



Sustainability-Linked Financing Framework

March 18, 2022

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INTRODUCTION

1.1 Company Overview

Through our commitment to choice, innovation, and sustainability, Novolex (or the “Company”)¹ develops and manufactures diverse packaging products for the foodservice, delivery and carryout, food processor, and industrial markets that touch nearly every aspect of daily life in multiple end markets. The Novolex family of brands provides customers with innovative food and delivery packaging and performance solutions for their business needs today while investing in research and development to engineer more sustainable choices for the future.

Across our extensive product portfolio, we take a holistic view of the total lifecycle of our products. This includes consideration of the environmental, economic and social impacts of our products at each phase of the value chain – from the choice of materials to the ways in which products are designed, used and disposed of. When viewed through this lens, virtually every product in our portfolio presents options for driving greater sustainability, regardless of product type or raw material. Every day, our 10,000 employees working at 57 manufacturing facilities in six countries strive to achieve our sustainability goals while enriching the lives of the communities in which they live and work by acting ethically, responsibly and with integrity at all times.

In partnership with our customers, we strive to identify raw materials and product designs that afford balance between societal needs, greenhouse gases and product disposal. Each of these considerations are recognized as important components of the product development approach.

The value of these efforts is demonstrated by our capability to provide “best in class” solutions across multiple product categories. We can offer customers solutions that reduce their greenhouse gases and contribute to the circular economy with products that use recycled content and are designed to be recycled or composted. This approach is good for society and our business. As the demand for more environmentally preferable products increases, we are well-positioned to take advantage of this growth with the diversity of our product offerings today and our capacity to innovate for tomorrow.



1.2 Sustainability Strategy

Tier 1 Material Topics

In 2020, we engaged a third-party to conduct a comprehensive materiality assessment to identify and prioritize topics most important to the business and our stakeholders. The process included a review of current global trends, peer benchmarking, and internal and external stakeholder interviews. The assessment identified 23 key topics, nine of which were identified consistently in the assessment and consequently comprise our Tier 1 Material Topics (see below). Outcomes of the assessment remained consistent with and validated our environmental, social and governance (“ESG”) focus areas and provided context on relevant trends, including the Science-Based Target initiative (SBTi), and their role in our sustainability priorities and strategy. As we act on each material issue, we endeavor to align with those trends, while also setting specific targets that consider the breadth and diversity of our products.

1. Circular Economy
2. Product Design and Innovation
3. Public Policy
4. Materials
5. Emissions
6. Waste Management
7. Consumer Education
8. Occupational Health and Safety
9. Diversity and Equal Opportunity

The first example of targets set to address one of our top Tier 1 Material Topics is Novolex’s “20 by 2025” Greenhouse Gas (“GHG”) reduction target. This target covers emissions resulting from energy and natural gas use from our global manufacturing operations. This target also supports many of Novolex’s customers’ science-based targets focused on reducing emissions within their supply chains. While we have not yet established our SBTi target, our GHG strategy, raw material metrics and other sustainability initiatives create the foundation for continued assessment.

¹ Any reference to Novolex is a reference to the issuer entity Flex Acquisition Holdings Inc.

Our Sustainability Pillars

Novolex's products are ubiquitous. As such, we take our responsibility to sustainability extremely seriously and we are proud of our track record on disclosures of key performance indicators associated with raw materials, designing products that can be recycled or composted, product innovation, and the safe operations of our manufacturing facilities which, in turn, supports the people of Novolex.



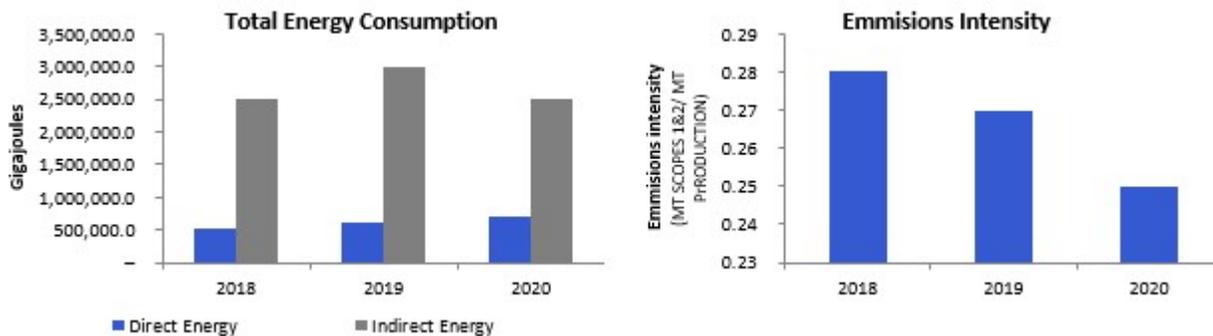
I. Greenhouse Gas ("GHG") Reduction

Novolex has publicly shared Scope 1 and 2 emissions data since 2018. In 2020, we announced our first timebound, numerical target for GHG reductions for our operations — 20% by 2025 against a 2019 baseline. This target covers 100% of global Scope 1 and 2 emissions, resulting from energy and natural gas use in our manufacturing facilities. In addition to the publicly announced 20% target, Novolex has established a 30% reduction target for 2030 against the 2019 baseline as part of this Sustainability-Linked Financing Framework. While several of Novolex's peers have set similar reductions targets for 2030, Novolex's more recent baseline of 2019 compares favorably to its peers' baselines which go as far back as 2006, providing these companies the benefit of multiple years of external global reductions in GHG requiring no action from the companies themselves. Novolex's more recent 2019 baseline starts off a lower base, therefore not allowing the Company to benefit from the low hanging fruit and exogenous actions. Outdated base years are also discouraged by governing bodies. For example, SBTi notes that when setting emission reduction targets the base year should be no earlier than 2015², as earlier base years may no longer accurately reflect a company's current operations or capture general grid efficiency gains and technology improvements.

