



Coastal
CONTAINER

2022

SUSTAINABILITY REPORT

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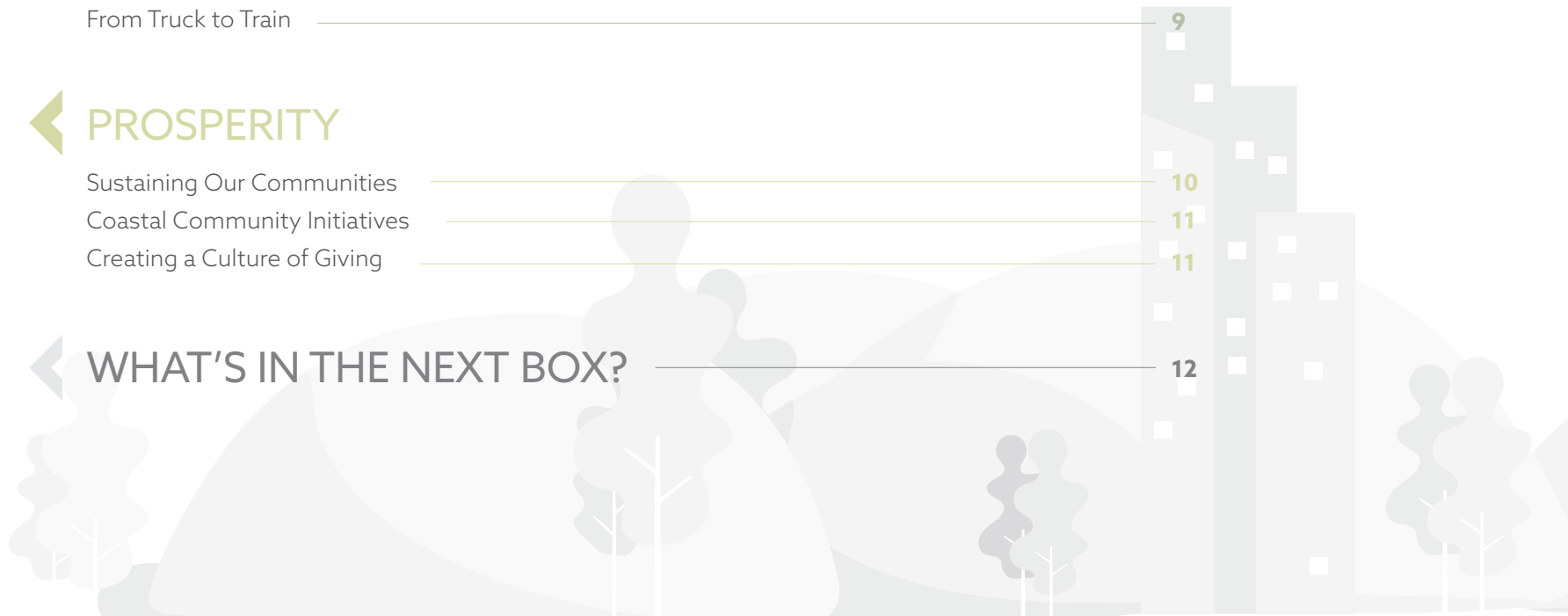
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OUR SUSTAINABILITY PLEDGE

PEOPLE. PLANET. PROSPERITY.

Coastal Container's purpose is to protect our customers' products and reputations from dock to destination. And as inhabitants of our community, nation and planet, we understand our responsibility to protect the places we do business and the people who live there.

This is the crux of sustainability—to meet our stakeholders' needs today while protecting our people and planet for generations to come.

Sustainability, as an integral part of a business plan, is difficult. The ability to see opportunity and translate that into real-world business practice takes effort and resources. It's way more complicated than recycling pop cans in the kitchen and cardboard in the plant. In this document you will find our vision, our aspirations, and our approach to corporate social responsibility. We are doing many things well, but we are not done, and we know it.

