

# CKF Sustainability Action Plan- 2016

CKF has had a long tradition of Environmental Stewardship and social responsibility.

In 2013 the company created a Sustainable Development plan with specific goals and targets. This plan is the roadmap to a more positive impact on the **Environment** and greater **Social** awareness while continuing to improve **Economic** business performance. We focus on creating green, environmentally friendly products using recycled materials as much as possible and striving to make sure all our products are as recyclable or compostable as possible. We're also committed to using manufacturing processes that have as light an environmental footprint as we can.

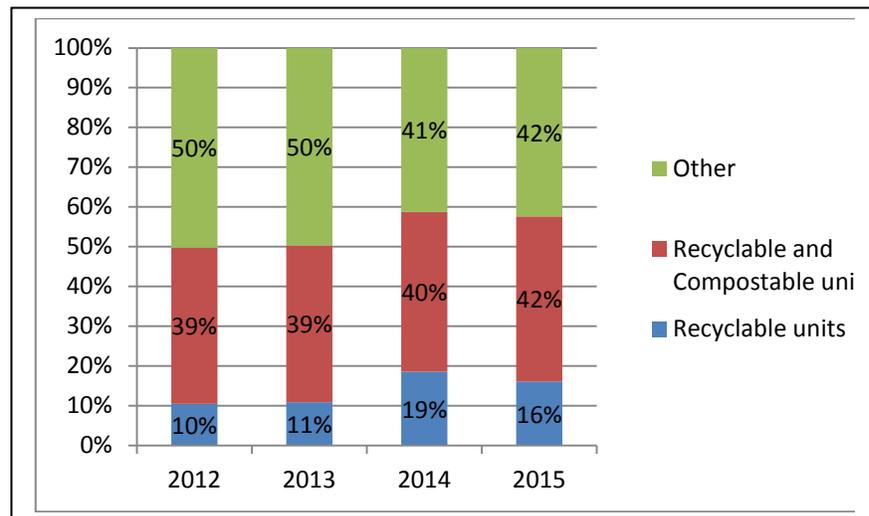
## Environmental

- **All Products to be Recyclable or Compostable**

### End of Life Disposal Targets and Performance

Our goal is that 100% of packaging produced by CKF is recyclable and/or compostable by 2020.

In 2015, 58% of the packaging we produced was compostable and/or recyclable. Our moulded pulp packaging is recyclable and compostable plus our PET packaging is recyclable. Also included in the recyclable category is foam in the provinces of BC and Ontario, which report greater than 50% rates of recycling for this material. In order for a package to be deemed recyclable in Canada, greater than 50% of the public must have access to the necessary recycling facilities. In the US, greater than 60% of the population must have access to appropriate recycling facilities before a material can be deemed recyclable.



We are supporting a number of projects to help increase the rate of foam recycling in Canada through direct funding to municipalities in Canada for foam densifying technology. We also participate and fund programs through the Food Service Packaging Institute subgroup FRC Foam Recycling Coalition which promotes foam recycling and provides funding support for foam recycling technology. We are an active member of the Canadian Plastics Industry Association (CPIA) so we are involved in advising on policy and funding foam recycling facilities in Canada.

- **Waste Diversion**

### **Waste Diversion Targets and Performance**

In the last several years, we have been able to capture more waste items, such as organics, plastics and wood and divert the materials from landfill. In 2015 we increased our waste materials diverted from landfill by 50% from 320 metric tonnes in 2014 to 494 metric tonnes. In addition we are working to reduce the amount of waste being generated in-house by either reusing it in our processes or by reducing the amount and volume of materials that is used to package the supplies we purchase for our own use.

A significant portion of our waste is as a result of the filtering of recycled material we purchase for the production of rough moulded packaging (the ubiquitous egg cartons and 4 cup carriers). While recycling of paper and paper products is increasing, so too is the unusable portion often found in the recycling stream—think of bits of metal and plastic that are increasingly co-mingled with newspapers and paper. Our recycled content suppliers are coping with a change of policy at municipal levels across the country, which are implementing a single stream collection system as opposed to a dual stream system. Due to costs, many municipalities no longer require constituents to separate recycling at source, resulting in one recycling stream of paper, glass, metal and plastic and a significant increase of comingled materials.