a. Scope 1 and 2 Emissions

Since establishing our global GHG baseline in 2019, we have achieved a roughly 10% reduction in Scope 1 and 2 emissions per ton of production. Scope 1 and 2 numbers cover all manufacturing sites including recycling plants and reprocessing of post-industrial ("PI") resin materials on-site at the majority of facilities that convert resin. Emissions from Europe represented 2.5% of total global emissions, using market-based methodology. We are proud of our early progress in reducing emissions intensity which has been driven largely by renewable energy credits ("RECs") and power purchase agreements ("PPAs") as well as efficiency investments, including LED upgrades, across our facilities. While we have captured many of the "quick wins" and the rate of emissions reductions will slow, we are working hard to continue to explore and invest in energy efficiency measures and other initiatives to continue to reduce emissions.

² [SBTi-Net-Zero-Standard-Corporate-Manual-Criteria-V1.0.pdf \(sciencebasedtargets.org\)](https://sciencebasedtargets.org/document-library/2021/01/sbti-net-zero-standard-corporate-manual-criteria-v1.0.pdf)



b. Scope 3 Fleet Emissions

Novolex relies on trucks to transport materials between Novolex facilities and customers. Over the past several years we have made a concerted effort to reduce Scope 3 emissions from fleets by streamlining shipments to reduce reliance on truck freight miles. By evaluating potential consolidation of distribution and customer shipments, we have reduced unnecessary freight miles while improving the speed of service to customers. In our 2019 sustainability report we noted an 11% reduction in Scope 3 emissions from transportation from 2018. Scope 3 emissions from transportation in 2020 increased by 12% compared to those in 2019. The increase was principally due to pandemic related disruptions such as access to traditional logistics providers who were having difficulties finding drivers to service routes efficiently and customer requests for urgent shipments. While Novolex does not report Scope 3, Scope 1 and 2 emissions cover roughly 30% of total emissions, which aligns with industry peers that report Scope 3 emissions.

c. Air Emissions

Our environmental management systems enable us to track permits related to emissions such as volatile organic compounds (“VOC”), nitrogen oxides (“NOx”) and sulfur oxides (“SOx”). To track implementation of our environmental management systems, we conduct annual internal audits focused on compliance management. Emissions from VOCs primarily arise from the use of inks for our products, while NOx and SOx emissions are from the use of natural gas at our facilities.

II. Striving for Low Impact Manufacturing

In addition to our GHG reduction target, we are focused on several other sustainability efforts. Managing our processes and materials used in our operations is critical to reducing waste at our sites.

a. Post-Industrial Recycling Capability

Novolex has a history of prioritizing post-industrial waste recycling and management, with a strong track record of programs in this area. Novolex facilities have incentives in place that aim to minimize manufacturing waste through source reduction, reuse and recycling programs. Over the past decade, Novolex has invested in and installed multiple internal recycling lines that capture, reprocess and reuse post-industrial scrap. As a result, we have made significant progress capturing engineered waste so it can be reused in the manufacturing process and reduce reliance on virgin content. For instance, when engineered scrap is generated in our thermoforming business, it is captured, reground and fed back into the manufacturing process automatically through multiple “in-line” formers. Reclaim grinders capture the remaining waste so it can be reprocessed or sold as post-industrial recycled content. In some instances, Novolex also procures additional post-industrial resin from the market. In flexible polyethylene-based production facilities, we have two dedicated recycling facilities, as well as many on-site processes that enable recycling of our post-industrial waste streams.

b. Waste Efficiency

We recognize the importance of improving our data management systems for waste data and are putting in place even more robust programs to reduce waste. Currently, we are prioritizing the establishment of a companywide waste-to-landfill metric. To accomplish this the Company has contracted with a leading waste management firm to manage facility waste collection across U.S. and Canadian sites and provide for more complete tracking of our various waste streams, establish benchmarks and lead to continuing progress. In November 2020, Waddington Europe was awarded certified *Zero Waste to Landfill* status. Waddington Europe’s zero waste strategy reflects other sustainability initiatives in manufacturing that Novolex has introduced across other sites in recent years, including filters on every external drain to prevent plastic pellets from entering into the water system. The filters are part of the *Novolex Pellet Retention Program* – a process to monitor, manage and eliminate pellet loss to the environment. The program includes companywide guidelines, training programs, regular audits and inspections to ensure compliance. The program reflects participation in *Operation Clean Sweep* – an international voluntary program adopted by entities in the plastics value chain designed to prevent the release of plastic pellets, flakes or powder into the environment. In 2022, Novolex joined *Operation Clean Sweep Blue*, an expanded version of the original program that adds key environmental performance indicators.



c. Water Reduction

In the future, we will seek to further understand our water use and identify priorities for our more water-intensive operations, such as our two recycling facilities and injection molding operations. We have, however, taken steps to increase water quality management efficiency. In 2020, Novolex installed a water treatment system that increases the quality and volume of recycled material used to manufacture new plastic bags. The system produces a better yield and provides the added benefit of minimizing wastewater contaminants.

