



2022

# ESG REPORT



ENVIRONMENT



SOCIAL



GOVERNANCE





A blurred background image of industrial machinery, likely a manufacturing or testing facility. The machinery is white and grey, with various pipes, hoses, and gauges. A red logo with the letters 'hhs' is visible on the equipment. The overall scene is dimly lit, with some light reflecting off the surfaces.

# Table of Contents

- 02 Letter from the CEO
- 04 Year in Review
- 05 About Arkay
- 07 Sustainability Governance
- 08 Sustainability Assessments
- 09 Initiatives and Commitments
- 10 Material Topics
- 11 Sustainable Development Goals
- 13 Arkay Goals
- 14 Environment
- 17 Social
- 22 Governance
- 26 Appendix



# From the CEO .....

**This year was an especially notable one for Arkay: Founded in 1922, we are celebrating a century in business, a milestone we are very proud to have achieved. During these one hundred years we have operated with a belief in quality, service, and a commitment to the importance of sustainability.**

From our beginnings on the Lower Eastside of New York City, through the opening of a Design Studio in Long Island, to the building of a manufacturing facility in Roanoke, Virginia, Arkay has been exemplary in its focus on our employees' health and safety – and the health and safety of the environment in which we work, live and operate. My grandfather conceived of a company operating with a belief in quality and service and Arkay – conveying a philosophy in which all individuals of many different backgrounds are empowered to develop and succeed – has led our industry with passion, integrity, and an ongoing obligation to our clients ever since.

We strive for diversity and inclusion throughout our work force and embrace the unique perspectives and personal experiences that it brings. Throughout our organization, we encourage mutual respect, teamwork, and advancement for all our employees. Our business is a family business and we treat our employees as family. In cultivating this environment of mutual respect, we ensure that everyone who enters our doors is protected, physically and emotionally.

Our fidelity to the safety of our employees, customers, and vendors is one of the mainstays of who we are as a company. As part of our operating procedures, we conduct monthly internal audits, routinely assess and implement mitigation plans for any potential risks, and utilize cutting edge technology which emphasizes the health and safety of our employees.



Our business is a family business and we treat our employees as family.



Arkay is honored to have attained BRCGS certification. With its high standards for safety, packaging materials, storage, and distribution, BRCGS provides a benchmark for manufacturing practice, assuring customers that their products are safe, legal, and of high quality. Arkay appreciates this acknowledgement of our value, ethics, and expertise. We have also achieved Gold Level Recognition – a recognition only 5% of companies achieve – from EcoVadis, the world’s most trusted provider of business sustainability ratings, intelligence, and collaborative performance improvement tools for global supply chains.

In addition to our commitment to our people and customers, Arkay is equally focused on our pledge to our environment. We are proud to be certified to the SFI® standards with Forest Stewardship Council (FSC), the Sustainable Forestry Initiative® (SFI®), and Community Energy, as well as being the recipient of Agfa’s Greenworks™ Environmental Recognition due to our adoption of green policies and the progress we have made in reducing our carbon footprint. We are honored to have achieved CarbonNeutral® status, having offset our greenhouse gas (GHG) emissions in accordance with The CarbonNeutral® Protocol, the global standard for carbon neutral certification.

Arkay is diligent in maintaining high ethical standards and to that end we have launched a company-wide Ethics Training Program. Spearheaded by our Environmental Safety and Health Division, bi-weekly meetings are held to ensure our entire company is in compliance with ethical concerns. Along with this program, Arkay established a Hazard and Risk Analysis Team created specifically to recognizing hazards and risk factors that have the potential to cause environmental harm.

At Arkay we care deeply about creating – and subsidizing – groundbreaking, eco-friendly technologies and we are gratified to be acknowledged as a vanguard in this vital effort. Arkay’s brand is one of strength, honesty, diligence, and marketability. We value our customers and they witness this with every action we take from our on-time delivery and dedication to our craftsmanship, to the materials we use or the equipment we purchase; we honor our word, and our word is our bond.

At Arkay there is zero tolerance for corruption in any form or subterfuge in how we deal with the world – this is the bedrock of who we are as a company, whether we’re onboarding an employee in our Human Resources department, negotiating a contract with a customer, or signing an invoice with a vendor, we never swerve from our core.

