



2021 SUSTAINABILITY POSITION PAPER

MATERIALIZING SUSTAINABILITY



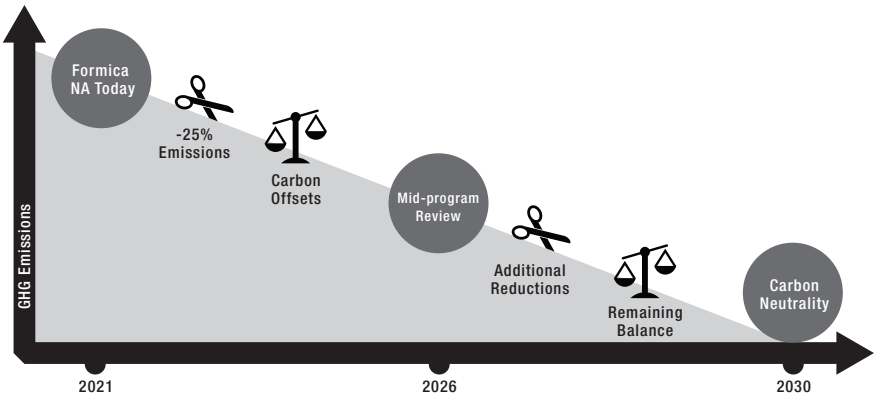


EXECUTIVE SUMMARY



Formica Group North America: The path toward net carbon neutrality

Since its founding in 1913, Formica Corporation has worked to provide innovative, high quality products to its customers. Using resources efficiently has always been a key part of how we run our business. In 2019, Formica Corporation joined Broadview, a Netherlands-based company and leader in sustainability in the decorative materials market. The acquisition by Broadview has raised the bar for sustainability expectations and provided access to tools and technologies to accelerate Formica Corporation’s sustainability improvement trajectory.



The next step in Formica Corporation’s Sustainability journey is providing a higher level of transparency and proactively communicating our environmental impact data along with our plans for improving it in the future. To do that, we will publish an annual Sustainability Position Paper that will detail our journey to reduce emissions in Formica Corporation facilities and develop offset projects that help capture carbon emissions in the broader environment. Our path toward net carbon neutrality includes a combined reduction of 50% by 2026.

A straightforward approach to sustainability

Reducing our carbon footprint is based on our core belief that it is the right thing to do. We are also convinced that reducing our overall environmental footprint is essential to the long-term success of our business and the environment around us. That is why sustainability is embedded in our business philosophy with the credo ‘do no harm, do good, do better.’

At the core of our sustainability strategy is the principle that we should start with ourselves when we seek to improve the world: ‘do no harm.’ Our approach is straightforward: we measure our impact, select targets to reduce this impact and monitor and report on progress. To measure our impact, we use the Life Cycle Assessment (LCA) methodology. LCA captures the details of the entire environmental footprint of our products, from its raw material extraction up to leaving the gate of the factory.

FORMICA® HIGH PRESSURE LAMINATE MANUFACTURING PROCESS



The second element of our strategy is to look for opportunities that support the environment beyond the direct scope of our own manufacturing footprint: ‘do good.’ This includes creating highly durable products that have a long lifespan that limit the need for replacement. Additionally, we will develop projects that absorb or reduce carbon emissions that are not directly linked to our factories or product portfolio.

We believe that addressing sustainability challenges will allow our company to continue to grow and ‘do better’ in the future. Investing in sustainability should – in the end – ensure that these efforts go beyond established regulatory requirements and the net effect of our efforts will positively impact the environment in which we operate.

MATERIALIZING SUSTAINABILITY : EXECUTIVE SUMMARY

Facts on our footprint

We believe you cannot manage what you do not measure. With Broadview, Formica was able to leverage leading Sustainability tools to fast track our effort to create a Life Cycle Assessment (LCA). The LCA results are shown to the right for the three key environmental factors: Global Warming, Primary Energy Demand and Water Footprint.

Impact Category	Unit	2019 Impact
Global Warming	ton CO ₂	107,268
Primary Energy Demand	MJ	4.52 billion
Water Footprint	m ³	130.7 million

Formica has plans to address all three environmental factors, however, the urgency of Global Warming requires that the reduction of CO₂ emissions be our absolute priority for the years to come. Our primary focus will be on projects to reduce the 107,268 tons of CO₂ emissions generated in the production of our products.

A clear action plan for the coming 5 years

Formica's goal to reduce its carbon footprint starts with its goal for a 25% reduction (25,000 tons) of a CO₂ emissions generated in our powers by 2026. The key drivers of our improvement are outlined in the table below.