III. Circular Economy

With a growing portfolio of recycled and renewable raw materials, as well as our ability to partner with customers to design products with a variety of functional and end-of-life characteristics, we are well-positioned to lead the future of packaging.

a. Raw Material Sourcing

Many sustainability considerations start with raw material choice. This is the first opportunity to impact both “upstream” greenhouse gases associated with production, as well as downstream disposal options. We have expanded the number of products made from recycled materials, as well as renewable or biobased sources such as polylactic acid (PLA), sugar cane, bagasse, wheat straw and bamboo. Combined, renewables, biobased and post-consumer recycled (“PCR”) content make up 49% of all Novolex raw materials. Once a raw material is selected, more can be done to further product sustainability objectives, such as using recycled raw material or by sourcing fiber from certified sources.

i. Building Biobased Manufacturing Capability

Evaluating and scaling renewable and biobased raw materials is a key component of our broader sustainability efforts. Novolex has the capability to manufacture biobased resins in both rigid and flexible applications, and in 2020 began operations of a new manufacturing line to increase production of a selection of PLA-based cold beverage cups. In 2021, our bio-based PLA resin volume grew to 2% of our total resin sourcing volume. This growth includes the acquisition of bio-based resin sales from Vegware but is also driven by organic growth in bio-based resin purchasing in our other business units.

A plant-based material, PLA derives from plant starches and will compost in commercial composting facilities. The new manufacturing line, located at the Novolex manufacturing complex in Chattanooga, Tenn., features state-of-the-art technology from some of the world's leading thermoforming and extrusion equipment suppliers. This is the latest in a series of investments over the last two years to build new manufacturing capability and increase our capacity to produce products with renewable, biobased materials. The company's resin sourcing consists of PCR resin, Post-Industrial resin, and virgin resin.

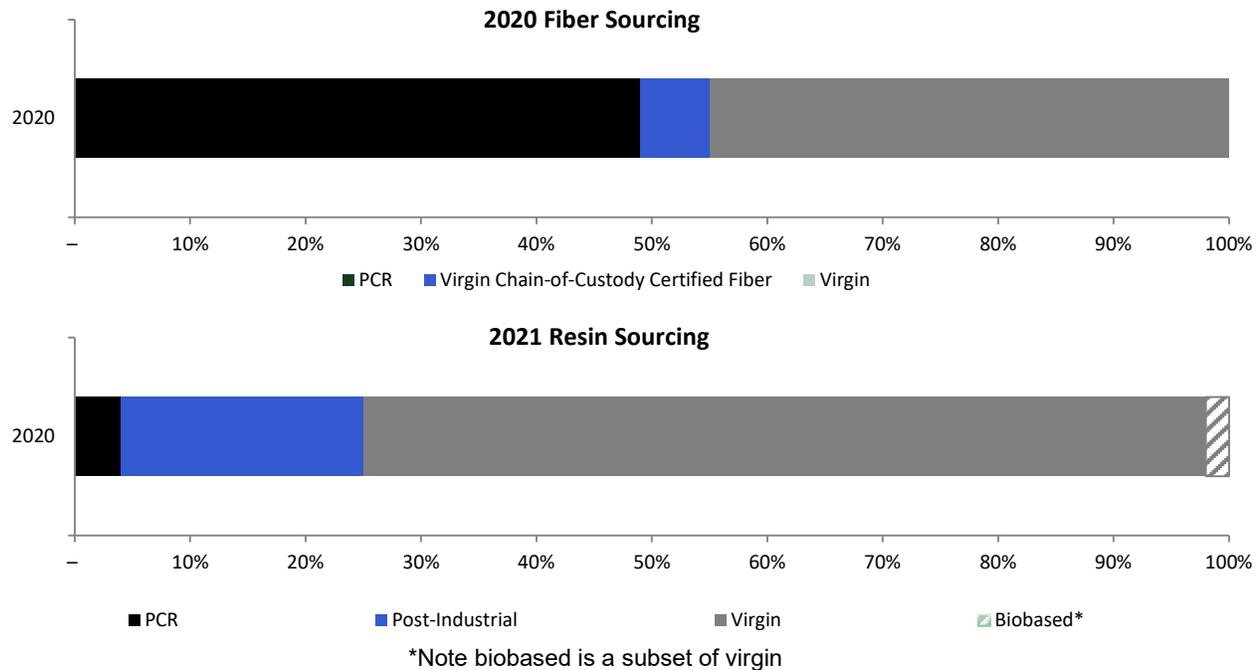
ii. Fiber Sourcing

Over 99% of paper converted in Novolex manufacturing facilities is purchased from suppliers that are certified to Forest Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®) or the Programme for the Endorsement of Forest Certification™ (PEFC™) standards. Of that total procured fiber, in 2020* 6% was also Chain of Custody (“COC”) certified. Additionally, we regularly conduct supplier assessments and audits to verify that non-COC-certified fiber is sourced from areas not at high risk for deforestation impacts. The company's fiber sourcing consists of PCR, Virgin Chain-of-Custody Certified Fiber, and Virgin fiber.

iii. PCR Sourcing

Across our fiber purchases in 2020, the percentage of recycled fiber in our supply chain grew by three percentage points compared to 2019 or 49% of all fiber. This progress is driven in part by our acquisitions of fiber-based companies, leveraging our supply chain to increase post-consumer raw material used in these newly acquired facilities. For resin, the percentage of PCR resin reported in our sustainability report has remained at 4% since 2018. However, the pounds of PCR resin we purchased have seen what is a mostly a continuing upwards trend. These increases have occurred as we have grown our business so the percentage of PCR relative to virgin resin has remained constant. The total pounds of PCR procured in 2021³ grew compared to 2020, reflecting increasing demand from customers.

³ figure not yet publicly available



iv. Post-Consumer Recycling Capacity Growth

Novolex also contributes to PCR markets. The company operates two world-class film recycling facilities that recycle post-consumer recycled (PCR) content. We have continued to invest in capacity for these facilities, with our most recent investment in 2020 adding over 500,000 LBS of in-line reclamation capacity. These facilities, which are also used for post-industrial recycling, are a cornerstone of our capabilities to use increasing amounts of recycled content in our polyethylene film products.

c. Product Design

In the product design phase, both raw material and functional considerations play an important role in overall product sustainability. Many of our industrial products that support supply chains, as well as products for food processors, foodservice and delivery & carryout customers, are designed to prevent waste.

