NOVOLEX | SUSTAINABILITY REPORT | 2018

A spectrum of innovative choice for our customers and their consumers
Our vision is to innovate sustainable choices for our customers, operate responsibly and invest in our people and communities.
WELCOME TO THE FIRST NOVOLEX SUSTAINABILITY REPORT

The story of Novolex™ is a story of continuous growth, change and family. Today, we create, manufacture and supply packaging and foodservice products in 61 manufacturing facilities supporting more than 10,000 employee families. Throughout our growth, sustainability has been a constant touchpoint and an integral part of our strategy.

We have many great examples of leading in innovation and sustainability—including areas where we’ve embraced and implemented approaches to “circular” solutions like our Bag-2-Bag® plastic film recycling program, Dubl Life® paper and a growing number of compostable products to support zero waste strategies.

Notwithstanding these efforts, there is increasing concern about the impact some of our products can have on the environment. As a leading packaging manufacturer, we recognize we have an important role to play to reduce all forms of waste. Our products provide multiple benefits for our customers and their consumers, requiring that we engage across the value chain to develop solutions that can reduce the impact of our paper and plastic products on the environment.

In our operations we continually look for ways to run our business more efficiently and reduce our environmental footprint. As Chief Executive, one of my most important priorities is to protect the well-being of our Novolex employee family. Their safety is paramount, and you will learn in our report about Novolex programs that have improved safety year after year. We will continuously strive to make a positive impact in communities, empowering each site to contribute to important causes in their own way, while always holding our leadership accountable for building and maintaining a best-in-class safety culture.

Operational excellence also extends to responsible use of resources. With our expanding operational footprint, we’re working to reduce waste sent to landfill by efficiently sharing and using materials—turning waste from one facility into new products in another. We’re proud to participate in Operation Clean Sweep®, an industry program to keep plastic out of the environment. Suppliers are also a vital partner in our manufacturing process. Our Novolex Supplier Code of Conduct, published this year, is designed to ensure our suppliers share our values and protect the environment, respect human rights and obey both the letter and spirit of the law.

I welcome your interest in learning more about what sustainability means at Novolex. Our report is not the end but the beginning of our journey to continue to learn and grow. It is a chance to share our sustainability story and build pride among our employee families and communities as well as with our customers, suppliers and the many others who depend on us for their success. Looking ahead, we will pursue more ways in which we can continue to integrate sustainability throughout Novolex as part of the increasing responsibility that comes with being an industry leader.

Thank you for your continued support and interest in Novolex.

Stan Bikulege
About NOVOLEX

Novolex is a leading provider of packaging and foodservice products suited for a range of industries. We pride ourselves on meeting the unique needs of our customers with a wide array of innovative and sustainable choices. Our products touch nearly every aspect of daily life, offering our customers and millions of their consumers convenience, efficiency, safety and other benefits. As part of our commitment to sustainability, our portfolio of brands features a variety of products made with certified materials and recycled content. In addition, many of our products can be recycled, composted or reused.

NOVOLEX PRODUCTS HIDE in plain sight—holding, wrapping, protecting and preserving the products our customers make and sell. Paper and plastic shopping bags are found at retail and grocery outlets ranging from world-renowned brands to neighborhood shops. At quick service restaurants, Novolex packaging products hold and wrap food to maintain quality and integrity during transport and consumption. Traditional and compostable cutlery, tableware and drinkware provide food safety and convenience for busy lives. Protective barriers support the longevity of insulation used in home construction. Can liners with varying performance characteristics provide sanitation for a range of industries. Our tamper-evident packaging helps protect medicine from degradation and maintains the integrity of freshly prepared food for the rapidly expanding food delivery segment. These represent only a few examples of our expanding portfolio of products.

END MARKETS

<table>
<thead>
<tr>
<th>END MARKETS</th>
<th>% of Total</th>
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<td>Foodservice</td>
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<tr>
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<tr>
<td>Other</td>
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</tr>
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</table>
A GROWTH STORY

THE BREADTH OF OUR PRODUCT lines reflects the Novolex growth story that began in 2008 with Hilex™ Poly, our business that manufactures plastic retail bags and operates a vertically integrated post-industrial and post-consumer plastic bag and film recycling operation. Over the course of the past 11 years, as sales grew organically, we also sought out acquisitions that would build on our strengths in packaging and product technology, complement our product portfolio and contribute to our sustainability efforts. In 2013, we acquired the North American operations of Clondalkin’s packaging business. In 2014, we acquired both the Duro® Bag and Bagcraft® Packaging businesses, both well-respected brands in paper bags and paper food packaging. In 2015, we acquired Wisconsin Film & Bag, a specialist business in polyethylene films and bags with a post-industrial and post-consumer recycling operation. In 2016, two more companies were acquired: Burrows Packaging®, a manufacturer of flexible and rigid paper-based food packaging products with a strong presence in the quick service restaurant segment; and Heritage Bag™, a leading producer of can liners for institutional applications. In 2018, we acquired Shields® Packaging, a manufacturer of custom flexible packaging for food processing and industrial customers, as well as The Waddington Group. Waddington includes operations in North America and Europe as well as its Eco-Products brand, a certified B-Corporation and innovative supplier of many compostable foodservice products.