CO ₂ Reduction Activity	CO ₂ Reduction Impact
Energy Efficiency - utilize close loop systems and optimal recycling of thermal energy	15%
Sourcing Green Power – electricity and gas from renewable sources (PV, Hydro, Biogas)	7%
Material Efficiency – revised product design, internal recycling and improved yields	3%
Total Reduction Target	25+%

To achieve these goals, we will continuously explore every opportunity to increase the efficiency of our processes. In addition, we will leverage Broadview's Global R&D Center (Nemho) to develop more sustainable bio-based and renewable raw-materials, which already constitute over 50% of our product inputs. Beyond Carbon reduction, Formica will also pursue a 10% reduction in Primary Energy Demand and a 5% reduction of our Water Footprint.

As stated above, we will develop projects to capture carbon outside our business; this will include buying offsets or co-investing in projects. Broadview's commitment toward carbon neutrality has started with the acquisition of 500,000 certified carbon offsets.

We will be transparent about progress

The goal of our Sustainability approach is to provide transparency to our stakeholders about our sustainability efforts each year going forward so that you can see progress against our commitments. Formica will update its targets and initiatives each year as we progress through this journey.

For those interested in further details of our sustainability program, a long-form version of this paper is available with additional information and data. Our Formica team also is more than happy to answer questions - feel free to contact your local Formica team member for more information.



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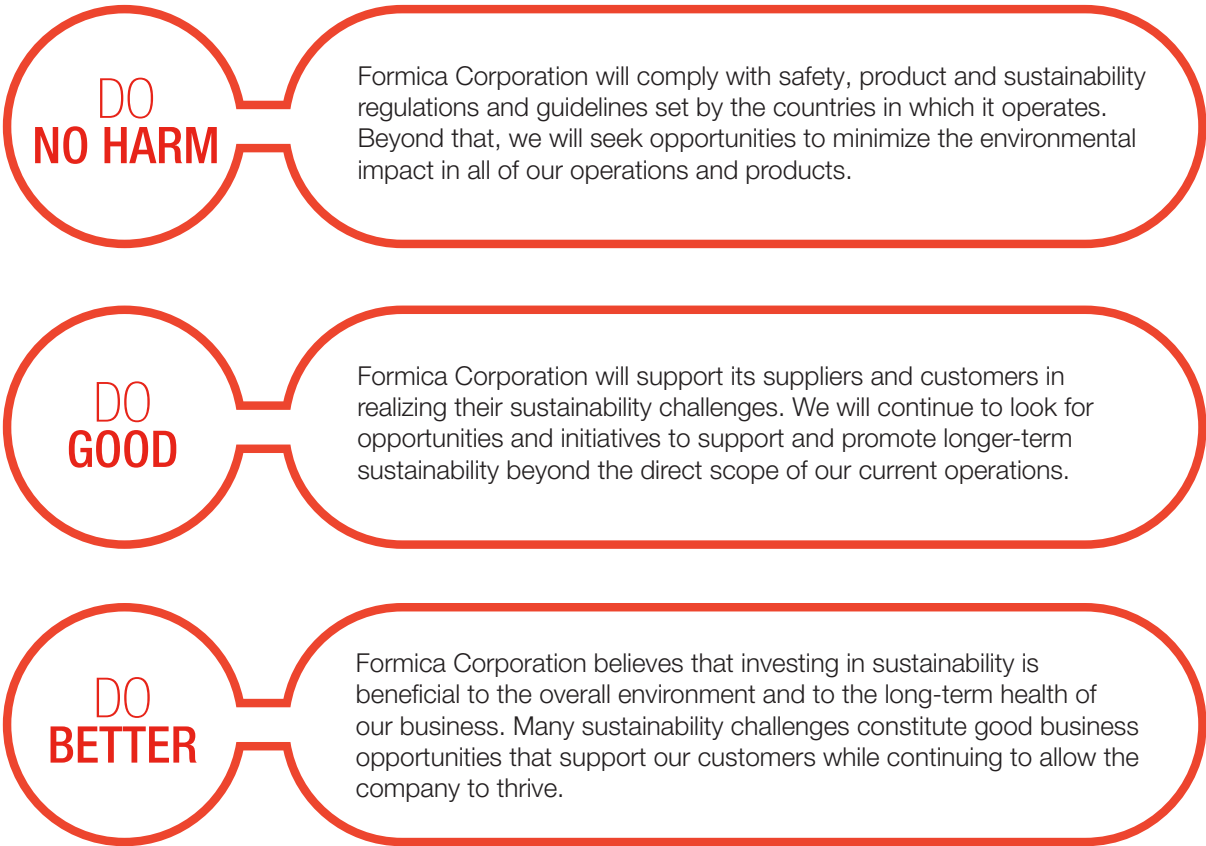
Introduction

Formica Corporation was founded in 1913 in Cincinnati, Ohio as The Formica Products Company by former Westinghouse engineers Daniel J. O'Connor and Herbert Faber. The two discovered that plastic resins could be used as an effective substitute "for mica" in electrical componentry, and with their invention, they created a new category of materials known as high-pressure laminate (HPL). By the 1930s, The Formica Products Company had shifted away from industrial applications to decorative surfaces. Formica® Brand Laminates became well known for fashionable designs, durability and ease of cleaning, and Formica® Surfaces were broadly used in cafes, railway cars and ocean liners. Fast forward to today, the modern-day Formica Corporation remains committed to innovation and maintaining a leading position in design and manufacture of high quality HPL surfaces for applications ranging from health care to single-family homes, education to hospitality, retail to multi-family residences. Today, Formica Corporation operates manufacturing facilities in Cincinnati, Ohio and St. Jean-sur-Richelieu, Quebec along with a network of distribution warehouses across the United States, Canada and Mexico.

