

FSC Chain of Custody Policy

Effective Date: January 2026
Review Cycle: Annually (next review due: January 2027)
Policy Owner: Supply Chain Manager
Approved By: Chief Executive Officer (CEO)

Scope

This policy applies to all Diamond Packaging facilities covered under its FSC® Chain of Custody certification (FSC® License Code: FSC-C016055) and governs the purchase, handling, production, sale, and labeling of FSC-certified and FSC-controlled material.

FSC Chain of Custody

As a paperboard converter, Diamond Packaging recognizes its role in supporting responsible forest management and biodiversity protection. FSC Chain of Custody certification ensures that certified material is tracked from forest to final product. To support more sustainable packaging solutions, Diamond utilizes recyclable or recycled paperboards, many of which are FSC®-certified.

The Forest Stewardship Council (FSC) establishes globally recognized standards for responsible forest management. Chain of Custody certification verifies that wood from certified, responsibly managed forestlands is tracked through the supply chain from forest to consumer. FSC labeling provides assurance that materials originate from legal and responsibly managed sources.

Diamond commits to complying with FSC-STD-40-004 (Chain of Custody Standard) and applicable trademark standards. The company does not knowingly source material from unacceptable sources as defined by FSC, including illegally harvested timber, wood harvested in violation of traditional and human rights, or wood from forests converted to plantations or non-forest use.

Diamond further seeks to ensure that fiber-based materials used in its packaging are sourced from responsibly managed forests and suppliers operating in regions considered low risk for deforestation and land conversion. Consistent with FSC standards and emerging regulatory frameworks, Diamond supports supply chains that avoid deforestation or land conversion occurring after January 1, 2020. The company primarily sources paperboard from certified suppliers operating within well-regulated North American and European forestry systems.

Diamond prioritizes FSC-certified materials as a primary risk mitigation mechanism to address deforestation exposure and enhance supply chain traceability.

Diamond maintains documented procedures for material receipt verification, segregation (physical or accounting-based), volume control, and FSC claim management. FSC claims are reviewed and verified prior to customer invoicing to ensure compliance with applicable FSC standards.



Implementation Measures

To achieve our FSC-certified paperboard objectives, Diamond has established the following measures:

Environmental Sustainability Measures

Chain of Custody Certification

- Diamond has maintained Forest Stewardship Council® (FSC) Chain of Custody certification since 2009 and is currently certified through Preferred by Nature.
- Through FSC-certified packaging, we ensure materials are responsibly sourced and tracked throughout the supply chain.
- FSC certification demonstrates our continued commitment to environmental responsibility.

Greenbox Initiative

- Diamond developed its greenbox sustainability initiative to research, design, and implement packaging solutions that are innovative and sustainable. The core of the initiative – **designs**, **materials**, and **methods** – represents a comprehensive approach to packaging that minimizes environmental impact throughout the supply chain.
- Diamond's Greenbox initiative supports responsible material selection and continuous improvement in fiber sourcing practices.

Sustainable Procurement

- Diamond tracks progress on sustainable sourcing of paperboard products.
- Diamond set a target to maintain certified paperboard use >99.8% through 2030.
- In 2026, our goal is to purchase at least 99.8% of all paperboard from certified sources.

Supplier Engagement

- Diamond carefully evaluates materials and suppliers to make the best recommendation for our customers' products.
- Diamond has committed to interact with all major suppliers on sustainability, focusing on suppliers who are equally dedicated to promoting environmentally and socially responsible forest management.

UN Sustainable Development Goals (SDG)

- Diamond supports the UN Sustainable Development Goals (SDGs) and measures and reports on where existing business practices and/or projects impact on one or more of the SDGs, including FSC certification.

Continuous Improvement Measures

Data Collection and Analysis

- Establish baseline metrics for all key performance indicators by Q4 2026
- Collect paperboard sourcing data from key suppliers
- Review the data and conduct an audit to ensure compliance to commitments made to Diamond
- Maintain compliance with Science Based Targets initiative (SBTi), GHG Protocol guidelines to promote best practices

Stakeholder Engagement

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

Innovation and Technology

- Engage in responsible material procurement to support corporate goals and help catalyze our continual innovation
- Evaluate ESG-related expectations in commercial packaging, including climate change, digitalization, customer sustainable procurement initiatives, consumer demands, and circular economy principles

Key Performance Indicators (KPIs)

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

Environmental KPIs

- Certified paperboard usage: Maintain >99.8% through 2030
 - In 2025, 99% of all paperboard purchases came from certified sources, exceeding our target
- Renewable or recycled paperboard usage: Maintain >99.8% through 2030
 - In 2025, over 99% of all packaging was made from renewable or recycled paperboards, many FSC-certified

Process KPIs

- Policy training completion: Percentage of relevant personnel involved in purchasing, production control, warehousing, sales, and claims management trained on FSC Chain of Custody procedures | Target: 100%

