



Commitment and concrete actions

SUSTAINABLE DEVELOPMENT HIGHLIGHTS 2022

Knowing Better. Doing Better.

Mission

We turn renewable resources into sustainable, high-quality essentials made for everyday life.

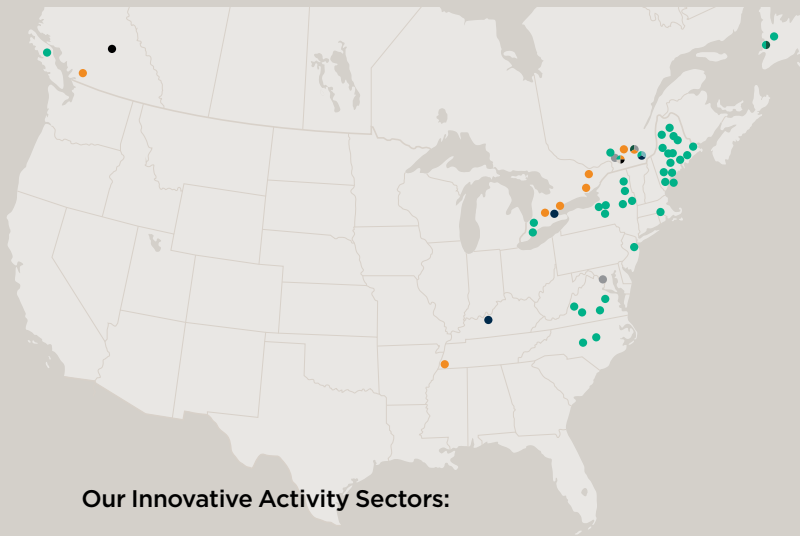
Corporate Values

- Entrepreneurship
- Family Spirit
- Customer Satisfaction
- Integrity
- Commitment

INNOVATION

Throughout its rich history spanning more than a century and marked by innovation, growth, and diversification, Kruger has accumulated a long list of exceptional achievements, thanks to the hard work and dedication of thousands of people over several generations.

KRUGER IN NORTH AMERICA



Our Innovative Activity Sectors:

TISSUE PRODUCTS

Mississauga, Ontario
 Scarborough, Ontario
 Trenton, Ontario
 Crabtree, Québec
 Gatineau, Québec
 Sherbrooke, Québec
 New Westminster, British Columbia
 Memphis, Tennessee

CONTAINERBOARD AND PACKAGING

Montréal, Québec
 Trois-Rivières, Québec
 Brampton, Ontario
 LaSalle, Québec
 Elizabethtown, Kentucky

PULP AND PAPER

Corner Brook, Newfoundland and Labrador
 Trois-Rivières, Québec
 Kamloops, British Columbia
 Brompton (Sherbrooke), Québec

ENERGY

Wind

Chatham-Kent, Ontario (2 wind farms)
 Montérégie, Québec (2 wind farms)

Hydro

Brompton (Sherbrooke), Québec
 Deer Lake, Newfoundland and Labrador
 Zeballos, British Columbia
 State of Maine (15 plants)
 New York State (7 plants)
 State of Rhode Island (1 plant)
 Virginia (4 plants)

Biomass cogeneration

Brompton (Sherbrooke), Québec
 Corner Brook, Newfoundland and Labrador

Solar

North Carolina (2 plants)

BIOMATERIALS

Trois-Rivières, Québec

RECYCLING

Montréal, Québec

REAL ESTATE

Washington D.C.
 Laval, Québec
 North Carolina

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Our Five Focus Areas

Focusing on five areas of intervention, we apply industry best practices in environmental protection, responsible sourcing, health & safety and employee well-being, commitment towards our communities, and governance.



1. Environmental Protection and Climate Change

At Kruger, we pride ourselves on transforming renewable resources into high-quality everyday essentials that are sustainable. We are also aware of the environmental impact of our activities. This is why we are constantly reducing our GHG emissions, thanks to our continuous improvement program, improved energy efficiency and our responsible use of fossil fuels. Kruger's policy for responsible sourcing and our production of renewable energy also demonstrate our commitment to reducing our footprint. These are crucial to the long-term viability of our business and to the well-being of our communities, as well as to contribute to global environmental efforts.

