

Stepan



F. Quinn Stepan, Jr.

WHAT IS STEPAN TODAY IN TERMS OF BUSINESS, NUMBER OF EMPLOYEES, TURNOVER?

Since our founding in 1932 by Alfred C. Stepan, Jr., Stepan Company has grown to \$2 billion in sales, 2,200 employees and 18 manufacturing locations worldwide, with 14 research and development centers in all operational regions. Stepan is a leading merchant producer of surfactants, which are the key ingredients in consumer and industrial cleaning compounds, and in agricultural, construction and oilfield solutions. Stepan offers a full line of anionic, cationic, nonionic and amphoteric surfactants, as well as surfactant blends and specialty esters. Stepan is also a leading supplier of polyurethane polyols used in the expanding thermal insulation market and C.A.S.E. industries. We also manufacture specialty ingredients for food, nutritional supplement and pharmaceutical markets.

WHAT ABOUT THE LATEST IN INNOVATION FOR CLEANING AND PERSONAL CARE? WHAT ARE YOU FOCUSING ON?

Stepan is focusing on innovative chemical solutions for a cleaner, healthier and more energy efficient world. In the cleaning and personal care industry, we see trends around natural, safe, mild, sustainable, concentrated and easy-to-use solutions. Translating these into ingredients means Stepan considers not just the form and performance of the products we manufacture, but also the origin of our raw materials and the environmental impact and mildness of our products.

In 2019, Stepan will be introducing STEPANQUAT® Helia, which is the first in a line of new, patent-pending hair conditioning ingredients. This new conditioning agent provides soft, manageable hair without the typical toxicity or safety concerns associated with traditional conditioning agents. Derived from sunflower oil, STEPANQUAT Helia is mild and naturally-derived, which is appealing to consumers. It is a 95% active ingredient that can help reduce shipping costs and emissions by shipping less water. The launch of STEPANQUAT Helia in the Americas will be followed by additional product offerings for the European and Asian markets.

SUSTAINABILITY WILL SURELY REMAIN A DRIVER OF INNOVATION. IT IS INDEED A MIX OF CONCERNS AND OPPORTUNITIES. WHAT DO YOU THINK? WHAT ABOUT YOUR COMMITMENT?

Stepan Company embraces a broad view of sustainability, and we are committed to delivering outstanding, sustainable value to all our stakeholders, to increasing our efficient use of resources, minimizing our footprint and working as innovative partners with our customers in pursuit of their sustainability goals.

In 2018, we implemented projects to reduce air emissions and water consumption across our global locations. We also became a signatory to the United Nations Global Compact. For three consecutive years,

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Chairman, President and Chief Executive Officer - Stepan Company

Stepan achieved the Silver level on the EcoVadis Corporate Social Responsibility Assessment, and we continue to work toward a Gold level through our focus on sustainability.

STEPAN IS A GLOBAL COMPANY WITH A STRONG PRESENCE WORLDWIDE. WHAT ARE THE MAIN CHALLENGES YOU SEE? IT SEEMS THAT IN TERMS OF INTERNATIONAL TRADING (CHEMICALS IN OUR CASE), THE SCENARIO IS GETTING A BIT HARDER... IS THERE A "LAND FOR THE FUTURE" IN TERMS OF NEW OPPORTUNITIES?

Stepan is a preferred global partner in our markets and technologies because our locations around the world provide innovative, cost-effective products and services that delight our customers. There are challenges in the time it takes to bring new products to market based on chemical inventory listings and other requirements. We believe the universal consumer will create opportunities for Stepan globally through large and small customers. The pace of innovation will accelerate. We have established regional laboratories to support innovative companies wherever they are in the world.

A COMMENT ON THE EUROPEAN MARKET: FROM AN "AMERICAN" POINT OF VIEW, HOW DO YOU SEE THE EU TODAY? WHAT ARE, IN YOUR OPINION, THE CRITICAL POINTS AND THE OPPORTUNITIES?

Europe is the home base for many of our largest customers in the consumer and functional markets, where large

customer innovation centers are located. Many trends, particularly those that are regulatory and sustainability-related, begin in Europe and are exported over time to other markets. The largest opportunities tend to be in providing cost-effective technology with a sustainable advantage.

A COMMENT ON THE MARKET (DETERGENTS, PERSONAL CARE), WHAT ARE CONSUMER EXPECTATIONS IN THE U.S. AND CANADA COMPARED TO LATIN AMERICA?

The consumer interests and market dynamics between North America and Latin America can differ. For example, in North America, high-efficiency washing machines require laundry detergent ingredients with low to moderate foam. In some Latin America countries, consumers either use top-loading washing machines or wash by hand, and equate more foam with better performance. In 2018, Stepan expanded our capabilities in Mexico through the purchase of a manufacturing facility and R&D laboratory in Ecatepec, Mexico. We believe this acquisition significantly enhances Stepan's market position and supply capabilities for surfactants in Latin America, and positions us to grow in both the consumer and functional markets. Having local technical expertise helps Stepan bring the right ingredients to the right markets.