

Lowe-Martin Group

ANCIENT AND ENDANGERED FOREST CONSERVATION VISION AND ECO-PAPER PROCUREMENT POLICY

Effective: August 14, 2014

OUR VISION STATEMENT

Through this policy Lowe-Martin Group is positioned as an environmental leader in the printing, publishing and paper industries and will work in partnership with other companies, our suppliers, customers, and Canopy to promote sustainable forest management, the protection of endangered forestsⁱ, eco-paper development and responsible environmental practices.

Lowe-Martin Group recognizes that in order to maintain business leadership and long-term success must consider the environment, including the world's forest ecosystems. Lowe-Martin Group is positioned to influence both supply and demand in the market, and thus contribute to the development of environmental solutions that conserve our climate, protect ancient and endangered forests and restore natural forests. Lowe-Martin Group fully supports responsible forest management practices that protect biodiversity and ecosystem integrity, to provide long-term social and economic benefits to communities and build a climate of operational certainty.

Lowe-Martin Group supports the development and use of papers for magazines, catalogues, newspapers, books, brochures, leaflets, labels, advertising material and similar printed matter and offices that do not come from ancient and endangered forests. Recognizing that the number of high quality and affordable eco papers have increased substantially, Lowe-Martin Group will collaborate throughout the supply chain and advise its customers to ensure continued support and creation of paper made from low footprint sources.ⁱⁱ

In addition, Lowe-Martin Group supports initiatives to reduce greenhouse gas emissions where feasible and will play a role in mitigating climate change by participating in initiatives to reduce the loss of high carbon value forests.

Thus, Lowe-Martin Group is committed to the following Ancient and Endangered Forests Stewardship model and implementation goals for paper procurement, and to applying this model and principles to all corporate paper use. This policy addresses the entire paper lifecycle, and supports principles that result in long-term environmental, social and economic benefits.

OUR IMPLEMENTATION GOALS

Protect Ancient and Endangered Forests

Lowe-Martin Group recognizes the impact of paper use and production on endangered forests and the environment and therefore the need to support and encourage the adoption of environmentally and socially responsible practices to ensure that fiber used in our paper is sourced from well-managed forests, and that land use choices and management practices contribute to the conservation of natural resources and in some instances additional environmental protection. Lowe-Martin Group will use reasonable efforts to influence our paper supply chain to use environmentally responsible practices.

Lowe-Martin Group will work to eliminate the use of fiber from ancient and endangered forests in places such as: the Canadian Boreal Forests; Temperate Rainforests of British Columbia, Alaska and Chile; and the Tropical Rainforests of Indonesia and the Amazon. In portions of Canada's Boreal Forestⁱⁱⁱ and the Great Bear Rainforest^{iv} where visionary agreements are currently being implemented, Lowe-Martin Group will work with Canopy to identify opportunities to support and encourage these initiatives.

Lowe-Martin Group will work to ensure that paper products do not originate from endangered species habitat. If we find that any of our papers do contain fiber from such habitat, we will engage our suppliers to cease operations in that area.

Conservation of Ancient and Endangered Forests and Protection of Biodiversity and Ecosystems

Lowe-Martin Group will give preference to suppliers that work toward conservation of endangered forests and the protection of biodiversity and ecosystems contained within these forests. Lowe-Martin Group also recognizes that certain regions have been identified as priority regions for forest conservation and biodiversity by the conservation science community and other stakeholders, and will work toward phasing out and finding suitable alternatives to any fiber sourced from these regions.

Forest Certification

Lowe-Martin Group will give purchasing preference to fiber originating from Forest Stewardship Council (FSC) certified operations.

Avoiding Controversial Sources

Lowe-Martin Group will work toward phasing out and finding suitable alternatives to any paper products from other highly controversial sources including: companies that are logging forests illegally^v; forests that comprise habitats of threatened, endangered, or imperiled species^{vi}; intact^{vii} and old growth forests; tree plantations^{viii} established after 1994 through the conversion or simplification of natural forests^{ix}; or areas being logged in contravention of First Nations/tribal/indigenous peoples' rights. Furthermore, we will work with and communicate to our clients and customers to encourage these same responsible choices.