Novolex aims to minimize material use while optimizing performance. Downgauging - using less material while achieving the same functional benefit - can reduce reliance on raw materials. When using compostable raw materials, downgauging can promote compostability because thinner products are more likely to break down in a commercial composting facility. Additionally, use of PCR is an important consideration in product design because it can impact product performance requirements

c. Product Use & End Life

Across our resin- and fiber-based products, we look to industry-supported design guidance intended to increase the likelihood an item will be collected and processed in a material recycling facility. Our R&D teams are constantly working on technologies, as well, that will enable a greater number of our products to meet composting standards such as those promulgated by the ASTM and Biodegradable Products Institute which are commonly recognized by industrial composters. We have over 300 BPI certified products across our portfolio and added many more with the acquisition of Vegware in 2021. We also label products to support education about the types of products that can be recycled or composted.

Novolex participates in the How2Recycle® program sponsored by the Sustainable Packaging Coalition which provides uniform labels to help consumers understand how to recycle or compost packaging. Nearly half of the Novolex portfolio is composed of fiber-based packaging products, many of which meet the “widely recyclable”⁴ definition. One raw material characteristic that can influence whether a product is deemed “widely recyclable” is the presence of PFAS, a class of FDA-approved additives used to provide oil and grease resistance in fiber packaging. We will phase out our use of these additives by the end of 2023, in line with an agreement reached between the FDA and manufacturers of certain PFAS materials to eliminate their production in the U.S. By that time, we

⁴ [The How2Recycle Guide to Recyclability - How2Recycle](#)

expect an even greater share of our fiber-based products to meet “widely recyclable” definitions. Already, additional products without added PFAS include dry wax sheets, interfolded sheets, wraps, clamshells and many kinds of bags and to-go containers. These innovative products increase the potential for both recycling and composting disposal by consumers.

1.3 SUSTAINABILITY GOVERNANCE

I. Senior leadership

Sustainability is viewed as the responsibility of every employee at the Company, starting with our Board of Directors (or the “Board”) and Senior Leadership Team (“SLT”). In fact, we are so committed to sustainability that, in 2020, we established a Sustainability & Environment, Health and Safety Committee as a formal committee of the Board. The Committee oversees the full scope of the Company’s ESG strategies and performance. All members of the SLT have a stake in the development and implementation of ESG related initiatives that fall within the scope of their respective organizations. A number of SLT members contribute substantially to strategic sustainability and broader ESG initiatives:

- Product development, regulatory compliance, and environment, health and safety programs are the responsibility of the Chief Technology Officer.
- Our Chief Procurement Officers oversees responsible sourcing of all raw materials and finished goods.
- Human capital development and human rights as well our diversity, equity and inclusion initiatives are the responsibility of our Executive Vice President, Human Resources.
- Compliance with company policies and procedures such as anti-bribery and corruption and other provisions of the Novolex Employee Code of Conduct are the responsibility of the Deputy General Counsel.
- The Senior Vice President, Corporate Affairs & ESG coordinates such initiatives and oversees the work of a full-time Director, Sustainability who further supports initiatives across businesses and functions, manages numerous customer and public reporting obligations, and represents the Company with external stakeholders.

Partnerships



Novolex continues to play an active role inside and outside the packaging and foodservice product industry in reducing the impact our products and the packaging industry at large can have on the environment. To accomplish this goal, we prioritize partnerships among a variety of stakeholders, including civic and community leaders, non-governmental organizations (“NGOs”) and others to give solutions a voice and lend our technical experience as a manufacturer and recycler. Novolex continues to lead the way through investment in our recycling facilities, significant purchases of recycled and renewable materials, and innovative packaging that is designed to be recyclable or compostable.

As a leader in the packaging circular economy, Novolex recognizes that current recycling and composting systems are deficient. We know there is an opportunity to improve and expand these facilities. Our communities need sustainable funding, infrastructure development and coordinated policy to support large-scale, economically viable recycling and composting solutions. It is the reason we support well-crafted extended producer responsibility (“EPR”) programs.

Partners identified below are integral to our ability to support the circular economy by enabling us to use recycled materials and design for recycling and composting.

a. Sustainable Packaging Coalition® (“SPC”)

SPC represents a coalition of forward-thinking brands that want packaging to be recycled and are empowering consumers through smart packaging labels, known as How2Recycle® labels. As part of the How2Recycle® program, Novolex uses SPC’s

standardized labeling system to clearly communicate recycling instructions to the public. We apply How2Recycle labels on our stock products and work with customers to encourage their use.

b. Association of Plastic Recyclers® (“APR”)

APR promotes the expansion of the plastics recycling industry, focusing on developing protocols for packaging designs that enhance recyclability and improve the quality of postconsumer plastics entering the system. Novolex is a proud member of APR, and for the past two years we’ve also participated in APR’s Demand Champions program. The Demand Champions campaign aims to expand the market for recycled plastics by driving investment, increasing supply and producing more high-quality post-consumer resin.

c. Compost Manufacturing Alliance™ (“CMA”)

When products marked “compostable” are not also tested in real-world processes, the result can be costly to compost facility owners, end users and municipalities. CMA provides practical guidance and field disintegration testing to ensure products sent to industrial compost facilities break down adequately. Novolex participates in CMA studies to understand how our products perform in the composting supply chain. Our collective goals are to ensure the mutual success of both the composting process and compostable products.

d. Foodservice Packaging Institute® (“FPI”)

FPI focuses on bringing together food industry supply chain members to develop and promote economically viable and sustainable recovery solutions for foodservice packaging. *The Paper Recovery Alliance and Plastics Recovery Group* (“PRA/PRG”) focuses its efforts on getting more paper and plastic foodservice packaging recycled or composted. Together with FPI, Novolex works with communities, recycling facilities, composters and end markets to expand recovery options for these valuable materials.

e. UK Plastics Pact

In 2020, Novolex’s Waddington™ Europe business, which produces rigid plastics products for the grocery and foodservice industries, joined the UK Plastics Pact as an Associate Member. Nine of the top 10 largest UK food retailers as well as several of Waddington Europe’s largest customers are also members. Members and partners of the organization are at the forefront of improving ways to design, produce, use, re-use, dispose of and reprocess plastics, working within established UK regulatory frameworks for plastic packaging.

f. Alliance to End Plastic Waste (“The Alliance”)

The Alliance is a global non-profit organization, founded with the mission to rally collective action to end plastic waste in the environment.

