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SWM executives regularly visit our plants and meet with our employees and customers.
At SWM, we are finding ways to improve everyday life

We bring together the best engineering talents and processes to manufacture some of the world’s leading performance material solutions. We are 5,000 people strong in 2021 with an intense focus on understanding our customers and the industries we serve. Our experts design and produce innovative, customized products engineered to deliver high performance in countless applications that improve everyday life for people around the world.

Our products are everywhere and used in diverse industries, including filtration, healthcare, construction, transportation, industrial, consumer products, fibers and tobacco. These are just some examples of how SWM’s solutions provide superior performance for demanding specialty applications.

“Together, our diverse teams push the limits of what’s possible by enhancing and protecting the things that matter most to improving everyday life.”

- Jeff Kramer, CEO
Our stories will cover what is most important to SWM international:

- Our employees and their health, safety, and development
- Our customers and the close relationships we have with them
- Our culture that allows for honest conversations, diversity of thought, teamwork, creativity, and innovation
- Our integrity and ethical behavior throughout the countries where we operate
- Our commitment to excellence in everything we do, including supporting local communities
- Our responsibility to further integrating environmental principles into our strategies

The world faces complicated issues. We are realistic. It takes many companies and organizations working together to attack challenges and ultimately fix problems. Our first step is collaborating internally and with our stakeholders to enhance the sustainability of our operations. We are excited about this journey and appreciate your support in helping SWM become an even stronger Company.

Jeffrey Kramer
Chief Executive Officer
SWM International

Culture of conversation

One major initiative which I feel is important to explicitly share in my letter is what we call “our culture of conversation” because in my mind it is the foundation of ESG excellence (and business excellence!). By consistently encouraging this mindset, my intent—and that of all our leaders—is to build and maintain a culture where people feel safe to be themselves, to contribute their ideas and to know they are heard, seen, and valued. I admire the spirit of our employees who are behind our Company’s success. It is vital that everyone is confident to say what they think, to respectfully challenge ideas, and to raise critical issues of where we can do better, wherever they work in our organization. We are more than just our business selves. We are also deep, complex individuals with lives and relationships beyond the workplace. If we can harness the full breadth of all of these experiences, we will succeed in overcoming any challenges. Diverse, open teams just make better decisions.

We are a global Company operating on four continents. A culture of conversation requires us to find the proper balance between differences of thought and cultural norms. Despite the logistical limitations from COVID-19, I and other leaders worked very hard this past year on ways to connect with more people across our organization. For example, I regularly hold video chats with our site leadership teams around the world. These are open conversations on our culture, the forces impacting us and further actions we need to take on our business and personal journeys. Feedback makes us better.

This engagement is one of the ways we realized that we needed to focus even more intensely on ESG activities for the long-term. Our global teams shared the great things they were already doing, but also said they wanted us to do more. Good for them. We have a responsibility to address these areas and their impact on all our stakeholders and we will continue to look for additional ways to progress. Each member of our executive leadership team shares ownership for these efforts as part of our cross-functional ESG Leadership Council. I am proud to share that our Board of Directors is equally engaged in our ESG process and is just as committed to sound governance practices to drive long-term growth for our shareholders, our employees, and our communities. Each member brings critical skill sets, viewpoints, and experiences to guide strategic decision-making.

In the following pages, we share stories about how we’re working toward more sustainable solutions, building an even more explicit foundation for incorporating ESG principles into our business strategies. We are strengthening our communications internally and externally about how this critical element integrates into our daily business, and we will listen as well. Collectively, we can make significant progress toward establishing the right goals and measuring how we achieve long-term sustainability.

To the SWM family and our global community:

SWM has long been recognized as a leader in developing performance materials and solutions for thousands of customers around the world. We use our creativity and engineering expertise to help our customers deliver essential products used by consumers and businesses across many industries. Together, our diverse teams push the limits of what’s possible by enhancing and protecting the things that matter most to improving everyday life. Our materials—papers, films, nets, and nonwovens—give well-known brands the ability by enhancing and protecting the things that matter most to improving everyday life. Our materials—papers, films, nets, and nonwovens—give well-known brands the ability to improving everyday life.

SWM people are resourceful, creative, and problem solvers. They know our customers count on us to deliver a universe of essential products. These materials are everywhere—health care, filtration, technology, renewable energy, construction, consumer products and much more. Customers appreciate our partnership in developing innovative solutions to meet their specifications, and expect the best quality, service, and delivery from our organization.

We are proud of the contributions our products make in improving everyday life, but this is only part of the SWM story. While SWM remains firmly focused on performing for our investors, we also strongly believe that we can simultaneously do just as well for our customers, our employees, and the global community itself. Contrary to what some might think, we believe these themes aren’t in conflict. If we have a positive position in our communities, residents support our actions and want to become engaged. Engaged, safe employees are willing to go the extra mile for our customers and consumers. Satisfied customers better—buy more, improving results for us and our suppliers. Better results mean investors want to place more funds into the Company, allowing us to invest in the future. It’s a virtuous cycle. Now, this isn’t to say that we at SWM have perfected this cycle or that there aren’t challenges to implementing it; far from it. It’s an ongoing and never-ending journey. What it does mean, though, is that this fundamental principle is ingrained in how we do business around the world.

We relish tackling challenges, that’s why we have such long-term relationships with our customers. However, it is simply not enough to make products. We have always conducted business ethically, and we are ever mindful of environmental, social and governance (ESG) concerns and how we address them. Therefore, I am pleased to present this ESG Report. It carries our pledge to always be a responsible corporate citizen. It is the detail behind our belief because we recognize our impact and obligations to our people, future generations, and the environment. We understand that ESG considerations carry both opportunities and risks, and with this report, we are building an even more explicit foundation for incorporating ESG principles into our business strategies.

We are strengthening our communications internally and externally about how this critical element integrates into our daily business, and we will listen as well. Collectively, we can make significant progress toward establishing the right goals and measuring how we achieve long-term sustainability.

From our CEO, Jeff Kramer

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Our Board is composed of highly qualified individuals with diverse experience and backgrounds, whose abilities and commitment provide effective management oversight of the critical issues related to operating plans, financial commitments, long-range strategic plans, enterprise risk and EHS, and corporate integrity. The Board has three committees and each one operates under a written charter that describes the committee’s purpose. Charters are available at https://www.swmintl.com/about-us/governance/charters-and-guidelines:

- Audit Committee
- Compensation Committee
- Nominating and Governance Committee

The Nominating and Governance Committee, with input from the Board, considers a wide range of factors in determining the desired experiences and qualifications for director candidates and then seeks candidates that best meet those criteria. The Nominating and Governance Committee is charged with reviewing annually, or more frequently as appropriate, the guidelines and recommending to our Board appropriate changes considering applicable laws and regulations, the governance standards identified by leading governance authorities, and our Company’s evolving needs. While there is not a formal policy concerning the diversity of directors, the current makeup represents a strong mix of criteria, with 25% gender diversity as of December 2021.

Stockholders may nominate or recommend director candidates for consideration by the Nominating and Governance Committee.

The members of SWM’s Board of Directors are:

John D. Rogers  
Non-Executive Chair  
A director since 2009, Mr. Rogers has three decades of experience as an investment professional. He is the former global CEO of institutional business at INVEESCO and served as President and CEO of the CFA Institute.

