# CCL
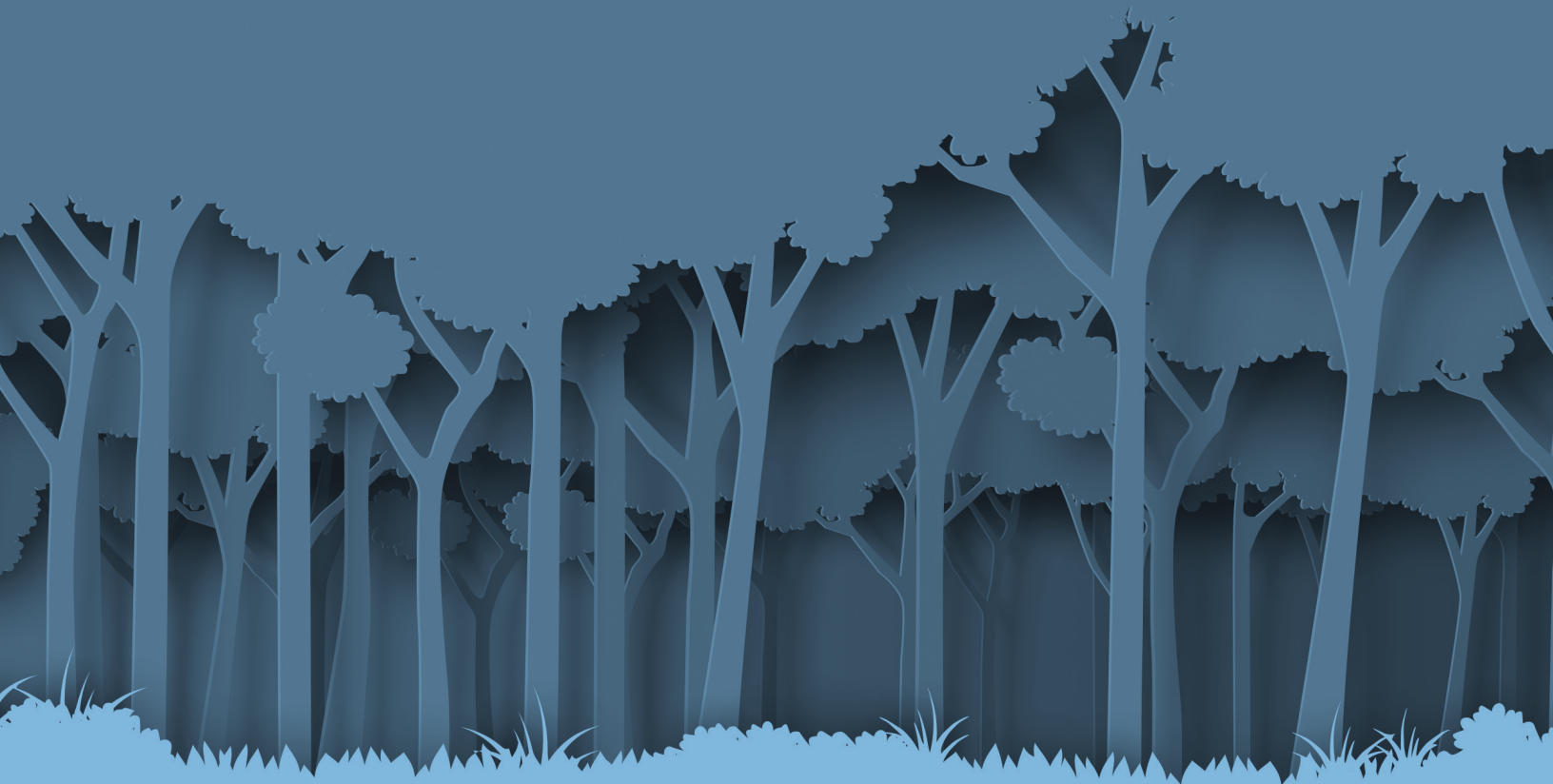
# Laying the Groundwork for a Sustainable Future

**2019** Sustainability Report
CCL Industries, Inc.

# Contents

# Reporting at CCL Industries

This report covers Environmental, Health & Safety and Social data for the calendar year 2019. All data is global in nature, unless otherwise noted, and includes all facilities where CCL Industries ("the Company" or "our Company") holds financial control defined as at least a 50% ownership stake in the business. This includes manufacturing plants, corporate and divisional headquarters, warehouses and sales offices. Greenhouse gas emissions are calculated in compliance with the Greenhouse Gas Protocol reporting standard and have been verified by an independent third party. A verification statement is available on the CCL Industries website: www.cclind.com.

In this first year, we strived to collect a robust data set to establish a baseline that can be built upon in the years to come. We engaged customers, investors, employees, suppliers and other stakeholders in identifying areas of priority for data collection and aggregation. We collected data from Scopes 1, 2 and 3 using the market-based methodology for Scope 2 calculations. In aggregating data where supplier engagement was required, we set a target of collecting over 80% of relevant data, in particular for materials purchased categories. In the coming years, we will continue to build upon this groundwork by expanding reporting capabilities to fill in any identified gaps and updating our environmental impact assessment strategy as standards continue to evolve.

