

Sustainable Procurement 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.

Corporate environmental and social responsibility is critical for achieving the [Sustainable Development Goals \(SDGs\)](#). Sustana aims to support progress towards the SDGs and our business is guided by a set of principles focused on human and labor rights protection, environmental stewardship, ethical codes of conduct, and employee health, safety, and wellbeing promotion. We recognize our responsibility and ability to influence positive social and environmental outcomes through responsible procurement practices and meaningful engagement with our suppliers. We expect our suppliers to share our ESG focused values and aim to work closely with them to raise awareness, build competency (particularly with small and medium-sized enterprises (SMEs)), and promote the importance of social and environmental responsibility throughout our value chain.

Sustana's commitment to social and environmental impact is reflected in our Sustainability Strategy, the CEO's Commitment Statement to the [United Nations Global Compact \(UNGC\)](#), and our Environmental Policy. This encompasses not only a commitment to continuous improvement of our products and operations with regards to environmental and social performance but also that of the materials and services purchased from our suppliers.

In this spirit, Sustana is committed to:

- Continually reviewing and improving our supplier sustainability management system to enhance the environmental and social performance and reduce the negative impacts of our products.
- Complying with all relevant international and domestic laws and regulations.
- Reducing negative environmental and social impacts throughout our supply chain.
- Combating climate change, in part, by measuring, reporting, and reducing our greenhouse gas emissions from our purchased goods and services and upstream transportation activities.
- Measuring and reducing our impact on nature, including biodiversity and water.
- Reducing our material usage and waste.
- Protecting human rights, including freedom of association, collective bargaining, and prevention of child, or forced labor.
- Combating corruption in all its forms, such as money laundering, bribery, fraud, and conflicts of interest.
- Promoting diversity, equity, and inclusion.

Sustana believes sustainable procurement is everyone's responsibility and we expect our employees, contractors, and partners to abide by these commitments.

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

Our Program

Human Capital: All procurement personnel will be trained on sustainable procurement and supply chain management topics.

Code of Conduct: All suppliers are required to review, sign, and comply with Sustana's Supplier Code of Conduct.

Legal and Regulatory Compliance: All suppliers and their employees, contractors, and agents are expected, at a minimum, to comply with the provisions of the laws and regulations in each jurisdiction(s) in which it operates, whichever is more stringent.

External Certification: All virgin fiber suppliers are required to receive and maintain FSC certification.

Circularity:

- Prioritize the use of post-consumer wastepaper over virgin fiber in its paper products and communicate this preference to its customers and suppliers.
- Seek to collaborate with customers and major consumer goods brands to identify opportunities to collect their products' wastepaper (e.g., paper cups and packaging materials) and recycle them into fiber to reduce waste and support a more circular economy.

Climate Action:

- Apply a shadow carbon price in assessing major capital expenditures and investments.
- Encourage suppliers to measure, report, and set science-based targets (both near and long-term) to reduce their GHG emissions.
- Gather GHG emissions and other climate-related risk data of our suppliers through Sphera's Corporate Sustainability Platform, EcoVadis Carbon Action Module, other systems, and direct outreach.

Assessing and Monitoring Risk and Performance:

- Targeted suppliers are screened for ethical, social, and environmental risks and opportunities using EcoVadis IQ or other systems.
- Engage targeted suppliers to collect ESG information (e.g., GHG emissions) to assess risk through digital surveys, direct engagement or EcoVadis platform.
- Assess, track, and compare targeted suppliers' ESG risks and performance improvements through EcoVadis Ratings solution and other procurement risk systems and processes.

Supplier Capacity Building: Based on the level of risk and need, support suppliers with opportunities for enhancing their capacity to manage sustainability risks in alignment with Sustana's Supplier Code of Conduct. This may include e-learning through EcoVadis Academy, sharing of best practices and external resources, or direct engagement and support.

Collaborative Initiative Participation: Sustana seeks to learn from other leaders, raise awareness, and amplify positive environmental and social impact through participation in the following voluntary initiatives.

- [Sustainable Packaging Coalition](#)
- [United Nations Global Compact](#) and its [U.S.A. local network](#)
- [Business for Nature “Call to Action” campaign](#)
- [Science-based Targets Initiative](#)

Governance

This policy is supported and has been approved by Sustana’s Chief Executive Officer, Chief Operations Officer, Vice President of Sustainability, and Director of Logistics and Supply Chain. The principles of environmental and social responsibility are thoroughly integrated throughout Sustana’s governance structure, and oversight of our environmental and social 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 supplier sustainability management system. Our approach is guided by Sustana’s principles focused on human rights, labor, environment, and anti-corruption.

Communication and Transparency

This policy shall be made publicly available on Sustana’s website and shared with all employees and suppliers through the EcoVadis platform and other channels. It shall be referenced in Sustana’s Supplier Code of Conduct. Sustana shall measure its supply chain sustainability performance and report externally on an annual basis. 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
First Edition	First version drafted by the Vice President of Sustainability, and reviewed by the CEO, COO, and Director of Logistics and Supply Chain.	Version 1 December 30, 2022



Fabian de Armas
Chairman & CEO, Sustana