ABOUT our REPORT

Our vision is to innovate sustainable choices for our customers, operate responsibly and invest in our people and communities.

SUSTAINABILITY AT NOVOLEX rests on a framework of three pillars: our products, our operations and our people. Each of these pillars have played a consistent role in our operating and acquisition strategy for several years, inherent in how we treat our employees, develop products and manage our operations.

The framework and vision that provide the basis for our report were developed by the Novolex Sustainability Working Group. Members of the working group include subject matter experts from our different product lines as well as corporate functions to capture the breadth of our sustainability initiatives and provide an inclusive vision for the future.

In developing this report, we were guided by the Sustainability Accounting Standards Board (SASB) disclosure framework and a selection of the recommended disclosure topics and accounting metrics are present in this report. However, as this is our first report we focus on sharing information about our processes and the activities and initiatives that are reducing the impact of those processes. In future reports, we anticipate further prioritizing our reporting based on widely accepted reporting standards, like SASB, as well as what is most meaningful in the current environment. We will also consider conducting a materiality assessment to further prioritize our reporting.

PRODUCTS
Lead the industry by meeting customer needs for sustainable product solutions

OPERATIONS
Strive for low impact manufacturing along the value chain

PEOPLE
Support our employees, their families and communities
NOVOLEX PURSUES PARTNERSHIPS, research and other activities intended to reduce the impact our products can have on the environment. As part of our efforts to expand the circular economy and address gaps in composting and recycling systems, we engage across our value chain and with stakeholders in government, academia and industry to identify pragmatic, scalable solutions. Activities include sponsoring academic research, participating in pilot programs, supporting the development of industry standards, definitions and certifications systems and contributing our expertise in public policy forums. Some of the organizations we partner with to drive circularity include:

- The Paper Recovery Alliance (PRA) and Plastics Recovery Group (PRG): Part of the Foodservice Packaging Institute, these organizations focus on increasing recycling and composting of foodservice packaging across the country.

- Iowa State University Polymer and Food Protection Consortium: Part of the University’s Department of Food Science and Human Nutrition, the Consortium sponsors and participates in efforts to address food safety, functionality and sustainability. The Consortium’s world-class testing facilities assess polymers, including bio-based polymers, for performance characteristics that can advance sustainability, health and other outcomes.

- AMERIPEN: AMERIPEN programs are designed to create greater understanding of the packaging industry and policy developments affecting the full scope of the packaging industry, including the growth of e-commerce.

- Flexible Packaging Association: The Association promotes better understanding of the role of flexible packaging, including support for measures its members can adopt to achieve sustainability goals through recycling and product composition.

- Plastics Industry Association: Programs sponsored by the Association include the development of standards designed to improve industry-wide commitments to recycling and related programs.

- American Forest and Paper Association: The Association’s Responsible Package education campaign encourages recycling and reuse through classroom activities, family take-home materials and a family recycling pledge to raise awareness about paper and paper-based packaging.

- Sustainable Packaging Coalition: A participant in the How2Recycle® program managed by the Coalition, Novolex partners with customers to support consumer awareness and education about the proper way to dispose of waste.

- US Composting Council’s Target Organics Committee: The Council supports municipalities in their efforts to incorporate composting into their long-term waste management plans.

- Compost Manufacturing Alliance: Studies commissioned by the Alliance evaluate how materials decompose and validate composting outcomes in concert with the Biodegradable Products Institute’s lab-based certification program.

- State-based composting organizations: We also work with multiple state-based composting organizations to share perspectives, learn and address infrastructure and contamination challenges.
Across our portfolio, we take a holistic view and consider the total lifecycle of our products. This includes consideration of environmental, economic and social impacts and benefits across different phases of the value chain—from sourcing and manufacturing to product disposal. Fiber and resin materials each present challenges and opportunities in terms of their impact on the environment. Novolex has adopted several measures to reduce the amount of material present in products, innovate new materials, purchase more certified content and expand the number of products that feature both post-consumer and post-industrial recycled content.