Embracing the ideal of pride in craftsmanship combined with service to our customers – and linking it to reciprocal respect, honesty, and teamwork – is our “Arkay Way.” This also includes Arkay’s dedication to its community and to contributing financially to the needs of our vicinity and our world. With the desire to give back we support our community through donations to the Taubman Museum for art, West Virginia Community College for education, the Alzheimer’s Drug Discovery Foundation for medical research, the Jefferson Center for music, and the Botetourt YMCA for nurturing our neighbors in Roanoke.

In our 100th year in business, Arkay is even more aware than ever of who we are and the debt we owe to our world. We are firm in our conviction to devote ourselves to the innovation and advancement of sustainability efforts within our company and value chain. We look forward to the ongoing release of our annual Communication on Progress for the UN Global Compact as a public report of our commitment to the UN Global Compact’s Ten Principles and corporate sustainability, which we proudly uphold.

The foundation we set 100 years ago of quality, service, and respect has grown into the pillars of our company culture and we look forward to our next 100 years with enthusiasm!

Warm Regards,



**Mitchell Kaneff**  
Chairman/CEO



# TOP HIGHLIGHTS

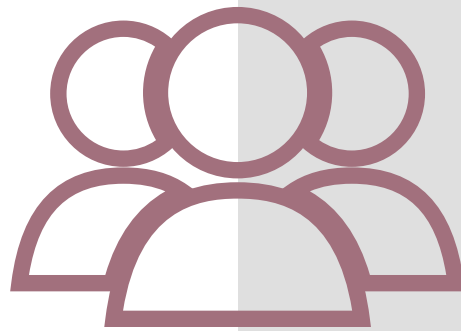


## ENVIRONMENT

This year we maintained our carbon neutrality commitment through our emission offsets, in addition to reducing our energy consumption while meeting our energy reduction target.

19%

Reduction in  
Electricity  
Consumption



## SOCIAL

Our continued commitment to our people, helped us achieve our employee retention targets.

7%

Improvement in  
employee  
retention



## GOVERNANCE

In 2021, we put a focus on creating risk management systems, including the creation of a supplier risk assessment and corruption risk management assessment.



# About *Arkay*

— I O O —

At Arkay we strive to be an indispensable graphic communications resource for our customers by driving innovation, superior quality, and exceptional service. We lead our associates with passion, integrity, and a commitment to mutual profitability.

Using the most advanced technologies and working with a palette of decorative special effects, Arkay meets any visual challenge.

WE BELIEVE THAT QUALITY  
PEOPLE ARE THE BACKBONE

OF QUALITY WORK

Mitchell Kaneff, CEO

## Our Capabilities

.....

### Embossing

The raising or lowering (Debossing) of the printed surface. Arkay has the capability of single-level or multi-level Embossing to add dimensionality to the package. Use alone or with other finishing techniques, we create a unique package for your product – one that grabs the customer and draws their attention to your product.



### Textured Finishing

Sometimes we want more than a specific look for your packaging – you also want a specific feel. At Arkay we accomplish this using a wide range of textured finishes. Just another way we strive to make your vision come to life.



### Stamping

Described as, applying a high-quality (often metallic) finish to an area of the carton, Stamping has been a specialty of Arkay for over sixty years. We have the capability to stamp on top of many different coatings. Using our experience and expertise, we can create a wide variety of effects including holographic or richly pigmented effects.





# Mission.

# Vision.

# Values.



To be an indispensable graphic communications resource to our customers through:

*Driving Innovation*

*Superior Quality*

*Exceptional Service*

To lead our associates with passion, integrity, and a continuous commitment to profitability and a sustainable future.

.....

In addition to 10 decades of expertise in product design, improvement and responsiveness, our creative, innovative marketing and merchandising solutions begin with each employee through a culture of encouraging creative action, mutual respect, teamwork and professional development.

.....

Building on our passion for innovation, we give each product a distinctive marketplace presence. Since 1922, we have designed and manufactured value-added, high performance outer packaging.

Arkay packaging provides the creative engine to meet our customers' exacting needs. Our operations and customer service are built on trust and accountability.