Deborah Borg  
A director since 2019, Ms. Borg has more than 20 years of experience in human capital management, including her current position as Chief Human Resources Officer of Bunge, Limited, an agribusiness and food company. She has held various human resources and leadership positions at Dow Chemical Company.

Mark L. Bye  
A director since 2020, Mr. Bye is currently an Executive Advisor to Morgan Stanley, where he previously served as Managing Director and partner in the Private Equity and Energy Capital Funds. He also supports numerous technology startups through his company Bye Group LLC. His 35-year career spans Air Products and Chemicals, Union Carbide Corporation, DyStar and Energy Investment.

Jeffrey J. Keenan  
A director since 2016, Mr. Keenan is the former President, CEO and Chief Compliance Officer at Roark Capital Group in Atlanta. At Roark Capital, he led the firm’s investments in environmental services. He held senior leadership and board roles in more than 20 portfolio companies, and founded and was Executive Chairman of IESI Corporation. He serves as a director and investor in ACV Environmental and EcoSouth Services, both environmental services companies.

Dr. Jeffrey Kramer  
Chief Executive Officer  
A director since 2017, Dr. Kramer serves as CEO. Prior to SWM, he was the CEO of JAM Distributing and has held executive leadership positions at Brenntag AG and Air Products & Chemicals, Inc. He also is an independent director at Myers Industries, Inc.

Marco Levi  
A director since 2017, Mr. Levi is CEO and director of Ferroglobe PLC, a leader in mines and minerals. He has over 30 years of experience in the chemicals, plastics and specialty paper and composites industries. He had held leadership positions at Goldman-Sachs & Co., including as Co-Head of Investment Research for the US, Canada, Latin America and South America. He is a board member of Thermission AG.

Dr. Kimberly E. Ritrivi  
A director since 2018, Dr. Ritrivi is President of The Ritrivi Group, LLC, a consultancy for private and public companies. She previously held leadership positions at Goldman-Sachs & Co., including as Co-Head of Investment Research for the US, Canada, Latin America and South America. She is a board member of Tetra Tech, Inc.

Anderson D. Warlick  
A director since 2009, Mr. Warlick is currently Chairman and CEO of privately held yarn manufacturer Parkdale Inc., and its subsidiaries Parkdale Mills, Parkdale America and U.S. Cotton, LLC. He is also a board member of Inman Mills, Inc.
Executive Leadership Team

Day-to-day management of the Company is the responsibility of SWM’s executive leadership team (ELT), comprised of CEO Jeff Kramer and eight leaders representing the operations segments and corporate functions. The ELT is actively engaged in the Company’s commitment to ESG and meets monthly as the ESG Leadership Council to review activity and assess progress on the initiatives. ELT members engage with their teams to ensure the long-term sustainability of our business, good corporate citizenship and contributions to their communities.

Board of Directors Committees

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<th>Director</th>
<th>Independent</th>
<th>Audit</th>
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<td>Deborah Borg</td>
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<td>Mark L. Bye</td>
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<td>Jeffrey J. Keenan</td>
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<td>Marco Levi</td>
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<td>Kimberly E. Ritruevi</td>
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<td>CHAIR</td>
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<td>John D. Rogers*</td>
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<td>Anderson D. Warlick</td>
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<td>CHAIR</td>
<td>MEMBER</td>
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*Non-Executive Board Chair
Corporate governance practices

Supplementing our longstanding good governance practices, SWM’s Board relies on hearing from shareholders, understanding evolving industry practices and the Board’s independent judgment. For more information on SWM’s corporate governance practices, please refer to the Company’s 2021 Proxy Statement, available at https://ir.swmintl.com/sec-filings/sec-filing/def-14a/0001104859-21-038714

 Governance highlights

The Company expects Board members to attend each Annual Meeting and all directors who were in office attended the 2020 Annual Meeting. All incumbent directors attended 100% of the meetings of the Board and applicable committees in 2020.

We maintain accountability through recognized corporate governance policies and below are highlights of these practices:

- Director skills and experience cover a well-rounded range of topics and issues
- 88% independent board
- Plurality voting standard for Board members in uncontested director elections
- Annual Board and Committee evaluations
- Regular executive sessions of independent directors
- Executive officer and non-employee director stock ownership guidelines and details of executive compensation are included in the Proxy Statement
- No stockholder rights plan
- Comprehensive benchmarking of performance against peer group
- Independent third-party compensation consultant engaged by the Compensation Committee to complete an annual risk assessment
- Vigorous compensation clawback policy
- Hedging or pledging Company equity, directly or indirectly, is prohibited for directors and key executives, and all other employees are strongly discouraged from engaging in similar transactions
- Oversight for enterprise risk management
- Director retirement age of 72
- Policy on Orientation and Continuing Education for Board members, including training in compliance programs
- Membership for each director in the National Association of Corporate Directors (NACD)

Managing risk and compliance

Our enterprise risk management (ERM) program is designed to identify, report and manage any form of relevant risk and opportunity. Managing areas of risk, including ESG, cybersecurity, compliance, human capital, operational regulatory, financial and reputation risks, are embedded into business processes and decision making at various levels of the Company. This annual review process includes a robust analysis of both internal and external factors that may impede our ability to execute our strategies, meet business objectives or avoid materials risks. The ELT continuously monitors the risk profile of these areas and our progress against our improvement actions and updates the Board annually.

The ELT also ensures that the Code of Conduct, which is published in several languages, guides employees on how to comply with the ethics and values of the Company. Employees are reminded to “do the right thing” and always behave ethically. The Code of Conduct also incorporates SWM’s standards on areas including a harassment-free workplace, conflict of interest, anti-trust and fair competition, anti-corruption and bribery, and political participation. On an annual basis, employees complete a mandatory compliance training course on the Code of Conduct, and complete a certification attesting to compliance with the Code of Conduct’s expectations. Throughout the year, written as well as short video reminders are sent to employees to maintain compliance is top of mind. The training course is developed and implemented by the Legal Department, which partners with the Human Resources Department to ensure training is completed by employees.

SWM’s purchasing teams require suppliers to comply with our Code for Responsible Procurement and the UK Modern Slavery Act of 2015, which incorporates the requirements under the California Transparency in Supply Chains Act.

Our Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee also provide oversight of certain risk and compliance areas. The Audit Committee plays a material role in oversight of financial, disclosure and liquidity risk issues and oversees the internal controls that management uses in both financial and non-financial areas. The Audit Committee also regularly discusses cyber security risk exposures, safety and other risks, and the steps management has in place to monitor and control such exposures. The Audit Committee reviews IT risks as part of the quarterly internal audit and ERM update it receives. The Chief Information Officer briefs the Board on information security matters at least annually, and more frequently if needed. At SWM, each employee plays a role in security and our overall culture of security awareness is included in our orientation program and ongoing safety training. Internal phishing drills are conducted regularly. Further, the Audit Committee reviews environmental risks, including the impact from climate change and is responsible for reviewing any items that are reported through our confidential compliance hotline.

The ELT also provides oversight of cybersecurity risk, including the impact from climate change and is responsible for reviewing any items that are reported through our confidential compliance hotline.

