



EarthColor's Forest Resources & Comprehensive Wood Pulp/Paper Merchandise Management Policy

2015 Version U9

EarthColor's Vision Statement

As an industry leader, EarthColor is committed to ensuring the sustainability of its business and to leveraging its influence in the marketplace to conserve, protect and restore natural resources. As a cornerstone of that commitment, EarthColor will pursue a forest resources policy to promote the development of markets for environmentally responsible forest products. EarthColor will also manage its wood and paper products procurement, working with our clients and supply chain partners to eliminate endangered forest impacts and to require endangered forest protection.

EarthColor recognizes that business leadership carries a responsibility to the environment, including the world's forest ecosystems. EarthColor is positioned to influence both supply and demand in the market, and thus contribute to the development of environmental solutions that conserve, protect and restore forests. EarthColor fully supports responsible forest management practices which protect biodiversity and ecosystem integrity, and provide long-term social and economic benefits to human communities.

In addition, EarthColor will support initiatives to reduce its greenhouse gas emissions where feasible and will play a role in mitigating climate change by participating in initiatives to reduce global deforestation and to restore lost native forest ecosystems. We will support REDD protocol based forest protection systems via carbon offsetting along with our EPA Climate Leaders publically stated goal of reducing carbon emissions by 40% per revenue dollar by 2016. EarthColor will also run its operations via 100% renewable energy sources.

EarthColor is establishing this policy to: ensure the company does not inadvertently purchase or sell wood or paper products from endangered forests¹ and other highly controversial sources; transition the company's purchase of wood and paper products

towards products from forests independently verified as being environmentally and socially well-managed, and towards products that can reduce market pressures on forests, e.g. recycled content products; explore opportunities to further promote markets for environmentally beneficial products; and establish mechanisms to effectively achieve these goals.

EarthColor hereby establishes the following policy commitments, which shall apply to all forest products purchased for internal company use or further sale, and govern the activities of all subcontractors and subsidiaries of EarthColor. We will also work to educate our clients in establishing credible environmental procurement policies for paper and in making environmentally responsible paper choices, recognizing that often the final decision on paper choices is that of our clients.

EarthColor Policy

EarthColor purchases of paper & pulp will be in full compliance to the US Lacey Act, CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora), and the IUCN Red List.

1. EarthColor will reduce and by 2016 eliminate its purchase (we will also work with our clients to make the same responsible choices) of lumber, paper and all other forest-related products containing wood or wood fiber from endangered forest regions around the world. Endangered forests include those discussed in *Ecological Components of Endangered Forests* (2006).² We will consult with ENGO's, such as Canopy, and other experts for assistance in identifying endangered forests and wood and paper products from these forests.
2. EarthColor will reduce and by 2016 eliminate its purchase of wood and paper products from other highly controversial sources (we will also work with our clients to make the same responsible choices) including: companies that are logging forests illegally³; forests that comprise habitats of threatened, endangered, or imperiled species⁴; old growth forests; tree plantations⁵ established after 1994 through the conversion or simplification of natural forests*; areas being logged in contravention of First Nations/tribal/indigenous peoples' rights, National Forests and the Bureau of Land Management Forests in the U.S.
3. EarthColor will give purchasing preference and encourage our clients to paper products that contain post-consumer recycled (PCR) content and that are

processed chlorine free, to reduce pressure on natural forests, protect water resources, and develop markets for such products. We will strive to work with our clients to meet the following initial targets and seek to

continually increase our paper products' PCR content:

- Goal: Purchase of coated & uncoated papers containing a minimum of 10% PCR with an aim of 30% of gross tonnage purchased
4. Earth Color and its top management is committed to the implementation and maintenance of chain of custody requirements in compliance with SFI®, FSC®, and PEFC® applicable standards.
 5. EarthColor will give purchasing preference (we will also work with our clients to make the same responsible choices) to virgin and/or recycled wood and paper products bearing one of the labels of the Forest Stewardship Council™ (FSC®). This certification program provides the one of the most credible means of sourcing products from forests independently verified as being environmentally and socially well-managed. FSC labeled products also carry assurances of chain-of-custody verification and exclusion of some types of controversial sources. We will strive to work with our clients to meet the following targets and seek to continually increase our purchase of FSC certified products to the extent allowed by product availability and price:
 - Goal: FSC Certified paper products purchased 2016: 50%
 6. EarthColor maintains tri-certification in sustainable forestry, also holding Sustainable Forest Initiative (SFI®) and Programme for the Endorsement of Forest Certification schemes (PEFC®) certification. These additional certification systems will be supported and considered by EarthColor as long as they are: instituting governance and funding mechanisms that are fully balanced, transparent, and independent; and securing widespread acceptance from environmental and social stakeholders. EarthColor will consult with ENGO's, such as Canopy, our peer review teams and other experts when evaluating certification via these systems.
 7. EarthColor will give purchasing preference to wood products containing reclaimed and recycled wood, to reduce pressure on natural forests and promote the development of markets for such products.
 8. EarthColor will also consider opportunities to use paper products containing alternative fibers, such as agricultural waste, and alternatives to wood-based building products to further reduce pressure on natural forests and develop markets for such products. EarthColor will consult with ENGO's, such as Canopy, our peer review teams and other experts to identify emerging product

opportunities. EarthColor will ensure that any wood and wood fiber alternatives we purchase do not originate from plantations established through the conversion of forests.

