
Purpose

CANPACK manufactures products across five continents, relying on complex global supply chains. We are committed to building and maintaining resilient supply chains in the face of changing environmental, economic, and societal challenges. To achieve positive outcomes, we have formalized a sustainable procurement policy to ensure high standards for our suppliers. This helps us reduce social and environmental risks, improve transparency, and meet the expectations of our customers and consumers.

General commitments

Through this procurement policy, we are committed to:

- Compliance with the laws and regulations of the countries in which we operate.
- Supporting high environmental, social, and ethical standards to promote sustainable practices
- Establishing formal criteria for evaluating the sustainable performance of our suppliers
- Prioritizing suppliers who have implemented sustainable practices within their own operations and supply chains
- Identifying and managing risks in our supply chains
- Communicating this policy to our stakeholders, both internal and external, and increasing awareness among our suppliers.

Our suppliers are expected to adhere to local laws and regulations, strive for continuous improvement, and monitor and act upon violations in their operations and those of their direct suppliers worldwide. They must conduct business in a responsible manner, implement due diligence and screening processes when selecting suppliers, and provide a forum for employees to report concerns. If they find any of the requirements unfeasible, they should notify CANPACK.

We require our suppliers to manage their supply chain responsibly, ensuring they identify and mitigate potential social, ethical, and environmental risks. CANPACK requires each supplier to conduct a suitable supply chain risk assessment and implement sufficient controls in their supply chain where applicable. The assessment can vary in detail depending on the complexity of the supply chain.

CANPACK is committed to ensuring conflict-free sourcing in compliance with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Suppliers providing products containing conflict minerals are required to demonstrate traceability and accountability of the raw materials. They can disclose their smelter base using the Conflict Minerals Reporting Template from the Responsible Minerals Initiative. For more information, please refer to the CANPACK Conflict Mineral Policy.

Our approach

It is applicable to 100% of CANPACK - Strategic Suppliers of raw materials, which are material to our business i.e., suppliers that deliver materials from our Global Product Categories. The complete list of Global Product Categories is available in CANPACK's internal Delegation of Authority policy.



Determining the target group - In 2024, we conducted a comprehensive review of 100% of our raw materials' strategic suppliers to assess their financial and carbon footprint impact. CANPACK has expanded its sustainable procurement efforts worldwide, focusing on the company's most frequent and largest purchase categories. These categories represent majority of our overall spending. Based on the findings, we have reassessed our Strategic Suppliers segmentation and in 2024 categorized the suppliers into four groups:

- **Group A: Aluminium Suppliers** High-impact suppliers providing aluminium with significant expenditure and impact on carbon footprint.
- **Group B: Steel Suppliers** High-impact suppliers providing steel with moderate budget allocations and impact on carbon footprint.
- **Group C: Lacquers and Inks Suppliers** Suppliers providing lacquers and inks, with moderate to low budget allocations and impact on carbon footprint.
- **Group D: Other Strategic Material Providers** Suppliers providing sealing compounds, tab lube, printing blankets, plastic packaging, wooden packaging, and glass input suppliers - high-impact suppliers providing other essential materials with moderate to low budget allocations.

Supplier self-assessment questionnaire – The questionnaire concentrates on the management systems and environmental, social, and ethical activities carried out to uphold a responsible and sustainable supply chain.

Assessment and analysis – CANPACK's supplier risk assessment covers ten risk areas (Fig. 1). Based on this assessment, the supplier is classified into one of five risk levels: Critical, High, Medium, Low, Very Low. After verification the results, CANPACK's Sustainability Office is committed to providing customized feedback for each supplier. The Office is also required to submit a report to the Group's Procurement Office, which includes a summary and the results.

Audit – CANPACK Group's Sustainability Office conducts supplier audits in accordance with the agreed schedule, considering the criteria of sustainable development. The audit verifies the information previously provided by the supplier in self-assessment questionnaire.

To comply with CANPACK's Sustainable Procurement Policy, CANPACK will accept third-party verifications from suppliers and their sub-suppliers if those third parties are considered credible by CANPACK and stakeholders. Some of the accepted third-party verifications include ISO standards, EcoVadis, SEDEX, ASI, and others.

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Note: Regardless of the self-assessment questionnaire (step 2) all suppliers from Group A and Group B are required to report the following indicators on an annual basis:

- Recycled Content [%]
- Electricity intensity [MWh/t]
- Thermal energy intensity [MWh/t]
- Renewable energy share [%]
- Waste recycling [%]

During the year, we collaborate with our selected suppliers to exchange information, provide feedback, and, if necessary, request corrective action. We are dedicated to developing and nurturing strong relationships with our suppliers and consistently communicating our strategy and goals to them.