The Compensation Committee reviews the risk profile of compensation programs and human capital management policies, including those related to diversity and retention. The Nominating and Governance Committee has oversight for corporate governance practices, including an ongoing review of succession planning.
We all face significant social and environmental challenges in meeting the needs of a growing population around the world. It is important to use our strength as an international leader in materials production to collaborate with others to identify solutions to these challenges. Then we must integrate these perspectives and processes into our business strategies to benefit employees, customers, communities, the environment, and society.

We take our responsibility to engage and maintain open communication with all our stakeholders about ongoing topics and issues very seriously. Understanding others’ perspectives allow us to improve the effectiveness of our ESG journey and the relevance of our initiatives.

Highlights of how we engage with various stakeholders are below.

**Employees:**
- Direct engagement through “culture of conversation” activities
- Webinars
- Regular town halls
- Ongoing video and print communications
- Social media
- Informal discussions
- Confidential reporting hotlines

**Customers:**
- Direct engagement
- Satisfaction surveys
- Trade shows
- Specialized services to support business needs and partnerships

**Suppliers:**
- Direct engagement
- Trade shows
- Questionnaires on materials and adherence to our Code for Responsible Procurement

**Investors:**
- Quarterly earnings calls
- Annual meeting of shareholders
- Investor relations website
- Meetings and calls with investors, analysts, and rating agencies

**Community and Non-Profits:**
- Volunteer service and participation in events
- Service on boards
- Social media posts
- Relationships with global organizations, such as the Planet Water Foundation

**Governments:**
- Meetings and engagement with local officials where our facilities are located
- Discussions on policy issues that impact our business and the communities where we operate

**Industry:**
- ABTCP - Associação Brasileira Técnica de Celulose e Papel
- AFS (American Filtration & Separation Society)
- ASHRAE (formerly American Society of Heating and Air-Conditioning Engineers and The American Society of Refrigerating Engineers)
- ASTM International (global governance for standards)
- ATEE (Association Technique Energie Environnement)
- CCI in France (Chamber of Commerce and Industries)
- CEPI (Confederation of European Paper Industries)
- Task Force on Waste
- Council for Economic Development
- CFO Roundtable
- CODERST in France (Departmental Council for the Environment and Health and Technological Risks)
- Confederation of European Paper Industries
- Cooperation Center for Scientific Research Relative to Tobacco
- EDANA (international association for nonwovens and related industries)
- EUCEPA (European Liaison Committee for Pulp and Paper)
- Erosion Control Technology Council (ECTC)
- FIRJAN – Federation of Rio d’Janeiro
- Georgia Asian Pacific American Bar Association
- Hispanic National Bar Association
- INDA (Association of the Nonwoven Fabrics Industry)
- International Erosion Control Association (IECA)
- Manufacturing Leadership Council
- MEDEF (Mouvement desEntreprises deFrance)
- National Investor Relations Institute (NIRI)
- New York Rural Water Association
- New York Environmental Laboratory Approval Program
- REACH (Registration, Evaluation, Authorisation, and Restriction of Chemical Substances)
- Society for Corporate Governance
- Society of Corporate Compliance and Ethics
- South Carolina Manufacturing Extension Partnership - OpExChange
- The Conference Board
- U.S. Composting Council
- U.S. Green Building Council
- Various local chambers of commerce

**Communications with the Board of Directors**
We have an established process for interested parties to communicate with members of the Board of Directors. Any shareholder may communicate with the Board, or with individual members. Written communication can be sent to:

Corporate Secretary
SWM International
100 North Point Center East
Suite 600
Alpharetta, GA 30022-8246

**Feedback on ESG**
The information in this report illustrates the commitment of the Executive Leadership Team and the Board of Directors to be a responsible corporate citizen. To contact us regarding this report, please e-mail us at ESG@swmintl.com.
Across SWM International, we are united by our focus on engineering and manufacturing performance materials for a wide array of uses that individually and collectively improve daily life. We take pride in our ability to push technical limits and deliver materials that other companies cannot make. Knowing how important these essential materials are across all aspects of everyday life gives us a shared purpose.

Approximately 5,000 SWM employees around the world share a passion to reach common goals, both on the job and in their daily lives. We encourage our employees to contribute their best as they cultivate their careers, serve customers, and support their communities.

Our beliefs include an unwavering commitment to integrity and ethical business dealings, respect for each individual and responsible corporate citizenship. Our actions are backed with four key values that have always been part of our history and are the foundation for everything we do.

• We treat one another with respect.
• We keep an open mind to new ideas and various points of view.
• We value the differences that each person brings to SWM.
• We believe in doing the right thing.

Values are the guideposts for how all employees in an organization behave. They are consistently practiced across the organization when leaders model them in their interactions with others.

Code of Conduct

Our Code of Conduct, available in nine languages, explains how to live SWM’s commitment to integrity, how to comply with the law and how to apply good judgment every day. This Code of Conduct applies to all employees, officers, and directors and SWM’s subsidiaries. We communicate our expectations for compliance with the Code of Conduct principles throughout the year in ongoing training programs and messages from leaders. New employees receive details about the Code of Conduct in their orientation sessions. In 2020, all salaried employees and managers participated in initial or refresher training on SWM’s Code of Conduct.

We treat everyone with fairness, respect and dignity, and base work-related decisions on merit, experience, and personal attitude. We never discriminate based on race, color, religion, national origin, genetics, genetic information, sex, sexual orientation, gender identity, age, disability, veteran status, marital status, citizenship status, or other status protected by applicable law. Behavior that is offensive, intimidating, or discriminatory has no place at SWM. The Code of Conduct incorporates specific addendum policies for the Open Door Complaint Resolution Procedures and Prohibition Against Harassment. The US Equal Employment Opportunity policy also applies to prospective and current employees in the United States.

SWM sells products for industries based on quality, service, reliability, and other factors. We support fair competition to ensure our customers obtain quality at equitable terms in a timely manner. We do not participate in any kind of corrupt or anti-competitive collusive activity and certainly do not permit others to do so on our behalf. We encourage any employee who has a concern about an internal or external issue related to SWM to report their feelings to the SWM Hotline, which is staffed 24/7 by an independent organization’s consultants who speak local languages. SWM does not tolerate retaliation under any circumstance if a concern is raised in good faith. Reporting a violation is subject to the laws in force in each country. Some countries, including many in the European Union, have specific rules on the use of hotlines, which in some cases limit the types and scope of reports that can be accepted. All reports are investigated, and we regularly review all reports submitted through the SWM Hotline with the Board’s Audit Committee.

The actions of business partners and third parties, including suppliers, also directly affect our reputation, and we expect them to understand and practice our Code of Conduct as well. We take appropriate actions when we believe they have not met SWM’s high standards or their contractual obligations.
We are clearly a global organization, and we’ve worked hard to bring several companies and cultures together in the past few years. We ended 2020 with almost 3,500 employees, and with the Scapa acquisition in 2021, grew to almost 5,000 employees. Our mission is to embed and inspire diversity and inclusion across our growing organization.

Collectively, we represent a variety of ethnicities, orientations, backgrounds, experiences, and styles, and we aim to foster a diverse and inclusive culture and talent pipeline. Diversity means that our employees offer unique perspectives and ideas. An inclusive workplace is one where all employees feel welcome and comfortable. The power of diversity and inclusion can lead to increasing talent capacity and building talent from within our organization.