**PRODUCT LIFECYCLE**

The **PRODUCT LIFECYCLE** begins with the materials used to make them. Materials sourcing at Novolex has grown in complexity with the increasing diversity of our products. Paper products represent over 40 percent of our portfolio. Our plastic products include polyethylene (PE), polyethylene terephthalate (PET), polypropylene (PP) and polystyrene (PS). We also source bioplastic materials derived from corn starch (polylactic acid, or PLA), cane sugar, wheat straw, bagasse and bamboo, often used to manufacture a growing number of compostable foodservice products.
RAW MATERIAL SOURCING

Driving Demand for Recycled Content

With many of our products, there is potential to further reduce environmental impact by replacing virgin-sourced materials with more recycled content. Using recycled content has many benefits, including diverting waste from landfill, reducing energy and the need for resources to produce raw material.

Additionally, markets for recycled content play an important role in driving circularity. For this reason, Novolex is choosing to report post-consumer recycled (PCR) content purchases as a percentage of our total fiber and resin volumes.

Our participation in recycling markets has potential to contribute to the growth of recycling infrastructure, and sharing recycled content purchases publicly helps forecast demand growth for prospective recyclers. As a recycler ourselves, we appreciate the economics needed to support investment.

Novolex is constantly looking for ways to increase the amount of recycled content present across our portfolio. We still face supply challenges in using PCR material in food contact applications, which are regulated by the FDA. Despite this, our uses of PCR materials are increasing, and we will continue to build our capabilities in this area. We anticipate sharing this information publicly in future reports.

For more information on how we use post-industrial (PI) recycled content in our manufacturing processes, refer to the “Waste” section of this report.

Certified Fiber Sourcing

Over 99 percent of paper converted in Novolex manufacturing facilities is purchased from suppliers who are certified to the Forestry Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®) or the Programme for the Endorsement of Forest Certification™ (PEFC™) standards.

We also source fiber with chain of custody certification. Chain of custody certification traces the path of products from forests through the supply chain back to its source and is considered the highest standard for sustainably sourced fiber. The FSC Chain of Custody certification, for example, involves verifying that FSC-certified material is identified or kept separate from non-certified material by any company that takes ownership of forest product before the end user. Chain of custody certification from SFI involves assuring that the paper used in specific products represents a sound environmental choice, with raw materials sourced from certified forest content.

FSC certified by NEPCon, a partner of the Rainforest Alliance, also extends to products made from recycled content. The FSC certified paper used to manufacture these products can be traced through the supply chain including collection from the end user, sorting, paper making, transport, bag making and shipment of the finished product.

Certified Standards

We rely on leading industry environmental certification organizations SCS Global Services and GreenCircle® to certify our recycled resin content claims.

We also use the ASTM D6400 standard for many products. This standard applies to products made from compostable plastics, such as corn starch-based polyactic acid (PLA), that are designed to be composted in commercial composting facilities.
Novolex eco-flute® technology is present in ecoCraft® clamshell containers used in quick service restaurants and other “to-go” applications. Three-layer construction places a corrugated layer between an exterior and interior lining composed of Kraft paper. A micro-flute corrugation process minimizes the amount of paper that is needed while retaining strength and using 100 percent post-consumer recycled content. The interior layer in contact with food is virgin paper. The total package contains a minimum of 33 percent post-consumer content.

The ability to manufacture plastics bags made with recycled content is impacted by consumer attitudes as well as available material. The manufacturing technology exists to use up to 100 percent recycled content in plastic bags, and recently Novolex has manufactured bags containing 50 percent or greater recycled content. However, customers and consumers must learn to accept the trade-offs that come with the increased use of recycled content. Bags with higher recycled content, or resin made from used bags, often results in bags that are gray, tan or blue. The higher the percentage of recycled resins used, the darker the bag and the more difficult it can be to balance use of recycled content with customer packaging design requirements.

Working with Our Suppliers

Novolex suppliers play a vital role in supporting our sustainability program and we view our relationship with them as an integral part of our environmental efforts. For example, Novolex helped develop innovative solutions for several paper mill suppliers faced with excess capacity due to the declining production of newspaper in the online news age. With the growing popularity of e-commerce, the need for corrugated cardboard shipping boxes has proliferated, providing an abundant source of post-consumer cardboard waste. We encouraged suppliers to adapt their excess production capacity to convert recycled cardboard to make brown “Kraft” paper. Novolex turned the Kraft paper, which is known for its durability and strength, into new foodservice and carryout bags sold under the Dubl Life® brand. Dubl Life® products are also 100 percent recyclable.

The Dubl Life Story

100% RECYCLED FIBER IN KRAFT PAPER

60% COMPOSED OF POST-CONSUMER CORRUGATED MATERIAL

123+ tons PER DAY OF CORRUGATED CARDBOARD DIVERTED FROM LANDFILLS

Grey is the New Green

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Recycling Plastic Bags

Many municipal recycling facilities lack the equipment to collect and process plastic films. For this reason, some facilities (commonly referred to as “MRFs” or Material Recovery Facilities) exclude plastic films from their collection programs, even though they are highly recyclable. Recognizing early on the need for solutions, Novolex invested in vertically integrated plastic bag manufacturing and recycling plants.

