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Carbon Neutral Policy

Effective Date: January 2026
Review Cycle: Annually (next review due: January 2027)
Policy Owner: Marketing Director / Sustainability Lead
Approved By: Chief Executive Officer (CEO)

Scope

This Carbon Neutral Policy applies to all owned and operated facilities under Diamond Packaging's operational control, in accordance with the GHG Protocol Corporate Standard.
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Carbon Neutral

Diamond prioritizes absolute emissions reductions and renewable electricity procurement before applying offsets to residual emissions. Diamond Packaging's facilities are carbon neutral across **Scope 1** and **Scope 2** emissions, making us one of the few packaging manufacturers to have achieved this milestone. We maintain that status through quantified GHG accounting, prioritized emissions reductions, renewable electricity procurement, and independently verified offsets for residual emissions. We're committed to continuous improvement and are actively working to evaluate and mitigate our **Scope 3** emissions as the next frontier.

Implementation Measures

To achieve our carbon neutral objectives, Diamond has established the following concrete measures:

On the Path to Carbon Neutral

Wind Energy

- Since 2007, Diamond has been purchasing and retiring Green-e certified wind-generated renewable energy certificates (RECs) to match 100% of our electrical energy consumption.
- Diamond purchases and retires a volume of RECs equivalent to its annual electricity use (approximately 8,400 MWh, subject to annual adjustment).
- Renewable Energy Certificates (RECs) are applied under the market-based accounting method in accordance with the GHG Protocol Scope 2 Guidance. Diamond separately reports its location-based Scope 2 emissions in its annual GHG inventory.

Climate Action Reserve (CAR) / Ambitious Climate Results (ACR)

- In 2021, Diamond announced a multi-year commitment with **3Degrees** to purchase Climate Action Reserve (CAR)-certified carbon offsets to reduce its carbon footprint.
- In 2025 Diamond entered into a multi-year agreement with **Climate Impact Partners** to purchase Ambitious Climate Results (ACR)-certified carbon offsets aimed at reducing its carbon footprint.
- With these purchases, Diamond is taking a significant step on the path to carbon neutral by offsetting its Scope 1 emissions. (Carbon offsets are used to neutralize residual Scope 1 emissions and are not applied toward achievement of Diamond's science-based emissions reduction targets. Its Scope 2 emissions are already offset through its long-term commitment to wind energy.)
- As the premier carbon offset registry for the North American carbon market, the Climate Action Reserve encourages action to reduce greenhouse gas (GHG) emissions by ensuring the environmental integrity and financial benefit of emissions reduction projects.
- As a leading global carbon crediting program operating in global compliance and voluntary carbon markets, ACR engages actively in a broad range of industry initiatives to help shape the development and growth of high-integrity carbon markets.

Verified Carbon Footprint

- Diamond's entity-wide greenhouse gas (GHG) emissions are verified by SCS Global Services
- A third-party verified carbon footprint ensures that our greenhouse gas measurements are accurate and reliable, and provides transparency and credibility with stakeholders.

Scope 3 Emissions

- Diamond facilities are now carbon neutral (covering Scope 1 and Scope 2 emissions), with ongoing progress towards evaluating and mitigating Scope 3 emissions.
- Diamond's 'Green Team' meets on a regular basis to assess progress and goals, including more comprehensive tracking of Scope 3 emissions with the aim of decreasing them over time.

Environmental Sustainability Measures

Carbon Footprint Reduction

- Track annual purchases of renewable energy credits (REC)
- Track Scope 1 and Scope 2 emissions and verify emissions inventory for three (3) facilities under operational control through a verified third party
- Continual efforts to reduce water consumption with greater sustainability and economic impacts.
- Calculate Scope 3 emissions using a hybrid method of spend-based and primary data
- Determining a baseline dependent on best available environmental primary data

Continuous Improvement Measures

Data Collection and Analysis

- Adopt a hybrid method for calculating Scope 3 emissions using primary data from key suppliers, including upstream cradle-to-gate emissions (tCO_2e/MT), if available, and transportation data
- Establish baseline metrics for all key performance indicators by Q4 2026
- Maintain compliance with Science Based Targets initiative (SBTi) and GHG Protocol guidelines to promote best practices in assessing and setting targets
- Submit emissions inventory data to a 3rd party for external verification

Stakeholder Engagement

- Solicit feedback from customers and suppliers on sustainability expectations
- Engage with industry associations to stay current on best practices
- Provide greater transparency and credibility through third-party verification registries
- Participate in collaborative initiatives for facilities improvements