Having a culture where people can be themselves, respectfully offer their opinions, bring their local cultures together and accept differences fosters engagement with our employees, various stakeholders, and make us attractive to top candidates. Ultimately, we believe our ability to harness the diversity and skills of our global SWM team is our greatest competitive advantage. To shape the future, we must harness talented individuals and build diverse teams.

The support for the imperative of diversity, equity and inclusion starts at our Board of Directors and leadership team. Our Board is 29% female. More than half of our senior leadership team is diverse, and 2 of our 9 executive leaders are women.

We strive to have an excellent mix of nationalities and gender balances throughout SWM, as well as regional and local diversity in the communities where we operate facilities. While our gender statistics at the top are good, we acknowledge that we have opportunities to attract more women throughout the organization. Our total global 2020 workforce is currently 20% women and 80% men. We have also made progress on increasing diversity across our workforce. For example, during the past two years, Hispanic employee representation grew 80% and African American representation increased 50% among our US employee base.

SWM’s commitment to diversity and a fully inclusive culture extends to racial justice and equity. We use a number of ways to highlight our stance on the dignity and opportunity for all SWM employees to clearly reaffirm our positions to encourage all to be heard.

We also work to join with other corporate partners to provide ongoing support for activities that work to reduce the impact of bias, as in our support of the Vera Institute of Justice’s mission of securing equal justice, equality and eliminating bias.

Vera Schweitzer, born in 1880, was the wife of our co-founder, Peter Schweitzer, and after his untimely death, served for a time as the president of Schweitzer, Inc., one part of the Company we know today as SWM International. Her life was distinguished by her leadership in business and philanthropy at a time when women’s leadership was rare and resisted. She died in 1938 at the age of 57, leaving a legacy through her many good acts, lifelong contributions and examples of generosity, empathy and inclusiveness. Her son, Louis Schweitzer, co-founded the Vera Institute of Justice, named after his mother, to practice the values she embodied. Today, the vision of the Vera Institute of Justice is “safe, health, empowered communities and a fair, accountable justice system.”

“The support for the imperative of diversity, equity and inclusion starts at our Board of Directors and leadership team.”

- Jeff Kramer, CEO
Support for human rights

Our steadfast commitment to human rights is reflected in our values and in our Code of Conduct. We are clear in our expectations for diversity and inclusion, worker compensation, health and safety, anti-harassment and more. We support the principles and protection of human rights outlined in the United Nations’ Universal Declaration of Human Rights. In some countries where we operate, social issues are part of a broader context, and we believe that SWM can thrive and grow in societies and operations where human rights are protected and respected.

At SWM, employees can enjoy the structure and resources of a large corporation while embracing the culture of collaboration and innovation. In today’s increasing competitive environment, it has never been more important to build and retain a world-class team. We look for creative, results-oriented individuals that want to grow with our Company.

There is a link between talent, engagement, and business success. Employees realize their full potential when their workplace allows them to learn, grow and contribute, and SWM is proud to provide the tools and resources to establish and grow careers.

SWM’s robust onboarding program for new employees is customized by country. Employees learn about our history, structure, operations, products and the training and development and benefits programs open to them. Included in the orientation program is SWM’s Open Door Policy, which encourages openness and transparency with employees, attributes of our culture of conversation. It is intended to foster an environment of collaboration, high performance and mutual respect between management and employees.

Because we believe it is important to support employees’ health, well-being and financial security, we offer employees a compensation package that reflects our values and their individual contributions. In each country, we provide market competitive pay and benefits to help employees care for themselves and their families through programs covering health and well-being, work/life balance and retirement planning. In the US, for example, employees have various options for medical, dental and vision plans, along with insurance options for life, disability, critical illness, and travel. Benefits can extend to family members.

A referral awards program encourages current employees to recommend people for open positions with SWM and the referral program includes a monetary award for employees who assist in identifying and encouraging new employees to join us.

We recognize the value of internships to help identify future talent. Through relationships with several educational institutions, SWM sponsors internship programs for university students in a variety of locations, including Brazil, Poland, and the US and 25 student interns served with us in 2020.

Our Statement of Support for Global Human Rights details that we:

- Respect all applicable labor and employment laws and rules.
- Pay employees competitive wages within the market and fulfill any collective bargaining agreements where our workers are members of a union.
- Strive to provide an environment where employees feel welcome and comfortable voicing their opinions and asking questions.
- Do not tolerate child, forced labor or human trafficking.
- Expect our suppliers and business partners to operate consistently with these principles and adhere to our Code of Conduct.

Attracting and retaining talented people

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Because we believe it is important to support employees’ health, well-being and financial security, we offer employees a compensation package that reflects our values and their individual contributions. In each country, we provide market competitive pay and benefits to help employees care for themselves and their families through programs covering health and well-being, work/life balance and retirement planning. In the US, for example, employees have various options for medical, dental and vision plans, along with insurance options for life, disability, critical illness, and travel. Benefits can extend to family members.

A referral awards program encourages current employees to recommend people for open positions with SWM and the referral program includes a monetary award for employees who assist in identifying and encouraging new employees to join us.

We recognize the value of internships to help identify future talent. Through relationships with several educational institutions, SWM sponsors internship programs for university students in a variety of locations, including Brazil, Poland, and the US and 25 student interns served with us in 2020.
Training and development lead to advancement

Each job is a pathway to greater opportunity and by providing employees with both stability and mobility, we offer a fulfilling career experience. Ours is a Company where it is possible to start as an entry level employee and rise to running the plant. In fact, several of our plants are managed by individuals who advanced through the Company to management positions as illustrated by the following stories.

Marcin Adamowicz started his SWM career as a process engineer at our newly built Stryków, Poland facility in 2012. His personal interests in ongoing curiosity, engineering and career development aligned well with the growth plans for the Company. As the business grew, Marcin accepted new challenges, taking advantage of various mentorships. He moved up to process and quality manager and then engineering manager. In 2021, he was promoted to Stryków, Poland plant manager.

Today Antoine Uzu runs our LTR facility in Le Mans, France, a position he accepted in 2019. He started in 2004 as an environmental and energy expert, integrating his personal background in sustainability with the facility’s work in repurposing and reconstituting fiber materials. Antoine felt he could make a broader impact and accepted the responsibility to add water treatment and environmental governance to his remit. He leveraged ideas and best practices from various industries and EHS areas. Antoine believes in the power of developing interpersonal skills and sees the power of making and executing decisions that positively impact people and our planet. Since 2019, our Le Mans, France site has reduced its water consumption and emissions, while opening new capabilities and markets.

Greg Benedict, currently the leader of our Middletown, Delaware and Richland, Pennsylvania sites, is an excellent example of career growth at SWM. He began his career in Spotswood, New Jersey in the late 1980s, holding a series of operator positions at the plant. In 1992, he became a shift supervisor, then continued to take on progressively important leadership roles. In 2014, he was named Spotswood Plant Operations Manager and under his leadership, the facility delivered continued improvements in all areas. He took on the Middletown and Richland Plant Operations Manager role in January 2020.