PEOPLE

◀ SUSTAINING OUR PEOPLE

Only when people are thriving at work and at home can they deliver their best. We start with the most basic needs: from entry-level to senior management, all our people enjoy competitive wages, company-sponsored retirement options, access to high-quality health care, and safe working conditions.

But compensation and safety are just the fundamentals. More than a paycheck, people want their work to have meaning, and meaningful work empowers people to grow both psychologically and socially.

Since our founding in 2007, this reality has driven our choices on how to lead our business. We are committed to creating an environment where our employees can do great work with opportunities for continuous development.

A PLACE TO GROW

The Coastal environment encourages employees to produce meaningful work in partnership with their coworkers. It also pushes our people to continuously grow—both personally and professionally. Team Coordinator Miranda Steffes displays our values on a daily basis.

"I was first hired to operate the panel line, and a little over a year later, after demonstrating my skills, my supervisors gave me the opportunity to become a team coordinator. Currently, I manage the onboarding and scheduling for a team of twenty. The environment at Coastal really makes it possible for our team to work together to get things done."



My new position lets me continuously grow. Getting ready for the coming expansion, I've had to organize a wave of new clients, big projects and tight deadlines. It's not always easy, but we've overcome the challenges as a team and grown together through the experience!"

- Miranda Steffes

INVESTING IN PEOPLE

How we invest in our people:



SERVANT LEADERSHIP

Leaders exist to serve their team members; as such, we select, review, assess, and develop our leaders in alignment with 7 principles of servant leadership: listening, empathy, growing people, awareness, influence on others, looking ahead and team building.



JUSTICE ON THE JOB

While we have policies for guidance, we recognize that the strict interpretation of a policy does not always ensure justice. We listen, weigh the facts, and work hard to make a just decision to resolve workplace conflicts.



EDUCATION

We provide internal training and support perpetual learning for employees, a practice that encourages our people to grow personally and professionally.



PERSONAL DEVELOPMENT

Every employee receives four yearly development reviews, where employee and manager/team leader collaborate on plans for improving job skills and progressing in career goals.



COLLABORATIVE PLANNING

A diversity of thought brought to each problem is an opportunity to enrich the solution—in company planning we work to include the input of all employees via surveys, focus groups, and team meetings.

PLANET

Since our founding, Coastal Container has made sustainable and responsible practices an integral part of how we run our business. Our processes, the materials we use and even the construction of our facilities reflect our value for reducing environmental impact wherever possible. We strive to incorporate practices designed to reduce impact throughout our supply chain—from paper mill to delivered product.

◀ BREAKING DOWN THE BOX

The majority of our packaging products are made from corrugated, composed of three layers: a fluted medium layer sandwiched between outer layers. Our boxes are currently made with approximately 30% recycled corrugated material. The other 70% of new or virgin corrugated comes from a certified Sustainable Forestry Initiative (SFI) mill. The forests they source from are renewable: foresters and loggers harvest just enough trees to make packages, and for every tree harvested, three more are planted in its place. Boxes are glued together using water-soluble glue and printed on with biodegradable ink.

It's important to us that our corrugated packaging is an environmentally sound choice: it's renewable, recyclable, and compostable.