2. Responsible Sourcing and the Circular Economy

Kruger ensures that the resources used in our facilities come from suppliers who are respectful of the environment and of our communities. We apply the principles of the circular economy by recovering and reusing as much waste and material as possible from our operations, thanks in part to the involvement of our Recycling division.

3. Health, Safety and Employee Well-Being

Our number one goal is for each of our employees to return home healthy every day. In collaboration with the teams at our plants and facilities, we strive to establish and maintain the safest and healthiest work environments possible. We foster an environment focused on well-being, equity, diversity, and inclusion, where everyone can thrive.

4. Commitment to Our Communities

A family business since its foundation in 1904, Kruger has built and maintained long-term, beneficial relationships with the communities in which it operates. This commitment translates into sustained community involvement.

5. Good Governance

At Kruger, ethics and integrity have always been at the core of our governance. We follow all laws and regulations wherever we do business. We are aware that success depends not only on financial results, but also on the creation of value for all our stakeholders.

We continually strive to reduce our environmental footprint, which is crucial to the long-term viability of our business.

Our performance in sustainable development

ENVIRONMENT

Awards, Logos, Certifications:



59 products verified and certified for reduced environmental impact

Main Indicators (since 2018):



reduction
Greenhouse Gas Emissions



reduction
Energy Consumption



reduction
Water Consumption

Annual Production of Renewable Energy: **2,735 GWh**

\$89 million

Total investments made since 2017 for reducing GHG emissions

RESPONSIBLE SOURCING AND THE CIRCULAR ECONOMY

Awards, Logos, and Certifications:

All our facilities have monitoring systems that are certified according to such standards as FSC®, SFI® or PEFC™.

Main Indicators

- More than 1 million tonnes of recycled fibres are used to manufacture our products and to generate renewable energy.
- Energy Recovery: More than 90% of our paper mill sludge was recovered and diverted from landfills.



Our performance in sustainable development

HEALTH, SAFETY AND EMPLOYEE WELL-BEING

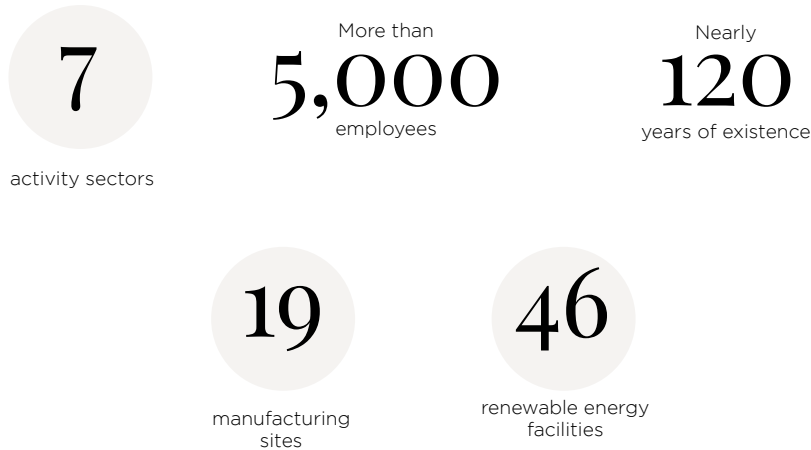
Main OHS Indicators:

- 50% reduction in workplace injuries over the past 10 years.
- Offering a safe and healthy work environment for all our employees every single day is part of Kruger's core values.

COMMUNITIES

Kruger supports a large number of social causes in the fields of the environment and health, sporting and community events, and academic projects, in addition to awarding several scholarships every year.

QUICK FACTS ABOUT KRUGER:



GOVERNANCE

In order to continue to uphold the highest standards of ethics and integrity at all times, we are committed to maintaining exemplary governance practices, in particular by respecting ESG criteria, in all of our activities.



Message from the Executive Vice President and Chief Operating Officer

On the eve of its 120th anniversary, Kruger prides itself on turning renewable resources into everyday essentials that consumers and businesses rely on for their exceptional quality and sustainability. Day in and day out, we accomplish this mission with the utmost concern for protecting our environment and improving the quality of life of our communities. This commitment is more vital than ever in a context where disruptions caused by climate change are increasing while the global economy and the workplace are experiencing profound transformations.

