these matters. Frequency: Quarterly reports on select ESG topics from the Chief Technology & Sustainability Officer.	
b) Describe management's role in assessing and managing climate related risks and opportunities.	Does the organization have assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues?	2024 CDP Report, C4.1.2, C4.3.1 Sustainability Governance Stepan's Chief Technology & Sustainability Officer reports on quarterly basis to the Board on select ESG topics that may include assessment and management of sustainability topics including climate-related risks and opportunities. Beginning in 2022 the President and CEO introduced a new governance structure to allow for more direct reporting on ESG and sustainability topics to Stepan's executive leadership team. The ESG subcommittee directs the Company's current and future sustainability-related priorities, monitors progress toward Company goals, and guides a strategy that enables resilience and agility on these topics. The committee receives quarterly reporting from Stepan's ESG Steering Team. Stepan's ESG Steering Team oversees defined deliverables and has accountability in the areas of Environment and Resources Management, Product Carbon Footprint and Life Cycle Impact, Sustainable Raw Material Sourcing, and Sustainable Growth.	IFRS S2 Climate-related Disclosures, 2023, para. (6) (a) (i-iv), (b) (i-ii)
	Does it include a description of the associated organizational structure(s)?	2024 CDP Report, C4.3.1 Sustainability Governance The CTSO reports to the President and CEO and directs the ESG Steering Team, which reports quarterly to the ESG Subcommittee of the executive leadership team.	

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
b) Describe management's role in assessing and managing climate related risks and opportunities.	What are the processes by which management is informed about climate-related issues?	2024 CDP Report, C4.3.1 Sustainability Governance Numerous teams at Stepan may have responsibilities with potential connection to climate related issues. Teams monitor emerging or anticipated issues, or they work within management structures to address existing issues. Depending on the specific topic, teams will raise awareness to appropriate leaders. Mitigation and management decisions, necessary actions or investments, and other decision making is escalated to senior leadership, Stepan's Operating Committee and to the Board based on the scale of impact to the organization. In 2024, the CTSO oversaw implementation of a full ESG Double Materiality assessment for the Company, communicating key findings to the executive leadership team and the Board. This work built on Stepan's prior materiality assessment in 2021 and consisted of broad engagement of internal and external stakeholders on ESG topics. Results of this effort will guide future reporting. The executive leadership team includes an ESG Subcommittee which receives quarterly updates from the ESG Steering Team and reports up to the Board on these topics. Awareness of regulatory shifts, including CSRD, has been raised from the ESG Steering Team to the ESG Subcommittee and then to the Board. Issues that impact our plants that are climate or weather related are communicated to the Board from various teams based on the impact.	IFRS S2 Climate-related Disclosures, 2023, para. (6) (a) (i-iv), (b) (i-ii)
	How does management (through specific positions and/or management committees) monitor climate-related issues?	2024 CDP Report, C4.1.2, C4.3.1 Board of Directors; Sustainability Governance; Climate Impact The CTSO holds primary responsibility for guiding Stepan's ESG initiatives and provides leadership to the ESG Steering Team. The ESG Subcommittee provides oversight and guidance on topics and key deliverables including climate-related risk understanding and management. 2024 priorities included completion of a Double Materiality Assessment, monitoring and preparation for emerging regulations, and integration of sustainability criteria into other review phases of Stepan's work. The President and CEO has overall responsibility for-and serves to provide approval, guidance and/or review of-identified needs and proposed actions required for the Company, including those concerning climate-related issues and opportunities. The CEO and President works with Board members to oversee Stepan's risk management policies and processes; participate in and monitor Stepan's strategic planning; provide general oversight of the business and review and approve significant corporate actions, and oversee environmental, social and governance ("ESG") and climate matters, including (i) reviewing and evaluating Stepan's plans and practices; (ii) reviewing current trends and discussing such matters with management; and (iii) overseeing the development and use of measurement and tracking metrics.	
Strategy			
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Does the organization have a description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms?	2024 CDP Report, C2.1 Short-term: 0–3 years Mid-term: 3–10 years Long-term: 10+ years Aligned with Stepan's annual strategic planning process and with Stepan's financial reporting process and informed by work to align with TCFD.	IFRS S2 Climate-related Disclosures, 2023, para. (9) (a), (b), (c), (d), (e) para. (10) (a), (b), (c), (d) para. (13) (a), (b) para. (14) (a) (ii-v), (b), (c) para. (15) (a), (b) para. (16) (a), (b), (c) (i-ii), (d) para. (18) (b) para. (21) (a), (b), (c)
	Does the organization have a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization?	2024 CDP Report, C2.2, C3.1 Enterprise Risk Management; Climate Impact Stepan conducts annual Enterprise Risk Assessments with engagement of internal stakeholders. This work is not focused on climate related issues but does include connected topics. Results of this work are managed as described in the ERM section of this report. In 2022, Stepan conducted a Climate Scenario Analysis, modeling transition and physical risks. The work included evaluation of three different scenarios and summary results were shared with leadership and relevant teams. Physical risks were evaluated for present day, 2030, and 2050 timeframes based on the RCP4.5 and RCP8.5 scenarios. These two scenarios represent future states with moderate to more extreme climate impact based on continued rising temperatures. The approach presents physical risks assuming more extreme conditions than those that would be experienced in a 1.5-degree scenario.	