In 2019, Formica Corporation was purchased by Broadview Holding, a Netherlands-based global leader in material technology. Part of Broadview's explicit strategy is that each business in its group, including Formica Corporation, will pursue ambitious sustainability initiatives and results. Along with Broadview Holding, Formica Corporation is committed to a long-term planning horizon that includes becoming an industry-leading environmental steward. A key element to this approach is being highly transparent about our current environmental footprint as well as our plans and targets for reducing our overall impact. Formica Corporation is implementing a common sense, fact-based methodology to sustainability focused on a cradle-to-gate approach that is integrated into the way that we manage every part of our business.

As part of our new sustainability approach, Formica Corporation will publish its environmental impact data every year, as well as our targets and initiatives for the coming year. This report is the first of our annual publication of our sustainability data and results. We are excited to share it with you as we continue to advance our sustainability efforts.

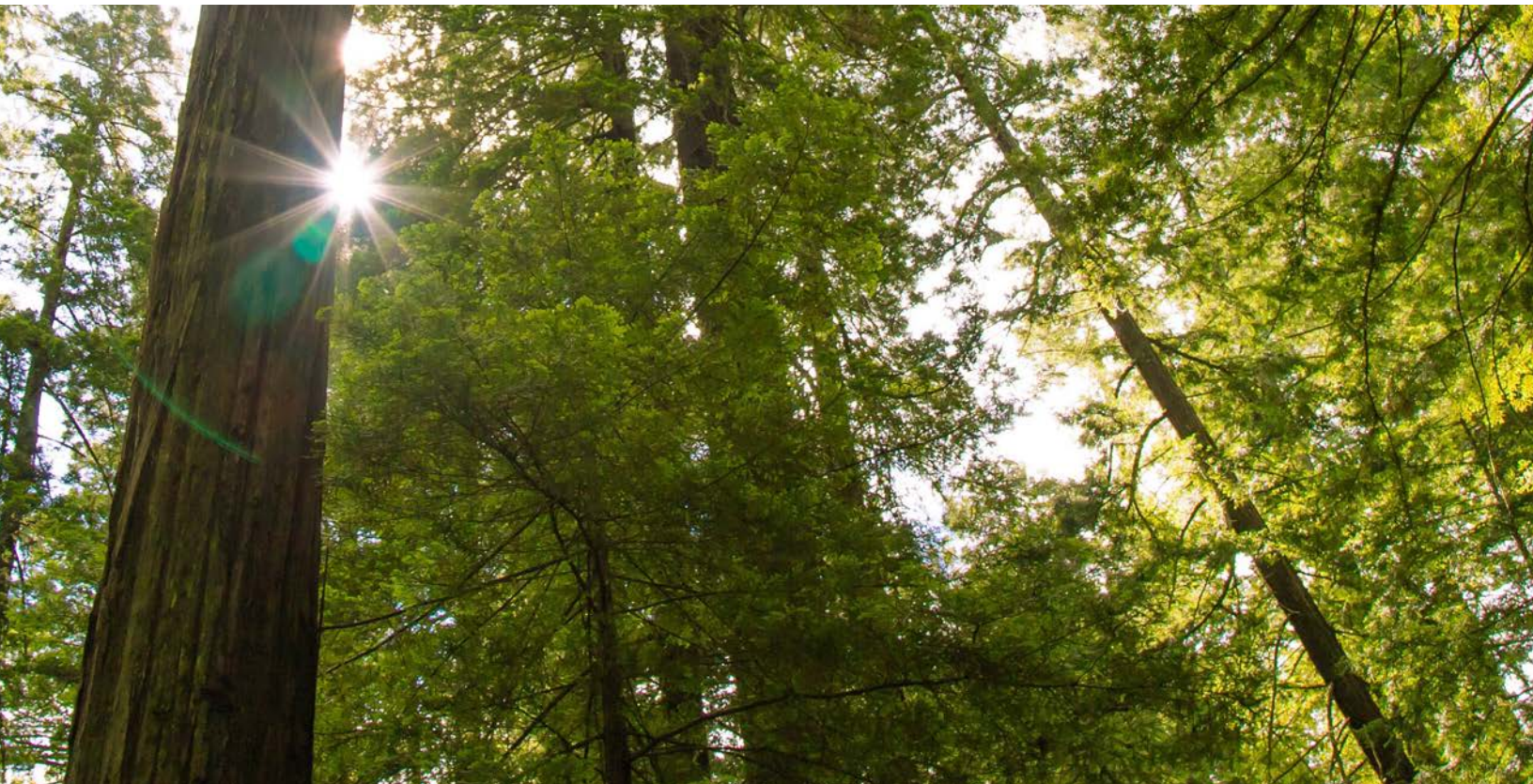
Formica Corporation’s sustainability policy is built upon a basic motivation to shift from “being less bad” for the environment to being “good” and having a positive impact on the world around us. This approach has three stages:



Enhancing sustainability requires a realistic vision, specific actions and integrated approach across the entire company. Formica Corporation's sustainability path is defined by three key principles that shape our thinking and action plans.

