



**REPORT UNDER THE *FIGHTING
AGAINST FORCED LABOUR
AND CHILD LABOUR IN SUPPLY CHAINS ACT***

**FISCAL YEAR-END DATE:
REPORT PUBLICATION DATE:**

DECEMBER 31, 2023
MAY 27, 2024

1. INTRODUCTION

This report is prepared pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act¹ (the “**Act**”) for the fiscal year ended December 31, 2023 (the “**Fiscal Year**”) on behalf of the following entities (collectively “**Kruger**”, the “**Organization**” or “**we**”, and each an “**Entity**”):

English name	French name
Corner Brook Pulp and Paper Limited	<i>Not applicable</i>
Kruger Inc.	Kruger inc.
Kruger Kamloops Pulp L.P.	Pâtes Kruger Kamloops S.E.C
Kruger Packaging Holdings L.P.	Emballages Kruger Holding S.E.C
Kruger Packaging L.P.	Emballages Kruger S.E.C
Kruger Products Inc.	Produits Kruger inc.
Kruger Products Sherbrooke Inc.	Produits Kruger Sherbrooke inc.
Kruger Pulp and Paper Holding L.P.	Kruger Pâtes et Papiers Holding S.E.C.
Kruger Trois-Rivières L.P.	Kruger Trois-Rivières S.E.C.
Kruger Wayagamack L.P.	Kruger Wayagamack S.E.C.

This report presents the measures taken by Kruger during the Fiscal Year to prevent and reduce the use of forced or child labour within Kruger’s organization and in its supply chain.

2. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Founded in 1904, Kruger Inc. is a privately held, family-owned company whose mission is to transform renewable resources into premium quality, sustainable everyday products, including household and industrial paper products, cardboard and packaging products, publication papers and specialty papers. In addition to our production sites across Canada and the United States, we are developing a portfolio of renewable energy plants and are one of North America’s leading paper and board recyclers. Backed by 120 years of success, Kruger employs more than 6,000 people in 9 business sectors and operates 19 manufacturing and production operations and 47 renewable energy plants.

Head office

- Kruger Inc. is a corporation incorporated under the *Canada Business Corporations Act*, with its head office in Montréal.
- Kruger Inc. controls all of the Entities.

¹ Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9, <https://laws.justice.gc.ca/eng/acts/f-10.6/FullText.html>.

- Kruger Inc. also has a recycling division that directly integrates its recycled corrugated cardboard recycling activity (old corrugated containers or OCC) into its paper-making affiliates.

Tissue

- **Kruger Products Inc.** and **Kruger Products Sherbrooke Inc.** are corporations incorporated under the *Canada Business Corporations Act* and have their registered offices in Montréal. Kruger Products Inc. and Kruger Products Sherbrooke Inc. are majorly indirectly owned by Kruger Inc.
- **Kruger Products Inc.** has its principal place of business in Mississauga, Ontario, and produces, distributes, markets and sells a wide range of tissue products, including bathroom tissue, facial tissue, paper towels and napkins, for both the consumer and away-from-home markets. While Kruger Products Inc. has a significant presence in the Canadian consumer market, it is also a leader in the away-from-home market and distributes both branded and private-label products in the U.S. The consumer products segment includes such well-known brands as Cashmere®, Purex®, Scotties®, SpongeTowels® and Bonterra™ in Canada, and White Cloud® in the United States. Kruger Products Inc. employs approximately 2,800 people across Canada and the United States.
- **Kruger Products Sherbrooke Inc.** operates a tissue plant in Sherbrooke and produces and distributes a wide range of tissue products, including bathroom tissue and paper towels for both the Canadian and U.S. Consumer markets.

Packaging and Containerboard

- **Kruger Packaging Holdings L.P.**, **Kruger Packaging L.P.** and **Kruger Trois-Rivières L.P.** are partnerships governed by the *Civil Code of Québec*, have their head office in Montréal and are indirectly owned 75% by Kruger Inc. and 25% by Investissement Québec.
- **Kruger Packaging Holdings L.P.** is a management company and holds shares in various entities of Kruger's Packaging and Containerboard sectors.
- **Kruger Packaging L.P.** owns and operates a 100% recycled paperboard mill at Place Turcot (Montréal), with an annual production capacity of 158,000 metric tons. The mill produces recycled white linerboard, "KB Fold", "KSize", saturating kraft board, saturating and release liner, coreboard, hanging file folders and other niche board grades. Kruger Packaging L.P. also owns and operates two packaging plants in Canada located in Montréal, Québec, and Brampton, Ontario, with a combined annual production capacity of more than 3.1 billion square feet of rotary die-cut and *Flexo* boxes.