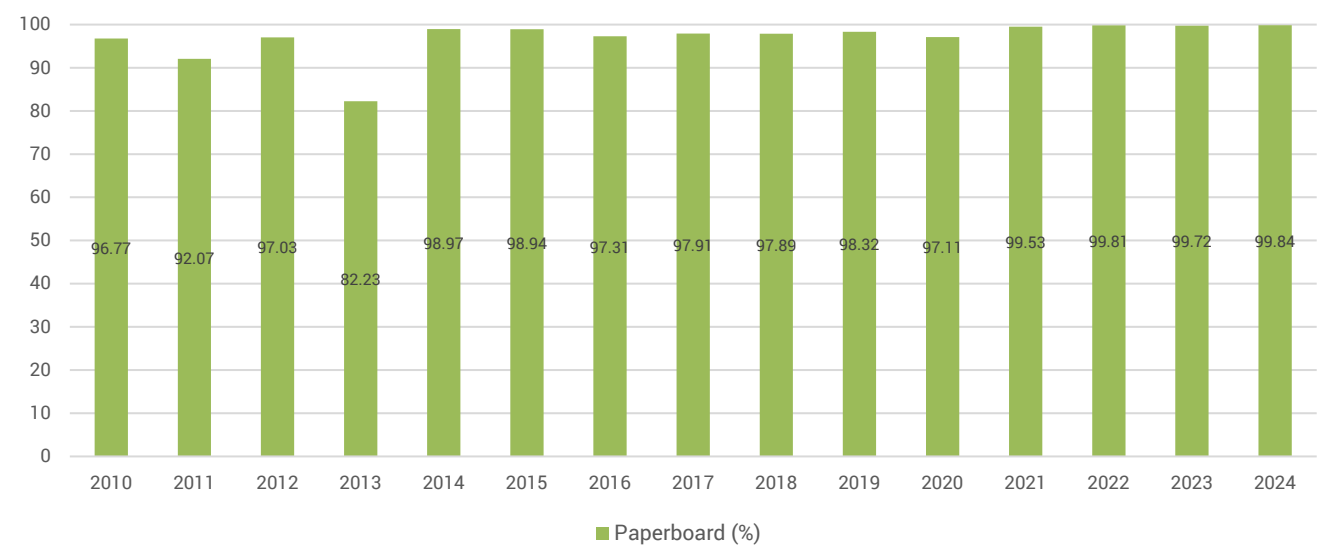
These KPIs are reported monthly (for critical metrics), quarterly (to Green Team), and annually (in Diamond Sustainability Report).

Metrics

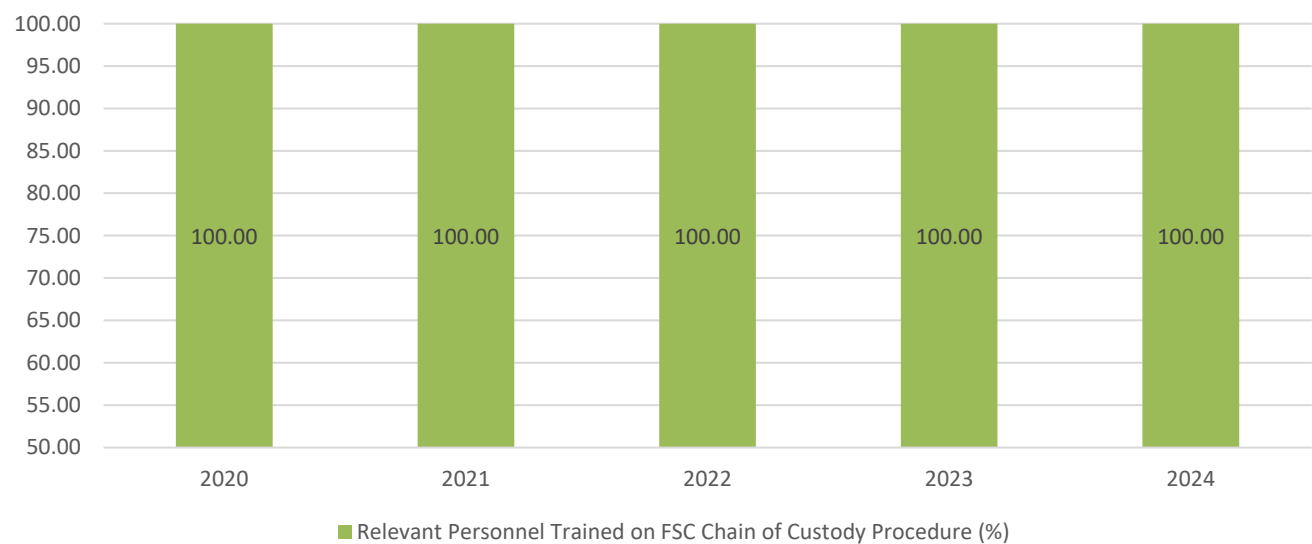
Certified Paperboard Usage



Renewable or Recycled Paperboards Usage



Relevant Personnel Trained on FSC Chain of Custody Procedures



Governance Structure

The implementation and oversight of this FSC Chain of Custody Policy is governed through the following structure:

Supply Chain Manager

- Assists in sustainable sourcing goals and targets through strategic supplier engagement
- Engages with suppliers to foster a transparent transfer of primary data required for accurate reporting
- Identifies opportunities for supply chain improvements

Quality Assurance Department

- Verifies supplier certifications (ISO, FSC)

Marketing Director / Sustainability Lead

- Overall accountability for calculations and performance
- Reports sustainability metrics to executive leadership and Green Team quarterly
- Submits 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
- Ensures alignment with Diamond's Sustainability Report

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

Non-Conformance and Corrective Action

- When an FSC-related non-conformance is identified (e.g., incorrect claims, supplier certification lapse, procedural deviation), the responsible party documents the issue, identifies root cause, and implements corrective action in a timely manner.
- The Supply Chain Manager and Quality Assurance Department review and confirm resolution; significant non-conformances are escalated to the Marketing Director / Sustainability Lead and reported to Preferred by Nature as required.
- All non-conformances and corrective actions are logged and reviewed as part of the annual policy review.

Documentation and Communication

- All policy updates will be documented with a date or version control
- Public-facing updates will be reflected in the annual Diamond Sustainability Report

Performance Monitoring

- Annually: Reports procurement metrics to executive leadership and Green Team
- Annually: Track FSC-certified paperboard usage and purchase data
- Annually: Evaluate overall environmental and social impact metrics and assess targets
- Annually: Report findings to executive leadership and incorporate into continuous improvement initiatives

External Verification

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