In its various activity sectors, Kruger is a pioneer in sustainable development. In Montréal, we have been making paperboard from 100% recycled fibres since 1961. Across North America, our Energy division operates 46 renewable energy sites with a combined installed capacity of 650 MW. All of our manufacturing facilities have a certified tracking system which enables us to guarantee that the virgin fibres we use come from well-managed forests.

This Report presents the many accomplishments of our sustainability teams while also inspiring us to keep improving.

In recent years, we have significantly lowered our GHG emissions and water consumption. Our Energy division has increased its production of renewable energy and commissioned its first all-electric trucks. The vehicles started transporting tissue products between two Kruger Products facilities in Québec. In addition, thanks to our Green Value Creation Program, several Kruger plants have improved their energy efficiency after modernizing their manufacturing equipment (pp. 7-8).

In everything we do, our business strategy is centred on the circular economy. In addition to being one of the largest recyclers of paper and paperboard in North America, Kruger recovers and reuses as much as possible the materials resulting from its activities (pp. 10-11).

Our commitment to our communities is reflected in our constant attention to the health and safety of our employees, business partners and other stakeholders, as well as in our involvement in a multitude of social causes (pp. 12-15).

We believe that honest and ethical conduct is key to a sustainable business. Kruger takes all the necessary measures to ensure that we respect human rights, that we comply with all laws and regulations in effect where we do business, and that we protect privacy. Our various corporate policies allow us to continue to grow while fostering the well-being of our teams and reducing our environmental footprint (pp. 16-17).

Achieving our sustainability goals depends above all on our 5,000 employees who, every day, make every effort to lower the impact of our activities and to maintain healthy and safe workplaces. I thank them for their valuable contribution!



A stylized, handwritten signature in black ink, consisting of several overlapping loops and lines.

François D'Amours

Executive Vice President
and Chief Operating Officer

“Several Kruger plants have improved their energy efficiency after modernizing their manufacturing equipment.”

Environmental Protection and Climate Change

Aware of the gravity of the climate crisis, we are committed to constantly increasing our efforts to minimize our environmental footprint.

REDUCING OUR GHGs THROUGH INNOVATION

Since 2017, we have invested \$89 million in 57 projects aimed at reducing our impact and fighting climate change.

Ultimately, the initiatives under way will enable us to reduce our GHG emissions by more than 155,000 tonnes per year.

Each year, Kruger strives to improve our energy efficiency, use a greater proportion of recycled materials in the manufacture of our products, and to lower our water consumption. We also recover the vast majority of biosolids generated from paper production.

Our desire to rely on innovation to reduce our environmental footprint is embodied in our Green Value Creation Program. The goal of this program is to modernize our manufacturing equipment as a way to constantly decrease our energy consumption.

KEY PROJECTS IN 2022



Kruger Products Sherbrooke Plant

To generate steam for this tissue plant, we have replaced the use of natural gas with biomass cogeneration. In total, we have converted 17,000 tonnes of construction waste that would otherwise have ended up in landfills. Thanks to this greener power supply, the tissue plant is able to generate steam without having to use natural gas most of the time and has reduced its GHG emissions by 20%.



Kruger Products Crabtree Plant

One of the paper machines at this Kruger Products tissue plant was completely modernized, which enabled us to decrease the Plant’s natural gas consumption by more than 3 million m³ per year. Machine upgrades included reducing heat from the convection drying hood gases, as well as improving the steam dryer insulation. GHG emissions have been reduced by more than 6,000 tonnes per year, which represents a 30% reduction for this paper machine, and a 10% reduction for the entire facility.



Kruger Wayagamack (Trois-Rivières)

The black liquor recovery boiler at this paper mill has been modernized. The boiler’s air intake is now automated, which has reduced our GHG emissions by 5,600 tonnes per year. The recovery boiler enables the Mill to burn the black liquor, a by-product of paper manufacturing, to generate energy and recover its chemical compounds.

OTHER ENVIRONMENTAL PROTECTION MEASURES:

Sustainability assessment for our largest suppliers through the EcoVadis platform.