Because we also believe employees share the responsibility for career development, we invest in opportunities that offer professional development and training. These include online learning, tuition reimbursement and acquisition of new skills through offerings such as:

- **THE MANAGEMENT LEADERSHIP PROGRAM**, which helps leaders hone their skills in managing people and performance. More than 140 leaders participated in this program in 2020.

- **EDUCATION ASSISTANCE** which provides tuition reimbursement for employees in North America who are working toward degrees.

- **TECHNICAL TRAINING PROGRAMS**, such as welding, for employees to become skilled and qualified in specialized areas.

- **TALENTSPACE**, SWM’s talent management system, serves as the portal for ongoing education, training, and development programs, as well as performance reviews and assessments. The Chief Human Resources Officer reports annually to the Board of Directors on our people initiatives, including progress on diversity, training and development and leadership succession planning.

One interesting feature at the Ancram, New York plant is the trout fishing stream right by the mill. Local resident Dwayne Hotaling was fishing there when someone asked if he wanted to interview for a summer intern position. He likes to tell the story that he went “straight to the interview in my fishing waders.” He got the job and 35 years later, he serves as the Ancram, New York Plant Manager, where he leads a team leveraging technology and data management to enhance the paper manufacturing processes. He is proud to continue the summer intern programs today, one each in mechanical engineering and chemical engineering.
Engaged employees are behind our success and they value ongoing communications about the business. Innovative ideas come from employees at all levels and our culture of conversation also results in hearing input and ideas from employees. SWM Brazil’s leadership program, for example, was expanded to strengthen employee development and resulted in identifying innovative ideas for implementation.

Circle, SWM’s virtual gathering place or global employee intranet, is core to our communications program that includes various interactive activities.

- CEO video and electronic updates, some of which are also posted on LinkedIn
- Town hall meetings hosted by various members of management
- Quarterly CEO and leadership virtual meetings covering business results, strategic initiatives and key topics, as well as expectations for leaders on leadership development
- Thoughts on leadership and development opportunities from the CEO
- Updates to leaders with tools and information for them to share the earnings news and expectations with their teams

Circle was instrumental in our communications and engagement during 2020 to mark the 25th anniversary of SWM. CEO Jeff Kramer kicked off the celebration by sharing and acknowledging all contributions from employees. Additional weekly messages focused on SWM’s essential products for customers, key historical milestones and employee recognition. Traffic to Circle was up 14% during the key month of November, with weekly events and employee posts on social media about their pride in working at SWM. Plants held local celebrations and special activities. At the Stryków, Poland plant, for example, the 25th milestone coincided with the site’s 10-year anniversary and employees celebrated in many ways, including an art contest for employees’ children.

We encourage employees to voluntarily provide input on SWM as an employer and our work environment, and we receive feedback on SWM’s perceptions through our culture of conversation. Several manufacturing plants conduct pulse surveys to gauge feedback from employees and they address issues during town hall meetings. While we have not yet completed a Company-wide engagement survey, since our most recent acquisition, we plan to conduct an engagement survey open to all employees within the next year.

Understanding our employee sentiment on workplace safety has been an important precursor for enhancing our EH&S roadmap. In October 2021, we launched our safety survey across the Company. We received responses from more than 50% of our employees, with the majority of respondents from manufacturing roles. The data suggests our employees understand how to raise safety concerns, understand workplace risks and receive adequate training on safety programs.

Working safely is always our number one organizational priority and is embedded in our workplace culture, both individually and collectively. SWM is focused on maintaining industry standards in all areas of employee safety and health, including industrial hygiene, ergonomics, and general safety. Global EH&S reports directly into CEO Jeff Kramer, with responsibility for ensuring a single Company strategic plan to address environment, health, and safety (EH&S) activities. This role complements and supports EH&S activities that are directly embedded into the operational teams. We are updating our next generation roadmap to further enhance safety awareness, knowledge and skills for facility leaders and their teams.

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Our ambition is an accident-free workplace for everyone – employees, contractors, suppliers, and visitors. Our success is dependent on providing our employees with a workplace environment that is safe both physically and psychologically. “To be able to go home safely at the end of the day is a basic human right,” shares Rachel Rae, global EH&S director. Everyone has the right to expect a safe and healthy environment, including the communities in which we operate, and education is key in delivering those expectations. SWM’s behavior-based safety training education programs are completed through in-person and online learnings systems and 100% of our site employees received ongoing safety training in 2020.

The U.S. Occupational Safety and Health Administration’s total case incident rate (TCIR) is a standard measure of occupational safety. TCIR is calculated by multiplying the number of recordable cases by 200,000, then dividing that number by the number of labor hours worked by employees. Below are our key safety stats for 2020.

**Strong safety record**

- In 2020, SWM’s TCIR was 1.48. This does not include Scapa facilities, which were acquired in 2021. This rate was relatively flat with 2019.
- 7 manufacturing plants had no LT/recordable incidents in 2020, with Suzhou now at 6 years and Akron and Gilroy each at 4 years.
- Two plants – Richland and Stryków – have never had a lost-time accident.
Education on occupational safety, health, wellness, and environmental priorities is paramount for our employees and requires discipline and focus. While training is ongoing, every SWM location participates in Safety and Sustainability Week once a year. The week includes site-specific activities that focus on best practices in safety, and on ways in which the site and organization are working to improve the sustainability of our processes and practices. These events enhance training activities, educate on health and wellness, and encourage sustainability activities, including recycling.

In 2020, Safety and Sustainability Week was a largely virtual event due to the ongoing COVID-19 pandemic. Employees were invited to attend on-demand webinars conducted by our experts to update them on a variety of sustainable projects and products we offer to customers. Examples of events that occur in non-pandemic times include the following.

At the Santanésia, Brazil facility, more than 62 events over 4 days are held during Safety and Sustainability Week. A safety awards program regularly honors employees for their dedication to safety, health, and wellness.

Our Quimperlé, France site regularly sponsors health and wellness sessions covering nutrition tips, first aid training, hand self-massages at workstations and the importance of sleep in your daily routine.

We keep monitoring temperature because we care about the safety of colleagues.

Keeping employees safe during COVID-19

Even before March 2020 when the World Health Organization recognized COVID-19 as an international pandemic, SWM’s ELT and management teams were hard at work to ensure the health and safety of our employees while maintaining operations to serve customers. For months, the ELT met daily to review the status of impacts to employees, including tracking those who were affected and in quarantine. We adapted to rapidly changing developments, addressing individual concerns and sharing information across the Company. In France, for example, SWM temporarily shut down one plant to re-engineer production flow and allow for lower density shifts for hourly workers during production. This change became permanent for the ongoing benefit of our employees.