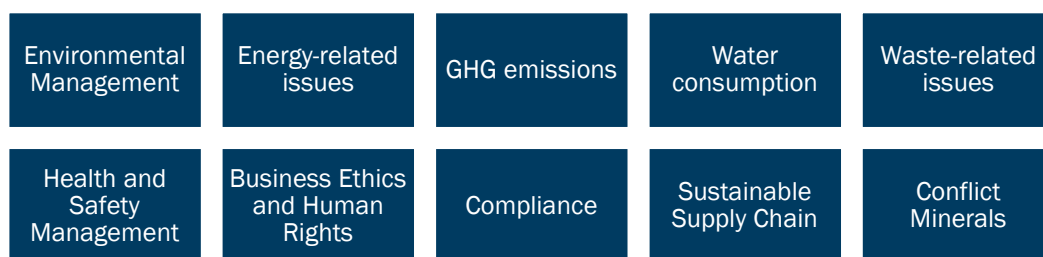


Fig. 1 Sustainability areas to be assessed

Targets:

- 100% of Strategic Suppliers from Groups A, B and C must be assessed annually against the adopted sustainability criteria.
- 100% of Strategic Suppliers from Group A must reach Very Low Risk Level before the end of 2030.
- By the end of 2035 100% of Strategic Suppliers from Groups B and C must reach Very Low Risk Level.
- 100% of Strategic Suppliers from Group A will have Science-Based targets by the end of 2030.
- 100% of Group A: Aluminium Suppliers will reach minimum recycled content for CBS 80%, and for CTS and CES 40% before the end of 2030.

- 100% of Strategic Suppliers from Groups A, B, C and D, conducting business cooperation with CANPACK, must endorse or sign the CANPACK Supplier Code of Conduct from 2024 onwards.
- 100% of Strategic Suppliers from Groups A, B, C and D may not source minerals from conflicted areas, and if CM minerals are used in the product, the supplier must implement a Conflict Minerals Policy.
- Bearing on mind the targets, by the end of 2030 100% of Group A suppliers, and by 2035 100% of Group B and C suppliers should implement target on increasing renewable energy share (electricity or thermal energy) and have water saving and waste recycling targets in place.
- By the end of 2025, 100% of suppliers in Group A, and by 2030 100% of suppliers in Group B and C must:
 - have an Environmental Management System certified to ISO 14001 (or equivalent), a Health and Safety Management System certified to ISO 45001 (or equivalent), and a Business Ethics and Human Rights Policy. They must also conduct due diligence on human rights;
 - implement a sustainable procurement policy and regularly assess their suppliers in terms of sustainability;
 - set targets for reducing Scope 1, 2, and 3 emissions, as well as target on energy consumption.

Scope of application

This policy applies to anyone at CANPACK involved in procurement activities (CANPACK Group Supply Chain).

Review mechanism

CANPACK reviews its Sustainable Procurement Policy annually, evaluating its implementation and effectiveness, and making necessary amendments.

Roles and responsibilities

- The Sustainability Office at CANPACK is responsible for conducting a self-assessment questionnaire and providing feedback to suppliers with recommendations on how they can improve their sustainability credentials, if necessary.
- The Sustainability Office at CANPACK is responsible for conducting systematic audits according to the agreed schedule. These audits are used to verify the data provided by the suppliers in the self-assessment questionnaire.

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- The Sustainability Office at CANPACK is also responsible for reviewing and developing this policy.
- The Procurement Office of CANPACK Group must adhere to this policy.
- In the case of suppliers who are classified as Critical or High-Risk, the decision of whether CANPACK continues to trade with them rests with the Group Supply Chain Officer. If CANPACK chooses to continue with them, mutually acceptable supplier corrective actions must be implemented.
- The Group Supply Chain Officer of CANPACK Group is responsible for signing this policy.

Communication

It is the responsibility of the CANPACK Group's Procurement Office to ensure that all members of the CANPACK procurement team are informed about the provisions of this policy during the onboarding phase and annual training.

Sanctions

Any violations of the rules outlined in this policy should be reported through the CANPACK whistleblower mechanism at report@lighthouse-services.com or via the website at www.lighthouse-services.com/canpack.



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