Common Sense

Formica Corporation takes a common sense approach to sustainability. This requires the acknowledgment that, by definition, a product requires resources and energy in its creation and as a result, some level of environmental impact will occur. That said, we have adopted the relentless pursuit of maximizing our product functionality while minimizing its environmental impact. We believe that sustainability is a balancing act between product functionality and its impact. Our goal is to reduce the impacts without losing sight of the product functionality our customers require.





Fact-based approach

At Formica Corporation, we believe you cannot manage what you do not measure. In order to address sustainability in a bigger way, we needed to quantify our current impact on the environment. To do this, we implemented the Life Cycle Assessment (LCA) methodology because it represents the most reliable and data-driven tool available to help companies, institutions and governments systematically incorporate sustainability into their decision making process. LCA is a process to evaluate the environmental burdens associated with the entire life cycle of a product, process, or activity. For our business, this assessment is done through the identification and quantification of the energy and materials used in the production of Formica® Brand products and the resulting wastes and emissions released into the environment.

By using a product life-cycle approach, Formica Corporation gets a clear understanding of the actual impact we have on the environment. We can then identify the drivers of sustainability and prioritize initiatives across the entire value chain – from the raw materials through the consumer's use of the product.

The environmental burden of product or an activity can be expressed through a number of impacts, such as global warming, acidification, eutrophication, ozone depletion, primary energy demand, photochemical oxidant formation, water footprint, abiotic depletion and many others. For Formica Corporation's LCA assessment, we show results tied to three key environmental factors: **Global Warming (CO₂ Emissions)**, **Primary Energy Demand** and **Water Footprint**.

From among these three environmental impacts, global warming represents Formica Corporation's absolute priority. This impact poses a serious threat to our planet, one that demands urgent action on a global scale. Beginning with the Rio Earth Summit, then the Kyoto Protocol and the Paris Agreement, action to tackle this global challenge is speeding up. With the Paris agreement, 191 countries (including the US and Canada) committed to limit global warming to well below 3.6°F (2 degrees Celsius) compared to pre-industrial levels. This means capping global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century.

Part of how we run the business

All sustainability initiatives are part of Formica Corporation's rolling business planning and review cycle. Our sustainability priorities stem from the results of our LCA studies and what we believe are realistic but challenging targets for achieving meaningful progress. The review cycle comprises annual target setting in the budgeting process and a monthly management review of progress measured in key performance indicators. Each year, new sustainability targets are set and formalized in a detailed sustainability target agreement. Progress is closely monitored and discussed by the leadership team of Formica Corporation on a quarterly basis during regularly-held sustainability meetings which are our tool for tracking activities and progresses, and brainstorming on new sustainability initiatives.

Moreover, we are incorporating sustainability training into our onboarding process and updates into our employee communications. Formica Corporation is committed to informing our entire team about our sustainability initiatives and including them in our efforts to protect the environment.

SUSTAINABILITY STRATEGY: CRADLE-TO-GATE APPROACH

At the heart of Formica Corporation's sustainability vision and approach is reducing the impacts generated from the cradle-to-gate portion of our materials life cycle. Our guiding principle is two-fold: increasing efficiency or "do more with less" and replacing the most impactful energy and material inputs of our process.

Increasing efficiency

Efficiency upgrades represent the first lever for improving a product's environmental footprint by reducing the required energy and raw material inputs.

Energy There are many opportunities to improve the energy efficiency of industrial equipment through the use of modern technology and intelligent system design. Replacing motors and pumps with new high-efficiency designs, storing and recycling heat within a closed-loop system, and optimizing the integrated manufacturing system are examples to reduce energy consumption.

Materials A large share of industrial emissions is associated with the creation of materials used in our products. A key opportunity is to absolutely minimize material waste at each step in the process. We are focusing on product and process designs that optimize the use of materials so that our finished product can provide outstanding performance while requiring less material input.

Additionally, we will work with the materials suppliers that contribute the most to our impact, to share our ambitions and goals and work with them to find mutually beneficial opportuni-

ties to improve our collective environmental footprint.

Replace most impactful inputs

There are also opportunities to shift to lower-carbon alternatives for the energy and raw material inputs we source into our process. This approach normally translates into switching from fossil-based to bio-based and renewable options.