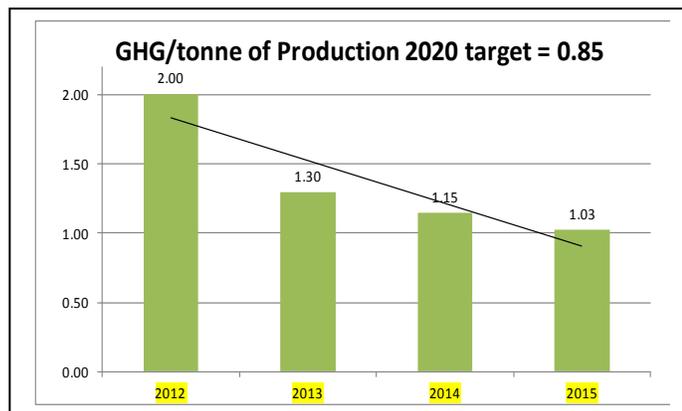
We have invested in screening technologies to help filter out the garbage component, but as it is a mixture of materials, it is impossible to recycle at this time and must be sent to landfill. In 2016, we plan to install a de-watering system in our Langley pulp plant to remove more water before we send waste to landfill, thereby significantly reducing tonnage and impact on landfill sites.

- **Reduce Carbon Footprint**

### **Greenhouse Gas Emission Reduction Targets and Performance**

The GHG measurement contains both the emissions from our production facilities and the transportation used to distribute product to our customers (see chart). The original goal, set in 2012, was to reduce emissions by 25% by 2020. In the 3 years since we launched our sustainability mission, we have reduced GHG emissions by a staggering 48.5%. We have now increased our 2020 goal to a total GHG emission reduction of 57.5% from 2012 levels.

The remarkable success we have had in reducing our GHG emissions is a result of great teamwork driving change and continuous improvement on many fronts. We have made conscious efforts to reduce energy through education at the plants and offices. We have converted our equipment to run on the cleaner fuel of natural gas from bunker “C” oil. Our



reduction efforts extend beyond the plants where we are shipping more efficient loads and using rail transportation instead of truck or air where possible.

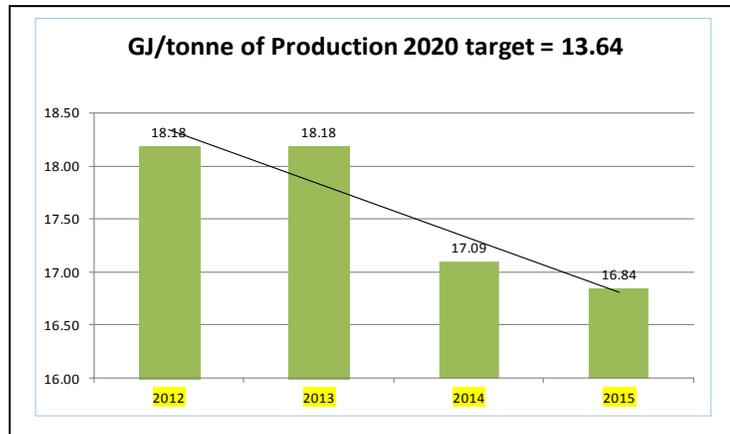
The use of cleaner energy sources in combination with reducing energy consumption has delivered these great results and our programs and projects will continue to drive us to our new goal.

- **Reduce Energy Consumption**

## Energy Reduction Targets and Performance

We have set a goal to reduce our energy consumption by 25% by 2020, based on our 2012 usage. We measure this as Gigajoules (GJ) per tonne of production. In 2012, our measurement was 18.18 GJ/ton of production. By 2020, we need to be at 13.64 GJ/ton of production.

Since 2012, we have reduced energy consumption per tonne of product by 8%. This is an annual energy reduction of 61,659 gigajoules, which is equivalent to the amount of energy used to supply electricity to over 5,000 homes for an entire year.



The 2015 energy usage was impacted by a much colder than normal winter, resulting in a smaller energy reduction than planned. With the large number of energy reduction projects started in 2015, we expect a substantial decrease in 2016 energy consumption which will put us back on track to achieve our 25% reduction goal by 2020. Projects such as: waste heat recovery, lighting upgrades (LED), compressed air reduction, energy management information systems, high efficiency motors and process optimization are examples of projects we have done or will be initiating to get to our reduction target.

## Social Sustainability

An integral component of our Sustainability Mission is people. As an 85 year old company, we realize that our people are our greatest asset which is why we have incorporated social aspects into our Sustainability Action Plan.

We have set goals for Employee Engagement and Community Involvement. Local communities are important for our employees and our business, so we participate and assist in developments. Safety has always been and will continue to be an important corporate goal of CKF.

We have established Green Teams in each of our factory locations. The Green Teams are responsible for identifying local projects that will benefit the environment and draw the community together. Examples include planting vegetable gardens and trees in the community.

## **Safety**

We pride ourselves on a proactive safety culture which is reinforced and supported at all levels of the company. We have achieved 7 years and counting of no lost time accidents in our Hantsport facility and over a year in our Rexdale plant. Great accomplishments, but our commitment to safety is on-going as we work towards a zero incident record.