# A Letter from the President & CEO

"For many years, our global business units carried the torch for these subjects, implementing environmental programs and developing sustainable products to serve growing market imperatives to reduce waste and mitigate the impacts of climate change."

**Geoffrey T. Martin**
President & Chief Executive Officer

2019 and 2020 were landmark years in addressing important topics of our time: Sustainability and Social Responsibility. In July 2019, we responded to a growing need for standardization of data collection, reporting and setting goals for Sustainability. A Corporate Social Responsibility ("CSR") team was created and tasked with breaking down the silos of information spread across our four business segments, standardizing reporting for environmental and social data, and increasing transparency for our stakeholders as to our policies and programs. In just 18 short months we created our five-pillared program, globally rolled out our software tool for data aggregation, prepared our Company's first year of global environmental reporting, set global waste targets, completed a materiality assessment to identify our priorities and finally and most importantly, created this Sustainability report to disclose our global data findings.

For many years, our global business units carried the torch for these subjects, implementing environmental programs and developing sustainable products to serve growing market imperatives to reduce waste and mitigate the impacts of climate change. Our CSR initiative does not replace programs customers developed in collaboration with our business units in the past but creates a detailed and audited baseline of information to measure our total performance as a Company. Now we can set ambitious new priorities that we will build on, continuously bringing to market the most sustainable product design and process technology in our industry.

With increased focus and attention on Sustainability and Social Responsibility from customers, shareholders, suppliers and our employees, our priority is to develop programs that result in concrete and materially relevant results for our Company. I am very confident that *"Laying the Groundwork for a Sustainable Future"* creates the solid foundation of data and programs we will need to continue building not just a better Company, but a better world.

**Geoffrey T. Martin**
President & Chief Executive Officer

# Company Overview

| Financial Data 2019 *in millions of Canadian dollars except per share | |
|---|---|
| Net Sales | $5,321.3 |
| EBITDA | $1,067.2 |
| Net Earnings | $477.1 |
| Basic Earnings per Class B Share | $2.68 |

**21,400** Employees | **35%** Female

**183** Production Facilities
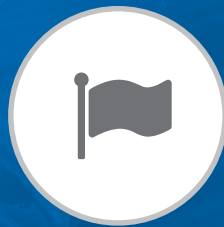
**42** Countries

**6** Continents

## Purchases by Material

| Wood/Paper: | Metal: | Plastic: | Cardboard: |
|---|---|---|---|
| 24% | 6% | 62% | 8% |

## Production by Substrate Material[1]

| Wood/Paper: | Metal: | Plastic: | Cardboard: |
|---|---|---|---|
| 26% | 6% | 67% | 1% |

[1] During data collection, information regarding textile substrates for Checkpoint was not available. In 2020, this information will be incorporated into our disclosure.

## CCL: 62% of Sales

CCL is the world's largest converter of pressure sensitive and specialty extruded film materials for a wide range of decorative, instructional, functional and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device and automotive markets. Extruded & laminated plastic tubes, aluminum aerosols & specialty bottles, folded instructional leaflets, precision decorated & die cut components, electronic displays, polymer banknote substrate and other complementary products and services are sold in parallel to specific end-use markets.

### Production by Substrate in Metric Tons

| Plastic: | Paper: | Aluminum: | Steel: |
|----------|--------|-----------|--------|
| 52,562 | 53,510 | 16,598 | 804 |

## Avery: 14% of Sales

Avery is the world's largest supplier of labels, specialty converted media and software solutions for short-run digital printing applications for businesses and consumers available alongside complementary products sold through distributors, mass-market stores and e-commerce retailers.

### Production by Substrate in Metric Tons

| Plastic: | Paper: | Aluminum: |
|----------|--------|-----------|
| 782 | 18,193 | 29 |

| Steel: | Cardboard: |
|--------|------------|
| 3,341 | 2,199 |

## Checkpoint: 14% of Sales

Checkpoint is a leading developer of RF and RFID-based technology systems for loss prevention and inventory management applications, including labeling and tagging solutions, for the retail and apparel industries worldwide.

### Production by Substrate in Metric Tons[1]

| Plastic: | Paper: |
|----------|--------|
| 55 | 10,576 |

## Innovia: 10% of Sales

Innovia is a leading global producer of specialty, high performance, multi-layer, surface engineered films for label, packaging and security applications.

### Production by Substrate in Metric Tons

| Plastic: |
|----------|
| 156,644 |

# Corporate Governance

The Board of Directors of CCL Industries is responsible for the stewardship of the Company, and for overseeing the management of the Company's business and affairs. This includes oversight of Environmental, Social and Governance (ESG) risks, including climate change.