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Does the organization have a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization?	Transition risks were evaluated using a 1.5-degree scenario for near term and out to 2030. This approach represents the most extreme circumstances expected for transition risks, with the assumption that the greatest challenges associated with Transition Risks to organizations will be faced if markets and governments adopt the most stringent 1.5-degree pathway and implement changes to achieve it. The scenario analysis work identified potential risks based on best available data at the time of the work. The identified potential physical risks are likely to be the same as those faced by others in our industry, within the same regions of operation. Stepan works to make our organization resilient in the face of possible challenges as part of our standard business and management practices. Stepan's existing management processes take into account possible unplanned disruptions due to diverse factors including natural disasters, weather, disease, strikes, transportation interruption, government regulation, political unrest or terrorism, or internal reasons, such as fire, explosions, mechanical failure, labor-related work stoppages or slowdowns, maintenance, discharges, contamination, environmental remediation or other manufacturing problems. We work to have in place policies and practices that enable agile and effective response to such events. Stepan also implements strategies aimed at mitigating such events to the extent possible. Stepan monitors regulations and works for compliance readiness across topics including environmental, social and business ethics. **Identified Potential Physical Risks Based on Scenario Analysis Work:** Water Stress (availability): 18% of our manufacturing sites were identified as being in areas of water stress today or in the near term, with half of these predicted to experience a 20% increase in water stress by 2050. Maximum Daily Temperature: One of our sites was identified as more likely to face risks from a 5% increase in maximum daily temperature by 2050 compared to today. Heatwave Duration: 14% of our sites are at increased risk of extended heatwaves, with a modelled increase of 30-50% in the duration of heatwaves for those sites. And 18% of our sites are at higher risk of an approximate 3-fold increase in the number of days above 35 degree C by 2050 compared to present day. Heatwave Frequency: One of our sites is modelled to have an 8-fold increase in the frequency of heatwaves by 2050 compared to present day. One Stepan facility was identified as being at greatest risk of extreme cold temperatures, with a modelled shift of about 20% for the minimum daily temperature by 2050 over present day. Models indicate a decrease in the duration and frequency of cold waves by 10% for this same site for the same timeframe. 18% of Stepan manufacturing facilities are predicted to see an increase in maximum 1-day snowfall of 4-9% by 2050 over present day. The number of days with at least 10 cm snowfall is modelled to decrease over this same timeframe. 9% of our facilities are at greatest risk from wind speeds above 40 mph, with a modelled increase of about 20% more days by 2050 compared to present day. 14% of our manufacturing sites are at higher risk for maximum 1-day precipitation, with a modelled increase of 4-15% mm of rainfall by 2050 over present day. 23% of our sites are at higher risk for maximum 5-day precipitation, with a modelled increase of 10-23% mm of rainfall by 2050 over present day. One of our sites is modelled to experience a 5% increase in tropical cyclone-related loss by 2050 compared to present day and another of our sites is likely to experience a 32% decrease in tropical cyclone-related losses. One of our facilities was identified as facing a 5% increase in losses related to inland flooding by 2050 over present day, and another of our facilities is identified as seeing a slight decrease in losses related to inland flooding during this timeframe. **Identified Potential Transition Risks Based on Scenario Analysis Work:** Overall risk exposure is low in the short term (rising to moderately high in the medium term. This is driven by the cost to transition to lower emission technologies (2a) and substituting existing technologies with lower emission options (2b). Exposure is heightened by the likelihood that Stepan anticipates increased mandates and regulations on its products (1a) requiring increased investment. • Additionally, there is higher reputational and credibility risk associated with enhanced reporting obligations (1b) if Stepan does not adequately adhere to these expectations. Likewise, availability and cost of raw materials (2c) presents moderate risk as passing on costs to customers may prove to be more difficult. • By 2030, shift in customer/consumer values (is also likely to emerge as a high risk, given predictions that Stepan's customers will become more concerned with the sustainability of its products, and the possibility that its entire supply chain will be scrutinized. Stepan also perceives there to be opportunity related to innovating product offerings to meet their customers' needs, though this will require a capital commitment. • Stepan's reputation risks remain relatively low out to 2030. Stepan also conducted water risk assessments from 2021–2023. Results of this work have been used as part of water risk management plans at our sites. Finally, in 2024, Stepan conducted a Double Materiality Assessment, with engagement of internal and external stakeholders on a variety of sustainability topics. The assessment included review using defined impact and financial materiality thresholds. Results of this work have been shared with leadership and will inform our sustainability reporting. See below (Strategy c) for additional details.	IFRS S2 Climate-related Disclosures, 2023, para. (9) (a), (b), (c), (d), (e) para. (10) (a), (b), (c), (d) para. (13) (a), (b) para. (14) (a) (ii-v), (b), (c) para. (15) (a), (b) para. (16) (a), (b), (c) (i-ii), (d) para. (18) (b) para. (21) (a), (b), (c)