For years, Novolex has partnered with local retailers and grocers across the nation to install plastic bag drop-off sites for the Bag-2-Bag® program. This system is designed to recover and recycle plastic bags, as well as plastic film from dry cleaning, produce, newspapers, paper towel wrappers, resealable bags and more. We encourage our customers to provide information on their packaging that includes the amount of recycled content used in the product and how to recycle them.

Novolex processed or purchased over 60 million pounds of post-consumer recycled plastic film in 2018.

Compostable Bags

BioTuf® compostable can-liners are manufactured with a proprietary polymer blend made from 100 percent renewable resources. Certified by the Biodegradable Plastics Institute (BPI), compliant with ASTM D6400 standard and approved by Cedar Grove testing, BioTuf can-liners are a viable option for diverting waste from landfill to composting facilities.

EcoSense® Plates, Trays and Serving Utensils

EcoSense plates, trays and serving utensils, certified by Green Circle®, achieve a 60 percent reduction in use of virgin resin while maintaining performance. The latest formulation offers a 50 percent reduction in carbon footprint through use of post-industrial recycled content and uses 20 percent less virgin resin than previous designs. Additionally, these products are dishwasher safe and microwaveable, providing greater reusability.

1 Uses 20 percent less plastic and reduces carbon footprint by 50 percent compared to polystyrene counterparts.
Working Towards Zero Waste at Eco-Products

Eco-Products®, a Novolex company that is a certified Public-Benefit Corporation or “B-Corp,” uses an approach that focuses on managing the total waste stream. Eco-Products is one of the leading brands of environmentally preferable foodservice packaging, using renewable resources and post-consumer recycled content to make cups, plates, food containers, utensils and more.

As zero waste advocates, Eco-Products helps customers understand and maximize waste diversion. Frequently, recyclers see food as a contaminant, while composters see it as a valuable input to their manufacturing process. Foodservice operators must contend with the waste of the food packaging and the food scraps that come along with it. When foodservice operators use a fully compostable suite of food packaging products, their customers can put everything—food scraps along with the tray, cutlery, cup or bowl—into the compost bin, which can create a valuable soil amendment called compost.

“AS ANYONE WHO HAS TRIED TO SET UP A COMPOSTING OR RECYCLING PROGRAM KNOWS, THE RIGHT PRODUCTS ARE ONLY ONE PIECE OF THE PUZZLE. BIN SIGNAGE NEEDS TO EDUCATE AND DIRECT CUSTOMERS ON PROPER DISPOSAL, STAFF NEED TO UNDERSTAND HOW TO KEEP COMPOSTABLES AND RECYCLABLES SEPARATE FROM TRASH, AND COMPOSTERS AND RECYCLERS MUST BE WILLING TO ACCEPT THE MATERIAL. WE BRING TOGETHER ALL THE NECESSARY PIECES TO MAKE WASTE DIVERSION SIMPLE FOR OUR CUSTOMERS.”

IAN JACOBSON, President, Eco-Products

TARGET FIELD, MINNEAPOLIS, MN

Eco-Products worked closely with the concessionaire to execute the shift to compostables, including training staff and creating signage used throughout the stadium to inform guests. Food scraps are collected throughout the concourse and suites as well as in the back-of-house food preparation areas. A post-game waste sorting process minimizes contamination for the composter without adding an undue burden to the concessionaire.

RED ROCKS AMPHITHEATRE, MORRISON, CO

As a world-renowned music venue hosting 170+ events and over 1.3 million concertgoers annually, Red Rocks Amphitheatre is an ideal partner for Eco-Products system-focused solutions. By partnering with facilities management and local commercial composting facilities, Eco-Products has helped the venue implement waste diversion strategies that are leading to sustained reductions in landfilled waste.
GREENHOUSE GAS EMISSIONS and ENERGY

NOVOLEX IS COMMITTED to understanding our greenhouse gas (GHG) emissions inventory and developing programs to reduce them in the future. As a company growing through acquisition that now includes 61 sites* across North America and Europe, our data collection and analysis of companywide GHG emissions are evolving to account for our expanding operations.

In 2018, we prioritized data collection and reporting on what we believe to be among our most material emissions and energy sources. In 2019, we are working to improve the completeness of companywide data, including Scope 1, 2 and 3, and identify industry-standard metrics we can use to report on progress.

*as of 2019

Within our manufacturing operations, energy use is the most significant contributor to our carbon footprint.

