

Supplier Sustainability Policy Statement

Executive Summary

The Kruger Products, L.P.'s (Kruger Products) Supplier Sustainability Policy Statement aligns the Company's vision for sustainability, namely, Sustainability 2015, with the products and services we procure and the manner in which we do business with our suppliers.

Through this policy and its implementation, Kruger Products strives to enhance our environmental, social and economic performance through our supply chain by providing our suppliers with some basic guidelines and principles around our sustainability goals.

Preamble

Kruger Products believes that sustainability is a journey of continuous improvement – not a destination. Our Sustainability 2015 initiative challenges us to continuously innovate by improving our products, as well as the operations and processes that manufacture and deliver them. We expect the same from our suppliers. As an organization, Kruger Products has committed to achieving the following sustainability targets by 2015:

- The purchase of only third-party certified fibre
- A reduction in packaging by 5%
- Developing additional third-party certified products
- A reduction in energy use by 15%
- A reduction in greenhouse gas emissions by 15%
- An improvement in transportation optimization by 15%
- A reduction in water use by 15%
- A reduction in solid waste and manufacturing byproducts by 20%
- Monthly, quarterly and annual reporting

For more information about our Sustainability 2015 initiative, please visit www.sustainability2015.ca.

This policy has been divided into five key sections based on our priorities: Environmental, Social, Economic and Legal responsibilities and Accountability.

ENVIRONMENTAL RESPONSIBILITY

Kruger Products supports the responsible stewardship of resources, including forests, biodiversity, ecosystems, air, land and water in the communities in which we live and work. Responsible stewardship makes sustained economic development possible. In this spirit, our suppliers must be aware of the following principles of environmental responsibility.

Energy and Climate

We encourage our suppliers to operate more efficiently and effectively, find new ways to conserve resources such as water, energy and fuel and pursue a reduction in their carbon footprint.

Waste

We encourage our suppliers to dispose of waste in a manner that protects and preserves the environment. This includes making an effort to reduce waste going to landfill, to increase the recycling and reuse of process waste whenever possible, and harvesting value from waste.

Management Systems

We encourage our suppliers to pursue and adopt any and all relevant management systems, which can demonstrate, through certification, the use of responsible process management in their business operations and products and services.

Forest Management

Kruger Products' aim is to work with suppliers that have a sustainable and integrated approach to forest management that enables economic development and respects environmental, social and cultural values. See our [Fibre Procurement Policy](#) for additional information.

SOCIAL RESPONSIBILITY

Kruger Products strives to protect, preserve and enhance the lives of our customers, communities and employees through our products and services and how we make them. We expect the same from our suppliers. We work with suppliers that have a commitment to fair employment practices, health and safety, employee training and development and invest in their communities.

Labour Rights

We require our suppliers to comply with applicable labour legislation and regulation including minimum wage, working hours, and freedom of association laws.

Health and Safety

Kruger Products' suppliers are required to conform to all applicable laws and regulations relating to workplace health and safety.

Discrimination

Suppliers are required to have a workplace that promotes equal employment opportunities and prohibits discriminatory practices, including harassment.

Community Development

We prefer to work with suppliers that are good corporate citizens who support the communities in which they live and work.

ECONOMIC RESPONSIBILITY

Value Creation

We expect our suppliers to meet all quality and safety standards and meet or exceed all regulatory requirements, while focusing on providing their products and services at the lowest possible total cost of ownership to Kruger Products. We believe that our suppliers should focus on value creation and that pursuing sustainable business practices should not have a negative economic impact on the prices we pay or the service we receive.

Ethics

We expect our suppliers and their employees to act ethically and responsibly while performing business operations.

Please see our Kruger Products Inc. [Code of Business Conduct and Ethics](#) document for additional information.

LEGAL RESPONSIBILITY

Kruger Products' suppliers must meet all applicable legal and regulatory compliance requirements, which include environmental and social laws.

ACCOUNTABILITY

Tracking Performance Data

We encourage our supplier's to develop appropriate internal controls and/or track progress to ensure accountability towards the sustainability principles being followed.

We also support supplier's efforts to monitor the impact that their production processes are having on the surrounding environment and to use that data to identify ways to continuously improve process efficiency and minimize negative environmental impact.

Targets and Goals

Kruger Products' encourages our suppliers to, like our Sustainability 2015 initiative, commit to their own sustainable reduction targets in the areas of energy and water use, greenhouse and other gas emissions, waste and packaging.

Risk Management

We encourage our suppliers to have risk management strategies in place so that we can jointly mitigate those risks and collaborate on ways to derive mutual benefit for our organizations.

Reporting

We encourage our suppliers to report or provide Kruger Products with updates on their sustainability progress. We will work with our suppliers to find ways to operate more efficiently and to ensure our standards of doing sustainable business are being met.

If you have any questions about this statement or our own sustainability initiatives, please contact us at sustainability@krugerproducts.ca.

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