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	What are the process(es) used to determine which risks and opportunities could have a material financial impact on the organization?	2024 CDP Report, C2.2 Sustainability Governance; Enterprise Risk Management Stepan's leadership uses Enterprise Risk Management (ERM) principles to aid in the identification and avoidance or mitigation of important risk factors. Stepan's Enterprise Risk Management (ERM) program uses principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to effectively identify, manage and mitigate significant risks to the organization. Individuals across Stepan's global locations and functions contribute to our understanding of risks annually through surveys, in person interviews and workshops. Members are polled quarterly throughout the years to spot emerging risks and trends. Critical risks with the potential to substantially disrupt current or future operations are assigned owners to develop or improve mitigation plans, which are shared within the organization. Results from this work are communicated to the executive leadership team and to Stepan's Board. Information is also communicated from functional leadership teams to the Executive Leadership committee and up to the Board. Stepan's executive leadership team and Board evaluate possible risks across Company's functions. Stepan's Board of Directors and the Audit Committee of the Board of Directors have responsibilities for identification of risk with potential for substantive financial impact. This includes identification of the most significant factors that may materially and adversely affect the Company's business, financial condition, results of operations and cash flows.	IFRS S2 Climate-related Disclosures, 2023, para. (9) (a), (b), (c), (d), (e) para. (10) (a), (b), (c), (d) para. (13) (a), (b) para. (14) (a) (ii-v), (b), (c) para. (15) (a), (b) para. (16) (a), (b), (c) (i-ii), (d) para. (18) (b) para. (21) (a), (b), (c)
	Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate.	2024 CDP Report, C3.1 Core to our risk mitigation strategies is the principle of resilience. Stepan strives for management systems, operational practices, infrastructure and business strategies that promote resilience and agility in the event of disruptive circumstances. This can include risks posed by climate- or weather-related events, supply chain disruptions or other challenges. We work to understand these risks and their potential impacts on our plants and on our customers, and we engage with risk owners and stakeholders to ensure that potential risks are appropriately considered in our strategic and capital planning processes. Inputs include results from site-specific water risk assessments, monitoring of the regional and local regulatory landscape, results from climate scenario analysis work (see above disclosure for details), and other sources of information.	
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	How have identified climate-related issues affected businesses, strategy, and financial planning in relation to: Products and services, Supply chain and/or value chain, Adaptation and mitigation activities, Investment in research and development, Operations (including types of operations and location of facilities), Acquisitions or divestments, Access to capital)	2024 CDP Report, C3.1 Advantageous Products; Responsible Practices Stepan's strategic planning process involves leadership across Company functions and across all regions of operations, capturing short, medium, and longer-term strategic planning considerations. This includes evaluation of potential risks and opportunities related to the Company's strategic priorities of market diversification, customer intimacy, operational excellence, innovation, and M&A as well as priorities related to sustainability/ESG. During the annual planning and budgeting process,identified or potential enterprise risks and opportunities are evaluated as discussed in prior sections, and this process informs business strategy and planning. Company investments in recent years have included those related to supply chain agility and security, operational resilience, product innovation, portfolio and technological diversification, regulatory compliance. See below (Strategy c) for discussion of identified potential risks and actions taken as part of Stepan's standard process to evaluate and escalate risks.	IFRS S2 Climate-related Disclosures, 2023, para. (9) (a), (b), (c), (d), (e) para. (10) (a), (b), (c), (d) para. (13) (a), (b) para. (14) (a) (ii-v), (b), (c) para. (15) (a), (b) para. (16) (a), (b), (c) (i-ii), (d) para. (18) (b) para. (21) (a), (b), (c) para. (22) (a) (i-ii) (iii) (1-3), (b) (i) (1-7) (ii) (1-5) (iii)
	Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized. Organizations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.	2024 CDP Report, C3.1 Core to our risk mitigation strategy is the principle of resilience. Stepan strives for management systems, operational practices, infrastructure and business strategies that promote resilience and agility in the event of disruptive circumstances. This can include risks posed by climate- or weather-related events, supply chain disruptions or other challenges. We work to understand these risks and their potential impacts on our plants and on our customers, and we engage with risk owners and stakeholders to ensure that potential risks are appropriately considered in our strategic and capital planning processes. Stepan's strategic planning process involves leadership across Company functions and across all regions of operations, capturing short, medium, and longer-term strategic planning considerations. This includes evaluation of potential risks and opportunities related to the Company's strategic priorities of market diversification, customer intimacy, operational excellence, innovation, and M&A as well as priorities related to sustainability/ESG. During the annual planning and budgeting process,identified or potential enterprise risks and opportunities are evaluated as discussed in prior sections, and this process informs business strategy and planning. Company investments in recent years have included those related to supply chain agility and security, operational resilience, product innovation, portfolio and technological diversification, regulatory compliance. See above (Strategy a) and below (Strategy c) for details on review process and description of the models used.	