Energy The core element of this strategy is to actively pursue opportunities to replace traditional energy sources (electricity and natural gas) with renewable options for gas (e.g. biogas), and electricity (e.g. wind, hydro, solar). This will include working with third parties but also projects implemented on our own sites.

Materials Bio-based, renewable raw materials have a lower environmental impact than traditional petroleum-based inputs. They, in fact, help to save fossil resources and can contribute to reducing greenhouse gas emissions. Forest and crops absorb CO₂ from the atmosphere during their growth and continue storing it once harvested.

Our panels are made of a combination of bio-based, renewable materials (wood fiber) and resin, with the bio-based share exceeding the fossil-based one. Broadview's Global R&D Center in the Netherlands, Nemho, is working on new developments to further increase the share of bio-based materials within our products. Between selecting bio-based alternatives and better-performing suppliers, sustainability will become a critical parameter when choosing our partners.



Figure 1. Cradle-to-gate boundaries of Formica® Products' life-cycle.



As mentioned above, Global Warming (CO₂ emissions) represents our absolute priority for the years to come. This means we will put extraordinary efforts to cut the CO₂ emissions generated by our products¹. We will pursue this goal by applying the strategy outlined above to improve our efficiency (of both materials and energy) and replace the most impactful inputs.

Yet, it will not be possible to eliminate all emissions from manufacturing process of our physical product. For residual CO₂ generation, Formica Corporation will compensate with equivalent carbon dioxide savings elsewhere. This will be achieved either through purchase of fully-accredited carbon offsets, or, preferably, by developing our own carbon sequestration projects (e.g. forestry projects). Forests and soil act as natural carbon sinks. Reforesting marginal areas of land and sequestering more CO₂ through changing agricultural and forestry practices represent the key lever to compensate for hard-to-abate carbon emissions.

Net carbon neutrality is defined by the state when the carbon emissions associated an activity have been compensated by funding an equivalent amount of carbon savings elsewhere in the world. By buying offsets and developing carbon sequestering projects it is possible to fully balance out residual emissions and hence obtain a carbon neutral product. Our aim is to achieve net carbon neutrality for our products by 2030.

In recent years, Formica Corporation has put additional effort toward strengthening our sustainability approach. As a starting point, we have conducted detailed life cycle analysis at all our facilities and have created a plan to improve our environmental impacts. Formica Corporation's recent LCA studies have enabled us to:

- Better understand our mass and energy flows/balances
- Measure our environmental impacts per standard unit of material, to establish a normalized measure future improvements
- Identify the major environmental impact contributors in our process in order to set priorities for action
- Investigate a number of external activities to understand their potential of decreasing our global warming impact

Environmental impacts

In this section, the results of the LCA study for the assessed impact categories are specified. These values are expressed per standard unit of material, and our total impact in 2019 (in all manufacturing facilities).

Impact Category	Unit	Impact per standard unit	2019 Impact
Global Warming	kg CO ₂ eq. unit	0.35	107,267,886
- Scope 1 emissions		0.12	37,821,355
- Scope 2 emissions		0.06	17,191,262
- Scope 3 emissions		0.17	52,255,269
Primary Energy Demand	MJ	14.79	4,524,327,440
- Fossil		8.94	2,734,516,632
- Renewable		5.85	1,789,810,808
Water Footprint	m ³	0.43	130,750,365

The unit of scale or reference to which the LCA results are referred relates to the given function of the product, called a functional unit. Based on the function of our product, the input per unit is normalized to a standard measure of decorative surface area and product thickness, and can be used to evaluate changes in value or mix in the future.

These numbers provide a baseline of the environmental impact of our products.

Contribution analysis

Each of the manufacturing steps described in the cradle to gate cycle contributes to a different extent to the total environmental impact of our laminates. Such impact originates from the manufacturing process itself (the energy and water consumed, waste produced and emissions generated) and from the production of the materials from which our panels are made. The chart below shows the contribution of the manufacturing process and raw materials for the three investigated environmental indicators: Global Warming (CO₂ emissions), Primary Energy Demand and Water Footprint. As it can be seen in Figure 2 below, a significant portion of the impact of our panels is attributable to the raw materials we buy, which guides our approach to making improvements to both our own operations and to the inputs we source.