The Nominating and Governance Committee of the Board is responsible for assessing the Company's governance-related policies and proposing amendments to the Board, including with respect to the Company's ESG policies and practices.

The CSR Committee of the Board is responsible for oversight of the Company's policies, management systems and performance with respect to environmental matters, and its compliance with related legal and regulatory requirements. It is responsible for overseeing that appropriate environmental due diligence is performed prior to the acquisition of new businesses. The CSR Committee is also responsible for assessing and monitoring the Company's sustainability risks and practices regarding environmental issues and climate change risk, and for overseeing its sustainability reporting.

The Human Resources Committee of the Board is responsible for overseeing the Company's Ethics Policy as part of its charter.

The Mandate of the Board and the Charters of its various Committees are available on our website at www.cclind.com and under our issuer profile at www.sedar.com.

"The CSR Committee is also responsible for assessing and monitoring the Company's sustainability risks and practices regarding environmental issues and climate change risk, and for overseeing its sustainability reporting."

**Donald G. Lang**
Executive Chairman

**Kathleen L. Keller-Hobson**
Lead Director

**Risk Management:** The Company is committed to preserving the environment, not just because it's the right thing to do, but because we all breathe the same air, drink the same water and live with the limited resources of this planet. We believe all companies, as well as people, have an inherent responsibility to do their part, and we are no different. Risk Management policies are established to identify and analyze the risks faced by the Company, to set appropriate limits and controls and to monitor performance and regulatory compliance. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and business activities.

**Climate Change Risks** are assessed on an ongoing basis including the frequency and severity of weather-related events which could damage facilities, disrupt operations, impact revenues and cash flow and create financial risk. These could result in substantial costs such as emergency response efforts during the event, reinstatement of regular business operations and repair or replacement of premises and equipment. With over 180 locations spread around the world, our climate change event risk is broadly distributed geographically with average annual sales per site below $30 million. The Company maintains insurance coverage for its facilities that we believe is customary or reasonable given the cost of procurement and current operating conditions. Global climate change also gives rise to other risks to the Company's business and operations, including supply chain disruptions, increased regulation and market shifts in supply and demand.

**Turning Risks into Opportunities:** Our global businesses work closely with customers to innovate products that address their sustainability needs often driven by the changing demands of consumers. We have increasingly adopted sustainable practices and deployed initiatives to reduce our carbon footprint, create cost-savings and position the Company as an innovation leader in the field. Our global businesses deploy the best ideas from employees and supply chain partners to create additional opportunities out of climate-related market shifts including investing in resource-saving technologies and waste-reducing processes.

**Regulatory Compliance:** We closely monitor all regulatory matters including environmental and social compliance using resources reporting directly to the Chief Executive Officer ("CEO").

# Materiality Assessment

With a growing focus on sustainability, CCL Industries conducted its first Materiality Assessment in line with Global Reporting Initiative (GRI) materiality guidance to identify the priority CSR topics and issues for our Company. The results of this assessment will guide our sustainability reporting, goal-setting and related initiatives. We invited customers, suppliers, investors and employees to rank areas of greatest importance to them as key stakeholders.

1. Climate Risks
2. Emissions
3. Energy
4. Waste
5. Hazardous Waste
6. Water
7. Circular Innovation
8. Life Cycle Assessments
9. Workplace Safety
10. Diversity & Inclusion
11. Compensation, Remuneration, & Benefits
12. Human Rights
13. Legal Compliance
14. Compliance with Standards
15. Talent Management
16. Corporate Citizenship & Philanthropy
17. Local Impacts
18. Supply Chain Environmental Engagement
19. Supply Chain Social Responsibility
20. High Quality Products
21. Sustainability Project Partnerships
22. Data Privacy & Security
23. Economic Performance
24. Long-Term Strategy
25. Transparency
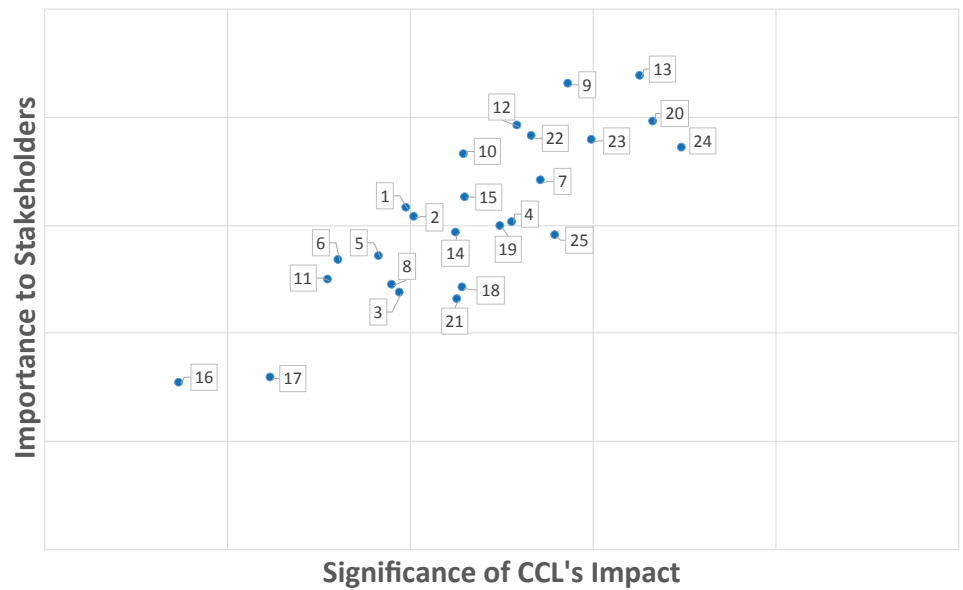