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Organizations should describe the impact of climate-related issues on their financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities). If climate-related scenarios were used to inform the organization's strategy and financial planning, such scenarios should be described.	2024 CDP Report, C2.2, C5.1 Stepan conducted physical and transition risk scenario analyses in 2022 according to the following climate scenarios: IEA NZ 2050: Under this scenario while the physical risks associated with the scenario will be relatively limited, the risks and opportunities relating to policy and legal; reputation; market and technology risks will be more pronounced. RCP 4.5: The climate scenarios and time periods have been selected to capture a wide range of uncertainty in future physical climate-related impacts and to provide a range of temporal snapshots of physical risk when the effect of climate change is likely to be substantially different. See above (Strategy a) for details on scenario analyses conducted.	IFRS S2 Climate-related Disclosures, 2023, para. (9) (a), (b), (c), (d), (e) para. (10) (a), (b), (c), (d) para. (13) (a), (b) para. (14) (a) (ii-v), (b), (c) para. (15) (a), (b) para. (16) (a), (b), (c) (i-ii), (d) para. (18) (b) para. (21) (a), (b), (c) para. (22) (a) (i-ii) (iii) (1-3), (b) (i) (1-7) (ii) (1-5) (iii)
	Organizations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition.	2024 CDP Report, C5.2 Message from the CTSO; Progress on Our Sustainability Goals; Advantageous Products; Environment, Resources, and Climate Impact; Sustainable Raw Materials Stepan will take a multi-faceted approach to drive efficiencies in resource usage and lower our emissions. This includes a strong commitment to use of renewable electricity to reduce our Scope 2 emissions and projects to improve efficiency of our operations for reduction of Scope 1 emissions. Stepan is working to increase the number of our manufacturing sites that are ISO 14001 and ISO 50001 certified (for environmental management and energy management), and we have invested in on-site renewable energy, Power Purchase Agreements, and renewable energy certificates across our regions. We anticipate continuing to increase our commitments to renewable electricity. Stepan has already invested in R&D, supplier partnerships, supply chain certifications for sustainable raw materials, development of new product impact assessment tools, and new partnerships to explore emerging technologies. Each of these efforts is part of a broader effort to deliver products and processes with lower environmental footprint and to lower our greenhouse gas emissions. Current goals for emissions reduction and use of renewable electricity include: • Scope 1 and 2 GHG intensity targets: 10% reduction from base year by 2025 • 20% renewable electricity usage by 2025	
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	Organizations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy consistent with a 2°C or lower scenario and, where relevant to the organization, scenarios consistent with increased physical climate-related risks.	2024 CDP Report, C5.1 Climate Impact Stepan conducted climate scenario analyses in 2022. See above (Strategy a) for details and summarized results on scenario analyses conducted. **Time periods modeled for physical risks:** • Present-day: 20-year climatological data spanning 2001–2020 is used. Acute impacts use historical data and probabilistic models. • 2030s: 20-year climatological data spanning 2021–2040 (centered on 2030) • 2050s: 20-year climatological data spanning 2041–2060 (centered on 2050) **Physical Impacts** The climate scenarios and time periods were selected to capture a wide range of uncertainty in future physical climate-related impacts and to provide a range of temporal snapshots of physical risk when the effect of climate change is likely to be substantially different. **Climate scenarios (Representative Concentration Pathways):** • RCP 4.5—approx. 2–3 ˚C warming by end of century, relative to pre-industrial, • RCP 8.5—approx. 4.3˚C warming by end of century, relative to pre-industrial.	IFRS S2 Climate-related Disclosures, 2023, para. (22) (a) (i-ii) (iii) (1-3), (b) (i) (1-7) (ii) (1-5) (iii)
	Is there disclosure on where will the organizations strategies may be affected by climate-related risks and opportunities?	2024 CDP Report, C5.3.1, C5.3.2 Message from the CTSO; Advantageous Products; Environment, Resources, and Climate Impact We see growing interest in products with reduced product carbon footprint, greater transparency about product impact, and products promoting circularity. Stepan offers numerous products that support these goals, and we are strategically pursuing growth opportunities in this area. This is part of a strategic decision to diversify into new technologies that will enable Stepan to support markets focused on reduced environmental impact, including products based on biobased and renewable raw materials. Stepan initiated work in 2023 aligned with safe and sustainable by design principles as early efforts to shift our product portfolio. Stepan works to strategically promote adaptability and flexibility with our network of supply chain partners, including raw material suppliers, energy suppliers, and transport providers. Stepan also evaluates options to move our materials via transport modes with a lower carbon footprint. Stepan examines environmental risks in evaluation of potential acquisitions. This includes risk associated with chronic issues such as drought, extreme or acute risks such as hurricanes or flooding, regulatory shifts, etc. Stepan strives for continuous improvement across our operations, including improvements related to resource use efficiency and adaptability in the face of climate-related risks and opportunities. This includes increased use of renewable electricity, with investments in on-site solar power generation or in local renewable electricity projects.	