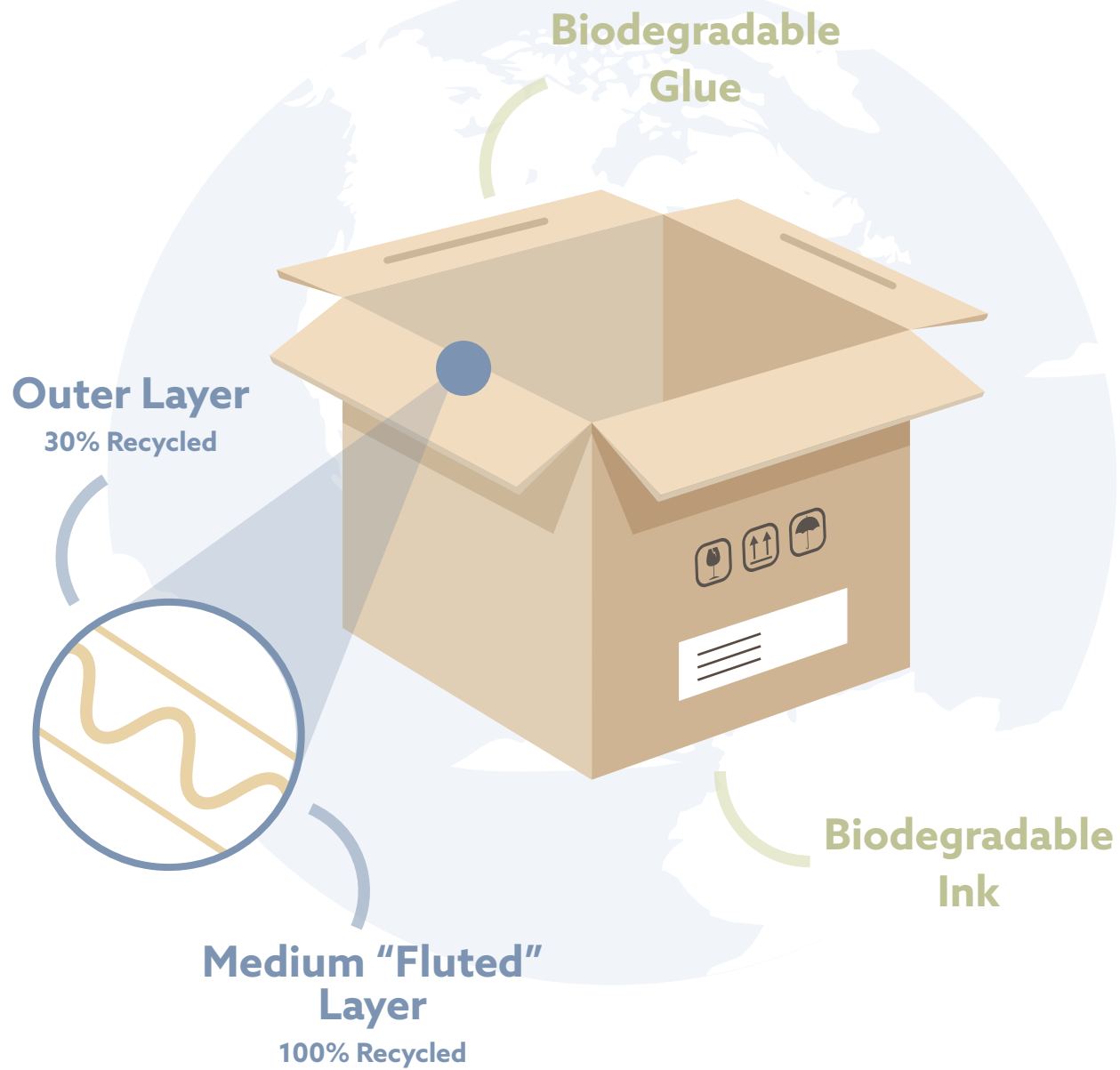
Biodegradable
Glue

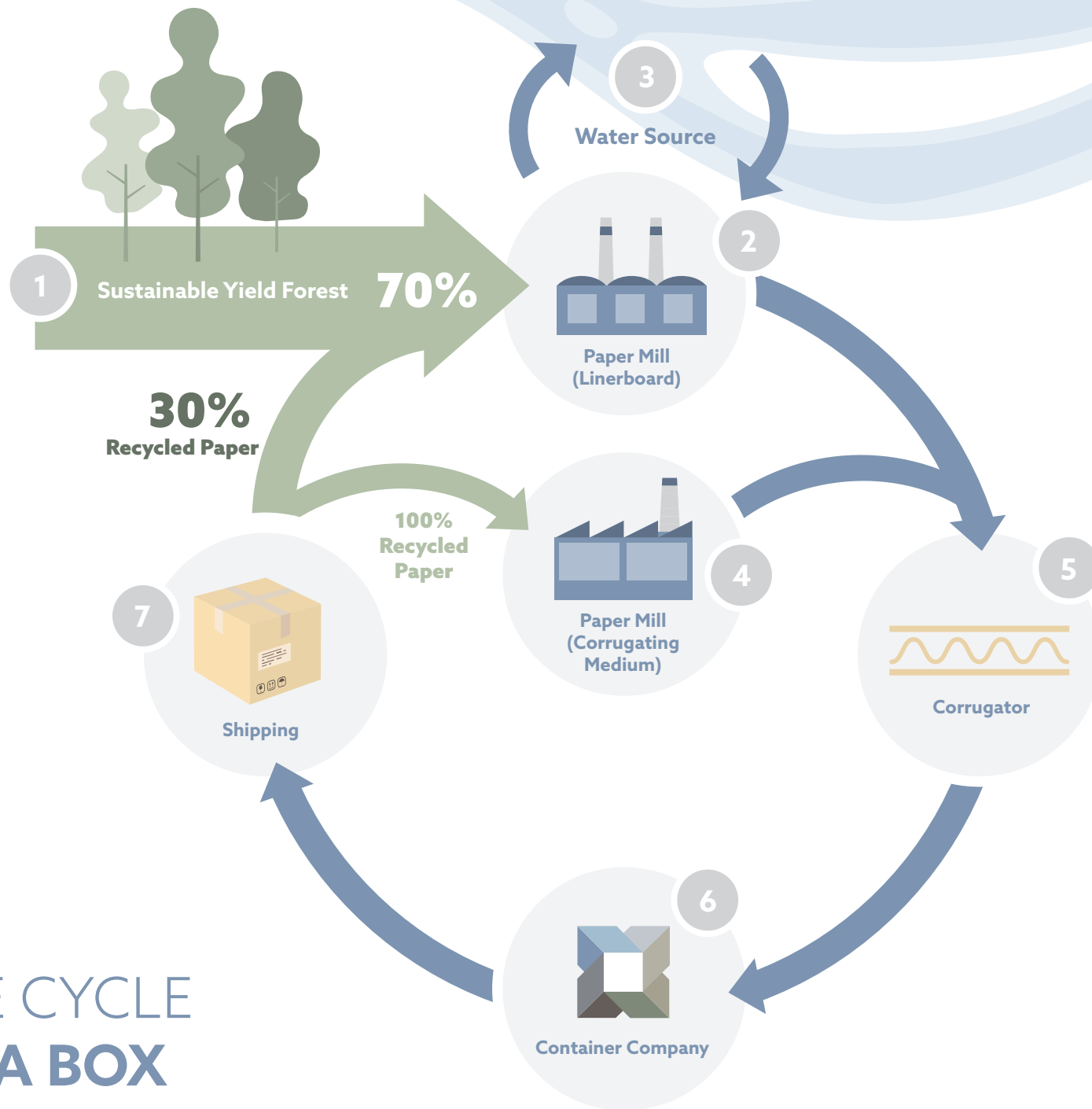


Biodegradable
Ink



SFI / Chain of
Custody Certified Paper





LIFE CYCLE OF A BOX

1 SUSTAINABLE YIELD FOREST

The life of a box starts in a sustainable-yield forest. More sophisticated than the clearcutting forestry of our great-great grandfathers, sustainable yield forests are, as their name implies, 100% sustainable. Foresters divide large land equally into 8 plots, each of which can provide enough wood to sustain operations for 1 full year. As a tree takes approximately 8 years to grow, foresters harvest each plot only once every 8 years, planting 3-4 new trees for each one they harvest, guaranteeing growth for years to come. In this way, we can sustainably harvest wood much as we would harvest corn or any other crop but with a much longer growing season.