*The above graph shows the distribution of materiality assessment results ranked from lowest significance of CCL's impact and lowest importance to stakeholders to highest significance of CCL's impact and highest importance to stakeholders. Results have been weighted to represent each of our stakeholder categories equally.*

The results of the survey showed that priority issues for CCL Industries' stakeholders include Workplace Safety, Legal Compliance, High Quality Products, Economic Performance and Long-Term Strategy. These categories align with the policies and programs in place at the Company to deliver high quality and innovative products, establish a safe and healthy workforce and increase economic performance and shareholder value.

# United Nations



Improving sustainability performance is one of our primary corporate objectives over the next five years and beyond. To demonstrate our commitment, CCL Industries adopted the 17 United Nations 'Sustainable Development Goals'. Each goal has specific targets to be achieved by 2030 providing a framework to benchmark performance and identify next steps to improve. We identified seven of these goals most closely interlinked with the five pillars of our CSR program: Sustainability, Ethics, Health & Safety, Circular Innovation and Responsible Supply Chains.

# Corporate Social Responsibility Initiative

CCL Industries' CSR initiative is designed to enhance the integration of social and environmental concerns into our business operations and interactions with stakeholders. A CSR team has been created to closely monitor and implement sustainability and environmental programs and reports directly to the CEO. Five key pillars have been identified under this program to align with previous and existing corporate initiatives: Sustainability, Ethics, Health & Safety, Responsible Supply Chains and Circular Innovation.

**CCL**

CORPORATE SOCIAL
RESPONSIBILITY

- SUSTAINABILITY
- ETHICS
- HEALTH & SAFETY
- RESPONSIBLE SUPPLY CHAINS
- CIRCULAR INNOVATION

**Sustainability:** The Company is committed to helping customers meet their targets by developing new products while reducing the environmental impact of its manufacturing processes. In 2019, we invested in greenhouse gas tracking software to monitor and report emissions from our global operations. Waste reduction is a priority: diverting waste currently being sent to landfill to recycling and incineration, reducing costs by minimizing waste generation at source and, where viable, reusing or selling manufacturing by-products.

**Ethics:** The Company has a good reputation for ethical excellence. The Company's Global Business Ethics Guide is its primary policy on workplace practices, human rights, health and safety, ethical conduct and fair business practices for all employees. As a global enterprise with enormous cultural diversity in our workforce, inclusion is also an important factor for our future success.

**Health & Safety:** The health and safety of the Company's employees around the world is a top priority. The Company's current Environmental Health & Safety ("EHS") policy and robust safety reporting programs address the statutory requirements of the countries where the Company does business.

**Responsible Supply Chains:** The Company continues to work with its supply chain partners to reduce the overall environmental and social impacts of its products including transportation, secondary packaging, and material sourcing. In so doing, the Company established manufacturing sites and distribution centers close to the customer's point of use, developed innovative environmentally friendly products and sourced sustainable materials.

**Circular Innovation:** The Company's product innovation teams work directly with customers to create sustainable products applicable to their needs while supporting end consumer demand to reduce waste in the environment. For example, CCL Label created a line of products, including EcoStream® and EcoFloat™ that help customers recycle single use packaging by facilitating easy removal of labels from plastic bottles, and biodegradable EcoSolve® labels.

2   This figure is based on Scopes 1, 2, and 3 emissions combined.

# Sustainability

In 2019, the Company prepared a full carbon disclosure assessment calculating key environmental impacts from its global business operations. Our emissions were calculated using the Greenhouse Gas protocol and the data below for Scope 2 using the market-based methodology. The Company conducted a materiality assessment to determine areas of priority for disclosure. Scope 3 categories identified as material to CCL Industries and included in this report are: Purchased Goods & Services, Inbound Deliveries, Waste, Water, Business Travel and Electricity Transmission & Distribution Losses.

**6** CLEAN WATER AND SANITATION  **12** RESPONSIBLE CONSUMPTION AND PRODUCTION  **13** CLIMATE ACTION  **14** LIFE BELOW WATER  **15** LIFE ON LAND  **17** PARTNERSHIPS FOR THE GOALS

**Emissions:** For Scope 1 and Scope 2, the majority of CCL Industries' emissions are the result of electricity and natural gas usage at our global locations. Like many manufacturing companies, the majority of our emissions - 62% - are captured under Scope 3 with more than 80% of that resulting from supply chain material purchases. Our CCL and Innovia business segments were responsible for generating 89%[2] of greenhouse gas emissions across all Scopes (1,2,3) with higher rates of electricity usage and carbon intensive material purchases including plastics and metals compared to Avery and Checkpoint.