- **Kruger Trois-Rivières L.P.** owns and operates two paper machines, with a current annual production capacity of 375,000 metric tons of 100% recycled lightweight and high-strength linerboard (linerboard and medium) and 145,000 metric tons of newsprint, construction paper, book paper and high-bright paper. Kruger Trois-Rivières L.P. also owns and operates thermomechanical pulp lines and bleached thermomechanical pulp lines with an annual production capacity of 145,000 metric tons.

Pulp and Paper

- **Kruger Pulp and Paper Holding L.P., Kruger Wayagamack L.P. and Kruger Kamloops Pulp L.P.**, are all partnerships governed by the *Civil Code of Québec*, have their head office in Montréal and are indirectly owned 62.5% by Kruger Inc. and 37.5% by Investissement Québec. **Corner Brook Pulp and Paper Limited** is a legal entity governed by the *Newfoundland and Labrador Corporations Act*, has its head office in Corner Brook and is 100% owned by Kruger Inc.
- **Kruger Pulp and Paper Holding L.P.** is a management company that holds shares or units in various companies in Kruger's Pulp and Paper sector.
- **Kruger Wayagamack L.P.** operates a coated and specialty paper mill in Trois-Rivières, Québec, with a production capacity of 260,000 metric tons of ultra-lightweight coated paper, making it one of the most modern mills in North America. The mill also produces up to 90,000 metric tons of northern bleached softwood kraft (NBSK) pulp.
- **Kruger Kamloops Pulp L.P.** operates a plant in British Columbia that produces low-cost, high-volume premium NBSK and specialty pulp with a production capacity of approximately 408,000 metric tons per year. It also owns and operates a three-turbine cogeneration power facility on-site with a capacity of generating approximately 460,000 MWh of green power annually sold back to the provincial hydro grid.
- **Corner Brook Pulp and Paper Limited** produces newsprint on two paper machines and has a capacity of 250,000 metric tons per year. The mill has a hydroelectric plant and a cogeneration plant with installed capacities of 140 MW and 15 MW, respectively.

Kruger's supply chain is global, consisting mainly of equipment and machinery suppliers, on the one hand, and raw materials suppliers on the other. For the Fiscal Year, Kruger and all its subsidiaries, including the Entities, used approximately 6,400 direct external suppliers, more than 90% of whom are located in North America. Kruger, thanks to its complementary business sectors, is also capable of synergy and uses internal suppliers who are an integral part of Kruger.

3. **STEPS TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR**

Integrity, respect, and leadership are at the heart of Kruger’s core values. We firmly believe that these principles guide our conduct and shape our corporate culture. Respect of human rights is a core responsibility that we take very seriously. This includes not only our employees, but everyone involved in our supply chain. Every individual, wherever they may be in the world, is entitled to the respect of their fundamental rights, and all the decisions we make are resolutely in line with this perspective.

As a signatory to the United Nations Global Compact since 2021, we are committed to respecting universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. This reinforces our determination to promote responsible and ethical business practices in all our activities. We work in partnership with our suppliers to uphold these standards, affirming our commitment to respect human rights.

During the Fiscal Year, our commitment to counter the scourge of forced labour and the use of child labour within our supply chain was primarily based on the following initiatives:

- We require our major suppliers (from whom we spend more than \$100,000 annually) to adhere to our Supplier Code of Conduct, which stipulates compliance with ethical and legal labour standards; and
- We have a strong preference for EcoVadis-certified suppliers, with 43% of our spending in the Fiscal Year under governance, testifying to our commitment to responsible business practices.

4. **POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES**

4.1. **United Nations Global Compact**

Kruger is a signatory to the UN Global Compact, the world’s largest corporate sustainability initiative. The UN Global Compact provides a framework for universal, voluntary commitment, based on ten principles relating to human rights, international labour standards, the environment and anti-corruption. The ten principles of the United Nations Global Compact are derived from the Universal Declaration of Human Rights, the Declaration of the International Labour Organization, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption.

Principles 4 and 5 of the Global Compact are respectively “the elimination of all forms of forced and compulsory labour” and “the effective abolition of child labour”.