Energy efficiency is a priority for Novolex. Many of our sites are leading the way with investments in LED lighting and battery-powered forklifts, but we recognize that with improved tracking of energy intensity in our facilities, we will identify additional opportunities for energy efficiency.

In 2018, we began working to collect energy data from our manufacturing facilities to support our efforts to calculate and report emissions from energy and natural gas usage. With companywide data tracking in place in 2019, we expect to report on total energy consumed, grid electricity, use of renewables and total self-generated energy.

OPERATIONS

We strive for low-impact manufacturing across our operations. Whether working to optimize the use of raw materials, transport goods efficiently or reduce waste sent to landfill, Novolex is committed to reducing our impact on the environment. Our approach is to work to integrate our environmental performance into our broader business strategy and pursuit of operational excellence.

All Novolex facilities comply with federal, state and local environmental requirements, including the reporting of emissions and other data as required. Beyond compliance, our environmental, health and safety efforts extend to voluntary programs focused on reducing waste and protecting the environment.

2018 GREENHOUSE GAS DATA

<table>
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<th>INDICATOR</th>
<th>Total Emissions (metric tons CO₂e)</th>
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<tr>
<td><strong>Scope 1</strong></td>
<td></td>
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<tr>
<td>NATURAL GAS*</td>
<td>19,318 tons CO₂e</td>
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<tr>
<td><strong>Scope 2</strong></td>
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<tr>
<td>PURCHASED ELECTRICITY**</td>
<td>289,315 tons CO₂e</td>
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<tr>
<td><strong>Scope 3</strong></td>
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<tr>
<td>FUEL FROM FLEETS**</td>
<td>192,249 tons CO₂e</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>500,882 tons CO₂e</td>
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*Represents electricity and natural gas usage for North American sites. In instances where only partial 2018 data was available, estimates were based on usage patterns (approximately 21% of electricity data, and 12% of natural gas data). For natural gas emissions, data was incomplete for 16 sites, which has been excluded. For electricity, usage for two sites was based on estimates.

**Fleet data exclude some customer and internal transfer shipments.

*as of 2019
Novolex production processes sometimes result in the emissions of volatile organic compounds (VOCs). We comply with all local and federal regulations and our internal processes and procedures continue to evolve with our growing business. In the past several years, Novolex has made progress working with our vendors to reduce the amount of VOCs in our printing inks, helping reduce emissions of regulated pollutants. We monitor our emissions on a frequent basis and are determining if these emissions are material enough to our business to necessitate companywide reporting. Novolex also conducts internal environmental audits to ensure our processes are functioning properly. A monthly review of our environmental performance is shared with our executive team to provide visibility and accountability, leading to corrective actions as necessary.

These programs are intended to optimize the use of raw material and minimize waste, thereby reducing our reliance on virgin content. All of our facilities prioritize waste management and work to reduce waste from our production processes. Processes ensure internal waste streams are captured, sorted and, in the case of resin, re-pelletized for reuse in the manufacturing process.

Non-process waste is also managed carefully. While many of our plants have programs in place to manage or reduce waste sent to landfill, we have not determined the appropriate method of collecting and reporting on this data. Going forward, Novolex will endeavor to understand the materiality of remaining production and hazardous waste sent to landfill. These efforts will allow us to explore and prioritize additional opportunities for waste reduction.

In 2018, Novolex captured, repurposed or reused over 250 million pounds of plastic raw material through scrap collection, re-pelletizing, and other internal recycling programs. These programs are intended to optimize the use of raw material and minimize waste, thereby reducing our reliance on virgin content. All of our facilities prioritize waste management and work to reduce waste from our production processes. Processes ensure internal waste streams are captured, sorted and, in the case of resin, re-pelletized for reuse in the manufacturing process.

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Novolex Pellet Retention Program

In the course of production, the use of resin-based materials can inadvertently generate flakes and powder as well as lost pellets. Unless managed appropriately, these materials can find their way into the environment. To mitigate these unintended consequences, Novolex participates in Operation Clean Sweep®, a voluntary plastics industry program designed to prevent pellet and flake loss into the environment.

Using Operation Clean Sweep principles as a foundation, Novolex has customized our operations procedures and training programs. Using a team composed of representatives from across our resin-based manufacturing facilities, we developed a single standard for excellence—the Novolex Pellet Retention Program—a consistent process to monitor, manage and eliminate pellet loss to the environment. The Novolex Pellet Retention Program includes companywide guidelines, training programs, regular audits and inspections to ensure compliance.

Investments in Post-Industrial Recycling

Efficient handling of post-industrial waste has been developed through years of process engineering and investments in manufacturing. Over the past decade, Novolex has invested in and installed multiple internal recycling lines so that we can capture, reprocess and use engineered scrap. This includes two vertically integrated polyethylene recycling facilities, as well as multiple “in-line” formers set up to capture waste, regrind it and feed it back into the manufacturing process automatically. Scrap grinders capture the remaining waste so it can be reprocessed or sold as post-industrial recycled content.