The Alliance develops, deploys and scales solutions across four strategic pillars – infrastructure, innovation, education & engagement and cleanup. These work in tandem to advance a circular economy for plastic waste, backed by the expertise, capability and support of a global network of like-minded partners across the plastics value chain. Engagement extends beyond the private sector, and the Alliance works with government, environmental and economic development NGOs, and communities.

g. Other Organizations Novolex Partners with Include

The National Association for PET Container Resources (“NAPCOR”), Flexible Packaging Association (“FPA”), The Iowa State University Polymer and Food Protection Consortium, REPAK, 360° Foodservice, British Plastics Federation (“BPF”), American Forest and Paper Association, Recoup, and other state-based organizations.

Section 2: Sustainability-Linked Financing Framework

2.1 Rationale for Establishing a Sustainability-Linked Financing Framework

We believe that integrating environmental, safety, governance and community considerations into our business decisions, and by extension our financing strategy, is essential to creating value for our stakeholders. Our stakeholders include our equity investors, lenders, customers, employees, business partners, regulators and citizens in the communities where we live, work and operate. As a manufacturer of paper and plastic packaging products, the company is in a unique position to offer customers choices for more sustainable packaging to drive significant change and progress towards ESG commitments – capabilities that support Novolex’s ability to support any customer’s progress against their publicly stated targets,

As such, Novolex Holdings intends to issue Sustainability-Linked Financing instruments (“SLFs”), which may include Sustainability-Linked Bonds (“SLBs”), Sustainability-Linked Loans (“SLLs”) or any other Sustainability-Linked instruments (e.g. Commercial Paper, derivatives instruments or any other form of financial instrument available).

This Sustainability-Linked Financing Framework (“Framework”) has been developed in line with our sustainability strategy to demonstrate how we will further link our financing activities with our commitment to achieve our environmental and social ambitions.

This Framework establishes key performance indicators (“KPIs”) that will be used to measure our progress against sustainability performance targets (“SPTs”). KPIs, interim SPTs, observation dates, and financial or structural characteristics for individual SLFs will be determined at the time of issuance under the terms of the financing documentation, as appropriate.

Proceeds raised under this Framework will be used for the refinancing of existing loans and general corporate purposes.

This Framework will apply to any future issuances of SLF instruments by Novolex Holdings. The aim of this Framework is to provide transparency and disclosure about Novolex Holdings’ SLFs to its investors and stakeholders, following industry best market practices. The Framework may be amended from time to time to reflect market developments and/or our progress towards achieving our ESG commitments. Any SLF issuance will be aligned with the most recent version of the Framework.

Our Framework has been developed in alignment with the five components outlined in the International Capital Markets Association (“ICMA”) Sustainability-Linked Bonds Principles (“SLBP”)5 as of June 2020 and the Loan Syndications and Trading Association (“LSTA”) Sustainability Linked Loan Principles (“SLLP”) 6 as of May 2021. The five components include the following:

1. Selection of KPIs
2. Calibration of Sustainability Performance Targets (“SPTs”)
3. Financial Characteristics
4. Reporting
5. Verification

2.2 Selection of the Key Performance Indicator (“KPI”)

In accordance with the ICMA Sustainability Linked Bond Principles (“SLBPs”) and the LSTA Sustainability Linked Loan Principles (“SLLPs”), the KPI listed below is considered material, and performance-based and can be externally verified. We have selected the KPI based on the high strategic significance to our current and future operations and sustainability priorities.

KPI 1: Greenhouse Gas Emissions Intensity

Rationale	Novolex recognizes the important role it can play in supporting efforts to reduce climate change impacts. Novolex’s sustainability programs are integral to helping the company lower its emissions. Novolex began publicly sharing its 2018 Scope 1 and 2 emissions. KPI / SPT 1 & 2 directly support the continuation of this progress and the broader global transition to a low-carbon future.
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Alignment to the ICMA SLBP and LSTA SLLP	The KPI is: <ol style="list-style-type: none"> i. Relevant, core and material to Novolex Holding's overall business and of high strategic significance to the Company's current and/or future operations. This target covers 100% of energy and natural gas
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⁵ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

⁶ <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

use from global manufacturing operations. Across our global operations, Novolex will reduce GHG emissions by 20% per ton of production by 2025 from a 2019 baseline, with a further reduction by 2030 of 30% from the 2019 baseline. Novolex has chosen an intensity metric as the company is in a growth phase. Since the reporting process was implemented, the company has added four businesses, making an intensity metric a more realistic approach than an absolute emission based KPI.

- ii. Measurable or quantifiable on a consistent methodological basis, as further explained below.
- iii. Externally verifiable by Novolex Holding's selected independent, external verifier.