**We deliver:**

*What you expect*

*When you expect it*

*Every time*



# Sustainability Governance

Arkay's sustainability governance and oversight is driven by an array of stakeholders. Our Board of Advisors, senior leadership, employees, customers, and peers all help to inform our **environmental, social, and governance (ESG)** decision-making. As such, stakeholder engagement is critical to our governance process and to ensuring that we continually improve our ESG performance. In 2022, we are formalizing our sustainability governance structure by developing a sustainability committee comprised of leaders across each of our company's functional areas. Going forward, the sustainability committee will be responsible for maintaining, overseeing, and updating our sustainability strategy and all sustainability reporting.



Board of Advisors	Sustainability Committee	Stakeholders
..... Arkay's Board provides guidance and leadership for controlling, mitigating, or eliminating ESG risks, as well as advising on sustainable practices.	..... Arkay's sustainability committee will be responsible for overseeing and managing business strategies across the company. These strategies include efforts to advance Arkay's ESG performance.	..... Arkay consults with many stakeholder groups to better understand the ESG topics with the most important impacts on the business. Stakeholder engagement and feedback helps inform how Arkay prioritizes ESG goals.
		



# Sustainability and Quality Assessments

At Arkay, we pride ourselves on contributing to a responsible supply chain. Through third-party assessments, we demonstrate transparency into our operations and show commitment to sustainability and quality.



**EcoVadis** is an online questionnaire that evaluates a broad range of business impacts including environment, labor and human rights, ethics, and sustainable procurement impacts. Arkay completes an annual EcoVadis assessment of our operations and shares our results with our customers upon request. Each year we have improved upon our previous rating as we continue to expand our ESG policies and actions. In our latest assessment, we achieved an EcoVadis Gold rating, placing us in the top 5% of companies assessed by EcoVadis.



**CDP**, formerly the Carbon Disclosure Project, is a global disclosure system for investors, companies, cities, states, and regions to measure and report their environmental impact. Arkay submitted a CDP Climate Change questionnaire in 2021. By submitting to CDP, we are providing our customers with data to inform decision-making, reduce risks, and identify opportunities. In 2022, for the first time, Arkay will be submitting a response for each of CDP's three questionnaires: climate change, forests, and water security.



The **BRCGS** Packaging Materials Global Standard certification is recognized as a global industry benchmark for packaging operations. After a virtual and onsite audit, Arkay was awarded the BRC certification with a B grade. This certification ensures we operate safe production processes, manage our product quality, and comply with all legal requirements.



# Initiatives and Commitments

In continuing our efforts to minimize our negative environmental impacts, we have ongoing initiatives and commitments to meet internationally recognized standards and certifications. Our efforts focus on reducing our contributions to global greenhouse gas emissions and promoting sustainable forestry since we know our business, and the packaging industry in general, can have a large impact in these areas.



The **Sustainable Forestry Initiative® (SFI®)** label signifies that wood and paper products are purchased from well-managed forests, backed by a rigorous, third-party certification audit. Our products have both the SFI Chain of Custody and PEFC Chain of Custody certifications.



The **Forest Stewardship Council® (FSC®)** is an international non-profit organization promoting responsible management of the world's forests by setting standards on forest products, along with certifying and labeling them as eco-friendly. Our company is FSC® certified.



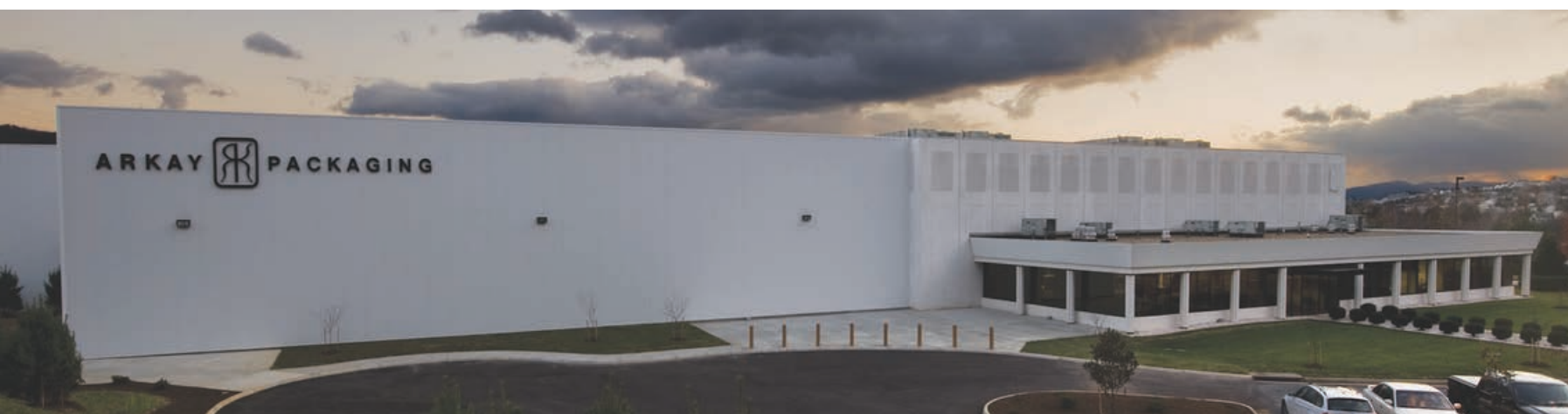
We have **CarbonNeutral®** status and we work with Natural Capital Partners, a world-leading provider of carbon reduction solutions. We offset our greenhouse gas (GHG) emissions in accordance with The CarbonNeutral® Protocol, the global standard for carbon neutral certification.



