



SUSTAINABILITY 2023

SOUTH ATLANTIC PACKAGING, PROSTAR PACKAGING & VERSATILE PACKAGERS

INTRODUCTION

In April 2021, as a part of our corporate Earth Day observance, our family of co-packing companies unveiled a third-party review that established our baseline carbon footprint. To read the full Sustainability 2021 report prepared by a team of students from the Wake Forest University School of Business Master's in Management [click here](#).

We are continuing to make business choices at our facilities with our carbon footprint in mind. These investments demonstrate a few of the specific ways our business practices align with our environmental commitment, as we stated it in April 2021:



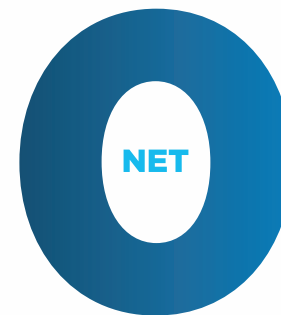


CLIMATE PLEDGE

We are prioritizing sustainable practices not only to help our customers achieve their sustainability goals, but to continuously work to minimize our impact on the environment. To do our part to minimize global warming, we plan to use the United Nations Sustainable Development Goals as a guideline for our sustainability strategy. By 2030, we pledge to reduce our Scope 1 and Scope 2 emissions by 50%.

By 2050, we pledge to have net zero emissions. Meeting these goals will help us work towards limiting global warming and ensuring the long-term sustainability of the earth's climate.

As we continue to invest in expanded operations and new locations, we will continue to focus on meeting our customers' needs – and doing so sustainably.



**EMISSIONS
BY 2050**

Electric Forklifts

In the 12 months after we launched our sustainability initiatives, we increased the makeup of electric forklifts from 33% to 46% of our fleet, and we expect continued improvement as forklift leases mature.

LED lighting

After launching our initial report, 85 percent of the new space we have added uses LED lighting, and we are continuing to work with landlords to retrofit legacy facilities with newer LED lighting.



Facilities in population centers

How our teams get to and from work is a part of our Scope 3. That's why we place our facilities as close to worker homes as possible, to include in an opportunity zone in Indianapolis. Our facilities also are near bus stops and can be reached by bicycle. That approach to workers' commutes is very different from most 3PLs that operate in large industrial parks that are often in remote or rural areas that require long commuting by car.

Throughout 2021 and 2022, we strategically chose densely populated areas for the locations of our newest four facilities, which has reduced travel time for our workers as well as our carbon footprint on a per-worker basis.

With the opening of our new 154,000 square foot Dallas, Texas, warehouse in September 2022, the South Atlantic family of companies has almost one million square feet of facility space operating in stand-alone facilities.

So, our square footage has grown. And our emissions have increased marginally. But thanks to our conservation initiatives already in place and more innovations to come, we feel confident that we will reach our carbon footprint goals.

An aerial photograph of the Dallas skyline, featuring the Margaret Hunt Brown Bridge (a large white arch bridge) spanning the Trinity River. The city's skyscrapers are visible in the background under a clear blue sky. The foreground shows green grassy areas and a pedestrian walkway along the river.

Dallas, Texas - home to one of our South Atlantic Packaging facilities.

Scope 1 emissions

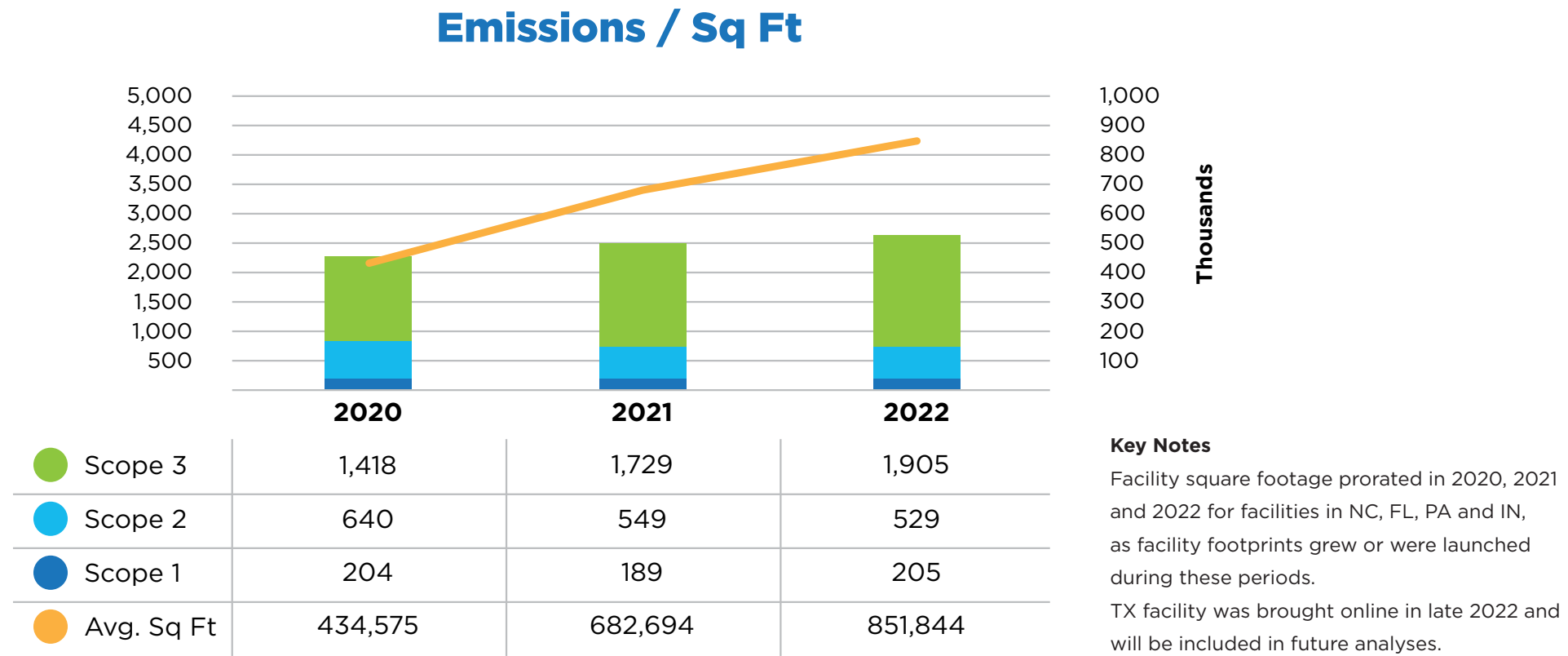
These are “direct” emissions that come directly from -- or are generated by -- our organization by doing things like turning on the lights and heat, running our packaging equipment lines or operating our computers.

Scope 2 emissions

These are “indirect” emissions created the power companies when they generate the electricity that our organization uses.

Scope 3 emissions

Scope 3 is indirect, and primarily related to how our workers commute to and from work.



Helping Our Customers

Communication and collaboration always are a key part of our mission. We understand that in addition to managing our own carbon footprint, we can have a positive impact on our customers' Scope 1, 2 and 3 emissions. Here's how:

- Related to our customers' sustainable activities, we routinely advise on more environmentally sound packaging materials, both for retail sale and shipping, and we often identify more efficient processes to package their goods.
- Our facilities are within 225 miles of almost half the U.S. population, which increases efficiency in transportation.
- We look for ways to operate more efficiently and reduce product waste during the co-packing process
- We recycle practically 100% of everything possible.





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