

**Fighting Against
Forced Labour and Child
Labour in Supply Chains Act**

**Report prepared by SUSTANA and
submitted to the
Canadian Minister of Public Safety**

For fiscal year 2024

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1- Scope of Application

This report is issued in accordance with Canadian obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) and pertains to the activities of Sustana and its Canadian subsidiaries subject to the Act (listed in the appendix).

It is submitted to the Minister of Public Safety and Emergency Preparedness of Canada and outlines the measures implemented by Sustana during the financial year ending December 31, 2024, to prevent, reduce, or mitigate the risks of forced labour or child labour, whether in its own operations or at any stage of goods production within its supply chains.

Sustana’s Executive Committee delegated members of the Sustainability Technical Committee to prepare, review, and monitor the contents of this report.

2- Structure, Activities and Supply Chain

2.1 Structure and Activities

Sustana is an industry leader in the production of high-quality fiber-based products and services, built on a solid commitment to sustainability and continuous improvement. The company operates 12 facilities, including three manufacturing mills, one converting center, and eight recovery facilities, located across two Canadian provinces (Quebec and Ontario) and six U.S. states (Wisconsin, Ohio, New York, Maryland, Connecticut, and Massachusetts).

Sustana’s business model is based on the concept of the circular economy, as it prioritizes the recycling of high-grade wastepaper to create new products. Sustana operates across the entire value chain, supporting hundreds of organizations—including institutions, businesses, and industries—in the collection of their used paper. This paper is then processed by two of our manufacturing mills into 100% recycled fiber, which is used as a raw material in the production of other paper products. Our paper manufacturing mill and converting center uses this recycled fiber, along with other market-sourced pulps, to produce high-quality printing and writing paper.

Sustana employs 628 people, with 75% based in Canada and 25% in the United States. More information is available at www.sustanasolutions.com

2.2 Supply Chain

Sustana's supply chain is an integral part of its efforts to reduce its environmental impact, particularly regarding greenhouse gas emissions. For the past two years, the company has been implementing a strategy with its suppliers to assess the maturity of their social, environmental, and ethical practices. This initiative is carried out in collaboration with EcoVadis, an internationally recognized rating platform that evaluates companies' sustainability performance.

Sustana's procurement process is overseen by the Corporate Procurement Director, supported by a centralized team. This team consists of category-specific buyers who assist internal teams in all stages of the process: identifying needs, preparing requests for proposals, sourcing and evaluating suppliers, negotiating contracts, and managing orders, all while adhering to Sustana's requirements. The vast majority of goods and services acquisitions go through this centralized process.

For their day-to-day operations, the company's sites also rely on framework agreements, which streamline the procurement processes. First-tier suppliers, i.e., those with whom the company has a direct business relationship, are primarily located in North America.

We use EcoVadis IQ Plus as a supply chain risk mapping tool to identify and prioritize risk hotspots with detailed risk distribution across countries, industries, and spend levels.

3- Policies and Due Diligence Processes

Sustana acknowledges the principles of the Universal Declaration of Human Rights (UDHR) and the International Labour Organization (ILO) Declaration. As a signatory of the United Nations Global Compact, Sustana is committed to respecting and promoting the ten universal principles in its activities and strategy, covering four key areas: human rights, labour standards, the environment, and anti-corruption.

Human rights are addressed in the following corporate documents:

- Supplier Code of Conduct
- Employee Code of Conduct
- Human Rights Policy
- Sustainable Procurement Policy
- Modern Slavery Statement
- Health and Safety Policy
- Anti-Corruption and Whistle Blower Policy

These documents are available on our [website](#) as well as our intranet.

Upon signing a contract, suppliers are required to sign the **Supplier Code of Conduct**. This document includes a section on labour rights, human rights, child labour, and forced labour.

All Sustana employees must sign the **Employee Code of Conduct**, which includes, among other things, a section on labour rights and freedoms, with specific references to the use of forced labour and child labour.

In its **Human Rights Policy**, Sustana commits to assessing the risks posed by its activities and supply chain to human rights and to responsibly managing risks that could have significant consequences for its employees, affected stakeholders, and communities. The company also commits to maintaining grievance mechanisms and an incident management system that allows for the confidential reporting of any concerns or potential violations of human rights.

In its **Sustainable Procurement Policy**, Sustana specifies that it is committed to protecting human rights, including freedom of association and collective bargaining, and the prevention of child labour and forced labour.

In its **Modern Slavery Statement**, Sustana states that it will not tolerate any form of forced labour, child exploitation, or child labour. This applies to all Sustana facilities and suppliers worldwide. Sustana is also committed to preventing and reducing the risk of forced labour and child labour in its facilities or supply chain.

Included in our due diligence processes, is our use of EcoVadis IQ Plus and its Modern Slavery Lens feature to identify suppliers with high modern slavery inherent risks based on industry, country and spend.