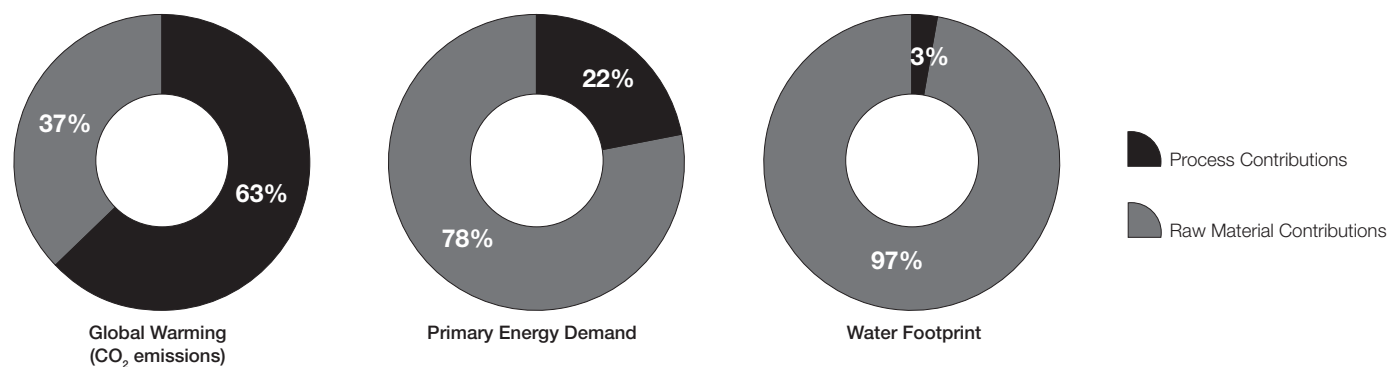


Figure 2. North America impact of materials/process

Additionally, Global Warming (CO₂ emissions) have been further broken-down in three categories consistently with the Greenhouse Gas Protocol (see Figure 3):

- **Scope 1** – All direct emissions from the manufacturing plant, including fuel combustion, boilers and afterburners.
- **Scope 2** – Indirect emissions from electricity purchased and used by the plant.
- **Scope 3** – All other indirect emissions from external sources, namely: raw materials extraction, production and transportation; fuel extraction; waste disposal

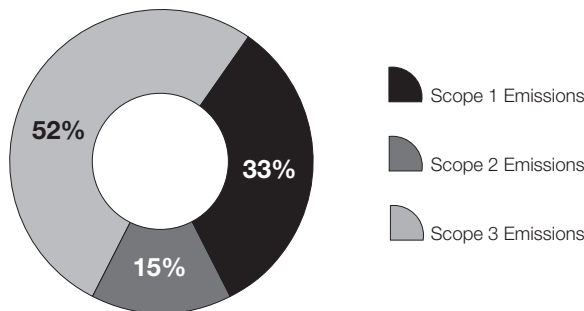


Figure 3. Global Warming (CO₂ Emissions) - Formica North America

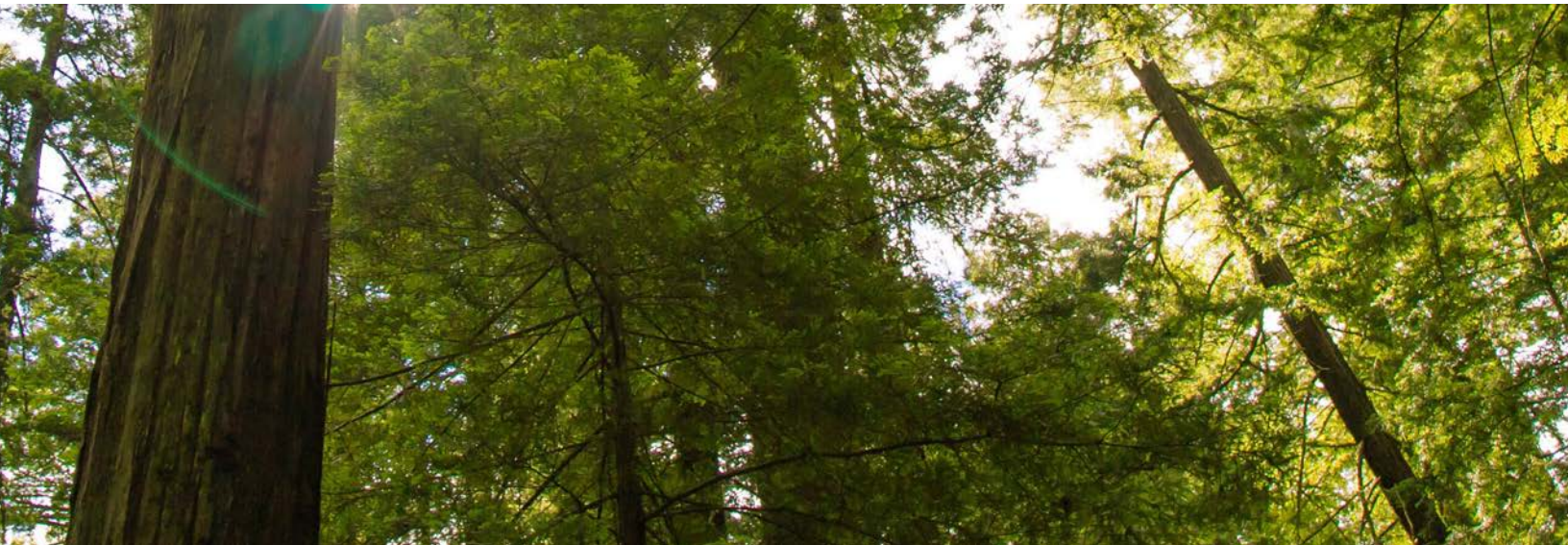
Cradle-to-gate impact reduction

The entire goal of Formica Corporation’s sustainability approach is to define specific targets and actions to reduce our environmental impact, while continuing to supply the same products you have come to expect. Our reduction targets for 2026 (baseline 2019) are:

- Global Warming (CO₂ emissions): 25% reduction
- Primary energy demand (fossil): 10% reduction
- Water footprint: 5% reduction

In order to achieve the global warming target, Formica Corporation is undertaking a series of activities and projects detailed in the table below.