Our efforts to minimize waste and recycle extend to paper operations where in-house scrap-collection systems capture and compact paper scrap for recycling. In Franklin, Ohio, our manufacturing process uses a series of suction vents set up throughout the facility’s rafters. These vents pull small pieces of paper scrap off the manufacturing line and floor, directing them to the compactor where they are later picked up for recycling.
WATER

AT THIS TIME, NOVOLEX BELIEVES water use is only noteworthy in our two recycling facilities. For this reason, we are not reporting on total water withdrawn and consumed in 2018. In the future, we will seek to further understand our water use and identify priorities for our most water-intensive operations.

FUEL USE for FLEETS

TRUCKS ARE USED to transport materials between Novolex facilities and ship goods to customers. In 2018, Novolex embarked on a plan to streamline shipping and freight operations by evaluating potential consolidation of distribution warehouses and customer shipments. This initiative will help reduce unnecessary freight miles and improve speed of service to customers, which we expect will also lead to reduced greenhouse gas emissions from fuel consumption in our freight suppliers’ operations. In 2019, we expect to assess the resulting data and establish a baseline for reporting going forward. Our net CO2 emissions from our internal transfer and customer shipments for 2018 are reported in the GHG and energy section on page 21.

FOOD and PRODUCT SAFETY

ACROSS THE BUSINESS, many of our plants that supply the food processing and foodservice sectors have or are pursuing Safe Quality Food (SQF) certification. Packaging for butter sticks and ice-cream bars and wrappers for candy and confectionary products, for example, use Novolex specialty packaging products. Paper and non-paper products are also used extensively in the quick service restaurant sector where prepared foods are served or carried out in wraps, clamshells and trays.

Currently, 28 Novolex manufacturing centers produce food packaging and comply with the food safety guidelines established by the Global Food Safety Initiative (GFSI). Compliance with GFSI is achieved through certification to accredited standards such as the Safe Quality Food (SQF), the British Retail Consortium (BRC) and the Food Safety System Certification (FSSC 22000) programs. These accredited food safety standards are recognized by retailers, brand owners and foodservice providers. GFSI-recognized standards are designed to meet industry, customer and regulatory requirements for all sectors of the food supply chain. Our facilities are monitored annually by accredited third-party auditors to verify compliance with all applicable standards.
SAFETY

AT EVERY ONE OF OUR MANUFACTURING CENTERS, our 10,000 employees—and the families who depend on them—deserve and expect a safe work environment. To fulfill our commitment to them, we have implemented a workplace safety policy and program that is improving safety performance across the company. Safety is regularly reviewed by Novolex executive leadership and reported to the Board of Directors.

A robust safety culture rests on a foundation of shared responsibility. From executive leadership and facility managers to our team of safety experts and technicians on the factory floor, we believe safety is everyone’s job. That degree of awareness and commitment can ensure employees start their day with the confidence that they are part of a team that respects them and will enable them to return home injury-free.

A leading safety program starts with being proactive. Our risk identification program is followed by the development of training curricula and repeated training cycles to maintain high levels of safety awareness. A learning management system is tailored to meet the unique operations of each facility while adhering to and frequently exceeding OSHA standards. Between 12 and 15 mobile safety audits are conducted monthly at each facility, combined with comprehensive annual audits, ensuring that we are maintaining the highest levels of compliance and accountability.

“OUR GOAL IS TO BE A WORLD-CLASS SAFETY ORGANIZATION. WE’RE WELL ON OUR PATH AND TO GET US THERE, WE ARE IMPLEMENTING AND REINFORCING OUR SAFETY PROGRAMS EVERY DAY. OUR NUMBERS ARE STILL IMPROVING, AND WE’RE GRATIFIED TO SEE STEADY DECLINES IN INJURY RATES YEAR OVER YEAR, EVEN WHEN ACCOUNTING FOR OUR ACQUISITIONS.”

MATT CARTER, Director, Health and Safety

INVESTING IN OUR PEOPLE and COMMUNITIES

We believe investing in our people and our communities provides better results for Novolex and a positive impact in the communities where we live and work. As an employer, we hold ourselves to high standards that respect and protect the welfare of all our employees by providing safe work environments, opportunities to develop new skills and access to competitive compensation and other benefits. Those benefits include access to health and welfare care for our Novolex families. As members of communities, we strive to be active participants in our hometowns and support employee activities that directly contribute to their communities.
While no injuries are acceptable, we are proud of our safety performance. In 2018, both total recordable injury rate and number of incidents are below the average for companies in our industry. Since the introduction of the program in 2014, total recordable injury rates have declined by 30 percent.

