

Sustainable Procurement Policy

Why a sustainable procurement policy?

Sustainable development is an approach that is directly rooted in the Company's values and those of its founders. Since 2010, the company has outlined its sustainable development approach in a plan that specifies the various areas of intervention, many of which relate to responsible procurement, whether through certified raw materials, 360-degree assessments of our suppliers' business practices or the reduction of greenhouse gas emissions across our supply chain.

In the current context, we believe it is more important than ever that all players in our supply chain take concrete steps in social and environmental responsibility and play a decisive role in this collective movement.

We are also seeing an increase in requests for account information from all our stakeholders (customers, investors, employees, etc.) in relation to our procurement strategy, which is pushing us to go even further, such as by updating this policy.

The objective of this policy is to foster business relationships with suppliers that share Cascades' values regarding environmental protection, respect for workers and communities, product and service responsibility, and governance transparency. It also aims to communicate Cascades' expectations regarding responsible purchasing practices, and proactively assess environmental, social, operational, financial and reputational risks associated with its supply chain.

Scope

This policy applies to all Cascades purchasing categories, whether operating or capital spend. The resulting due diligence requirements and measures are applied proportionately, according to factors such as the risk level, the nature and value of the purchase, the strategic importance of the supplier, and market conditions. This policy is an integral part of Cascades' procurement governance framework.

Procurement principles

Cascades has established eight general principles that define its vision of responsible procurement and form the basis of its expectations toward all of its suppliers.

- 1 Corporate responsibility for products and services;
- 2 Respect for the environment by preserving biodiversity, reducing water and energy consumption and atmospheric emissions, and implementing recovery and recycling programs;
- 3 Respect for employees through the implementation of adequate, fair and inclusive working conditions;
- 4 Maintaining the company's economic sustainability;
- 5 Transparent governance and communications;
- 6 Examining the supply chain;
- 7 Compliance with current social, environmental and economic legislation;
- 8 Ethical business practices.

In addition to these general principles, Cascades has defined several specific principles that apply to the purchase of fibers and rolls of semi-finished products, its main raw materials:

- Cascades will continue to prioritize the use of recycled fibers in the manufacture of its products when these fibers meet applicable technical, quality, and performance requirements. This approach helps reduce pressure on forest resources and can, depending on the products, processes, and supply conditions, reduce the environmental footprint associated with paper manufacturing.
- Cascades is committed to sourcing virgin fibers from responsibly managed sources and to conducting due diligence with its suppliers to understand the origin of the fibers and the practices associated with their sourcing. Cascades seeks to exclude from its supply chain fibers from controversial sources, namely those associated with the conversion of natural forests, illegal logging, threatened high conservation value forests, or serious violations of workers' and communities' rights.

Cascades wants to contribute towards preventing deforestation and prioritizes, when possible, virgin fibers originating from sources covered by a forest certification or a recognized chain of custody. Cascades prioritizes materials with a valid Forest Stewardship Council (FSC®) declaration and verifies, where applicable, the validity of certifications and declarations associated with purchased products.

Cascades intends to progressively increase the proportion of materials bearing an FSC® declaration, particularly FSC® Mix, as market conditions, material availability, and the technical requirements of its products allow.

Policy implementation

- **Environmental, social and governance (ESG) risk associated with our suppliers**

Cascades uses EcoVadis IQ Plus, or an equivalent solution, to map and prioritize the ESG risks associated with its suppliers, according namely to their industry, their geographic location, and the nature of the goods or services provided. This mapping helps identify suppliers with potentially higher risk levels and determine appropriate due diligence measures. EcoVadis Ratings, or an equivalent solution, can namely be used to conduct a more in-depth assessment of the ESG practices of selected priority suppliers.

- **Suppliers' ESG performance**

Cascades periodically assesses the ESG practices of selected suppliers based on factors such as their risk level, strategic importance, and the nature of the provided goods or services. This assessment may be conducted using EcoVadis Ratings or an equivalent solution. The scope and frequency of the assessment are tailored to the supplier's profile and risk level.

Cascades prioritizes a collaborative approach aiming for continuous improvement rather than a purely coercive one. Suppliers who do not meet applicable expectations may be asked to develop and implement a corrective action plan within an agreed timeframe. Cascades may monitor this plan and conduct a new assessment.

Depending on the non-compliance's nature and severity, the supplier's willingness to cooperate, the progress made, and applicable contractual provisions, Cascades may, among other things, request additional corrective measures, suspend awarding new business, reduce the business volume, or terminate the business relationship.

Cascades suppliers are required to comply with the applicable requirements of the Cascades Supplier Code of Conduct, in accordance with the contractual provisions and terms of engagement applicable to them.

Policy implementation (continued)

- **Supply chain greenhouse gas emissions reduction program (scope 3)**

Cascades measures its greenhouse gas emissions, including relevant emissions associated with its value chain. In line with its climate objectives validated by the Science Based Targets initiative, Cascades aims to collaborate with its priority suppliers to reduce emissions associated with the goods and services it purchases.

Cascades encourages its suppliers to measure their greenhouse gas emissions, share relevant information, and establish targets and action plans tailored to their operations.

- **Supply chain diversity**

Cascades strives to ensure equal access to its procurement processes and to foster a diverse, competitive and resilient supplier base. When the nature of the need, operational requirements, and market conditions allow, Cascades seeks to include small and medium-sized enterprises, local suppliers, or other suppliers likely to contribute to the diversity of its supply chain, in its competitive processes.

Policy management

The Vice President, Procurement, is responsible for the governance of this policy. Its implementation is carried out in collaboration with the procurement, sustainability, legal, and operational teams, as well as with the relevant business units. Purchasing managers and internal requesters contribute to its application within their respective areas.

Progress and key results related to the implementation of the policy are presented periodically to the Executive Committee, and to the Health and Safety, Environment and Sustainable Development Committee of Cascades' Board of Directors.



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