We implemented several initiatives specifically focused on COVID-19, including:

- Expanded training on workplace safety and health protocols at all facilities
- Frequent communications from our CEO and other members of management
- A “why I wear a mask” campaign featuring employees
- Greater use of technology to conduct meetings internally and externally with customers and industry experts
- Curtail travel and eliminated non-essential business travel
- Work-from-home procedures for corporate and specific functional employees
- A phased approach for office employees to return to the workplace
- Financial support for local community organizations around our locations

We were equally focused on helping customers through the pandemic. Our operational teams stepped up production to accommodate some customers’ needs to increase on-hand inventory and ensure minimal disruption in their supply chains. In some cases, SWM changed production lines to meet the need for essential health care items. In Brazil, our plants donated paper for patient exam tables at health care clinics.
Giving back in our communities

In addition to investing in area communities where our facilities are located by providing jobs and sourcing products, we support efforts to make our communities stronger through financial donations and volunteer participation. Most of our philanthropic efforts are locally directed, empowering our employees to contribute their time and expertise to organizations that matter to them and serve the unique needs of their communities. SWM acquired Scapa in 2021, and Scapa’s values, culture and commitment to local communities align with SWM. Scapa’s giving back appeal consists of a variety of events across their UK locations to benefit several charities, including Willow Wood Hospice, The Principle Trust, the Tameside Toy Appeal, Swindon Food Bank and The Wales Project. Although Covid impacted some employees’ abilities to participate, some Scapa locations raised record donations in 2020.

We are proud to say that we donate to nonprofit organizations in every community where one of our plants is located and below are two such examples.

Employees at the Quimperlé, France site collected more than 110 kilos of books for Book Hemispheres, a charity association focused on giving them a second life. They also joined with relatives to participate in an annual walk to raise money for the fight against cancer.

Santanésia, Brazil employees conduct fire protection and simulation training for students and teachers at schools in their community. During the annual Family Day, employees and relatives tour the mill, participate in teamwork games, and attend a lecture about the Company, paper processes and SWM products. It all starts with a session on safety guidelines.

Despite the constraints of the pandemic in 2020, SWM sites shared funds, products and other gifts with local groups to help meet community needs. SWM donated funds to the China Charity Federation to support ongoing efforts to combat the Coronavirus and aid those impacted by the epidemic. Many of the organizations in our plant communities that benefitted from SWM and our facilities during the pandemic were food banks and non-profits helping those in need, including fire and rescue units and senior centers.

In addition, examples of plants providing needed product donations during COVID-19 include:

- Nursing homes – St. Francis Guardian Angels, Ecumen Lakeshores and Koochiching Health Services – from the Minneapolis team
- The Anandham Youth Foundation from Scapa India
- Wesley Shelter from the Wilson team
- Local hospitals and Kerpap Rehab Center from the Quimperlé site
- Local hospitals and in-care facilities from the Gilberdyke, UK site

We are proud to say that we donate to nonprofit organizations in every community where one of our plants is located and below are two such examples.
We also integrate our social philanthropic commitment with an international water-focused sustainability program. Water availability and purity is so important to many of our businesses. Through our partnership with the Planet Water Foundation, a non-profit organization focused on bringing clean water to the world’s most impoverished communities, we support the installation of community-based water filtration systems and hygiene education. In the past two years, through SWM’s support, the Foundation installed AquaTower community water filtration systems in schools in Cambodia and Mexico, along with the AquaSan surface disinfection system. Each project served up to 3,600 people and is deployed with one year’s supply of liquid hand soap. Planet Water’s Hygiene Education program teaches about germs and how they spread, the importance of how and when to wash hands with soap, and healthy hygiene habits to create a change in behavior and knowledge around wellness and hygiene. We are committed to making a difference with the Planet Water Foundation for communities in India in the coming year.
Environmental stewardship aligns with both our values and our business strategies. Because we have a responsibility to protect the environment, we continue to adopt sustainable business practices that manage the impact of our operations to help preserve our planet’s natural resources and ensure the health and safety of our employees and communities where we operate. We have a structured approach to assessing, maintaining and reducing environmental impacts in our business. Our professional staff members provide technical expertise on environmental aspects of our diversified materials operations. Their knowledge of regulatory requirements is key to successfully executing projects where there is environmental risk and sensitivity.

Through our environmental commitment, we aim to:

- Comply with laws and regulations where we operate
- Use natural resources efficiently and purchase responsibly
- Recycle as much as possible
- Decrease energy consumption and improve efficiency
- Reduce water use
- Drive innovation in our initiatives
- Understand and mitigate climate change by practical measures
- Focus on continuous improvement

The environmental data in this report is based on 2020 information. We are proud to continue sharing data with organizations recognized for analysis of environmental impacts, specifically CDP and EcoVadis.
Managing our natural resources

SWM has assumed the responsibility to reduce the environmental impacts from our network of materials, manufacturing and logistics suppliers. We believe in the circular economy which is a systemic approach to economic development designed to benefit businesses, society and the environment. The circular economy starts with making better use of our limited natural resources. SWM aims to achieve that by developing, designing and producing highly engineered materials using natural fibers and polymers.

As SWM has committed to sourcing all natural resources from legally harvested and well-managed forests, we have adopted a Sustainable Forestry Policy aimed at continuously improving the sustainability level of our sourcing through the following practices:

- Ensuring that all wood-based fibers are legally compliant: timber from known origin, non-controversial sourcing, harvested with respect to applicable laws and human rights. Given the localization of our operations and markets, we particularly focus on compliance to the EU-Timber Regulation
- Supporting stricter and more credible certification and verification standards and sourcing requirements, such as Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC), or alternative credible standards
- Working with our suppliers, communicate our requirements and evaluate their performance through periodic assessments
- Seeking the certification of our operations to the Chain of Custody standard which is the most relevant to the specific market and country
- Communicating with policymakers, monitoring organizations and other stakeholders as deemed necessary to answer inquiries and raise global awareness about the environmental, social and economic value of forests
- Implementing the relevant procedures and train the appropriate persons (employees and other stakeholders) involved in the chain of custody
- Ensuring our system is audited internally and by third parties as applicable to demonstrate its efficacy and compliance

Natural resources (especially wood pulp for paper manufacturing) are a significant component of our processes and our business. Timber-related products accounted for 68% of SWM’s Engineered Papers revenue in 2020. Pursuant to our Sustainable Forestry Policy, we ensure that 100% of the wood-based fibers we consume in our manufacturing processes are sourced from legally harvested and well-managed forests. SWM maintains FSC and/or PEFC certification at all but two of our facilities supplying timber-based products. The FSC Principles and criteria state that management of an FSC-certified forest must conserve biological diversity and maintain the ecological functions and the integrity of the forest, encourage the efficient use of the forest’s multiple products and services to ensure economic viability and a wide range of environmental and social benefits, and promote the restoration and conservation of the forest. Similarly, PEFC Chain of Custody certification outlines requirements for tracking certified material from the forest to the final product to ensure that the wood originates from certified forests. In addition to purchasing fibers that originate from sustainably managed forests, we encourage our suppliers to maintain or adopt responsible business practices with climate change mitigation benefits.

Our practice for sourcing from FSC- and PEFC-certified suppliers also helps us mitigate risks of illegal logging and timber trafficking in forestry operations, as well as helps us maintain compliance with the EU Timber regulation. We also use Preferred by Nature (formerly NEPCon Sourcing Hub) and the FSC Global Forest Registry to identify risks in countries where we source our timber. These are effective resources that inform our procurement team on risks such as corruption, species export bans and restrictions and species that are listed as CITES (Convention on International Trade in Endangered Species) plants and animals. This helps us to monitor the relevant legislation in place in each country. Preferred by Nature and FSC are organizations that support better land management and business practices that benefit people, nature and the climate in more than 100 countries.

The cost of wood pulp is highly cyclical and dependent on supply and demand. Changes in weather patterns may alter the geographical availability and market price of pulp and we monitor and assess the impact that climate change may have on our costs and production processes.