CO ₂ Emission Reduction Activity	Emissions Scope	CO ₂ Reduction Potential
Energy Efficiency - utilize closed loop systems and optimal recycling of thermal energy across processes	Scope 1, 2	15%
Sourcing of Green Power - including electricity and gas from renewable sources (PV, Hydro, Biogas)	Scope 1, 2	7%
Material Efficiency - improvements in material yield, internal recycling, and revised product construction to require fewer input materials	Scope 3	3%
Sourcing Renewable Raw Materials - including resins from biosources	Scope 3	TBD (incremental opportunity)
Target Reduction Total		25% (25,000 tons)



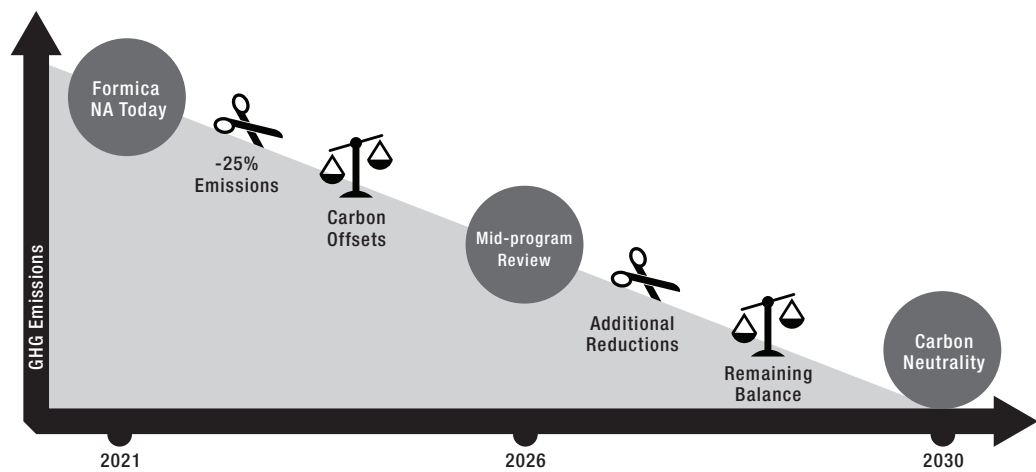


Balancing out emissions

Formica Corporation also has set an ambitious goal of becoming net carbon neutral by 2030. Along with our internal improvement agenda outlined in the previous section, we also will start offsetting CO2 emissions through the use of carbon credits. In addition to buying carbon offsets, we plan to start developing our own forestry and other carbon sequestration projects. To this end, we have already initiated efforts to identify and select potential projects, discussed with the relevant stakeholders, and are building a plan for execution.