Innovation and Technology

- Evaluate emerging technologies that support facility efficiency goals
- Improve processes at the plant level

Key Performance Indicators (KPIs)

To monitor progress on implementation measures, Diamond tracks the following KPIs:

Environmental KPIs

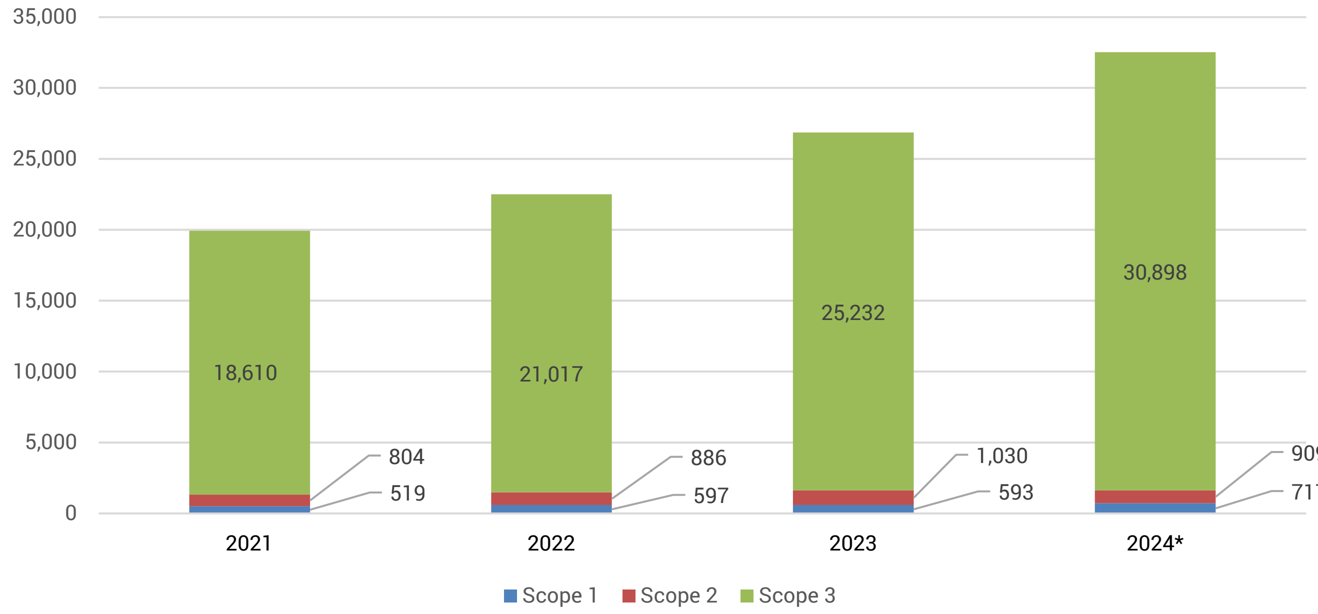
- Wind energy purchases (RECs): Diamond purchases and retires Green-e certified wind-generated renewable energy certificates (RECs) to match 100% of its electrical energy consumption
- Electricity usage: Electricity consumption matched 100% with retired Green-e certified RECs (volume adjusted annually).
- Scope 1 and Scope 2 emissions: 42% reduction in Scope 1 and Scope 2 GHG emissions by 2030 from a 2022 base year
- Scope 1 and Scope 2 intensity: 4.2% reduction in Scope 1 + Scope 2 emissions (per unit of production) per year for the next 10 years (42% total reduction), based on a 2022 baseline
- Scope 3 absolute target: 2% reduction in Scope 3 emissions per year for the next 10 years (20% total reduction), based on a 2022 baseline