Scope	Covering Novolex Holding's direct operations as represented by Scope 1 and 2 emissions ⁷ <ul style="list-style-type: none"> ▪ Scope 1: Direct GHG emissions ▪ Scope 2: Indirect GHG emissions (market-based methodology)
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Units	MT CO ₂ e (Scope 1 and Scope 2) per MT of production
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Methodology	Greenhouse gas protocol
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Baseline	2019
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Historical Data

Novolex's Emissions Performance	2018	2019	2020	2025 Target	2030 Target
Scope 1 Absolute GHG Emissions (MT CO ₂ e)	27,895	30,246	29,281	–	–
Scope 2 Absolute GHG Emissions (MT CO ₂ e)	288,134	324,611	290,918	–	–
Scope 1 & 2 GHG Emissions Intensity (MT CO ₂ e/MT)	0.283	0.275	0.250	0.220	0.193

For any major acquisition or divestiture in which absolute CO₂e emissions are increased or decreased by 10% or more as compared to absolute CO₂e emissions immediately prior to the transaction, there will be a recalculation of the baseline to treat the transaction as though it had occurred immediately prior to the start of 2019 (the baseline year).

In 2018, the intensity metric (Scope 1 & 2 Market-based) is slightly higher than 2019, at 0.283 MT CO₂e/MT production. This demonstrates a continuous trend of improvement over our three years of reported data. It should be noted that 2018 reported data is North American in scope. All data reported since 2019 is global in scope.

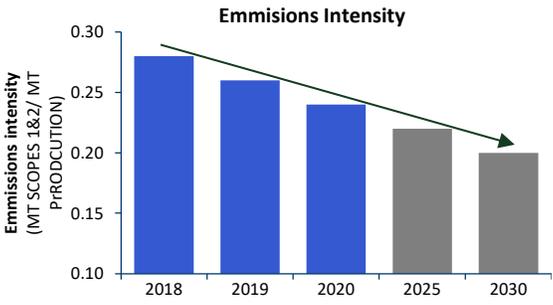
⁷ Scope 3 GHG emissions include other indirect emissions, including third-party transportation of Novolex's products. While over the past few years the Company has worked to report on data relevant to Scope 3 emissions, we have not formally calculated MTCO₂e. In 2019 we reported on downstream Scope 3 emissions from fleets. However, the pandemic disrupted the Company's access to its traditional logistics carriers that tracked emissions and it was not possible to collect those data for the Company's 2019 and 2020 reports.

2.3 Calibration of Sustainability Performance Target (“SPTs”)

The SPT(s) for any specific Sustainability-Linked Financing instrument will vary based on the maturity of the instrument but will be set in line with Novolex Holding’s sustainability strategy and commitments, outlined at the beginning of this Framework

The SPT(s) and related target test date(s), or Observation Date(s), will vary depending on the maturity of the Sustainability-Linked Financing instrument and will be detailed in the relevant offering documentation of the specific Sustainability-Linked Financing transaction documentation

SPTs for KPI 1: Greenhouse Gas Emissions Intensity

SPT 1	Reduce emissions intensity by 20% by 2025 relative to the 2019 baseline
SPT 2	Reduce emissions intensity by 30% by 2030 relative to the 2019 baseline
Historical performance and targets	 <p>This represents a 32% decrease in emissions intensity by 2030 from the company’s first reported GHG intensity in 2018, and a 30% reduction in emissions intensity from Novolex’s publicly reported emissions in 2019</p>
Observation Date(s)	December 31, 2025 December 31, 2030
Measures Supporting the Achievement of the SPTs	<ul style="list-style-type: none"> Procure renewable energy across all operations via RECs and PPAs Implement operational efficiency improvements such as LED lighting installation

Historical Context

Novolex began the process of implementing the purchase and signing of RECs and PPAs in 2020. This led to a large initial reduction in reported GHG intensity as seen with the roughly 10% reduction in Scope 1 and 2 GHG intensity from 2019 to 2021. The company’s strategy is to use a combination of RECs and PPAs representing roughly 15-17% of the projected reduction for SPT 1 complemented by the installation of LED lighting across its sites, with an expected 3% reduction of the company’s GHG intensity by 2025. As the company will have additional time to address capital for the 2030 target, energy efficiency upgrades in addition to LED installations will be implemented to contribute to a greater proportion of the reduction. Further emission reduction opportunities for Novolex’s long term sustainability commitments are subject to timing, availability, and price of renewable energy opportunities in the locations in which Novolex operates. Some states have better access to renewables contracts than others, and Novolex will judiciously select appropriate contracts where possible to meet the GHG intensity SPTs given these constraints.

Of note, several of the contracts that were signed by Novolex in 2020 and contributed to the roughly 10% emissions intensity improvement from 2019 to 2021 will need to be renewed prior to the first observation date in 2025, potentially resulting in an uneven, non-linear reduction of the company’s progress to the first GHG intensity reduction SPT of 20% by 2025 if the contract providers inputs change. In essence, this will lead to an increasing level of ambition to achieve the 2025 target. Despite the potential for changes as contracts are renewed that currently contribute to a reduction in GHG emissions, we are increasing our target GHG emissions intensity reduction from 20% to 30% because of our unwavering commitment to our sustainability goals. The company has signed short-term contracts in the locations with the best access to PPAs and RECs, while further gains will need to occur in more challenging

landscapes, increasing the ambitiousness of both the 2025 and 2030 reduction targets for the company to reach and sustain the targeted reductions.

Due to these constraints, achieving the full 20% and 30% reductions by 2025 and 2030, respectively, are attainable yet ambitious targets, and are made substantially more ambitious due to these locational constraints and need to renew existing short-term contracts. Additionally, the 2030 target will require longer term contracts to be put in place as well as renewal of contracts expiring after the 2025 deadline, providing a more sustained environmental commitment by Novolex to reduce emissions and implement and maintain long-term efficiency upgrades. Novolex will continue to implement PPAs, RECs, and LED installations as well as other efficiency measures to reduce energy consumption in order to reach the 30% by 2030 goal as part of its long-term corporate plan.