4- Measures Taken to Assess and Manage Risk

4.1 Supplier Assessment

As part of our commitment to an ethical and responsible supply chain, we have integrated the EcoVadis IQ Plus Modern Slavery Lens and Ratings and Modern Slavery reporting dashboard into our Tier 1 supply chain supplier evaluation process. These tools are used to identify parts of the supply chain that carry a risk of forced labour or child labour being used.

We also evaluate supplier's overall EcoVadis assessment scorecard which allows us to assess corporate social responsibility (CSR) performance based on standardized and objective criteria. Each supplier receives an overall score along with a detailed dashboard, enabling us to identify areas for improvement and guide our collaboration efforts. These

evaluations are a key component of our due diligence approach, particularly in the prevention of forced labour, child labour, and human rights violations within our supply chain.

The EcoVadis assessment includes a 360° Watch analysis, a key feature that integrates relevant external information on a company's practices from over 100,000 public sources such as NGOs, media outlets, trade unions, and regulatory databases. This process combines artificial intelligence with human analysis to identify the most relevant positive or negative information from the past five years. These insights are then incorporated into the evaluated company's EcoVadis scorecard.

4.2 Supply Chain Assessment

Sustana also uses EcoVadis' IQ Plus tool, an advanced solution for managing social, environmental, and ethical risks (CSR) within global supply chains. Designed to help companies identify, assess, and mitigate CSR risks without directly engaging suppliers, IQ Plus leverages artificial intelligence and a vast database of sectoral and geographic data. Sustana's entire supplier database has been uploaded into the IQ tool. The exercise revealed that certain industry sectors and geographic regions require monitoring.

4.3 Confidential Reporting Mechanism

As part of our commitment to respecting and promoting human rights throughout our value chain, we have implemented a confidential whistleblowing mechanism accessible to all employees, partners, and suppliers.

This professional alert system, hosted by a third-party platform, provides a safe, confidential, and retaliation-free channel for reporting, in good faith, any concerns or potential violations either online or by phone. These may include:

- Forced labour or child labour,
- Discrimination,
- Hazardous or degrading working conditions,
- Any other breach of ethical principles or fundamental rights.

Information about this procedure is communicated through our Codes of Conduct and several corporate policies (Environmental Policy, Human Rights Policy, Diversity, Equity and Inclusion Policy, and our Global Anti-Corruption and Whistleblower Protection Policy), as well as on our website and intranet.

<https://secure.ethicspoint.com/domain/media/frca/gui/91031/index.html>

5- Risks Related to Forced Labour and Child Labour

The due diligence processes conducted by Sustana to identify risks of forced labour or child labour in its supply chain did not reveal any major concerns.

6- Measures to Address Loss of Income

The risk assessments and due diligence processes implemented to detect the potential presence of child labour or forced labour in the supply chain did not reveal any significant risks in this regard. As a result, no corrective measures were deemed necessary to address potential income losses related to such situations.

7- Employee Training

The entire Sustana corporate procurement team has received sustainable procurement training. We leverage EcoVadis Academy online courses, where child/forced labour related courses are provided. These E-learning courses teach teams how to identify child/forced labour in their daily operations and best practices to address it. Otherwise, Sustana did not deliver specific training on human rights for other employees in 2024. However, the company updated and re-circulated its codes of conduct and corporate policies, many of which address labour and human rights issues.

8- Assessment and Improvement of Policies and Processes

Sustana's codes of conduct and policies are reviewed annually. Updated versions are then reuploaded to our various internal and external platforms. To maintain visibility on the employee Code of Conduct—which is currently signed upon hiring—the company plans to implement a mandatory review and acknowledgment of the code every three years.

As part of its sustainability action plan, the company aims for 100% of its key suppliers to have signed its Supplier Code of Conduct by 2025. Key suppliers are defined based on criticality and spend level.

The company also plans to introduce mandatory training for the corporate procurement team on the risks associated with human rights violations in the supply chain. As they are in direct

contact with business partners, their ability to identify, prevent, and mitigate risks related to forced labour, child labour, discrimination, or unsafe working conditions is essential.

Beyond these actions, with full awareness that zero risk does not exist, Sustana will continue to update its risk assessment process and aims to incorporate a mechanism for verifying indirect suppliers (i.e., second- and third-tier suppliers). We also continuously monitor our supply chain through our EcoVadis tools.

9- Approval and Attestation

In my capacity as Chief Executive Officer, and in accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year. ending December 31, 2024. I have the authority to bind Sustana and its named legal entities.

A handwritten signature in blue ink, reading 'Nathan Jeppson'.

Nathan Jeppson
Chief Executive Officer

Date: May 29, 2025

Appendix: List of legal names of each Sustana entity covered by this report

- Rolland Enterprises Inc.
- Hanna Paper Fibres Ltd.
- Recyclage de Papier Hanna Ltée
- Mississauga Paper Fibres Ltd.