Plantations

Lowe-Martin Group will source paper with fiber originating from FSC certified well-managed, longstanding plantations or from new fiber plantations established on degraded agricultural or pasture lands. Lowe-Martin Group will encourage paper suppliers to abandon the practice of conversion of natural forests to plantations (more details are given in endnotes 8 and 9).

Illegal Logging

Lowe-Martin Group is committed to working with its paper suppliers and other stakeholders to ensure that illegally sourced fibers are not used in the manufacture of paper purchased by Lowe-Martin Group (see details in endnote 5).

Reduce Greenhouse Gas Footprint

Lowe-Martin Group will strive to reduce its greenhouse gas footprint and consequent impacts on climate change. Towards this end, we will implement the following strategies:

- Engage suppliers to curb deforestation and/or fragmentation of intact forests.
- Use Ancient Forest Friendly and recycled papers.
- Give preference to paper manufactured by suppliers that use effective strategies to actively reduce their greenhouse gas footprint.^x

Maximize Recycled Content

Industry supported life cycle analysis (LCA) shows sourcing recycled fiber can reduce overall pressure on forests and other important natural resources like water, as well as reduce the carbon footprint of the paper, especially when fibers from post-consumer waste are used in paper production.^{xi} Therefore, Lowe-Martin Group will:

- Give preference to paper with high-recycled content and specifically post-consumer waste content, and to progressively set targets to increase recycled content while meeting the physical and performance demands required for the individual product.
- Encourage its suppliers to continuously improve and expand the availability of recycled content in papers.

Develop Agricultural Residue Fiber Sources

Lowe-Martin Group will work with suppliers and Canopy to explore and encourage the development of agricultural residues and fibers^{xii} as a commercially viable fiber source for paper. We anticipate this will be an area of rapid advances over the next few years, and will keep abreast of new developments and potential opportunities in this area. Therefore Lowe-Martin Group will:

- Source papers from alternative fibers such as flax, wheat straw or other agricultural residues, when possible.
- Support research and development of commercial scale production of pulp and paper from alternative fiber sources. Printers may offer press time for trials.

Increase Paper Efficiency and Decrease Consumption proportional to sales volume

Lowe-Martin Group is committed to reducing its paper consumption through the following measures:

- Improving efficiency in paper use, including efforts to reduce waste from material handling, inefficient job layout, pressroom, binding and finishing, shipping and receiving and miscellaneous waste.
- Promoting continuous technical advances in paper basis weight reduction and design and printing methods to minimize process waste.
- Supporting the use and development of appropriate technology platforms that help reduce paper consumption.
- Closing the loop on paper use in North America, and supporting local paper recycling initiatives (such as selling waste and scrap paper to local recyclers and recycled paper makers, advocating for recovered paper to be sorted rather than mixed into a "single stream" system).

Prevent Pollution

Paper manufacturing is a resource-intensive process that can lead to air and water emissions that impact overall environmental quality.

- Lowe-Martin Group will give purchasing preference to paper that is chlorine free and has been processed utilizing responsible bleaching technologies such as Process and Totally Chlorine Free (PCF and TCF) bleaching.
- Lowe-Martin Group will give preference to suppliers that monitor and reduce overall emissions by adopting the latest technologies and practices to minimize air and water pollution. We will ask prospective suppliers for a description of how they are meeting legal requirements and reporting annually on plant performance related to these issues.

Setting Benchmarks, Timelines, and other Accountability Mechanisms

Lowe-Martin Group will establish benchmarks, timelines, and other accountability mechanisms to implement this policy, and to review this process annually. *For details see ANNEX I.*

Involving all Stakeholders in the process

Lowe-Martin Group will involve employees, suppliers, shareholders and customers in the implementation of its Ancient and Endangered Forest Friendly paper procurement policy.