Implementation of an environmental qualification process for contractors before they enter our facilities.



Our Performance

GHG Emissions

↓ **30%**

Reduced by 30% since 2018

Energy Efficiency:

Pulp and paper manufacturing processes are known to be energy intensive. As one of the main players in this industry in Canada, reducing energy consumption is one of Kruger's most important challenges, but also an opportunity to make significant progress.

Energy Consumption

↓ **15%**

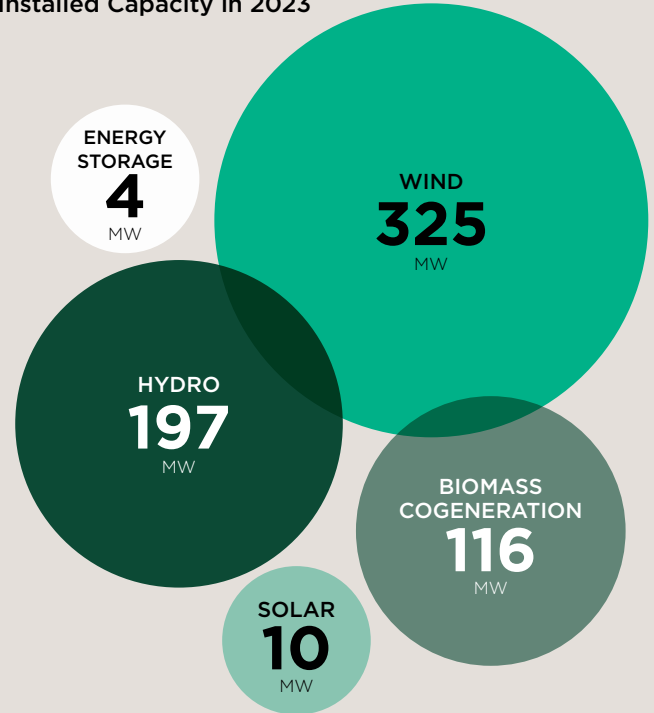
Reduced by 15% since 2018

Annual Production of Renewable Energy:

2,735 GWh

Our vision of a low-carbon future is materialized in particular through our Energy division, which is dedicated exclusively to the development and operation of renewable energy power plants, including hydroelectricity, wind, solar, and biomass cogeneration facilities, as well as energy storage.

Installed Capacity in 2023



TOTAL: 652 MW

In 2022, two new projects were added to Kruger Energy's portfolio. Our team commissioned the 24-MW Des Cultures Wind Farm located in the towns of Saint-Rémi and Saint-Michel, in the Montérégie region of Québec. This project was created through a partnership with Kahnawà:ke Sustainable Energies. We also commissioned a 9-MW solar facility in Zacapa, Guatemala.

Overall, those projects represented investments in renewable energy totalling close to \$85 million.

Water Consumption

↓ **14%**

Reduced by 14% since 2018

In recent years, our teams' concerted efforts, combined with the use of leading-edge technology, enabled us to reduce substantially the amount of water required for our operations.

Acquisition and Commissioning of Electric Trucks

In November 2022, Kruger Energy commissioned its first 100% electric trucks. These Class 8 heavy vehicles are among the first to hit the road in Canada.

The two trucks transport materials and tissue products such as Cashmere®, SpongeTowels® and Bonterra™ between Kruger Products facilities located in Québec. The vehicles are on the road 20 hours per day, seven days a week, and will eventually reach an average of 1,000 km per day.

The use of these vehicles will reduce our GHG emissions by 380 tonnes per year, which is equivalent to removing 90 passenger cars from the roads. Fossil fuel savings will reach 150,000 litres per year.

In addition to their positive impact on air quality, the electric trucks are much quieter than traditional heavy vehicles and will contribute to reducing noise pollution on our roads.

The commissioning of these trucks is only the beginning since our aim is to electrify our fleet as much as possible over the coming years. Our Energy division has already ordered 50 more electric trucks to be able to deploy 15 to 20 more on the roads by 2025.

Moreover, Kruger Energy has acquired its own charging stations, which enables us to collect a vast quantity of data on truck battery usage and recharging.