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	How will the organizations strategies change to address such potential risks and opportunities?	2024 CDP Report, C5.3.1, C5.3.2 Message from the CTSO; Advantageous Products; Environment, Resources, and Climate Impact Sustainability is a key aspect for consideration in the early phases of Stepan's innovation process. As our customers increasingly inquire about the carbon footprint of their purchased materials, we continue identifying approaches to reduce the Scope 1, 2 and 3 GHG emissions associated with Stepan products. In 2023, Stepan formalized a focus on sustainable raw materials as a key driver for our product design and innovation strategy. Given that raw materials are the largest contributor to our Scope 3 emissions, finding drop-in alternatives with a lower footprint is key to reducing those emissions. This includes biobased or circular feedstocks, and/or raw materials produced with renewable energy. Stepan's commitment to ISCC PLUS certifications enables us to support customers with products that carry externally validated sustainability benefits. Over the past year, Stepan strengthened our capabilities to calculate PCF based on the Together for Sustainability PCF Guideline for the chemical industry. This work not only supports our customers in their emissions reduction efforts, but also provides insights that inform portfolio development, raw material procurement and other business decisions. Looking ahead, our goal is to develop PCF data for a majority of our commercial products, with increased use of primary data.	IFRS S2 Climate-related Disclosures, 2023, para. (22) (a) (i-ii) (iii) (1-3), (b) (i) (1-7) (ii) (1-5) (iii)
	Does the organization take into consideration the potential impact of climate-related issues on financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities)?	2024 CDP Report, C5.3.2 Stepan strives for management systems, operational practices, infrastructure and business strategies that promote resilience and agility in the event of disruptive circumstances. Stepan's strategic planning process involves leadership across Company functions and across all regions of operations, capturing short, medium, and longer-term strategic planning considerations. This includes evaluation of potential risks and opportunities related to the Company's strategic priorities of market diversification, customer intimacy, operational excellence, innovation, and M&A as well as priorities related to sustainability/ESG. Weather and climate impacts may affect raw material availability or cost, manufacturing costs, resource use efficiency/ reduction efforts, or impact our costs to meet tighter environmental regulations. Extreme or severe weather or chronic conditions may impact water supply, our ability to continue manufacturing, or our ability to receive raw materials and deliver goods. Disruptions to energy supply can result in higher energy costs and severe climate events can result in tighter supply and higher costs for biorenewable raw materials. For some of our facilities, operating costs may be affected by direct impacts of weather and climate events that result in the need for increased capital investment. The ability to be agile and maintain business continuity in the face of such events represents an opportunity to Stepan and operational agility and resilience is a Company priority. Stepan Company continues to look at opportunities to expand our production capacity. Environmental factors that influence our consideration of potential acquisitions include regional or national regulations, availability of secure and reliable water source, chronic climate conditions such as drought or fire, likelihood of extreme climate events such as hurricane. Stepan also looks for opportunities to expand into adjacent chemistries, with one area of focus being expansion of sustainability-related capabilities. See above (Strategy a) for additional details.	
	Are the climate-related scenarios and associated time horizon(s) considered?	2024 CDP Report, C2.1 See above (Strategy a) for details and summarized results on scenario analyses conducted.	
Risk Management			
a) Describe the organization's processes for identifying and assessing climate related risks.	Organizations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the relative significance of climate-related risks in relation to other risks.	2024 CDP Report, C2.2 Sustainability Governance Stepan's leadership uses Enterprise Risk Management (ERM) principles to aid in the identification and avoidance or mitigation of important risk factors. Stepan's Enterprise Risk Management (ERM) program uses principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to effectively identify, manage and mitigate significant risks to the organization. Individuals across Stepan's global locations and functions contribute to our understanding of risks annually through surveys, in person interviews and workshops. Members are polled quarterly throughout the years to spot emerging risks and trends. Critical risks with the potential to substantially disrupt current or future operations are assigned owners to develop or improve mitigation plans, which are shared within the organization. Results from this work are communicated to the executive leadership team and to Stepan's Board. Stepan's Board of Directors and the Audit Committee of the Board of Directors have responsibilities for identification of risk with potential for substantive financial impact. This includes identification of the most significant factors that may materially and adversely affect the Company's business, financial condition, results of operations and cash flows. In addition, the Board of Directors provides oversight of Stepan's risk assessment and risk management processes and policies, as well as steps taken to control such exposures. Stepan's Operating Committee and Board evaluate possible climate related risk across the Company's functions. Information is communicated from the functional team level up through leadership to the Board. Stepan's strategic planning process involves leadership across Company functions and across all regions of operations, capturing short, medium, and longer-term strategic planning considerations. This includes evaluation of potential risks and opportunities related to the Company's strategic priorities of market diversification, customer intimacy, operational excellence, innovation, and M&A as well as priorities related to sustainability/ESG.	IFRS S2 Climate-related Disclosures, 2023, para. (25) (a) (i-vi), (b), (c)