Water is a critical raw material for producing our engineered materials for a variety of industries. Therefore, the long-term availability of sufficient quality water is essential to our operations. SWM uses the Aqueduct™ Water Risk Atlas from the World Resources Institute to assess water risk at our facilities, including floods, droughts and stress.

We recognize that as a supplier to the tobacco industry, where its agriculture is water intensive, we
have a responsibility to evaluate our impact on water withdrawal and downstream processes. Water acts as a vehicle for cellulose fibers throughout the manufacturing process, and the final product contains approximately 5% water on average. It is therefore vital that the water we use is of sufficient quality for SWM to manufacture high-quality paper products, so water quality at a basin/catchment level is relevant and always included in our water-related risk assessments. At our facilities, upstream metering devices, such as various types of inline flowmeters and associated quality and wastewater monitoring and analysis equipment, are utilized to ensure that water withdrawn is of sufficient quality for production and other onsite uses. Currently the water consumed at our manufacturing sites consists of surface water, groundwater and municipal water that requires little or no treatment for use.

The use of recycled water in our direct operations is important at several of our facilities. The water we withdraw from the area source is recycled, which optimizes its use, with efficient recovery enabling over 90% of the water to be returned to the environment or reused in the production process after appropriate treatment. The net consumption of water (typically less than 10% of the water withdrawn) is due to the water contained in the final product and to the loss of water during production (mainly due to evaporation). We have developed our manufacturing processes around the availability of recycled water in this way to maximize our operational efficiency, so we do not anticipate our dependency on recycled water to change in the future.

We have decreased our water withdrawal during the past two years, but we are still below our reduction target. We intend to set longer-term (2025/2030) company-wide targets in 2022, with a goal to continue to decrease our water withdrawal rate over the next several years on a per metric ton of production basis.

Because of our respect for our natural environment and our diverse stakeholders, we participate in discussions and roundtables organized by trade associations, local administrative bodies, representatives of the agricultural and industrial sectors and consumers in the various river basins where we operate. An example of this collaboration is SWM’s facility in Quimperlé, France, which has been part of SAGE since 2001, a working group that addresses issues related to the local water basin of the Elle, Isole and Laita Rivers, and that consists of various consumers (cities, farmers and industries) and local stakeholders (fishermen, environmental associations and others). Our Quimperlé facility serves as an industrial representative and has one vote when an official and collegial decision must be made. After several workshops and discussions, rules have been defined for the local watershed, which must be respected by all users to the same degree as any other regulatory requirements. SAGE also serves as a forum to address water-related risks, such as scarcity or flooding, by bringing together these diverse groups of stakeholders. SWM installed flood barriers at the site to protect it from flooding, as well as to safeguard the river from potential chemical spills.

Reducing energy and climate impact

We recognize the importance of reducing our greenhouse gas (GHG) emissions and have prioritized actions to reduce our Scope 1 and Scope 2 emissions. This supports our environmental mission to decrease the impact of climate change.

GHG Emissions

<table>
<thead>
<tr>
<th>GHG</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
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<tbody>
<tr>
<td>CO₂</td>
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<td>DIRECT</td>
<td>INDIRECT</td>
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<td>CH₄</td>
<td>INDIRECT</td>
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<td>N₂O</td>
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<td>NF₃</td>
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</table>

Upstream activities that are part of our value chain

SWM’s owned or controlled facilities

Downstream activities that are part of our value chain

Purchased goods

Fuel and energy related activities

Sold products

Treatment of sold products

End-of-life products

Use of sold materials

Investments

Leased assets

Transportation and distribution

Company facilities & vehicles

Cooling for own use

Steam, heating & electricity for own use

Procurement goods and services

Purchased electricity, steam, heating & electricity for own use

Waste treatment & operations

Waste water treatment & operations

Flood prevention

Flood prevention
Several of our sites rely on renewable energy sources.

- In Belgium, our Genk site’s purchased electricity is 100% renewable.
- Our Le Mans, France site uses a biomass boiler on site, and it supported a 20% CO₂ emission reduction on a four-year period after its capital investment and installation.
- Both Winkler, Canada and Santanésia, Brazil rely primarily on hydroelectric power.

Our facilities in France are subject to the EU Trading System and, since 2010 we have had excess carbon credits which we have sold to other companies.

Due to the nature of SWM’s business and our energy usage (which accounts for 10-15% of total operational costs), new and emerging technology is important for SWM in meeting our energy reduction targets and ensuring operational efficiency. We have improved biomass technology, which will eventually allow for a transition from traditional fossil fuels to renewable biomass, reducing susceptibility to increases in emissions pricing and fossil fuel costs and taxation. New technology and manufacturing processes are considered as part of SWM’s overall risk assessment process.

Black liquor is a by-product of pulp processing and is generated during the stage where the chemical separation of wood cellulose occurs. It is useful as a mill energy source and biofuel feedstock. Two of our sites deliver black liquor to third-party companies for energy production. These third-party companies burn these liquors to produce steam in place of traditional fuels, such as natural gas and coal. At our Quimperlé, France location, the plant both produces and burns black liquor for energy recovery. At our CTS China facility, the liquor is similarly processed, but it is derived from the production of reconstituted tobacco leaves.

Specific initiatives and equipment replacements improved energy efficiency and reduced costs, including the following examples.

- We continue to enhance our work in implementing emissions reductions in France as part of our commitment to the EU Energy Efficiency Directive, which affects SWM’s operations in France (Le Mans, Quimperlé, and St-Girons). What was formerly seen as a risk now generates savings because it drove energy efficiency improvements. Our Le Mans, France facility implemented a low-temperature water segregation system, began installing LED lighting in the finish area and in the stock preparation shop floor area, and initiated a project to optimize its clarification pumping system. These projects all resulted in greater energy efficiency and monetary savings.

- Our Ancram, New York facility replaced the small evaporator that was utilized for many years with a new and larger evaporator with better heat transfer and a higher vacuum. This equipment replacement resulted in greater thermal energy efficiency in the production process and thus reduced Scope 1 emissions and saved money. We remain committed to funding other capital innovation projects that can reduce risks posed by climate change and other long-term global shifts.

- Our Stryków, Poland facility replaced a chiller with a free-cooling or energy saving unit. This change in cooling technology resulted in greater electrical energy efficiency in the production process and thus reduced Scope 2 emissions.

Plant managers, operations and engineering staff, and environmental managers are directly involved in SWM’s commitment to better manage energy and reduce emissions. Rather than incentivizing on carbon reductions, SWM provides incentives on energy reductions, as these provide a global benefit to the Company. Projects may address Scope 1 and/or Scope 2 energy consumption or the optimization of water consumption which indirectly affects energy consumption. Mill managers oversee the discussion and setting of ambitious but achievable energy reduction targets. They coordinate all associated projects, allocating resources, ensuring regulatory compliance and reporting on progress. Operations and engineering staff help to identify energy reduction and optimization projects and are responsible for the execution and completion of these projects.