**Waste** is a significant area in terms of our overall environmental impact and stakeholder priorities. With increasing consumer and regulatory attention being paid to the end-of-life treatment of product packaging, we must meet the growing demand for waste reduction and recycling compatible product lines. While the Company already recycles the majority of waste from its global operations, our label plants that convert pressure sensitive materials generate a higher proportion of waste in the production process (matrix) and during their application

(liner). Finding recycling options and reducing the overall amount of matrix and liner waste from labels is an important industry challenge. Some of our facilities established partnerships with key suppliers to recycle liner waste generated during label application. Customers can return any liner generated at their facilities to be recycled, regardless of the supply source of the labels or material supplier that created the substrate, reducing the environmental impact of both our products and our customers' operations.

We are setting several ambitious waste targets to reduce this key environmental impact of our products including a 90% reduction globally in waste to landfill by 2025 and 100% of facilities in North America and Europe becoming net-zero waste to landfill by 2030. More information regarding our waste targets can be found under Targets and Goals. Despite recycling challenges for matrix waste, CCL Industries sent only 30% of our 2019 total manufacturing waste to landfill with the majority recycled, incinerated or composted. 60% of the waste not sent to landfill was recycled.

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2   This figure is based on Scopes 1, 2, and 3 emissions combined.

Innovia, Checkpoint, CCL Container and CCL Tube units have the highest recycling rates in the Company with highly reusable manufacturing byproducts including plastics and metals. For example, Checkpoint partners with fashion retailers on hard security tag return programs to minimize shipping and delivery emissions in addition to the environmental benefits of reusing and recycling the tags.

**Water:** CCL Industries strives to use water responsibly by minimizing consumption at our global locations and maintaining the quality of water leaving our facilities. We know water is often a critical resource within the local communities where we do business. One in three of our global facilities are based in water stressed regions[3] but the overall impact from our operations and related risks are considered low with water primarily used for sanitation, cleanup processes and cooling systems within the manufacturing process. There were no known incidents of non-compliance associated with water quality permits, standards and regulations in 2019.

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3   CCL Industries identified areas with water stress as locations with High (40-80%) or Extremely High (>80%) Baseline water stress according to the WRI Aqueduct tool.

CCL Label's EcoStretch™ Sleeves offer the lowest carbon footprint of our PET bottle decoration technology options. They are stretched and applied without use of adhesives or heat and the low density film removes cleanly for easier bottle recycling. Sleeve waste can then be de-inked and the film recycled into reusable resin supply.

## Environmental Data:

### Greenhouse Gas Emissions MT $CO_2e$

**Total Combined Emissions By Business Segment: Scopes 1, 2, and 3**



Innovia 46%
Avery 7%
Checkpoint 4%
CCL 43%
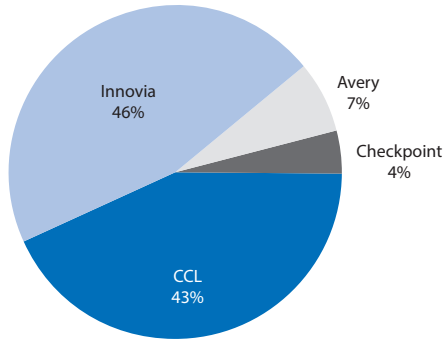
Scope 1: 142,830    Scope 2: 258,471    Scope 3: 653,647

**Total: 1,054,948**

**Scope 3 Breakdown**

| | |
|---|---:|
| Total Scope 3 | 653,647 |
| Purchased Goods & Services | 528,537 |
| Inbound Deliveries | 79,622 |
| Waste | 25,475 |
| Water | 1,496 |
| Business Travel | 18,500 |
| Electricity T&D Losses | 17 |

### Environmental Data Usage

| | Unit | CCL Industries |
|---|---|---:|
| **Energy Consumption** | MWH | 1,280,213 |
| % of renewable energy | % | 2 |
| on-site renewable energy | MWH | 33 |
| grid electricity | MWH | 572,141 |
| **Water** | | |
| Renewable Groundwater Supply | m³ | 292,296 |
| Municipal Water Supply | m³ | 1,287,596 |
| Total Water Usage | m³ | 1,579,892 |
| **Waste** | | |
| Landfill | MT | 27,964 |
| Incineration | MT | 24,170 |
| Recycled | MT | 38,341 |
| Compost | MT | 1,698 |
| **Material Purchases** | | |
| Paper | MT | 82,295 |
| Cardboard | MT | 28,371 |
| Aluminium | MT | 16,627 |
| Steel | MT | 4,146 |
| Total Plastic | MT | 210,043 |
| Recycled Plastic | MT | 434 |

**Targets and Goals:** Developing a detailed environmental impact assessment for our global operations was a priority for the Company in 2019 and 2020. In the coming years, we plan to continue to enhance our reporting to ensure full disclosure of material environmental metrics and impacts. Having a robust baseline will allow us to set targets and goals on critical environmental impact areas for our Company.