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
a) Describe the organization's processes for identifying and assessing climate related risks.	Organizations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.	2024 CDP Report, C2.2 Stepan's ESG Steering Team works to provide insights and facilitate action to manage and support sustainability efforts and obligations. One of the key responsibilities of the team is to monitor and promote understanding related to emerging regulations and to engage relevant stakeholders as needs. In 2024, the ESG Subcommittee continued to guide the Company's sustainability commitments, including alignment with the Task Force on Climate Related Financial Disclosures (TCFD). The Subcommittee also provided guidance on emerging regulations, such as the European Union Deforestation Regulation (EUDR), the EU Corporate Sustainability Reporting Directive (CSDR) and the U.S. Securities Exchange Commission (SEC) climate-related reporting requirements. Current, emerging and anticipated regulations are monitored by Stepan teams to understand impacts to the organization and timing and scope of our responsibilities. During our various risk and opportunity assessments (e.g., Enterprise Risk, Water Risk, Climate Scenario Analysis, Materiality), we included emerging regulations as a topic and evaluated their potential impact to our sites and to our business. This includes regulations, taxes and other such regulatory impacts related to climate change.	IFRS S2 Climate-related Disclosures, 2023, para. (25) (a) (i-vi), (b), (c)
	What is the organization's process for assessing the potential size and scope of identified climate-related risks?	2024 CDP Report, C2.2 Sustainability Governance Stepan's Board of Directors and the Audit Committee of the Board of Directors have responsibilities for identification of risk with potential for substantive financial impact. This includes identification of the most significant factors that may materially and adversely affect the Company's business, financial condition, results of operations and cash flows.	
b) Describe the organization's processes for managing climate related risks.	Organizations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. In addition, organizations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organizations.	2024 CDP Report, C2.2, C5.1 Sustainability Governance Stepan's leadership uses Enterprise Risk Management (ERM) principles to aid in the identification and avoidance or mitigation of important risk factors. Stepan's Enterprise Risk Management (ERM) program uses principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to effectively identify, manage and mitigate significant risks to the organization. Individuals across Stepan's global locations and functions contribute to our understanding of risks annually through surveys, in person interviews and workshops. Members are polled quarterly throughout the years to spot emerging risks and trends. Critical risks with the potential to substantially disrupt current or future operations are assigned owners to develop or improve mitigation plans, which are shared within the organization. Results from this work are communicated to the executive leadership team and to Stepan's Board.	IFRS S2 Climate-related Disclosures, 2023, para. (25) (a) (i-vi), (b), (c)
	Organizations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. In addition, organizations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organizations.	Stepan separately conducted a climate risk scenario analysis in 2022. The scenario analysis for transition risks considers residual risk as an annual impact using Stepan's Enterprise Risk Management scales. The assessment considered current risks and those across future time horizons: short term (2025) and medium term (2030). For each risk, it is intended that the following elements and focal questions are addressed: 1. Likelihood of risk impacting Stepan 2. The potential financial impact the risk could have 3. Any risk mitigation actions or associated opportunities of the risk Stepan's leadership uses Enterprise Risk Management (ERM) principles to aid in the identification and avoidance or mitigation of important risk factors. Stepan's Enterprise Risk Management (ERM) program uses principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to" effectively identify, manage and mitigate significant risks to the organization. Individuals across Stepan's global locations and functions contribute to our understanding of risks annually through surveys, in person interviews and workshops. Members are polled quarterly throughout the years to spot emerging risks and trends. Critical risks with the potential to substantially disrupt current or future operations are assigned owners to develop or improve mitigation plans, which are shared within the organization. Results from this work are communicated to the executive leadership team and to Stepan's Board. For physical risks, Stepan considered the approach adopted by the IPCC to describe the level of confidence in the climate model projections for hazard variables. These are included in the transmission channel diagrams, using the labels 'high', 'medium', or 'low'. A 'low confidence' rating has also been applied to transmission channels related to changes in wider market (demand / supply balance) due to extreme events & climate change, and risks of legal action. Risks and focal questions considered include: • Increasing temperatures • Rising sea levels • Changing rainfall patterns (e.g. water stress) • Changes in extreme (acute) events, e.g., Tropical Windstorms, floods See above (Strategy a) for additional details.	