Working with Incumbent Suppliers

Lowe-Martin Group will work with current suppliers to encourage them to supply information so that their practices can be compared to this policy. Lowe-Martin Group will work with suppliers on identified compliance matters.

Promote Industry Leadership

Lowe-Martin Group recognizes the benefit of creating environmental awareness among its customers, employees and peers. As implementation progresses:

- Lowe-Martin Group will note the post-consumer content of the paper and/or use the Ancient Forest Friendly logo where appropriate.
- Lowe-Martin Group will incorporate our environmental commitment into web and electronic forums as appropriate.
- Lowe-Martin Group will initiate campaigns that help promote Ancient Forest Friendly initiatives (such as advertisements, store displays, etc.)
- Lowe-Martin Group commits to promoting ancient and endangered forest friendly paper procurement policies with other printers and paper buyers, suppliers, customers, and advertisers.
- Lowe-Martin Group will work with suppliers, Canopy, non-governmental organizations and other stakeholders in protecting endangered and ancient forests, improving forest management and production practices, and reducing demand on forests.

Ward Griffin

President and CEO

Lowe-Martin Group

ANNEX I – IMPLEMENTATION MEASURES

To fulfill the preceding commitments, Lowe-Martin Group will:

1. Execute an action plan encompassing essential measures and other actions needed to implement our Endangered Forest Conservation Vision and Eco-Paper Procurement Policy.
2. Educate and train relevant Lowe-Martin Group staff about our Endangered Forest Conservation Vision and Eco-Paper Procurement Policy, its implementation measures, and action plans.
3. Conduct an initial supply vendor audit to with Chain of Custody forms supplied by Canopy to:
 - Benchmark our purchases and usage of paper products;
 - Determine the forests of origin for these paper products; and
 - Identify any paper products purchased and sold by Lowe-Martin Group that may contain inputs from endangered forests and/or other controversial sources.
4. Conduct an audit of Lowe-Martin Group's purchase and usage of paper products to benchmark the company's use of FSC certified paper, post-consumer recycled (PCR) and chlorine-free paper, and alternative/agricultural residue fiber papers, if any.
5. Develop and implement an action plan to achieve the implementation goals above for:
 - Increasing the purchase and usage of FSC certified paper products;
 - Increasing the purchase and usage of PCR and chlorine-free paper;
 - Increasing Lowe-Martin Group 's efficiency in the use of paper products;
 - Exploring opportunities to increase the usage of papers containing agricultural residue fibers.
6. Establish an internal monitoring and feedback system to identify progress in meeting Lowe-Martin Group' Ancient and Endangered Forest Conservation Vision and Eco-Paper Procurement Policy commitments, and to enable improved implementation of this initiative. The system should require progress reports to be prepared annually.
7. 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 paper suppliers, and advise them that to retain Lowe-Martin Group 's business, they must phase-out paper from endangered forests and other controversial sources per the requirements of Lowe-Martin Group' Endangered Forest Conservation Vision and Eco-Paper Procurement Policy.
 - If the suppliers manage forests, then they must commit to identifying and protecting endangered forests under their management, as well as commit to seeking FSC certification.
 - Include plans for conducting third-party supply vendor audits for proposed new 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 Lowe-Martin Group' Endangered Forest Conservation Vision and Eco-Paper Procurement Policy; and
 - Include plans to consult with conservation organizations, including Canopy, and independent scientists if assistance is needed in identifying endangered forests, other controversial sources, and/or products from these areas.
8. Explore opportunities to develop pilot projects and partnerships that can stimulate the market for environmentally responsible products, such as those containing FSC certified paper.
9. Produce an annual sustainability report per the preceding commitments using the Global Reporting Initiative G3 guidelines or similar or participate in the Canopy's Ancient Forest Friendly awards.