Battery Storage Capacity:

400 kWh

Expected Battery Autonomy:

240 km

SUSTAINABLY FOCUSED HOUSEHOLD PAPER PRODUCTS

In 2022, our Kruger Products division introduced Bonterra™, a sustainably focused portfolio of household paper products.

Manufactured at our mills in Crabtree and Gatineau, Québec, Bonterra™ bathroom tissue, facial tissue and paper towels are made from FSC®-certified recycled fibres and wrapped in plastic-free paper packaging.

To further illustrate our commitment to sustainability, Bonterra™ partnered with 4ocean® to fund the annual removal of 10,000 lbs. of plastic waste from our oceans, rivers, and coastlines. Our environmentally focused brand also funds the planting of 30,000 trees annually through a partnership with One Tree Planted®.

The introduction of the Bonterra™ portfolio, which is produced in a carbon-neutral manner, is in line with Kruger Products' sustainable development initiative, Reimagine 2030, which

sets ambitious environmental targets. Among other things, our division aims to reduce virgin plastic packaging in trademark products by 50% by 2030.



Responsible Sourcing and Circular Economy

OUR COMMITMENT

We take the necessary steps to ensure that the resources used in our facilities come from suppliers who maintain best environmental practices. We also make sure that, in carrying out their activities, they respect the communities in which they operate.

The principle of circular economy is an integral part of our business strategy as it allows an efficient use of resources, as well as the elimination of waste throughout the life cycle of our products.

OUR PERFORMANCE

More than 1 million tonnes of recycled material used to manufacture our products or generate energy, including:

- More than 750,000 tonnes of fibres recycled in our facilities across Canada, making Kruger the largest recycler in the country.
- 118,000 tonnes of construction waste.
- 161,000 tonnes of paper mill sludge and sawmill waste.

More than 90% of sludge generated by our paper mills has been recovered and diverted from landfills. All of the fly ash from biomass cogeneration has been recovered and used in the production of concrete.



More than 1 million

tonnes of recycled material used

750,000

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118,000

of construction waste

161,000

of paper mill sludge and sawmill waste

KRUGER RECYCLING

Active in this field since 1979, Kruger is the largest recycler in Canada. Our Recycling division offers a complete range of services for the collection and responsible management of paper, cardboard and wood waste for industrial and commercial businesses and institutions, mainly in the Montréal and Estrie regions of Québec.

The collected material is integrated into the production cycles of our mills for the manufacture of various products such as Kruger Products' tissue brands, including Cashmere® and Purex® bathroom tissue, Scotties® facial tissue, SpongeTowels® paper towels, and the Bonterra™ products line.

Recovered cardboard is also used in the manufacture of many of our products, including boxes, food packaging and building materials.

Construction and sawmill residues are used in particular to fuel our biomass cogeneration facilities. The renewable energy they generate is used in some of our plants and allows us to reduce our consumption of fossil fuels.

RESPONSIBLE FIBRE SOURCING

To ensure that the forest resources used in our operations are produced responsibly, all of our facilities have monitoring systems certified to FSC®, SFI® or PEFC™ standards. These make it possible to confirm that the virgin fibres come from certified and well-managed forests. The same applies to controlled or recovered resources.



ECOLOGO® CERTIFICATION

We market 59 ECOLOGO®-certified products which have been assessed for reduced environmental impact. These are mainly within our lines of bathroom tissue, facial tissue, paper towels and napkins.



Our Commitment

At Kruger, we make the safety and well-being of our employees, contractors and communities our number one goal. This commitment is reflected in numerous initiatives that have been developed and successfully implemented in our facilities.

OUR OHS POLICY

- Lead by example and clearly define roles, responsibilities, and expectations for all.
- Develop relevant tools and processes to support compliance with regulations and obligations.
- Identify hazards, assess risks, and implement adequate levels of protection through a hierarchy of control measures.
- Empower our employees to participate in the identification and implementation of preventive and corrective measures and actions.
- Allocate the necessary resources to minimize risks in the workplace.
- Emphasize vigilance and intervention to look out for each other and encourage safe behaviour.
- Improve management practices, set relevant and achievable objectives.
- Communicate expectations, measure progress, and continuously improve.