To maintain momentum for continuous improvement, we engage factory floor supervisors and machine operators to understand safety concerns and identify opportunities for improvements. Three safety forums engage employees to benefit from their insights.

1. Safety Roundtables rotate all technicians at each location through sessions with facility management to review processes and safety procedures.
2. Safety Committees regularly convene hourly and management committee members to discuss safety, training and results of compliance audits.
3. Quarterly Plant Surveys at each location gather employee opinions on different aspects of the safety program to identify opportunities for improvement.

While Novolex legacy operations have a strong track record of safety performance, some of the businesses we acquired since 2014 did not operate with a safety performance equal to our own. As a result, employee safety has become a cornerstone of our acquisition integration process and is implemented through a five-component safety program.

**FIVE COMPONENT ACQUISITION INTEGRATION SAFETY PROGRAM**

1. A 30-60-90-day safety plan with targets that exceed OSHA standards
2. E-learning systems to ensure timely, consistent and evolving training modules
3. Mobile inspection program to enable real-time improvements
4. Certified audits and action plans that track all open items until completion
5. Engineering controls to further reduce risk

**Acquisition Integration Safety Strategy**

“SAFETY IS A WAY OF LIFE FOR ME, PERSONALLY AND PROFESSIONALLY. WHEN YOU CONSIDER YOURSELF PART OF THE NOVOLEX FAMILY, YOU LOOK OUT FOR ONE ANOTHER. EACH DAY, THE MORE EYES WE HAVE ON EACH OTHER, THE BETTER.”

BRETT CAMPBELL, Plant Manager, Richwood, KY

*Total Injury Recordable (TIR) Rate is defined as the number of work-related injuries per 100 full-time workers during a one-year period.*
Workplace Responsibility and Social Compliance in the Supply Chain

Ethics and integrity at Novolex extend to the relationships we have with customers and suppliers. Our customers range from iconic global brands to small independent businesses. Large or small, each of them expects us to comply with their standards and respect their values. Our customer compliance program applies a rigorous process that responds to customer audits of Novolex manufacturing sites that supply products to their operations. Customer audits can cover a wide range of environment, health and safety criteria as well as social obligations that ensure fair employment standards are met. Third-party audits may also be used to further validate Novolex compliance with customer standards.

Novolex expects suppliers to meet our expectations for responsible workplace practices. To validate compliance by our suppliers with Novolex requirements, we rely on certified third-party vendors to evaluate and, if needed, conduct on-site audits. Corrective action plans can be imposed, and adherence monitored until requirements are met. Novolex reserves the right to suspend or end relationships with any supplier that fails to meet our standards.

Human Rights

Respect for human rights is a vital component of our ethics and integrity program. We have a zero-tolerance policy regarding the use of child or illegal labor, abusive or forced labor or human trafficking within our operations. We are vigilant across all our operations in ensuring this policy is adhered to and that our hiring practices scrutinize applicants to ensure Novolex family members meet the criteria to legally work in the country in which they are employed.

NOVOLEX UNDERSTANDS that our reputation rests on the conduct of every member of the Novolex family. We hold our employees and business partnerships to the highest ethical standards and this expectation is woven through the fabric of our culture and everyday communication. The Novolex Employee Code of Conduct sets out seven guiding principles of ethical conduct and compliance for our business interactions. We expect every employee to adhere to the Code, following both its letter and spirit.

An Ethics and Compliance Helpline is available to employees, contractors and vendors to express concerns related to potential violations of the Code. The Helpline is accessible 24/7 and staffed by third-party specialists who speak a variety of languages. All calls are treated confidentially with an option for callers to file potential Code violations anonymously. Novolex has a strict non-retaliation policy and will not retaliate against any person who raises an ethics or compliance issue in good faith through proper channels.

SEVEN GUIDING PRINCIPLES OF ETHICAL CONDUCT

1. Obey the law
2. Avoid conflicts of interest
3. Keep accurate and honest records
4. Honor business obligations
5. Treat people with dignity and respect
6. Be a responsible global citizen
7. Protect company information, assets and interests

ETHICS and INTEGRITY

investing in our PEOPLE and COMMUNITIES

investing in our PEOPLE and COMMUNITIES
TALENT DEVELOPMENT

NOVOLEX OFFERS A RANGE of on-the-job training, development and career-entry programs to support employees, increase retention and prepare the company for the future. With our continued growth, in 2018 Novolex pursued a series of pilot initiatives and programs designed to enhance employee development. In 2019, we are expanding and integrating these programs more broadly across the company in a program we are branding Novolex University, a comprehensive employee and leadership development curriculum and learning management system.

