

Environmental Policy

Context & Scope

Context: Sustana produces sustainable, premium recycled fiber and paper. We work with leading brands, corporations, and customers to create environmentally friendly, sustainable solutions for their packaging and printed material needs and utilize post-consumer material to create high-quality, low carbon products. Our facilities, operations, and personnel, as well as the majority of our customers and suppliers, are located in the United States and Canada.

The Environment We Live In

Our economy, and human existence itself, is directly dependent on a healthy environment with functioning essential ecosystem services. However, we are witnessing alarming rates of nature loss and insufficient global climate mitigation, the effects of which will compound adverse nature impacts. [According to the IPBES Global Assessment Report](#), ecosystem conditions have declined 47% against their baseline and one million species of plants and animals are currently at risk of extinction. Furthermore, results from the [UNEP Emissions Gap Report 2022](#) indicate that national climate policies currently in place remain insufficient to limit global warming to 1.5°C or well below 2 °C, and without additional action, set the world on a trajectory towards a 2.8°C temperature rise. Such a high rise in global average temperatures is expected to cause devastating biodiversity, ecosystem, and human health impacts.

In the face of rising global inequality and rapid environmental decline, the United Nations in 2022 declared that all people have a right to a healthy environment. To ensure a prosperous future and protect human rights, it is essential that all stakeholders take action to combat climate change and reverse environmental degradation and nature loss. Sustana is committed to play a leadership role in these efforts.

Scope: This policy applies to Sustana and all its subsidiaries, brands, and employees. It applies to all suppliers with whom we have a contractual agreement.

Approach and Commitment

Corporate environmental responsibility is critical for achieving the [Sustainable Development Goals \(SDGs\)](#). Sustana aims to support SDG progress and our business is guided by a set of principles focused on environmental stewardship. We recognize our responsibility and ability to influence positive environmental outcomes through our product design, operations, and procurement and sales decisions, as well as through meaningfully engaging and supporting our suppliers and customers.

Sustana's commitment to a net-positive environmental impact is reflected in our Sustainability Strategy, CEO's Commitment Statement to the United Nations Global Compact (UNGC), Sustainable Procurement Policy, and Employee and Supplier Codes of Conduct. This encompasses not only a commitment to

continuous improvement of our product and operational environmental performance, but also that of the materials and services purchased from our suppliers.

Sustana is committed to:

- Conducting business in a safe and environmentally sustainable manner.
- Integrating environmental considerations into business strategies, product research and design, and business and procurement decisions.
- Continually reviewing and improving our environmental management system, processes, and procedures to enhance the environmental performance and reduce potential negative impacts of our operations and products.
- Complying with all relevant international and domestic laws and regulations.
- Operating in a manner that prioritizes environmental safety.
- Conserving and utilizing natural resources in a sustainable manner.
- Addressing internal and external stakeholders' environmental concerns.
- Supporting and training our employees on environmental practices and procedures
- Striving to prevent pollution associated with Sustana operations.
- Striving to reduce the environmental impacts on the entire value chain of the product lifecycle that Sustana can directly control or influence (planning, development, designing, procurement, manufacturing, logistics, and disposal of products).
- Ensuring our contractors and suppliers uphold our environmental principles, in part, through our Supplier Code of Conduct, environmental risk screening and relevant certification requirements.
- Collaborating with our customers, suppliers, NGOs, policy makers and other stakeholders to advance and promote environmental conservation and a more sustainable and circular economy.

Nature

Sustana recognizes the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework and supports its goals and targets to preserve and protect nature. Sustana, as a sustainable recycled pulp and paper manufacturer, is directly dependent on nature. Our long-term value proposition is based on the ability of both our sector and governments to incentivize and ensure a regenerative and nature-positive economy.

We are committed to achieving a nature-positive future and aim to:

- Identify, measure, report and reduce our dependencies and negative impacts on nature.
- Collaborate with partners to reverse the degradation of nature.
- Integrate nature considerations into business and procurement decisions and encourage our suppliers to align with a nature-positive pathway.
- Avoid siting new facilities adjacent to Key Biodiversity Areas (KBAs) or areas of high biodiversity value.

Forests and Land Use: Sustana aims to prevent deforestation and land conversion that adversely impacts nature. As a sustainable paper producer, we are committed to internal and external auditing and shall maintain external certification, such as FSC certification, of our own products, as well as that of our virgin fiber suppliers.

Oceans: We strive to protect ocean biodiversity and prevent ocean acidification through reducing our carbon emissions, avoiding deforestation and forest land conversion, and increasing our production of recycled content fiber as an alternative material to plastic.

Air Emissions

Air emissions – including, for example, ozone-depleting substances (ODS,) greenhouse gases (GHG), nitrogen oxides (NOx), and sulfur oxides (SOx) – are proven to have adverse impacts on our environment and human health. We are committed to monitoring, preventing, and reducing our air emissions.

Climate Change and Energy

Sustana recognizes and supports SDGs 7 (Affordable and Clean Energy) and 13 (Climate Action); the United Nations Paris Agreement goal to “*limit global warming to well below 2, preferably 1.5 degrees Celsius, compared to pre-industrial levels*”; and U.S. and Canada Nationally Determined Contributions towards this target. Science tells us we must reach net-zero emissions no later than 2050 to avert serious adverse impacts of climate change.

Target: In line with a transition to a net-zero economy by 2050, Sustana is committed to reducing its Scope 1 (direct) and Scope 2 (indirect) emissions by 42% by 2030 against a 2021 base year; and measuring, reporting, and reducing its Scope 3 (value chain) emissions. This target was validated by the Science-based Target Initiative in December of 2022.