Process KPIs

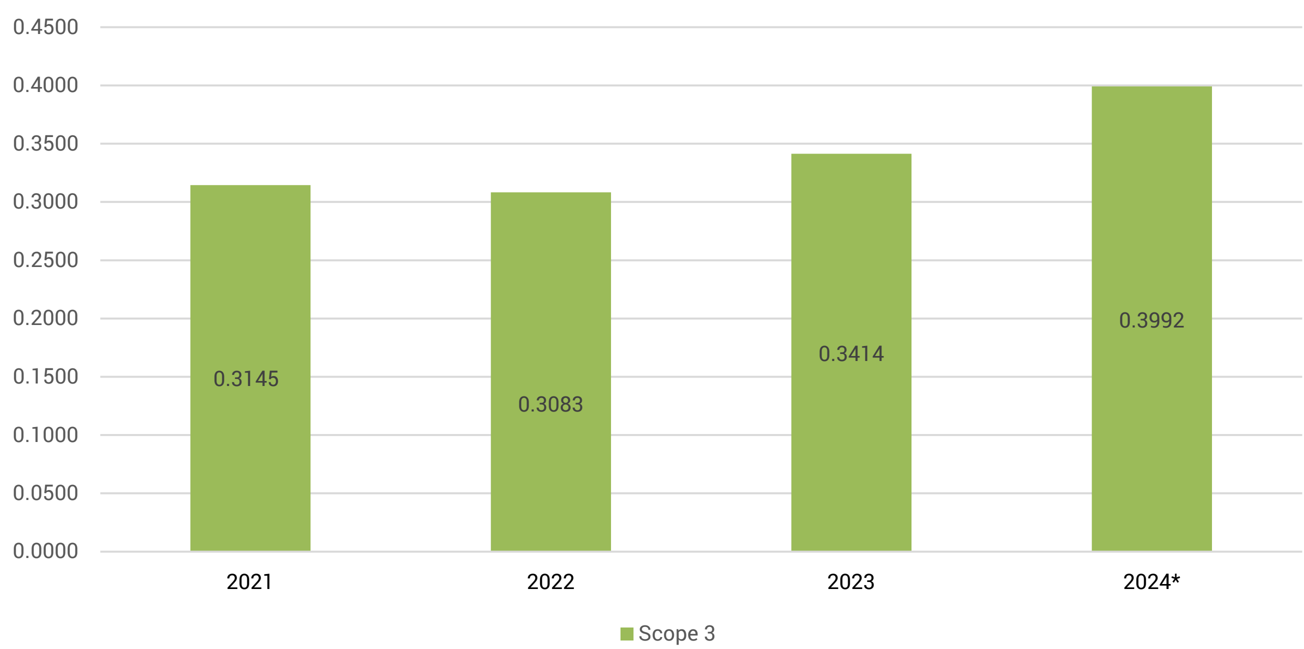
- Policy training completion: Percentage (%) of Green Team members trained on carbon neutrality | Target 100% in 2025

These KPIs are reported monthly (for critical metrics), quarterly (to Green Team), and annually (in Diamond's Sustainability Report).

Absolute Emissions (Scope 1 + Scope 2 + Scope 3)



Scope 3 Emissions Intensity



Green Team Members Trained on Carbon Neutrality

Governance Structure

The implementation and oversight of this Carbon Neutral Policy is governed through the following structure:

Marketing Director / Sustainability Lead
- Overall accountability for emission calculations and performance
- Determines the basis for recalculation
- Reports sustainability metrics to executive leadership and Green Team quarterly
- Submit entity-wide and external GHG emissions inventory for verification
- Authors annual Sustainability Report for customers and external stakeholders, including CDP, EcoVadis, UN Global Compact

Cross-Functional Sustainability Committee (Diamond's Green Team)
- Reviews progress against targets quarterly
- Recommend policy updates and new initiatives
- Ensuring alignment with Diamond's Sustainability Report

Operations/Facilities Management
- Employ a comprehensive approach to facilities management
- Identify facility inefficiencies and determine ways to optimize our performance

Policy Review and Continuous Improvement

Annual Review Process

- This policy will be formally reviewed annually in Q1 of each calendar year
- Review will assess progress against quantitative targets and qualitative objectives
- Updates will be incorporated based on:
    - Regulatory changes in environmental standards
    - Evolution of industry best practices
    - Stakeholder feedback (customers, suppliers, employees)
    - Performance data from the previous year

Trigger-Based Reviews

- Policy may be reviewed outside the annual cycle when:
    - Significant changes occur in calculation methodologies
    - Changes in organizational boundaries
    - Changes in physical boundaries
    - Correction of errors

Documentation and Communication

- All policy updates will be documented with a date or version control
- Updated policies will be communicated to all suppliers within 30 days
- Public-facing updates will be reflected in the annual Diamond Sustainability Report

Performance Monitoring

- Quarterly: Reports sustainability metrics to executive leadership and Green Team
- Annually: Track emissions data based on a hybrid approach to achieve greater accuracy
- Annually: Evaluate overall environmental and social impact metrics and assess targets
- Report findings to executive leadership and incorporate into continuous improvement initiatives

External Verification

- Engage third-party audits to verify compliance with policy standards annually
- Participate in industry benchmarking to identify improvement opportunities
- Maintain transparency through public reporting of key metrics