Atlantic Packaging Products Ltd.

Climate Risk Report

June 2025

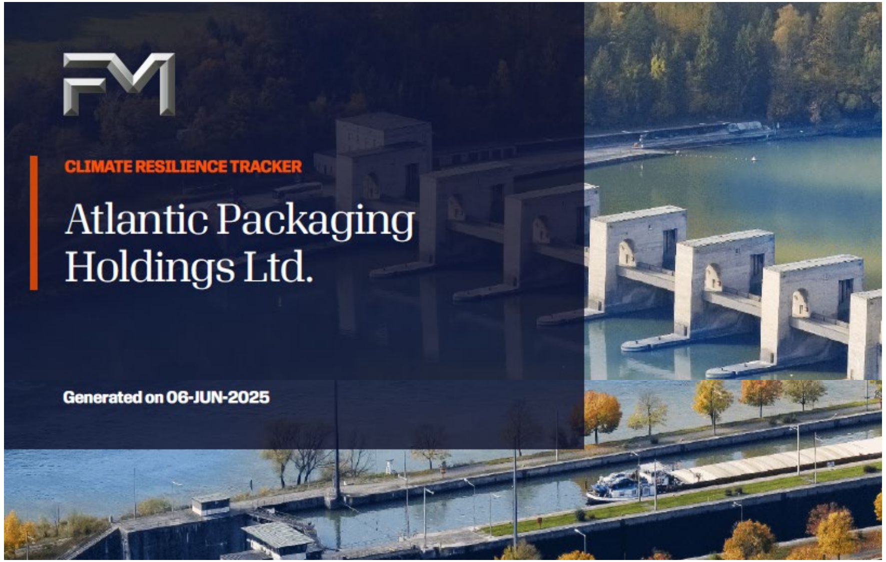
Document Information Classification: Public (may be shared in response to customer request)

Contents

I. Climate Risk Report – Climate Physical Risks

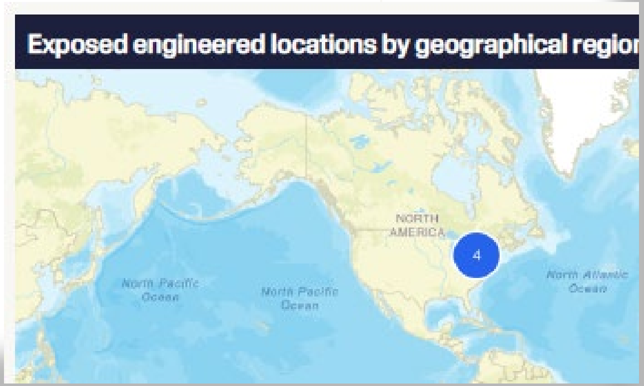
Atlantic's climate risk reporting for climate-related physical risks is based on a process of climate resilience and climate risk scenario analysis that entails commercial property insurer inspections and analysis with risk-based recommendations that serve as output for the climate risk management process to assess current risk exposure, evaluate risk, and report prioritized mitigations to improve resilience.

Overall, Atlantic's operational facilities are rated in the 90th percentile with low climate exposure.



Atlantic
Beyond the box™

I. Climate Risk Report – Climate Physical Risks



As per commercial property insurer inspections and analysis, as of June 2025.

I. Climate-related Physical Risk Assessment

Atlantic's operational facilities are rated in the 90th percentile with low climate exposure.
The climate risk scenarios relative to Atlantic's facility locations include:

- Flooding
- Freeze exposure
- Wind exposure
- Wildfire exposure
- Roof collapse due to potential for excessive snow load
- Hail exposure

The following risk scoring with trending indicators are utilized for our climate risk reporting:

Not Exposed | Not Exposed Trending Up | Not Exposed Trending Down | Exposed | Exposed Trending Up | Exposed Trending Down

I. Climate-related Physical Risk Assessment Results (as of June 2025)

As the effects of a changing climate become more significant, its effect on the frequency and magnitude of climate risks, such as floods, freezing, snow loads, or wind, will also likely increase.

Overall, climate risk is relatively <u>low</u> given the location of operational facilities (see the previous chart). However, three (3) operational facilities have been identified as having higher associated climate-related physical risk that could result in operational disruption and/or material loss.

Atlantic Group of Companies climate-related physical risk assessment recommends continuing attention for snow load monitoring and management to prevent structural integrity of facilities.

II. Climate Risk Report – Climate Transitional Risk Management Process

Climate-related risks and opportunities are an integral part of monthly ESG Steering Committee management reviews, with detailed analysis and management action driven by the Environmental Manager. The Environmental Manager also has regular, detailed reviews with the Senior Executive accountable for environmental management across the enterprise.

On a monthly basis, the Environmental Manager presents Environmental KPI (Key Performance Indicator) metrics and explains how actuals are tracking to baseline targets. Status updates are shared on both proactive and remediation actions related to effective environmental management, including risks and opportunities.

Environmental risks are also tracked in the ERM risk register with oversight of the Risk Committee.

II. Climate Transitional Risk and Opportunity SWOT Analysis

Atlantic
Beyond the box™

STRENGTHS

Atlantic paper is made from **sustainably sourced recycled paper fibre input.**

Living biomass for effluent treatment enables reduced reliance on chemicals and is critical for reducing emissions at recycled paper mills.

WEAKNESSES

Poor-quality OCC (Old Corrugated Containers) , the primary input of recycled paper fibre procured for Atlantic paper mills, contains unwanted plastics and metals that must be separated and disposed of in accordance with regulatory requirements.

OPPORTUNITIES

Higher consumer demand for corrugated packaging made from recycled paper.

Solar panel installations for expanded use of **renewal energy.**

THREATS

R&D leading to alternatives that may disrupt recycled paper and corrugated packaging if more sustainable and/or cost-effective solutions emerge.

Failure to realize GHG emission reduction targets may negatively impact brand value and result in loss of competitive market posture.

II. Climate Risk Report – Climate-related Transitional Risk Map

	High Impact-Low Likelihood	High Impact-High Likelihood
High Impact	**Water waste non-compliance** (mitigated with daily measurement reporting to municipality for joint monitoring and balancing production with capacity threshold for sustained biomass health)	**Extreme temperatures** pose risk for loss of biomass (mitigated with strengthened SOP monitoring)
Low Impact	**Risk of supplier sustainability misalignment** (mitigated with Supplier Risk Assessments and supplier audits) **Risk of missed GHG emission reduction targets** (currently on track based on measurements and reporting)	**Poor-quality recycled paper fibre input sourced from Atlantic paper mills contains** unwanted plastics and metals that must be separated and disposed of. Contaminated input results in unwanted or unused plastics that need to be disposed of.
	Low Likelihood	High Likelihood

Exceptional Customer Experiences....always

Your word is your Bond

Atlantic

Beyond the box ™

Work as One Team

Think and act as an Owner

Our people are our Family

Environmental Leadership