In August 2020, CCL Industries signed onto the New Plastics Economy Global Commitment, a circular vision in which plastic never becomes waste. In 2018, the New Plastics Economy, a part of the Ellen MacArthur Foundation, launched The Global Commitment to unite businesses and governments to commit and work for change in the production, use and reuse of plastic.

With waste being a materially relevant environmental impact for CCL Industries' operations and stakeholders, our Company announced the following key targets to reduce waste within our operations and the supply chain.

- By 2025, customers of CCL will be able to choose label products and solutions that will not hinder consumer packaged goods to be recyclable, reusable or compostable.

- CCL will limit industrial waste ending up in the environment or in landfills by implementing waste reduction strategies. We are setting goals of cutting today's level of waste to landfill by 90% globally by 2025 and eliminating all landfill from our manufacturing process by 2030 in North America and Europe.

- CCL will use a fixed financial percentage of its research and development ("R&D") resources annually towards further development of sustainable and circular products.

- CCL will continue to work collaboratively across the plastic value chain to ensure packaging is sorted and recycled in practice and at scale by developing enabling label solutions.

CCL Label's Food and Beverage Facility in Völkermarkt, Austria is a leader in sustainable Shrink and Stretch Sleeve products.

# Ethics

Since 1951, CCL Industries has a good reputation for ethical excellence with values that are the foundation of our success. They reflect our history and define our future, demonstrating a commitment to high standards, honesty and integrity. Our Global Business Ethics Guide represents the primary policy on ethical conduct and fair business practices for all employees. This Guide covers a wide range of topics, including but not limited to regulatory compliance, anti-corruption, human rights and methods of reporting ethical concerns. Reviewing the Guide is an important part of new hire training and our global facilities are audited to ensure all new hires receive a copy of the ethics guide and sign a commitment of adherence to the code.

**Human Rights and Community Relations:** CCL Industries respects the human rights of all employees globally, does not tolerate harassment or discrimination and is committed to the communities in which we do business. We are dedicated to diversity and inclusion in the workplace providing equal employment opportunities to all employees and applicants respecting applicable laws and regulations. Each and every employee worldwide is responsible for maintaining a workplace that is free from discrimination, harassment, violence and substance abuse. We expect employees to treat each other and those with whom they have business dealings with courtesy, respect and honesty. We will comply with all applicable local and international laws and regulations protecting human rights including but not limited to child labor, forced labor, discrimination and human trafficking. We seek to improve the communities in which we do business by supporting local health and social services, community development, protection of the environment and other local initiatives by encouraging our employees to volunteer their time to such programs.

**Data Security:** CCL Industries' assets and information include physical property and equipment, technology and confidential & proprietary information. The Company considers data a corporate asset and as such, it must be protected from unauthorized access. All authorized users of computer resources are required to protect these assets against unauthorized usage, access, modification, destruction, disclosure, loss or transfer of data, whether accidental or intentional. Violation of this policy could result in termination and, where appropriate, criminal prosecution of the responsible person(s).

**Product Quality & Safety:** As a global company, CCL Industries serves a variety of markets where the quality of our products is critical to consumer safety. In Healthcare, a printing error can result in altered label content and potentially negative health outcomes for patients. High quality standards and strict adherence to regulatory requirements at our global facilities protect the consumer, reducing overall risk for our customers. All global facilities follow Good Manufacturing Practices (GMPs) and have Standard Operating Procedures (SOPs) in place to identify quality issues prior to shipment of our products while minimizing scrap and waste. Additionally, many of our facilities carry externally audited certifications of their quality systems.
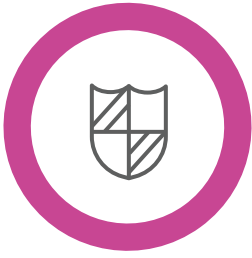
# Health & Safety

CCL Industries is committed to protecting the health and safety of its employees. While our Company operates with many highly diverse manufacturing plants around the world, including emerging markets, our employees are treated with the same respect and care no matter the jurisdiction.

## Health & Safety Data 2019

| Total Incident Rate | Per 100 Employees | 1.33 |
|---|---|---|
| Lost Time Injury Rate | Per 100 Employees | 0.84 |

**3 GOOD HEALTH AND WELL-BEING**

The Company ensures all global locations provide a safe work place for employees through its clear Environmental Health & Safety ("EHS") policy, ongoing performance assessments implemented worldwide and setting the following enhanced expectations to create a world class safety culture:

- All locations are required to have a Safety Handbook consisting of a facility's safety policies, procedures and trainings available in languages spoken by local employees.