Throughout our facilities, we are committed to eliminating wasted energy consumption, without negatively affecting our product development, testing, or manufacturing capacity. When facilities are upgraded or retrofitted, we change to LED and motion-sensor activated lighting. Strategically, we are working on reducing our environmental impact by limiting exposure to fossil energy sources and investing in renewable green energy supplies.
Waste and recycling

We support reducing, reusing and recycling through the lifecycle of the products we produce. Much of the waste generated in our production is recycled internally and reused in our product portfolio recipes. For example, we have a targeted program to reduce the scrap levels in our plastic manufacturing operations. Reducing scrap helps reduce energy consumption.

We continue to target an overall reduction in manufacturing waste sent to landfills at all SWM sites. The majority of our waste generated at our manufacturing plants is non-hazardous and it is disposed of in accordance with all regulations. In some cases, we sell scrap, including plastics, to third-party recyclers. For example, a portion of the urethane scrap generated at our Greenfield, Massachusetts plant is purchased by a third party and further processed to become a component of asphalt or asphalt repair products. We reduce landfilled waste at our Roanoke, Virginia plant by either selling or re-using over 95% of scrap that is produced at Roanoke.

Our Santanésia, Brazil site is an example of our commitment to recycling and reducing waste. In 2020, the total recyclables generated in Santanésia was 922.5 tons as detailed below. In addition, wood from pallets and other wrappings are sent to incineration for energy recovery in the ceramic industry.

<table>
<thead>
<tr>
<th>Waste Stream</th>
<th>2020 Recyclable Waste Generation (MT)</th>
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</thead>
<tbody>
<tr>
<td>Paper and Cardboard</td>
<td>635.5</td>
</tr>
<tr>
<td>Tube</td>
<td>150.6</td>
</tr>
<tr>
<td>Metal Scrap</td>
<td>94.0</td>
</tr>
<tr>
<td>Plastics</td>
<td>31.5</td>
</tr>
<tr>
<td>Felts</td>
<td>10.4</td>
</tr>
<tr>
<td>Electronics</td>
<td>0.6</td>
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</tbody>
</table>

**Santanésia, Brazil’s 2020 recyclable waste generation (metric tons)**

- Paper (papers that could not be repulped), cardboard and tube are sold to recyclers for use within the paper industry
- Metal is sold to recyclers
- Electronics are sent to separation and recycling firms

Integration with suppliers

We recognize how important ESG activities are to all our stakeholders and particularly to our suppliers. In 2021, we launched an online sustainability survey to our top 60 Engineered Papers suppliers to get a clear assessment of their ESG objectives.
Product innovation supports sustainability

Inherent in SWM’s strategic mission is the continued development of innovative, unique products in sustainability and recyclability. The materials that SWM makes help protect and enhance the world around us.

For example, SWM has developed a Cocoa Paper™ product that takes advantage of the circular economy by utilizing cocoa shell fiber in place of traditional wood pulp to create a new range of botanical papers, cardboards and molded pulp applications, many of which are used in packaging. The Cocoa Paper™ fibers are 100% carbon neutral. We purchased carbon credits to achieve carbon neutrality for this process to benefit the Jacunda Forestry REDD+ Project in Brazil. In addition, in response to an increased biofuel demand in Canada driven by a carbon tax, last year SWM sold 10,219 metric tons of processed flax shives, which are a by-product of the production process in Winkler, Canada to local industrial companies. The Winkler plant also sold 9,282 metric tons of shives in loose form for cattle bedding and 4,470 metric tons of shives were briquetted, crumbled and bagged in a patent pending process for use in horse bedding.

SWM’s Filtrexx™ brand is a global leader in research and development of compost-based Sustainable Management Practices (SMPs) for stormwater management, sediment & erosion control, contaminant removal and living walls applications. Filtrexx’s Installation Services are used by many companies in the oil and gas and construction industries. Filtrexx also regularly offers free webinars on diverse topics, including how compost-based best management practices can reduce sediment and target invisible pollutants in stormwater runoff, as well as Low Impact Development and LEED Green Building.

We developed Revonex™ membrane backing paper, a higher quality, higher performance, lower cost polyester membrane substrate alternative that offers membrane producers improved runnability. The result of this innovation is fewer production changeovers and therefore improvements in manufacturing efficiency in terms of waste generation, labor, energy and more consistent membranes. Revonex backing paper is used in a variety of applications including commercial, process filtration and water treatment.

We reclaim remnants of virgin tobacco remaining after manufacture that would otherwise be unused, re-processing them to form “recycled” sheets. This material can then be incorporated into tobacco blends to form a very consistent product while minimizing waste.

One of SWM’s paper products that was launched in 2020 is produced from hemp waste that is a by-product of CBD extraction. In its first year of availability, 70 metric tons of hemp waste were turned into salable products and this is expected to grow in the future.

A more sustainable plant community

At our joint venture CTM facility in China, we constructed wetlands around the plant to treat wastewater. This habitat is now home for various species of fish and ducks. Our CTM employees maintain the natural area.
Disclaimer and Forward-Looking Statements

This report has been prepared by the Company solely to facilitate the understanding of the Company’s performance and strategies on topics relating to environmental, social and governance concerns. The information contained in this report has not been independently verified and is subject to change without notice. None of the Company or any of its affiliates, advisers or representatives will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with the report. Inclusion of information in this report is not an indication that the subject or information is material to the Company’s business or operating results.

Certain statements in this report are forward-looking statements that involve a number of risks and uncertainties that could cause actual results to differ materially. These statements are made under the “Safe Harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by such terms as “believe,” “expect,” “intend,” “guidance,” “plan,” “forecast,” “potential,” “anticipate,” “confident,” “project,” “appear,” “future,” “should,” “likely,” “could,” “may,” “will,” “typically” and the negative of these terms, or other comparable terminology. Although we believe our expectations expressed in such forward-looking statements are reasonable, we cannot assure you that they will be realized, and therefore we refer you to a more detailed discussion of the risks and uncertainties set forth in Part I, Item 1A. Risk Factors of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 as well as other documents filed with the Securities and Exchange Commission. In addition, all information provided in this report, including these forward-looking statements, is as of the current date, unless otherwise stated, and the Company undertakes no duty to update such information, except as required under applicable law.


SWM International
Global Headquarters
100 North Point Center East, Suite 600
Alpharetta, GA 30022-8246, USA
+1-770-569-4200

The following are SWM’s principle production facilities, including Scape*, as of 2021.

US:
El Cajon, CA
Windsor, CT*
Middletown, DE
Athens, GA
Chicago, IL
Greenfield, MA
Minneapolis, MN
Ancram, NY
Orangefield, NY*
Wilson, NC
Richland, PA
Waynesburg, PA
Prosperity, SC
Knoxville, TN*
Dallas, TX*
Roanoke, VA
New Berlin, WI
Woodville, WI

CANADA:
Renfrew, Ontario*

BRAZIL:
Pira
Santanesia

EUROPE:
Genk, Belgium
Le Mans, France
Quimperle, France
Saint-Girons, France
Spay, France
Valence, France*
Ghislangrengo, Italy*
Strzykow, Poland
Gargrave, UK*
Gilberdyke, UK
Manchester, UK*
Ramsbury, UK*
Tarvin, UK*

ASIA:
Jiangmen, Guangdong Province, China
Yunnan Province, China
Suzhou Jiangsu, China
Tamil Nadu, Chennai, India*
New Delhi, India*
Setangor, Malaysia*

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