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	How are the processes for identifying, assessing, and managing climate-related risks integrated into overall risk management?	2024 CDP Report, C1.3.3 See above (Risk Management b) for additional details. Core to our risk mitigation strategies is the principle of resilience. Stepan strives for management systems, operational practices, and infrastructure and business strategies that promote resilience and agility in the event of disruptive circumstances. This can include risks posed by climate- or weather-related events, supply chain disruptions or other challenges. We work to understand these risks and their potential impacts on our plants and customers, and we engage with risk owners and stakeholders to ensure that potential risks are appropriately considered in our strategic and capital planning processes.	IFRS S2 Climate-related Disclosures, 2023, para. (25) (a) (i-vi), (b), (c)
Metrics and Targets			
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Does the organization provide the key metrics used to measure and manage climate related risks and opportunities? See tables in methodology.	2024 CDP Report, C2.2 Current/emerging regulation, technology, legal, market, reputation, acute physical, chronic physical.	IFRS S2 Climate-related Disclosures, 2023, para. (29) (a) (i) (1-3) (ii) (iii) (1-3) (iv) (1-2) (v) (vi) (1-2), (b), (c), (d), (e), (f) (i-ii), (g) (i-ii) para. (32) para. (33) (b), (c), (e), (f), (g), (h) para. (34) (a), (b), (c), (d) para. (35) para. (36) (a), (b), (c), (d) (i-iv)
	Where climate-related issues are material, organizations should consider describing whether and how related performance metrics are incorporated into remuneration policies.	2024 CDP Report, C4.5 Stepan's Chief Technology and Sustainability Officer (CTSO) has performance incentives tied to implementation of Stepan's Sustainability vision and mission.	
	Organizations should provide their internal carbon prices as well as climate-related opportunity metrics such as revenue from products and services designed for a low-carbon economy.	Stepan does not currently use an internal carbon price within the organization.	
	Metrics should be provided for historical periods to allow for trend analysis. Where appropriate, organizations should consider providing forward-looking metrics for the cross-industry.	2024 CDP Report, C7.5 Scope 1 and 2 emissions are reported in Stepan's Analyst Download for historical periods.	
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Organizations should provide their Scope 1 and Scope 2 GHG emissions independent of a materiality assessment, and, if appropriate, Scope 3 GHG emissions and the related risks.31 All organizations should consider disclosing Scope 3 GHG emissions.	2024 CDP Report, C7.6, C7.7, C7.8 Yes—Scope 1, 2 and 3.	IFRS S2 Climate-related Disclosures, 2023, para. (29) (a) (i) (1-3) (ii) (iii) (1-3) (iv) (1-2) (v) (vi) (1-2), (b), (d), (e), (f) (i-ii), (g) (i-ii) para. (32) para. (33) (b), (c), (e), (f), (g), (h) para. (34) (a), (b), (c), (d) para. (35) para. (36) (a), (b), (c), (d) (i-iv)
	GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organizations and jurisdictions.	2024 CDP Report, C7.26 Stepan calculates our Scope 1, 2 and 3 emissions according to the GHG Protocol.	
	GHG emissions and associated metrics should be provided for historical periods to allow for trend analysis. In addition, where not apparent, organizations should provide a description of the methodologies used to calculate or estimate the metrics.	2024 CDP Report, C7.5 Scope 1 and 2 emissions are reported in Stepan's Analyst Download for historical periods.	