- We are committed to integrating EHS considerations into operating practices and employee training programs with the objective of an injury free work place.

- Quarterly reporting of health and safety performance statistics to management and the CSR Committee is required with the objective of an injury free work place and appropriate response to all incidents. Each facility is assessed a color code ranking for safety each calendar year with a focus on improvement of their health and safety standards.

- All facilities must comply with applicable local and international laws & regulations. Furthermore, all safety policies should comply with global industry best practice that often go beyond country or regional standards.

- All locations must provide applicable safety information at point of entry to the facility for all visitors, including but not limited to customers, vendors, contractors and off site employees.

- All locations must establish a Safety Committee consisting of representation from both management and the workforce.

- All General Managers are required to certify that all required and relevant safety trainings have been completed on an annual basis.

- Per the EHS Policy, CCL Industries has a goal of performing safety audits at 25% of plants on an annual basis. Audits include a review of a facility's policies and procedures.

# Responsible Supply Chains

**SPEED**

Faster Innovation

**AGILITY**

Dedicated Assets

Reduced Lead Times

Better Quality

**CONNECTIVITY**

Leaner

Increased Agility

Decreased Obsolescence

**REDUCED MOQ's**

Vendor Managed Inventory

Hybrid digital presses have the power to create premium images, print variable data, make design revisions on the fly and streamline the supply chain. With automated "any stage differentiation (ASD)", production plans can be managed on much shorter lead times helping customers avoid inventory obsolescence in label purchases to support sustainability.

# Responsible Supply Chains

CCL Industries' supply chain model emphasizes agility and speed to market while reducing working capital, often manufacturing close to the customers' point of use. Through predictive forecasting and responsive production, we are able to drive down lead times and help lower inventory throughout the supply chain with the added benefit of reducing waste and obsolescence, lowering the effects on the environment. Where local manufacturing is not economically viable we globally deploy and continue to expand Near Site Distribution Centers. These locations are typically located within minutes of our customers' manufacturing sites and support inventory from multiple business units. With the uncertainties inherent to end use demand, our Near Site Distribution Centers provide on-time supply certainty saving customers countless hours of potential downtime and waste, while reducing our combined carbon footprint through reduced transportation and obsolescence.

**Responsible Packaging:** We partner with global customers to reduce the environmental impacts of tertiary packaging by substituting reusable elements in the form of plastic pallets and transit packaging which are direct replacements to both wooden pallets and corrugated boxes. This reduces overall transportation costs and greenhouse gas emissions due to their ability to be vertically stacked increasing the overall capacity of a truck. In 2019, three Home and Personal Care facilities combined were able to save 82 metric tons of wooden pallets and 28 metric tons of corrugate by switching customers to reusable tertiary packaging.

**Material Sourcing:** All our manufacturing operations have full disclosure and traceability of their purchased materials. The vast majority of our paper material suppliers are certified for sustainable forestry including *Forest Stewardship Council* ("FSC") and *Programme for the Endorsement of Forest Certification* ("PEFC") certifications. Several facilities have FSC chain of custody certification. Most aluminum slug material purchases come from suppliers certified under the *Aluminium Stewardship Initiative* ("ASI") Performance Standard.

The Company does not always select the specific materials that go into a finished product as customers sometimes specify them. Regardless, we work with both suppliers and customers to promote sustainable options that reduce the overall environmental impacts of our product.

# Circular Innovation



CCL Label's Home & Personal Care and Food & Beverage businesses supply premium decoration labels and sleeves that leave no label or adhesive residue in PET bottle recycling systems and durable film wash–off labels that facilitate the multiple trip reuse of returnable glass bottles.

# Circular Innovation

A fierce commitment to excellent customer service is one of our core values and we know that it is still the key to our continued success. In order to best serve our customers, we must stay responsive to current and future market needs. From our concept designs to the resources we use, we strive to reimagine how products are created in order to make them better.

As a leader in innovation we are committed to developing and partnering with suppliers to offer products that meet a variety of environmental and ecological needs. Currently, the Company's research and development teams are focused on developing recyclable and recycle-compatible products to ensure full recovery of packaging containers in the circular economy keeping them out of the environment on both land and in water.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  **14 LIFE BELOW WATER**  **15 LIFE ON LAND**

**The Mighty Badge:** Avery developed this new, reusable patented system, eliminating the need for single-use identification badges for businesses, meetings, conferences and other applications. All the materials used in this badge are fully recyclable, even non-reusable components such as the insert sheet, stay out of landfill.

**Post-Consumer Resin (PCR) Plastic Tubes:** PCR personal care tubes are constructed with 53%-80% post-consumer recycled resin content. Over 207 metric tons of recycled resin was used in tube constructions in 2019.