Energy: To achieve this target, Sustana will, among other actions, invest in and utilize renewable energy and low/zero-carbon technologies, conserve energy, improve its energy-efficiency, reduce its reliance on fossil fuel-based energy, and promote climate action throughout its value-chain.

Risk Management: To better ensure a resilient business strategy, we will identify and responsibly manage material climate physical and transition risks that are likely to significantly affect sustainability, growth, its employees’ health and safety, and the communities in which it operates. We aim to leverage climate-related business and investment opportunities to strengthen our long-term value creation. In doing so, we shall apply a shadow carbon price to major capital expenditures and investments.

Water

Sustana recognizes and supports SDGs 6 (Clean Water and Sanitation) and 14 (Life Below Water); and the 5 Principles for Valuing Water as defined by the United Nations High-Level Panel on Water. Sustana is committed to water preservation and conservation, diligently monitoring and reducing our water consumption and discharge, and avoiding water withdrawal from high-stress areas. Water is essential to all life and our economy, and as a shared resource, must be responsibly managed.

Risk Management: We will measure and accordingly manage all water withdrawal, consumption, and discharge risks that are likely to impact our operations, value chain activities, and relevant stakeholders and communities.

Waste and Materials

The importance of sustainable waste management is recognized in the United Nations Agenda 21 and the 2030 Agenda for Sustainable Development. In support of SDGs 11 (sustainable cities and communities) and 12 (responsible consumption and production), and to hasten the transition to a more circular economy, we are committed to preventing and minimizing waste generation and increasing the reuse, recycling, or recovery of materials used in our production processes.

Plastic: Reduce the use of plastic in our operations, leverage opportunities for plastic reuse and recycling, and reduce plastic leakage.

Chemicals: The safe use and disposal of chemicals is essential for producing sustainable paper products and achieving the SDGs. We shall only use legally authorized chemicals in production processes. Hazardous chemicals shall be safely stored, handled, and recycled or disposed of properly. All facilities shall maintain robust environmental management systems that prevent and reduce the risk of chemical spills.

We shall ensure all facilities have acquired all necessary legal environmental permits for the disposal waste.

Targets:

- Reduce waste stream volume 5% in all pulp and paper operations and offices by 2030 against a 2021 base year.
- Increase Sustana's consumption of new sources of waste fibers by 20% by 2030 against a 2021 base year.
- Increase partnerships with external organizations to divert paper waste from landfill by 2030.

Environmental Justice

Sustana recognizes the environmental injustices and inequities affecting vulnerable and historically disadvantaged communities, including low-income communities, communities of color, and indigenous peoples. These communities are disproportionately impacted by environmental hazards, often lack equal access to quality essential public and eco-system services and are more vulnerable to the impacts of climate change. Sustana aims to support a transition to a net-zero, circular, and nature-positive economy in a just and equitable manner. Our future nature, climate, net-zero transition, and circularity strategies and plans shall integrate environmental justice considerations and we will seek to drive impact through our procurement decisions.

Governance

This policy is supported and has been approved by Sustana's Chief Executive Officer (CEO), Chief Operations Officer (COO), and Vice President of Sustainability. The principles of environmental responsibility are thoroughly integrated throughout Sustana's governance structure, and oversight of our environmental impact and risks rests across the Board and Senior Management ESG Committees. The Senior Management ESG Committee shall review this policy annually to make continuous improvements to our environmental management system. Our approach is guided by Sustana's sustainability principles focused on human rights, labor, environment, and anti-corruption.

Reporting and Whistleblower Protection

All employees, suppliers, business partners and other stakeholders are encouraged to report any actual or suspected potential environmental regulatory or non-compliance concerns with Sustana directly or via email to report@sustanagroup.com. The Ethics Reporting Hotline (3rd party hosted platform) is also available to make an anonymous or non-anonymous report online or by phone: <http://sustanaethicspoint.com/>

Whistleblowers are encouraged to identify themselves and reports will be treated as confidentially as possible. Sustana employees or third parties working with Sustana have the right to submit a confidential report concerning any incidents related to serious environmental degradation or non-compliance with environmental regulations or Sustana's Employee and Supplier Codes of Conduct. Sustana is committed to carrying out a timely investigation of any reports and ensuring the confidentiality and protection of the employee or third-party. Sustana has zero tolerance for any retribution within the company and recognizes the right of whistleblowers and will work with them to ensure there are no legal repercussions for their actions.

Communication and Transparency

This policy shall be made publicly available on Sustana's website and shared with all employees. It shall be referenced in Sustana's Employee Handbooks and Employee Code of Conduct. Sustana shall measure



its environmental performance, risks and impacts and report externally on an annual basis in support of SDG12 Target 12.6. This reporting may take the form of an annual ESG or sustainability report.

Legal Disclaimers

Sustana reserves the right to modify this policy at its discretion. Updated policies will be shared in a timely manner.

Effective: December 30, 2022

Document Control

This policy must be reviewed and approved by the ESG Committee on an annual basis.

Action	Major Revisions and Comments (if any)	Version and Date
Executed	First version drafted by the Vice President of Sustainability and reviewed by the CEO and COO.	Version 1 December 30, 2022
Reviewed and Revised	Revised by adding wider commitment to pollution prevention and inclusion of incident reporting mechanism and whistleblower protection.	Version 1.1 June 8, 2023
Revised	Ethics Reporting Hotline added	Version 1.2 August 11, 2023

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