2 PAPER MILL (LINERBOARD)

Coastal Container sources paper from suppliers that use a blend of approximately 30-40% recycled materials, with the remainder of material coming from sustainable yield forests. Wasting nothing during the production process, the mill scrapes off excess bark and sap and transforms those byproducts into a 100% renewable energy source to power their operation.

3 WATER SOURCE

Paper pulp production also requires water, which our supplier draws from a nearby river and can be heavy with pollutants from agricultural runoff. During the process, the paper mill cleans and purifies this water, returning even safer, cleaner water than before.

4 PAPER MILL (CORRUGATING MEDIUM)

While the corrugated linerboard requires some virgin materials for structural stability, the corrugated medium (the middle or fluted component) consists of 100% recycled corrugated, wood or wood-like materials.

5 CORRUGATOR

Corrugators transform raw paper materials into the corrugated materials we use to construct sturdy, reliable containers.

6 CONTAINER COMPANY

Packaging and container companies like Coastal Container use corrugated sheets to build containers that protect your product and reputation from dock to destination.

7 SHIPPING

Companies all over the United States rely on Coastal's corrugated containers to protect their products during shipping and storage. After they fulfill their purposes, containers can be recycled and combined with raw materials for the creation of new paper materials.

◀ WHY DON'T YOU MAKE BOXES FROM 100% RECYCLED MATERIALS?

1 Performance

In order to perform their primary function of protecting and safely transporting goods, boxes need to be performance engineered for strength and durability.

Corrugated is the most-recycled material worldwide, but each time it's repulped, the wood fibers become shorter and the material weaker. **At a certain point (around 30~40% recycled material, depending on the product) the law of diminishing returns kicks in, and we start sacrificing the safety and integrity of our box to squeeze in a fraction more recycled material.**

As a result, we aim to use corrugated material right at that "green tipping point"—approximately 30:70 recycled-to-virgin material—to maximize our products' durability while minimizing our environmental impact.

2 Renewable Energy

Paper production is an energy-consuming process. Coastal Container's suppliers use excess bark and sap from sustainable-yield forests (see chart) to power their facilities with a 100% renewable-energy source.

In contrast, paper manufacturers that limit their raw materials to recycled materials lack the bark and sap for self-sustaining energy production, forcing them to source their energy elsewhere. Less than 20% of energy produced in the US in 2020 came from renewable sources.

Looking at the bigger picture, which includes energy sources, using a blend of recycled and sustainable-yield virgin materials can be and often is greener than a 100% recycled paper approach.

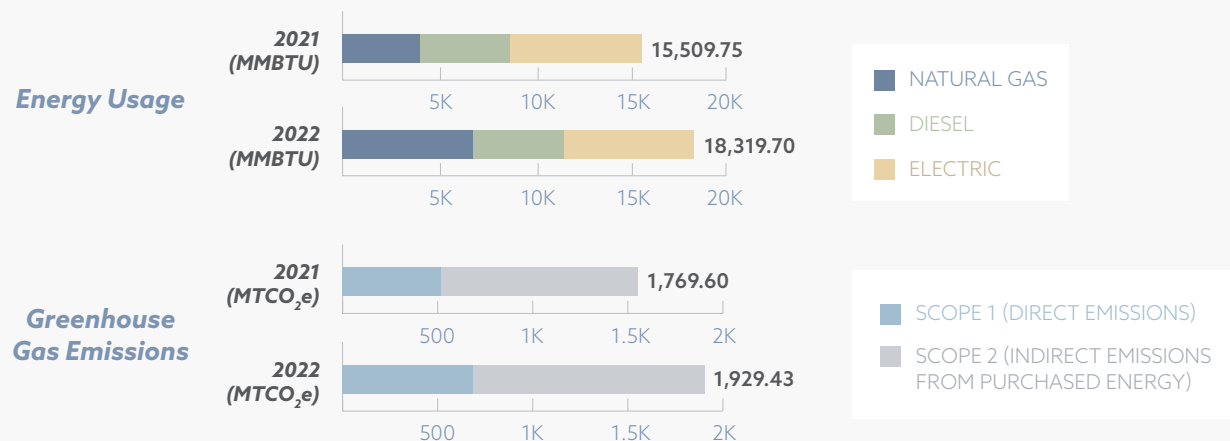
ENVIRONMENTAL IMPACT

CARBON FOOTPRINT

Coastal Container committed to setting five-year measurable environmental impact goals and making yearly progress towards those goals. Each year, we conduct energy usage and carbon footprint audits based on industry best practices, and you can review our results for both 2021 and 2022 below.