Our Performance



50%

reduction in workplace injuries
over the past 10 years across
the entire company

Key Achievements at our plants:

- **Crabtree Plant:** 250,000 consecutive hours without any recordable accident (achieved in August 2022)
- **Laurier Plant (Gatineau):** 250,000 consecutive hours without any recordable accident (achieved in March 2022)
- **LaSalle Plant:** 250,000 consecutive hours without any recordable accident (achieved in June 2022)
- **Memphis Plant:** two consecutive years without any accident (achieved in August 2022)
- **Scarborough Plant:** two consecutive years without any accident (achieved in January 2022)
- **Sherbrooke Plant:** 250,000 consecutive hours without any recordable accident (achieved in March 2022)
- **Trois-Rivières Mill:** 250,000 consecutive hours without any recordable accident (achieved in March 2022)

Annual OHS Meeting

More than a hundred colleagues from all over North America take part in our Annual Meetings on Workplace Health & Safety and Environment.

Outstanding OHS Performance Recognition Program

To celebrate our OHS achievements, our facilities that show the greatest reduction in incident rates are awarded a cash prize that employees can then donate to a local charity of their choice.



**SAFETY FOR EVERYONE,
BY EVERYONE,
IN EVERYTHING WE DO**



Kruger in the Community

A family business since its foundation in 1904, Kruger has built and maintained long-term, beneficial relationships with the communities in which it operates. This commitment translates into sustained community involvement.

OUR PERFORMANCE

Over the past year, our divisions and facilities made donations to dozens of charities across North America, in addition to participating in a host of fundraising and volunteer activities. Our contributions support a large number of environmental and health initiatives, sporting and community events, and academic research projects. Below are some examples

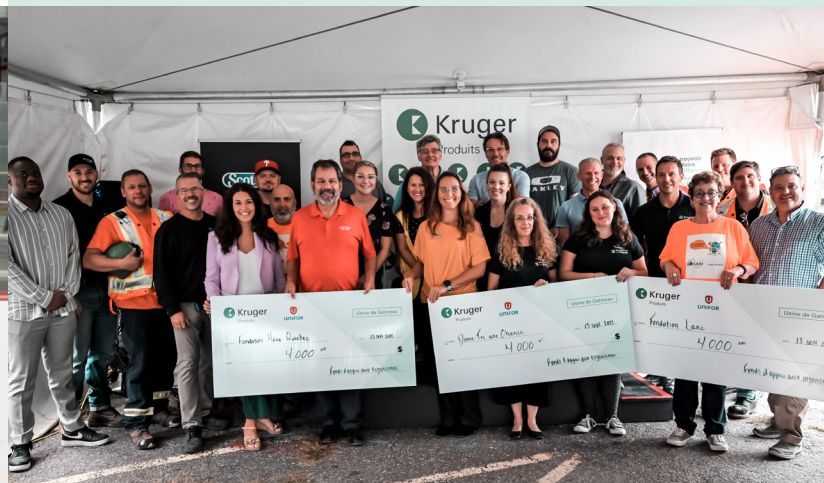
ENVIRONMENT

We contribute to a large number of local initiatives, such as "Sous les pavés" (Under the Pavement), a project that aims to make public spaces like schoolyards greener in the Mauricie Region. We also support organizations whose scope of action extends across the country. Kruger is a Visionary Partner of the Urban Banquet, organized by Earth Day Canada, and we support the Nature Conservancy of Canada.

HEALTH

Many organizations of all sizes and with varied mandates in the field of health benefit from our support. Kruger proudly contributes to the fight against cancer (Canadian Cancer Society, Quebec Breast Cancer Foundation) and for more than 25 years has supported the mission of Ronald McDonald Houses, which provide accommodations to families of hospitalized children.

We have also made donations to the Montréal Children's Hospital, the Social Pediatrics Centre in Trois-Rivières, Québec, Vents d'espoir and Friends of We Care.



Our involvement

SPORTING AND COMMUNITY EVENTS

Our contribution to a variety of sporting and community events aims to strengthen the sense of belonging within the communities where we operate, and to enable young people to reach their full potential. Since 1981, our Kruger Products subsidiary has supported women’s curling as the main sponsor of the Scotties Tournament of Hearts. Our Big Assist program helps families of minor league hockey players across Canada pay for expenses linked to practicing their sport.