**Propafilm™ Strata:** Innovia partnered with Interseroh, an independent German recycling and consulting company, to test its latest high barrier multilayer film in polypropylene closed-loop recycling streams. This film has a highly effective barrier to aroma, mineral oils and oxygen even at high relative humidity levels which can extend the shelf life of food products and reduce food waste. Interseroh has certified all uncoated and acrylic coated films produced by Innovia as recyclable with all of these films qualifying to carry the "Made for Recycling" logo.

**Apparel Labeling Solutions:** Checkpoint's new sustainable satin care labels are manufactured using recycled polyester while maintaining a very soft hand feel. All sites use the same raw materials, printing techniques and quality controls to guarantee a sustainable product with uniform branding, delivering consistency across all product formats.

**EcoFloat™ Sleeves:** This clear polyolefin sleeve material was engineered by Innovia and CCL Label to deliver ultimate performance in the sink/float process during PET bottle recycling. The low density sleeve material easily detaches from the PET flakes which enables a high quality yield – thus supporting bottle-to-bottle recycling. EcoFloat™ combines design freedom and strong visual impact at the point of sale while supporting recycling.

**WashOff Labels:** CCL is a leading pioneer of Pressure Sensitive Labels that can be washed off using common industrial bottle washing machines. CCL's WashOff Labels are the ideal solution for returnable, reusable and refillable glass or plastic bottles, offering premium decoration in a proven sustainable and affordable packaging option.

# SASB Index

## CCL Industries SASB Disclosure:
Resource Transformation – Containers & Packaging (RT-CP)

| Topic | Code | Metric | Unit of Measure | Response |
|---|---|---|---|---|
| **Greenhouse Gas Emissions** | RT-CP-110a.1 | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | Metric tons (t) $CO_2e$, Percentage (%) | Pages: 14 |
| | RT-CP-110a.2 | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | N/A (Discussion) | Pages: 12, 13, 14, 15 |
| **Air Quality** | RT-CP-120a.1 | Air emissions of the following pollutants:<br>(1) $NO_x$ (excluding $N_2O$),<br>(2) $SO_x$,<br>(3) volatile organic compounds (VOCs), and<br>(4) particulate matter (PM) | Metric tons (t) | CCL Industries complies with applicable regulatory requirements regarding air quality in the locations where we do business. Air emissions from VOCs, $NO_x$, $SO_x$, and particulate matter are not material to the Company at this time. |
| **Energy Management** | RT-CP-130a.1 | (1) Total energy consumed,<br>(2) percentage grid electricity,<br>(3) percentage renewable,<br>(4) total self-generated energy | Gigajoules (GJ),<br><br>Percentage (%) | Pages: 14 |
| **Water Management** | RT-CP-140a.1 | (1) Total water withdrawn,<br>(2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | Thousand cubic meters (m3), Percentage (%) | Pages: 13, 14 |
| | RT-CP-140a.2 | Description of water management risks and discussion of strategies and practices to mitigate those risks | N/A (Discussion) | Pages: 13 |
| | RT-CP-140a.3 | Number of incidents of non-compliance associated with water quality permits, standards, and regulations | Number | Pages: 13 |
| **Waste Management** | RT-CP-150a.1 | Amount of hazardous waste generated, percentage recycled | Metric tons (t), Percentage (%) | Not disclosed. Measures have been put in place to report hazardous waste generation starting in 2020. |

| Topic | Code | Metric | Unit of Measure | Response |
|---|---|---|---|---|
| Product Safety | RT-CP-250a.1 | Number of recalls issued, total units recalled | Number | Recalls are not materially relevant to the Company. |
| | RT-CP-250a.2 | Discussion of process to identify and manage emerging materials and chemicals of concern | N/A (Discussion) | Pages: 16 |
| Product Lifecycle Management | RT-CP-410a.1 | Percentage of raw materials from:<br>(1) recycled content,<br>(2) renewable resources, and<br>(3) renewable and recycled content | Percentage (%) by weight | Pages: 4, 5, 14, 19 |
| | RT-CP-410a.2 | Revenue from products that are reusable, recyclable, and/or compostable | Reporting currency | Not disclosed. As a publically traded company, CCL Industries is unable to disclose metrics related to sales outside of those included in our financial reporting. |
| | RT-CP-410a.3 | Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle | N/A (Discussion) | Pages: 7, 12, 13, 15, 19, 21 |
| Supply Chain Management | RT-CP-430a.1 | Total wood fiber procured, percentage from certified sources | Metric tons (t), Percentage (%) | Pages: 4, 5, 14, 19 |
| | RT-CP-430a.2 | Total aluminum purchased, percentage from certified sources | Metric tons (t), Percentage (%) | Pages: 4, 5, 14, 19 |
| Activity Metrics | RT-CP-000.A | Amount of production, by substrate | Metric tons (t) | Pages: 4, 5 |
| | RT-CP-000.B | Percentage of production as:<br>(1) paper/wood,<br>(2) glass,<br>(3) metal, and<br>(4) plastic | Percentage (%) by revenue | Pages: 4, 5 |
| | RT-CP-000.C | Number of employees | Number | Pages: 4 |

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