Pay for Skills Program

In many of our manufacturing facilities, our Pay for Skills program prepares employees for the next step in their development and provides other options for career advancement. With skills-based pay incentives, we encourage employees to increase their knowledge, broaden their exposure to other areas of the plant and improve their technical expertise. In participating facilities, employees who do not wish to take on supervisory responsibilities have opportunities to expand their skills and increase their pay. With each completed step in the program, employees are eligible for up to a 10 percent pay increase.

Entry-Level Programs

We strive to help younger generations in our communities develop vocational skills. We have programs that offer youth a one-month training internship to prepare them for careers in manufacturing. These sessions provide participants with firsthand insight into careers as machine operators as well as additional technical training that will provide opportunities for them to advance as team leaders and to other growth positions.

Internship Program

Novolex hosts a summer internship program that enables college students to learn about careers in manufacturing and beyond.

Second Chances

Novolex believes in second chances. In one of our evolving programs, Novolex is partnering with the Women’s Division of the Department of Corrections in Indiana to support its work-release program. For the last 18 months of their sentences, non-violent offenders are offered full-time positions at our bag manufacturing and recycling center in Indiana. At the conclusion of their sentences, those women who have met our criteria have the opportunity to continue their employment with Novolex. Many of those who participate in the work-release program choose to move into the area to become members of the community.

"OUR INTERNSHIP PROGRAM PROVIDES A GREAT OPPORTUNITY FOR US TO IDENTIFY POTENTIAL TALENT WHILE GIVING THE STUDENTS A GLIMPSE INTO ROLES THEY COULD CONSIDER FOR FULL-TIME POSITIONS AFTER GRADUATION. EACH INTERN COMPLETES THEIR INTERNSHIP WITH A SENSE OF IMPROVED SELF-SKILL AND KNOWLEDGE. WE HOPE THAT THEY CONTINUE IN THEIR STUDIES STRONGER FOR THE EXPERIENCE AND RETURN TO NOVOLEX AS FULL-TIME EMPLOYEES ONE DAY."

KATIE HENDRIX, Internal Communications and Human Resources

"NOVOLEX HAS BEEN A VITAL PARTNER IN OUR EFFORTS TO REINTRODUCE OUR RESIDENTS INTO THE COMMUNITY. WORK-RELEASE HAS PROVEN TO BE A GREAT TWO-STEP PROCESS, AND WE’RE GRATEFUL TO NOVOLEX FOR THEIR WILLINGNESS TO PARTICIPATE AND HELP OUR WOMEN REENTER AS PRODUCTIVE MEMBERS OF SOCIETY."

HANNAH DOUGLAS, Indiana Department of Corrections
Employees wear pink to show their support for Breast Cancer Awareness Month and the Pink Bag program.

Supporting a Cure

Annually, the Novolex Pink Bag program raises awareness about breast cancer, combining business with philanthropy. In conjunction with Breast Cancer Awareness Month, we offer customers special pink plastic bags that retain their regular custom branding. The bags help our customers show their support for breast cancer awareness and, in turn, generate greater awareness among their consumers of the month-long activities that take place around the country. Novolex also donates a portion of the proceeds from the sale of these bags to breast cancer awareness programs.

COMMUNITY SUPPORT

AT NOVOLEX, philanthropy comes in many different forms across our locations. Employees come together to donate time and goods to many different charities, including the Special Olympics, local hospitals and cancer research institutions, the Boy Scouts and local food banks. Several of our facilities donate obsolete inventory such as plastic utensils, plates and cups to local nonprofits to distribute to those in need. In Hartsville, S.C., members of the Novolex family started a tradition of giving back over the holidays. The team collected nonperishable food, socks, sweaters and winter coats to donate to Carolina’s Kids, which provides area children with school supplies, food and financial support for field trips and other enrichment programs.

Supporting Novolex Families with Special Needs

One in every six children is diagnosed with a developmental disability that affects parents’ productivity in the workforce. Novolex offers support to employee families caring for children with these special needs by providing free access to resources through the Rethink program, developed by Rethink Benefits. Employees have access to 24/7 live support from a behavioral expert, as well as a library of how-to videos, tips and best practices.

Novolex employees share a passion for staying fit by running and participating in 5K and 10K races in our hometowns. Posting photos is part of the fun and strengthens the bond among members of the Novolex employee family.

Employees wear pink to show their support for Breast Cancer Awareness Month and the Pink Bag program.
Novolex™ develops and manufactures diverse packaging and foodservice products that touch nearly every aspect of daily life for multiple industries ranging from grocery, food packaging, restaurant and retail to medical applications and building supplies. The Novolex family of brands provides customers with innovative paper and plastic solutions for their business needs today while investing in research and development to engineer more sustainable choices for the future.