Energy Usage

2022 saw overall increases in production and the decommissioning of an aging, on-site boiler previously used for heat. Both of these factors led to increases in overall energy usage and subsequently carbon emissions.



NEXT STEPS

Reviewing the data, we have set three additional measurement goals for the coming years:

1. Set an emissions reduction target and register with the Science-Based Targets Initiative by 2025.
2. Evaluate scope 3 emissions — those emissions that occur downstream and upstream in Coastal Container's value chain.
3. Disclose emissions data publicly to the Carbon Disclosure Project (CDP) starting in 2023 to increase transparency with our stakeholders.

FROM TRUCK TO TRAIN

Earlier this year we announced an expansion to our operations that will include the installation of new corrugator equipment. Construction has already started and includes a new railway spur line that allows us to receive our raw material in the form of massive paper rolls instead of corrugated sheets. A single delivery of seven rail cars will replace approximately 48 truck loads of sheets, which produces big savings on fuel and carbon emissions.



Saves **over 150,000 gallons** of diesel fuel



Eliminates **1MM miles** of truck traffic per year



Increase fuel efficiency by **67%**



Reduce diesel consumption by **92%**

PROSPERITY

◀ SUSTAINING OUR COMMUNITIES

In business terms, prosperity is often measured as profit. But profit is not the purpose of our business—rather, it is how we fund our future and make our business sustainable for all stakeholders. With profit we acknowledge the investment of our owners, we bring the best products and services to our customers, we invest in our team members, we enhance our supply chain, and we partner with the communities in which we work. If we are not prosperous, we can do less of these good things.

And with specific respect to our communities, its reciprocal: businesses prosper in healthy communities, and prosperous communities cause businesses to flourish. This relationship between community and business underscores one of our key sustainability philosophies: as we prosper, it's our responsibility to serve our community as best we can in big and little ways.

COASTAL COMMUNITY INITIATIVES



COMMUNITY EVENT SUPPORT:

Coastal is a regular supporter of local events and needs, including Christmas and Thanksgiving parades, Tulip Time events, Grand Haven Winterfest and more.



CHARITABLE GIVING:

Coastal Container supports a number of local non-profit organizations, including Community Action House, D.A. Blodgett St. John's, Gateway Mission, Boys & Girls Club of Holland and Bethany Christian Services. And every year, team members have the opportunity to nominate new local charitable causes to support.



MEMBERS OF THE WEST MICHIGAN SUSTAINABLE BUSINESS FORUM:

The forum promotes business practices that advance climate leadership, community resilience, social justice and the creation of a circular economy.



ESL PROGRAM:

We partner with local programs to encourage dynamic career paths for our employees—improving their communication skills in and outside of work.



CREATING A CULTURE OF GIVING

Our dedication to our community creates a culture of giving at Coastal. One of our annual traditions is buying turkeys for every employee at Coastal Container, and we deliberately order a surplus so that we may also donate many to a local charity, Gateway Mission.



WHAT'S IN THE NEXT BOX

We are excited to put in the hard work on our path toward becoming a more sustainable, environmentally responsible company. By being transparent about our success, we hope that others can learn from our efforts. Likewise, we also will be transparent about our failures so that others can offer us their help.

Visit coastal-container.com/sustainability/ for news and updates on our current sustainability projects.



COASTAL-CONTAINER.COM/SUSTAINABILITY



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