DISCLOSURES	CRITERIA	STEPAN DISCLOSURE	ISSB INDICATOR
c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	Organizations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate related metric categories in Table A2.1 (p. 79), where relevant, and in line with anticipated regulatory requirements or market constraints or other goals.	2024 CDP Report, C7.53 Progress on Our Sustainability Goals Scope 1 and 2 emissions intensity reduced by 10% by 2025 from 2016 baseline. 20% renewable energy usage by 2025 (achieved) 40% reduction in water usage across facilities covered in our 2016 footprint	IFRS S2 Climate-related Disclosures, 2023, para. (29) (a) (i) (1-3) (ii) (iii) (1-3) (iv) (1-2) (v) (vi) (1-2), (b), (d), (e), (f) (i-ii), (g) (i-ii) para. (32) para. (33) (b), (c), (e), (f), (g), (h) para. (34) (a), (b), (c), (d) para. (35) para. (36) (a), (b), (c), (d) (i-iv)
	In describing their targets, organizations should consider including the following: • whether the target is absolute or intensity based; • time frames over which the target applies; • base year from which progress is measured; and • key performance indicators used to assess progress against targets.	2024 CDP Report, C7.53 Progress on Our Sustainability Goals Scope 1 and 2 emissions intensity reduced by 10% by 2025 from 2016 baseline. 20% renewable energy usage by 2025 (achieved) 40% reduction in water usage across facilities covered in our 2016 footprint	
	Organizations disclosing medium-term or long-term targets should also disclose associated interim targets in aggregate or by business line, where available.	2024 CDP Report, C7.53	
	Where not apparent, organizations should provide a description of the methodologies used to calculate targets and measures.	2024 CDP Report, C7.53	

ASSURANCE REPORT

Independent Limited Assurance Report

ERM Certification & Verification Services Incorporated ("ERM CVS") was engaged by Stepan Company ("Stepan") to provide limited assurance in relation to the Selected Information set out below and presented in the Stepan 2024 Sustainability Report & ESG Analyst Download (together the "Report").

ENGAGEMENT SUMMARY

Scope of our assurance engagement

Whether the following Selected Information for 2024 is fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.

Selected Information

Metrics in scope of assurance	Unit
Greenhouse Gas Emissions & Energy	
Total Scope 1 emissions	Kilotons CO2e
Total Scope 2 emissions (location and market based)	Kilotons CO2e
Total Energy Consumed	1,000 Terajoules
Water	
Total water consumed in Stepan products	1,000 megalitres
Total freshwater withdrawn at manufacturing facilities	1,000 megalitres
Total water discharged at manufacturing facilities	1,000 megalitres
Operations in regions of high or extremely high overall risk according to WRI Aqueduct Tool	%
Freshwater use per unit of production	megaliters /metric ton production
Health and Safety	
Lost time incident rate (LTIR) - Stepan employees and temporary workers	N/A
Total recordable incident rate (TRIR) - Stepan employees and temporary workers	N/A
Days away, restrictions, and transfers (DART) rate - Stepan employees and temporary workers	N/A

Reporting period

1 January 2024 – 31 December 2024

Reporting criteria

- Stepan's Basis of Reporting
- WBCSD/WRI GHG Protocol (2004, as updated January 2015) for the Scope 1 and 2 GHG emissions;
- GRI Sustainability Reporting Standards and Principles:
  - GRI 303: Water and Effluents 2018
- OSHA Injury and Illness Recordkeeping and Reporting definitions

Assurance standard and level of assurance

We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Respective responsibilities

Stepan is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Report.

ERM CVS' responsibility is to provide a conclusion to Stepan on the agreed assurance scope based on our engagement terms with Stepan, the assurance activities performed and exercising our professional judgement.

OUR CONCLUSION

Based on our activities, as described below, nothing has come to our attention to indicate that the Selected Information for 2024 is not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

OUR ASSURANCE ACTIVITIES

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information within the Report, a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the Report;
- Interviewing management representatives responsible for managing the Selected Information;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the Selected Information;
- Reviewing a sample of qualitative and quantitative evidence supporting the Selected Information at a corporate and operational level;
- Performing an analytical review of the year-end data submitted by all locations included in the consolidated 2024 group data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Conducting one virtual visit to a Stepan facility in Vlissingen, Netherlands, and one in-person site visit to the Millsdale Stepan facility in Elwood, USA, to review source data and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the assurance scope in the Report to ensure consistency with our findings.

THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the Selected Information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

OUR INDEPENDENCE, INTEGRITY AND QUALITY CONTROL

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022). ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Stepan in any respect.

5 June 2025
Malvern, PA

ERM Certification & Verification Services Incorporated
www.ermcvs.com | post@ermcvs.com

Stepan