9. EarthColor will require all vendors and suppliers to demonstrate compliance with all legal requirements, including local, state, national and international regulations for forest management, harvest and manufacturing. We intend to support existing forest conservation policies and ensure that no market advantage is realized by vendors and suppliers that circumvent the law.
10. EarthColor will promote the efficient use of all forest products. We will maximize efficiency in our use of forest resources, continually seek to reduce our per-unit-of-production consumption of wood and paper, and encourage our customers to do the same, through measures such as: reducing required input tonnage via lean manufacturing and reduced waste; working with clients to reduce size and basis weight; and the introduction of digital and electronic (cross-media) workflows where applicable.
11. EarthColor will support initiatives to address climate change by reducing its greenhouse gas emissions where feasible and by participating in initiatives to reduce global deforestation and restore lost native forest ecosystems.
12. EarthColor will seek to maintain open communications and collaborative relationships with all stakeholders, including by publishing and distributing an annual environmental sustainability report. The reports will follow the Global Reporting Initiative's guidelines and will contain the results of independent annual audits of EarthColor's progress in implementing our Forest Resources Policy commitments. The reports will also summarize other activities related to EarthColor's impact on the environment.

Implementation Measures

To fulfill the preceding commitments, EarthColor will:

1. Execute an action plan encompassing essential measures and other actions needed to implement our forest resources policy commitments.
2. Educate and train relevant EarthColor staff about our Forest Resources Policy, its implementation measures, and action plan.

3. Conduct an initial supply vendor audit, performed by an independent third party to:
 - Benchmark EarthColor's purchases and usage of wood and paper products;
 - Determine the forests of origin for these wood and paper products; and
 - Identify any wood and paper products purchased and sold by EarthColor that may contain inputs from endangered forests and/or other controversial sources.

4. Maintain our targeted goals and objectives in accordance with the Global Reporting Initiative Guidelines as they relate to Forestry Issues:
 - Include plans to communicate with wood and paper suppliers, and advise them that to retain EarthColor's business, they must phase-out wood and paper from endangered forests and other controversial sources per the requirements of EarthColor's Forest Resources Policy.
 - If the suppliers manage forests, then they must commit to identifying and protecting endangered forests under their management, and should commit to moving towards becoming FSC certified.
 - Include plans for conducting third-party supply vendor audits for proposed new wood and paper products, to confirm the sources of those products are not endangered forests and/or otherwise controversial.
 - Include plans to require all forest product suppliers to submit annual performance reports detailing their progress in meeting the requirements of EarthColor's Forest Resources Policy; and
 - Include plans to consult with conservation organizations and independent scientists if assistance is needed in identifying endangered forests, other controversial sources, and/or products from these areas.

5. Conduct an audit of EarthColor's purchase and usage of wood and paper products to benchmark the company's use of FSC certified forest products, recycled or reclaimed wood, PCR and chlorine-free paper, and alternative fiber papers or alternative building materials, if any.

6. Develop and implement an action plan for:
 - Increasing the purchase and usage of FSC certified wood and paper products per commitment 4 of EarthColor's Forest Resources Policy;
 - Increasing the purchase and usage of PCR and chlorine-free paper;
 - Increasing EarthColor's efficiency in the usage of wood and paper products;

- Exploring opportunities to increase the usage of reclaimed and recycled wood products;
 - Exploring opportunities to increase the usage of non-wood building products and papers containing alternative fibers.
7. Establish an internal monitoring and feedback system to identify progress in meeting EarthColor's Forest Resources Policy commitments, and to enable improved implementation of this initiative. The system should require progress reports to be prepared annually.
 8. Explore opportunities to develop pilot projects and partnerships that can stimulate the market for environmentally responsible products, such as those containing FSC certified wood or paper.
 9. Produce an annual sustainability report per the preceding commitments using the Global Reporting Initiative G3 guidelines.
- **Partnered in conjunction with leading NGOs supporting forest conservation, sustainable development and poverty-alleviation.**
 - Canopy www.canopyplanet.org
 - Rainforest Alliance www.rainforest-alliance.org
 - Environmental Paper Network www.environmentalpaper.org
 - Appalachian Carbon Partnership www.appalachaincarbonpartnership.org

Signed,

David Podmayersky
Chief Sustainability Officer

Definitions

¹ *Endangered forests*. Intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and other forests that are ecologically critical for the protection of biological diversity. For more detail, see *Ecological Components of Endangered Forests* (2006).

² *Ecological Components of Endangered Forests*. 2006. Produced by ForestEthics, Greenpeace, Natural Resources Defense Council, and Rainforest Action Network. Available at: http://forestethics.org/downloads/EFDefinitions_April_2006_2.pdf.

³ *Legal forest management*. Management that complies with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties.

⁴ *Imperiled species*. Fish, wildlife, and plants listed as critically endangered, endangered, or vulnerable by IUCN, NatureServe, and other comparable systems.

⁵ *Plantations*. Areas planted predominately with non-native trees or other commercial plants. Forests comprised of native species can also be managed as plantations, including via single species plantings on sites that would normally support multiple species, exclusion of other species via herbicide applications, short logging rotations that preclude the development of forest composition and structure, and/or other practices.

**Our goal to ensure no wood comes from tree plantations established after 1994 through the conversion or simplification of natural forests is under review pending our ability to procure sufficient paper supplies without it and having a credible verification system in place with our supply chain partners.*