Kruger is firmly committed to integrating human rights concerns into its policies, governance and decision-making processes, and reports annually to the United Nations on the progress made within Kruger.

4.2. Kruger's Code of Ethics

Since ethics and integrity are important values at Kruger, our Organization has adopted a Code of Ethics that applies to everyone within the Organization, including to all our subsidiaries, and also applies to the Board of Directors, management and all Kruger employees, at all levels.

By clearly establishing the standards of behaviour and values encouraged or prohibited within Kruger, we strive to conduct business interactions in a responsible, respectful and ethical manner.

While our Code of Ethics may not directly address the issue of forced and child labour, we believe that the principles of integrity, ethics, honesty and respect enshrined in our Code of Ethics encourage our employees to make choices that are aligned with our commitment to eradicating forced labour and child labour from our activities.

4.3. Supplier Code of Conduct

Kruger is committed to protecting its employees, the environment and the communities in which it operates to achieve our sustainability goals. Kruger believes in building strong relationships with suppliers who share our values and commitment to excellence. Kruger expects its suppliers and business partners to maintain high standards of honesty, integrity and fairness.

This Supplier Code of Conduct applies to Kruger's suppliers and outlines what is expected of them. Kruger expects its suppliers to share this Code with their subcontractors and to require at least the same standards of conduct from them.

In line with the UN Declaration of Human Rights and the principles set out in the United Nations Global Compact, Kruger's Supplier Code of Conduct condemns child labour. In the absence of a local law on the minimum working age, our Supplier Code of Conduct states that 15 years old must be considered the minimum working age.

4.4. EcoVadis Certification

EcoVadis is a corporate social responsibility certification platform that integrates the evaluation of environmental, social and governance criteria. It provides detailed assessments of companies' environmental, social and ethical practices, based on a standardized rating methodology. These assessments enable companies to evaluate and compare the sustainability performance of their suppliers and offer greater transparency on the social and environmental risks associated with their supply chain.

Kruger works with suppliers worldwide for its products and services. As part of its social commitments, Kruger favours suppliers with EcoVadis certification. This preference is explained by the fact that these suppliers are assessed according to rigorous criteria of social and environmental responsibility, which are in line with Kruger's values and sustainability objectives.

During the Fiscal Year, almost half (43%) of Kruger's total expenditure was allocated to EcoVadis-certified suppliers, revealing a significant commitment to sustainability in its supply chain. These certified suppliers scored an average of 59% in EcoVadis assessments, demonstrating a good level of performance. This trend indicates the growing importance Kruger places on selecting business partners aligned with its values of social and environmental responsibility.

4.5. Policy on reporting and protection against retaliation

In accordance with our Code of Ethics, Kruger guarantees protection from retaliation to anyone reporting a violation of any of our Company policies, including our Code of Ethics.

Reporting such a situation is highly encouraged as we believe that ethics is a shared responsibility. Therefore, if employees or suppliers have concerns about forced or child labour, they have a responsibility to report their suspicions. These reports can be made either:

- Internally, through a report to a supervisor, the Human Resources Department or the Compliance Department.
- Externally, through the external ombudsman, by e-mail or by leaving a voicemail, even anonymously.

5. RISK ASSESSMENT AND REMEDIATION MEASURES

Kruger has not yet undertaken a comprehensive risk assessment to assess the risk of forced labour or child labour in its supply chain.

We have not identified any instances of forced labour or child labour in our supply chain, nor have we identified the loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains. We therefore have not taken any measures to remediate these issues during the Fiscal Year.

In accordance with the UN Global Compact, if a situation of forced labour or child labour is reported to us, we investigate and ensure that corrective measures are put in place to stop the violation of human rights.

6. **TRAINING**

Upon hiring, non-unionized Kruger employees are required to undergo mandatory interactive training on Kruger's Code of Ethics. Thereafter, annual training sessions are also provided to these employees to refresh ethics-related concepts, and they are also required to certify their adherence to the Kruger Code of Ethics on an annual basis.

7. **EFFECTIVENESS ASSESSMENT**

Kruger has taken measures to prevent and reduce the risk of forced or child labour in its operations and supply chains. However, an assessment of the effectiveness of these measures has not yet been carried out.

8. **APPROVAL AND ATTESTATION**

This report has been approved by the Board of Directors of Kruger Inc. pursuant to paragraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Kruger Inc.

May 27, 2024



Frédéric Boucher, VP, Legal Affairs