For any further reductions, the choice of RECs or PPAs will be determined by availability and value at the time each contract needs to be negotiated. Longer term, Novolex will examine additional means for reducing energy consumption. While Novolex's current mix of contracts has a greater number of RECs than PPAs, the future ratio mix of RECs to PPAs will depend on the state(s) and number of facilities in the respective state(s) where the company will undertake either a REC or PPA as well as whether local traditional, non-renewable energy grids are pursuing measures to reduce their emissions.

Novolex outpaces peers' GHG reduction targets in the private packaging space

A number of sector peers have set emissions reduction targets on an intensity or absolute basis. Several peers have chosen longer-term targets in line with Novolex's 2030 SPT 2 with limited disclosures related to near-term targets or progress, while Novolex has provided its mid-term target for 2025. Novolex has chosen 2025 and 2030 targets for GHG intensity reductions to highlight its near-term performance while maintaining a target for sustained GHG intensity reductions. The comparability of ambition between peer targets is difficult to assess as some peers have used baseline years of 2010 or earlier, while not publicly disclosing the baseline GHG emissions which they have committed to improve upon. Novolex on the other hand has chosen a fully disclosed 2019 baseline for both the 2025 and 2030 targets which is more ambitious and provides transparency and verification for improvement in global operations. Additionally, although a private company, Novolex's disclosure and ambition is in line with public peers and ahead of most private peers who most often choose not to publish a sustainability report or have ambitious sustainability goals given lack of public pressure to do so.

With the combination of the SPTs, Novolex has one of the most ambitious targets among peers in the packaging space, particularly against its private company peers. When measured against the baseline year for GHG emissions reductions, Novolex is in line with all peers and outperforms several with seemingly more ambitious mid and long term targets. Additionally, Novolex's GHG intensity reduction ambition outpaces several public companies with strong scores from the CDP¹ on their Climate Change survey, indicating that they have enhanced disclosures on historical GHG data and strong sustainability programs in place. Novolex itself has submitted responses to the CDP Climate Change survey since 2019 to report directly to customers and, in 2021, received a score of B-, with a B / B- score representing "management level attention". Novolex has seen improvement in the score over time as it has continued to supplement existing disclosures with their published GHG target and established the Sustainability and EHS Board committee.

Novolex's baseline year also compares favorably with the peer set, whose earlier baseline years provide these companies with a headstart to begin GHG reductions and allow them to implement reductions over time. By contrast, Novolex is provided with fewer options to hit its interim target of 2025. Novolex's dual targets provide both an immediate need to implement RECs and PPAs in the short term in order to reduce GHG emissions quickly, while the longer term 2030 target will require diligence to opportunistically renew and replace RECs and PPAs in tandem with permanent efficiency upgrades. Novolex is one of only three companies in the peer set with two GHG reduction targets in the next 10 years, demonstrating increased ambition compared to companies with a single target.

¹ CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP runs the global environmental disclosure system. Each year CDP supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation.

Public / Private	CDP score	Company	GHG reduction target	Year from baseline to target
Public	C	 Huhtamaki	Carbon neutral production by 2030 from 2019 baseline	11 years
Private	B-	 ATLANTIC PACKAGING	Net zero emissions for Scope 1 & 2 by 2030 from a 2019 baseline	11 years
Public	B	 amcor	60% reduction in Scope 1, 2 & 3 per normalized unit of production by 2030 against a 2006 baseline; net zero by 2050	24 years to SPT 1; 44 years to SPT 2
Public	A-	 Sealed Air	30% reduction in Scope 1 & 2 GHG emissions by 2025; 46% reduction by 2030 from a 2019 baseline	6 years to SPT 1; 11 years from SPT 2
Private	B-	 NOVOLEX	20% reduction in Scope 1 & 2 GHG emissions per ton of production by 2025 against a 2019 baseline; 30% reduction in Scope 1 & 2 GHG emissions per ton of production by 2030 against a 2019 baseline	6 years to SPT 1; 11 years to SPT 2
Public	C	 INTERNATIONAL PAPER	35% reduction in Scope 1, 2 & 3 by 2030 against an undisclosed baseline	Undisclosed
Private	-0	 Graham Packaging	30% reduction in Scope 1 & 2 GHG emissions by 2030 against a 2020 baseline	10 years
Public	A-	 Berry	25% reduction of Scope 1 & 2 GHG intensity by 2025 against a 2016 baseline	9 years
Public	B	 SONOCO	25% reduction in Scope 1 & 2 GHG emissions by 2030 from a 2020 baseline; 13.5% reduction of Scope 3 GHG emissions by 2030 against a 2019 baseline	10 years SPT 1 & SPT 2
Public	B	 WestRock	20% reduction in Scope 1 & 2 GHG emissions per ton of production by 2025 against a 2015 baseline	10 years
Private	-	 Ronpak	No public GHG reduction target	
Private	-0	 superbag	No public GHG reduction target	
Private	-	 Georgia-Pacific	No public GHG reduction target	
Private	-	 ANCHOR PACKAGING	No public GHG reduction target	

*Graham packaging has submitted a response to the CDP in 2021 but has not received a score

While Novolex ranks well against many public peers which have made sustainability commitments regarding GHG emissions in the packaging space, many of Novolex's larger private peers have made no GHG emissions reductions targets to date. Private peers such as Georgia Pacific, Anchor Packaging, Ronpak, and Superbag all have limited disclosure and have no published ambition for GHG reductions, setting Novolex apart as a private company with ambitious targets despite no public investor pressure.

2.4 Financial Characteristics

Novolex will assign financial characteristics to each SLF instrument based on the achievement or non-achievement of the applicable SPT(s), as described in the SLF offering documentation. Any financial characteristics will be commensurate and meaningful relative to the original financing's financial characteristics.