We support several regional sports competitions, including the upcoming Québec Games finals to be held in Sherbrooke (2024) and Trois-Rivières (2025).

In Kamloops, BC, we support Starfish Backpack, an organization that provides bags of food to children in need before they leave school for the weekend. In Corner Brook, NL, we contribute to the Winter Carnival, while in Sherbrooke, QC, we support the Brompton Heritage Committee.

To honour the memory of the many victims of residential schools, Kruger marked the National Day for Truth and Reconciliation, on September 30, 2022, in Kamloops.

ACADEMIC RESEARCH AND SCHOLARSHIPS

We contribute to several research projects in the fields of forestry and environmental protection. We are particularly interested in innovations that reduce the environmental impact of manufacturing processes.

Among others, Kruger supports research focusing on a more eco-responsible use of wood in the construction industry, as well as on the development of biomaterials.

In the past year, several Kruger scholarships were awarded to students of the following institutions:

British Columbia

- The University of British Columbia
- Simon Fraser University

Quebec

- HEC Montréal
- Bishop’s University
- Université de Sherbrooke
- Université Laval
- Université du Québec à Trois-Rivières

Newfoundland and Labrador

- College of the North Atlantic
- Memorial University



Cultivating Integrity and Inclusion

OUR COMMITMENT

We believe that ethical and honest conduct is key to sustainability in business. Kruger takes all necessary measures to ensure that it respects human rights, complies with all applicable laws and regulations wherever it operates, and protects privacy. Any employee or member of our Executive must always uphold the highest standards of integrity when acting on behalf of the Company. We are committed to diversity, equity, and inclusion



Our Commitment

Our Policies

- Code of Ethics
- Supplier Code of Conduct
- Environment, Health, and Safety Standards
- Environmental Policy
- Fibre Procurement Policy
- Policy to Promote Harmonious Relations with First Nations



Recent Progress in our Corporate Governance

- Online training on our Code of Ethics
- Online training on cybersecurity
- Development of our first Cybersecurity Policy (under way)

Our Values

Kruger's governance is based on three pillars that guide all of our actions: integrity, innovation, and communities and families.

Our integrity has allowed us to stand the test of time and to build mutually beneficial relationships with our employees, customers, business partners and the community.

Our entrepreneurial philosophy centered on innovation has played a key role in the growth of our Company, as well as in the diversification of our activities.

Because nothing is more important to us than family and the community around us, we foster a work environment where each employee can reach their full potential and we support initiatives that contribute to our collective success and well-being.

Environment

In accordance with our corporate policy, environmental concerns are an integral part of our decision-making and activities, and we support the responsible management of natural resources. Kruger requires all its facilities to provide regular reports on their environmental performance to senior management.

Supply Management

Kruger makes every effort to ensure that its fibres are sourced from forests that are managed according to the principles of sustainability and human rights protection.

Suppliers

We require our suppliers to be above reproach in terms of respect for the environment and employee rights, particularly with regard to child labour, as well as discrimination and harassment. Our suppliers must also adopt fair business practices and uphold the highest standards of ethics and integrity.

Our commitment for the future

In light of the successes and challenges presented in this report, Kruger is more determined than ever to keep reducing its environmental footprint.

Our progress in recent years is a clear demonstration that we can make significant gains, thanks to our employees' ingenuity, determination, and collaborative spirit.

These achievements inspire us to go even further.

Our engineers work tirelessly to develop innovative solutions to improve our GHG emissions, energy efficiency and water consumption. We have several renewable energy projects under preparation.

Because our employees are our most valuable resource, Kruger also intends to keep providing the healthiest and safest work

environment possible to all our teams. Issues concerning employee health, safety and well-being remain at the top of our priorities.

Kruger is also committed to maintaining the highest standards of corporate governance, applying ESG criteria among others, in all our facilities.

The concept of sustainable development refers to a set of practices that aim to protect people, communities, and the environment. This commitment is at the heart of Kruger's mission and will continue to guide us.



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