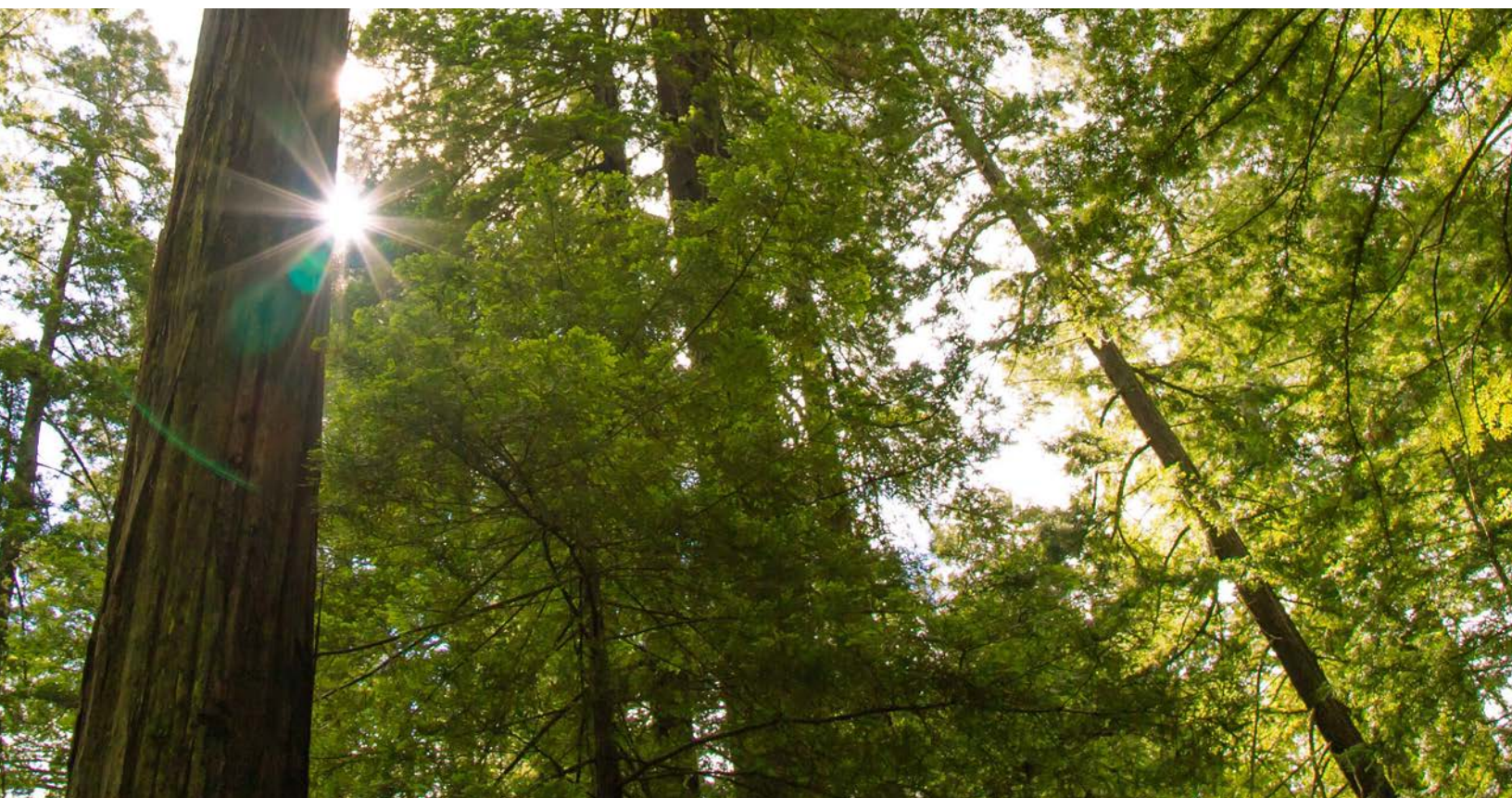
The picture below highlights our path towards carbon neutrality. It reflects the combined impact of our internal improvement measures and carbon offset compensation to help balance our emissions.

We recognize net carbon neutrality is a long journey and there will be significant learnings along the way. As we progress through this process, we will leverage our experiences to update our approach, targets, and timelines. However, we believe it is vitally important to get started on this journey now, initiate the hard work of creating a more sustainable business, and become a leading steward of a better environment.



Improving our LCA model

Another key component of our sustainability effort is reliable and transparent data embedded in our Life Cycle Assessment model. The accuracy of an LCA model is entirely dependent on the data available; ensuring this data quality is at the forefront of our priorities. During the next four years, we will put forth a continuous effort toward increasing the breadth and accuracy of data collected in our plants. In LCA, there is a clear distinction between data collected on site (primary data) and data sourced from third parties (secondary data), with the former preferred over the latter. Given the significant role that raw material play in our products' LCA, we plan to continue to refine our data and collect inputs directly from our paper and chemical suppliers to further improve the specificity and accuracy of that data. Combined, the end goal is to develop and maintain a highly accurate and actionable LCA model for our products.



What do global warming, primary energy demand and water footprint mean?

Global warming

This indicator expresses how much heat greenhouse gases trap in the atmosphere. Greenhouse gases are a group of compounds that are able to absorb the infrared radiation released by the Earth surface heated up by the sun. The more greenhouse gases in the atmosphere, the more heat stays on Earth. The main greenhouse gases are carbon dioxide (which is also the most abundant greenhouse gas), methane, nitrous oxide and fluorinate gases. The global warming indicator is calculated in terms of carbon dioxide equivalents.

Primary energy demand

Primary energy is energy found in nature that has not been subjected to any conversion or transformation process (such as primary energy content in crude oil, natural gas, and biomass). Energy that is already converted will require primary energy to provide this “delivered energy” (e.g. steam, electricity or other thermal energy derived from any technical process). Primary energy demand indicates the amount of energy that a system under assessment has extracted from the natural environment.

Water footprint

In this paper the water scarcity footprint has been evaluated. This indicator assesses the amount of water consumed weighted by a scarcity indicator, hence accounting for differences in potential environmental impact of water use based on given regional differences in water scarcity.



Disclaimer

The information provided by Formica Corporation ("Formica") in this 2021 Sustainability Position Paper is based on the best available data at publication and is subject to change. In some cases, the data is estimated. Formica cautions that our statements with respect to current and future potential implications on sustainability topics are subject to numerous risks, uncertainties, assumptions and other factors, some of which are beyond Formica control. Formica is unable to warrant the accuracy and completeness of this information. No rights can be derived from the information provided. The use of this information by the reader is subject to the above factors.

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