These financial characteristics are anticipated to include, but are not limited to:

- Sustainability-Linked Loans: two-way margin adjustment
- Sustainability-Linked Bonds: one-way coupon step-up

For any SLF instrument where a coupon step may occur:

- A coupon step would be applied from the first coupon date (and applied retroactively for the related interest period including the relevant notification date, or apply to future interest periods) following the relevant notification date until the remaining maturity of the SLF if the SPTs are missed on an Observation Date, as described in the SLF offering documentation
- Where the SLF allows two or more observation dates and related coupon steps, then these coupon steps would be cumulative, as specified in the SLF offering documentation

The exact mechanisms and impacts of the achievement or failure to achieve the pre-defined SPTs will be detailed in each SLF offering documentation. Such documents will detail the KPI definition, calculation methodologies, SPTs and observation date(s), financial implications, as well as where needed any fallback mechanisms in case the SPTs cannot be calculated or observed in satisfactory manner, and language to take into consideration potential exceptional events or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the KPI or the restatement of the SPTs. Where relevant, Novolex may include potential exceptional events that could substantially impact the calculation of the KPI and SPTs in the legal documentation for the SLF.

Any future SLFs with the same KPI and SPT Observation Date(s) must utilize SPTs of equal or greater ambition. In addition, at the time of issuance of such instrument, any outstanding SLFs would have their equivalent SPTs adjusted to reflect the greater ambition – clause of “the most ambitious target” – for three key reasons:

1. To enable the increase of ambition over time and allow Novolex to adapt to new circumstances
2. To avoid the coexistence of SLFs with different SPTs at the same dates for the same KPI
3. To facilitate reporting, avoiding the need to validate the KPI against multiple targets

2.5 Reporting

On an annual basis following a SLF issuance, Novolex Holdings will disclose the following:

- Up-to-date information on the performance of the selected KPI, including baseline where relevant.
- For any SPT(s) Observation Date, up-to-date information on the SPT(s) outlining the performance against the SPT(s) and the related impact and timing of such impact for the SLF instrument; and,
- An external verification report relative to the reporting, including the points above

Reporting may also include, where feasible and relevant:

- Qualitative or quantitative explanation of the main contributing factors behind the evolution of the KPI performance on an annual basis
- Any relevant information enabling investors to monitor the ongoing progress of the SPT(s)
- Any re-assessments of the KPI and/or restatement of the SPT(s) and/or pro-forma adjustments of baselines or KPI scope, if relevant.

2.6 Verification

I. KPI Verification

Verification of the annual performance on KPI 1 will be conducted to a limited level of assurance by the Company’s selected external verifier and published on Novolex’s website and annual sustainability report. Novolex’s selected external auditor will provide limited assurance on the performance of the Company to the designated SPT(s) on an annual basis. This verification will be posted on Novolex’s website within six months following each fiscal year end and included in the Novolex’s annual sustainability report.

II. External Review

Novolex Holdings has obtained an independent Second Party Opinion from S&P on the Sustainability-Linked Financing Framework, indicating the alignment with the ICMA SLBP and LSTA SLLP. The Framework and Second Party Opinion report will be made publicly available on Novolex’s website.

III. Amendments to this Framework

Novolex Holdings will review this Framework from time to time, including its alignment to updated versions of the relevant market principles, as and when they are released, with the aim of adhering to best practices in the market. We will also review this Framework in case of material changes in the perimeter, methodology, and in particular the calibration of the KPI and/or the SPT(s).

Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of S&P, or any other such qualified Second Party Opinion provider. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external verifier and Second Party Opinion provider. The updated Framework, if any, will be published on Novolex’s website and will replace this Framework.

Disclaimer

Forward-Looking Statements

This presentation and the oral remarks made in connection therewith may contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Any forward-looking statements involve risks, uncertainties and assumptions including the impact of COVID-19. Although we believe that the assumptions and analysis underlying these statements are reasonable as of the date hereof, investors are cautioned not to place undue reliance on these statements. Forward-looking statements include information concerning our liquidity and our possible future results of operations, including descriptions of our business strategies and the cost savings and other benefits we expect to achieve as a result of the acquisitions discussed herein. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “target,” “project,” “forecast,” “seek,” “will,” “may,” “should,” “could,” “would,” or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date hereof. We do not have any obligation to and do not intend to update any forward-looking statements included herein. You should understand that these statements are not guarantees of future performance or results. Actual results could differ materially from those described in any forward-looking statements contained herein as a result of a variety of factors, including known and unknown risks and uncertainties, many of which are beyond our control.

Non-GAAP Financial Measures

The historical financial information included herein includes financial information that is not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), including net income (loss) before interest, taxes, depreciation and amortization (“EBITDA”), Adjusted EBITDA, Pro Forma Adjusted EBITDA, and ratios related thereto. We believe EBITDA, Adjusted EBITDA, and Pro Forma Adjusted EBITDA are measures commonly used by analysts and investors to evaluate the performance of companies in our industry. Our use of the terms EBITDA, Adjusted EBITDA, and Pro Forma Adjusted EBITDA may differ from that of others in our industry. EBITDA, Adjusted EBITDA, and Pro Forma Adjusted EBITDA should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity. EBITDA, Adjusted EBITDA, and Pro Forma Adjusted EBITDA have important limitations as analytical tools and should be considered in conjunction with, and not as substitutes for, our results as reported under GAAP. This presentation includes a reconciliation of certain non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP. Values in this presentation are approximate due to rounding. Additionally, the individual quarterly and segment components presented in the current or prior quarter earnings presentation may not sum to the full year or consolidated amount due to rounding.

We have also presented certain financial information on a combined Company basis by adding the financial results for Novolex, Zenith, B&H, Flexo and Vegware. This combined presentation does not comply with GAAP; however, we have presented this financial information because we believe it is useful for investors.