ENDNOTES

ⁱ Lowe-Martin Group recognizes definitions, identifying traits and characteristics of endangered forests that have attained broad acceptance by the conservation science community and environmental NGOs. Of particular note are the forested “biodiversity hotspots” – eco-regions located mainly in the tropics and identified by conservation scientists as having a minimum of 1500 endemic plant species and as having already lost 30 percent or more of their original habitat. World Wildlife Fund has defined global rarity as biomes or major habitat types represented by less than 8 distinct regions around the world. Included in this category are temperate rainforests and Mediterranean habitats. Wilderness areas are characterized by at least 1 million square kilometers that have a population density of less than 1 person per square kilometer. The “high biodiversity wilderness areas” include a minimum of 1500 endemic plant species.

Endangered forests and ecosystems:

- Forests harboring a rich array of biodiversity that have been heavily impacted by human activity,
- Global forest types that are naturally rare and threatened,
- Forested wilderness areas, including those that are rich in species diversity, contain threatened species, or provide critical ecosystem services, and
- Old growth forests that have not previously been subject to commercial logging.

For more information on the definitions of ancient and endangered forests, please go to:

<http://canopyplanet.org/index.php?page=science-behind-the-brand>

ⁱⁱ Environmentally friendly fiber sources include:

- Post-consumer recycled waste fiber
- Pre-consumer recycled fiber
- Agricultural residue defined in Endnote 6
- Fiber from FSC certified tenures (no controlled wood from controlled wood tenures)

ⁱⁱⁱ In 2010, Twenty-one member companies of the Forest Products Association of Canada entered into an agreement with Canopy and 8 other ENGO’s that will lead to the establishment of new protected areas, the protection of endangered caribou and the implementation of world class sustainable harvesting in the tenures outside of caribou habitat. This agreement applies to 2/3rd of the Boreal. This policy provides market support for implementation of the agreement.

^{iv} The 2006 Great Bear Rainforest Agreements signed between environmentalists, logging companies, First Nations and the British Columbia Government includes the creation of a new land management regime called Ecosystem-Based Management that includes more than 2 million hectares protected from logging and new lighter touch logging regulations applied outside of protected areas. The deadline for implementing the Great Bear Rainforest Agreement was March 31st, 2009. This policy provides market support for implementation of the agreement.

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

^{vi} A good source to identify endangered, threatened and imperiled species is NatureServe’s Conservation Status rankings for imperiled species that are at high risk of extinction due to very restricted range, very few populations (often 20 or fewer), steep declines in populations, or other factors.

^{vii} An Intact Forest Landscape (IFL) is an unbroken expanse of natural ecosystems within the zone of current forest extent, showing no signs of significant human activity, and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained. <http://www.intactforests.org>

^{viii} Plantations are 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.

^{ix} The goal to ensure no fiber 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

^x Cascades Fine paper and Leipa are examples of mills with credible green house gas reduction initiatives. Burning biomass for energy is proving to not be carbon neutral. Manomet Report, 2010

^{xi} Paper Task Force Report and Environmental Paper Network Paper Calculator. “The scientific basis for these conclusions is the analysis of the Paper Task Force, a three-year research project convened by Environmental Defense and involving Duke University, Johnson & Johnson, McDonald’s, Prudential Insurance, and Time Inc. The Paper Task Force examined environmental impacts through the full lifecycle of paper, along with economic and functional issues across major paper grades. Its findings were extensively peer-reviewed by scientists, academics, environmental experts, and government and industry representatives.”

^{xii} Agricultural Residues are residues left over from food production or other processes and using them maximizes the lifecycle of the fiber. Fibers include: cereal straws like wheat straw, rice straw, seed flax straw, corn stalks, sorghum stalks, sugar cane bagasse, and rye seed grass straw. Where the LCA (life cycle analysis) shows environmental benefits and conversion of forest land to on purpose crops is not an issue, kenaf can also be included here. (Agricultural residues are not from on purpose crops that replace forest stands or food crops.)