Arkay has also been approved for the **PEFC standard**, an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. Thanks to this eco-label – which Arkay has – customers and consumers are able to identify products from sustainably managed forests.



We are honored to have received **AGFA's Greenworks™ Environmental Recognition Award** due to our adoption of green policies and the progress we have made in reducing our carbon footprint.





# Stakeholder Engagement and Material Topics

We collected input from our business partners and industry peers to determine our top material topics. Our employees and senior leadership informed the topics that we believe are most material to Arkay. Based on these insights, the following topics were identified as the ESG topic areas where Arkay has or can have the most significant impact.

## TOP IMPACT AREAS

### Environment

#### Greenhouse Gas Emissions

How we measure and manage our emissions contribution to climate change.

#### Waste Management

How we measure and manage our waste production and reduction.



### Social

#### Employee Health and Safety

How we measure and manage our employee health, safety, and wellness.

#### Diversity and Inclusion

Our commitment to improving our diversity and inclusion among employees.

#### Employee Retention

How we measure and manage retention of all our highly skilled, valued employees.



### Governance

#### Ethics and Integrity

Our integration of integrity and good ethics.

#### Customer Satisfaction

Our commitment to continual improvement of customer satisfaction.

#### Quality

Our commitment to high quality products.

#### Efficiency and Reliability

Our commitment to continual improvement of efficient, reliable business operations.





# United Nations Sustainable Development Goals



We realize the added business value from managing our environmental, social, and governance impacts. Our most material impact areas drive our business goals and targets. We align these goals and targets with the **United Nations Sustainable Development Goals (UNSDGs or SDGs)**, ambitious goals developed by the United Nations to serve as a blueprint for achieving a sustainable future for all. Throughout this report, our five focus SDG icons denote initiatives, achievements, or metrics that contribute to that goal.

## Environment



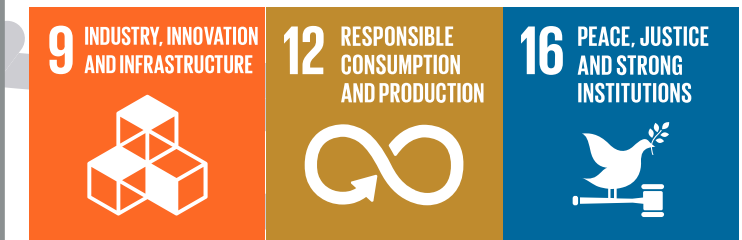
**Greenhouse Gas Emissions**  
**Waste Management**

## Social



**Employee Health and Safety**  
**Diversity and Inclusion**  
**Employee Retention**

## Governance

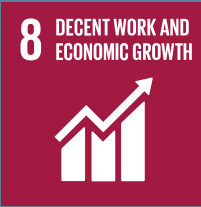


**Ethics and Integrity**  
**Customer Satisfaction**  
**Quality**  
**Efficiency and Reliability**



# UN SDG Impacts and Targets

*\*Language for targets has been adjusted to better represent business metrics.*



Arkay contributes to SDG 8 through continual health and safety improvements, robust employee training, and diverse employee engagement opportunities.

- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors
- Target 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment



Arkay contributes to SDG 9 through investment in state-of-the-art technology as well as funding research and development to support continued innovation.

- Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and research and development spending



Arkay contributes to SDG 10 through the implementation of diversity initiatives, practices, and policies.

- Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status



Arkay contributes to SDG 12 by offering opportunities for in-house recycling and exploring education and awareness options for end-consumer recycling.

- Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources
- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities



Arkay contributes to SDG 13 by tracking our greenhouse gas emissions, submitting to CDP, and maintaining a carbon neutral status.

- Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- Target 13.2: Integrate climate change measures into policies, strategies and planning



Arkay contributes to SDG 16 through our ethics, anti-corruption, and anti-bribery measures and initiatives.

- Target 16.5: Substantially reduce corruption and bribery in all their forms



Arkay increases its positive impact on SDG 17 through meaningful partnerships, charitable giving, and volunteerism.

- Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

# Setting Goals for Success

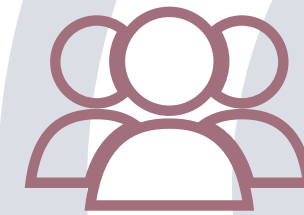
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At Arkay, we believe that business resiliency is built by caring for the environment, implementing responsible social practices, and maintaining strong governance. We set goals in all three categories that directly relate to our material impacts.



## ENVIRONMENT

Provide sustainable products that minimize negative impacts on the environment



## SOCIAL

Ensure healthy and safe operations to improve employee retention and engagement



## GOVERNANCE

Provide reliable and innovative solutions to be effective partners for our customers



# Environment



## Our Goal -

*Provide sustainable products that minimize negative impacts on the environment*

## Our Target -

*Reduce all environmental metrics by 5% by 2022.*







# Environment

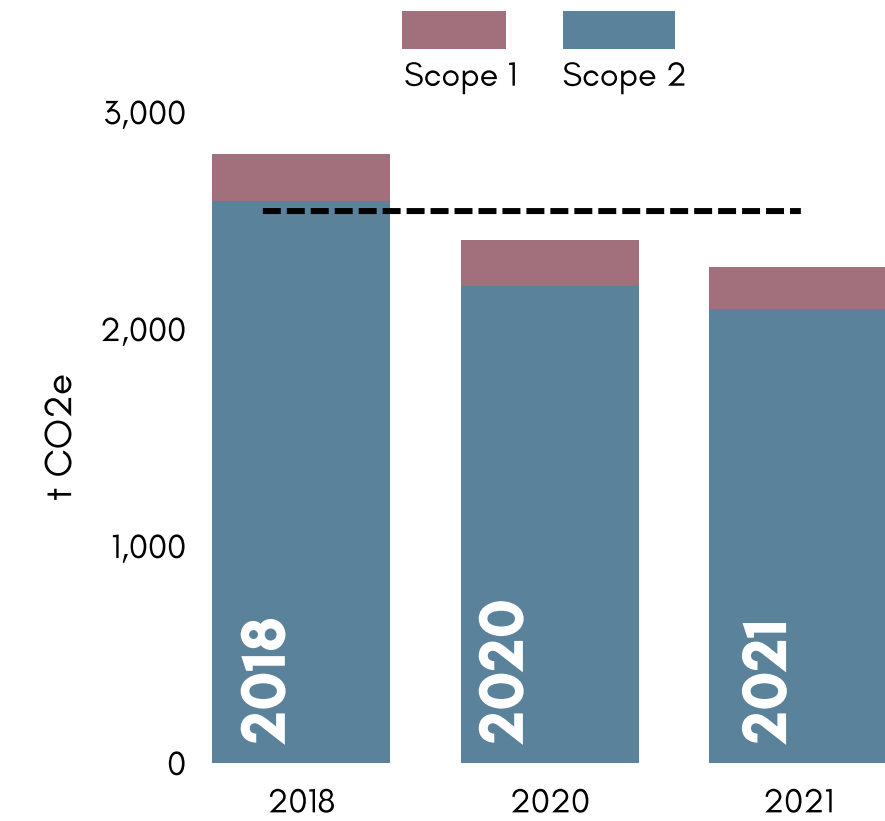


## Greenhouse Gas Emissions and Energy

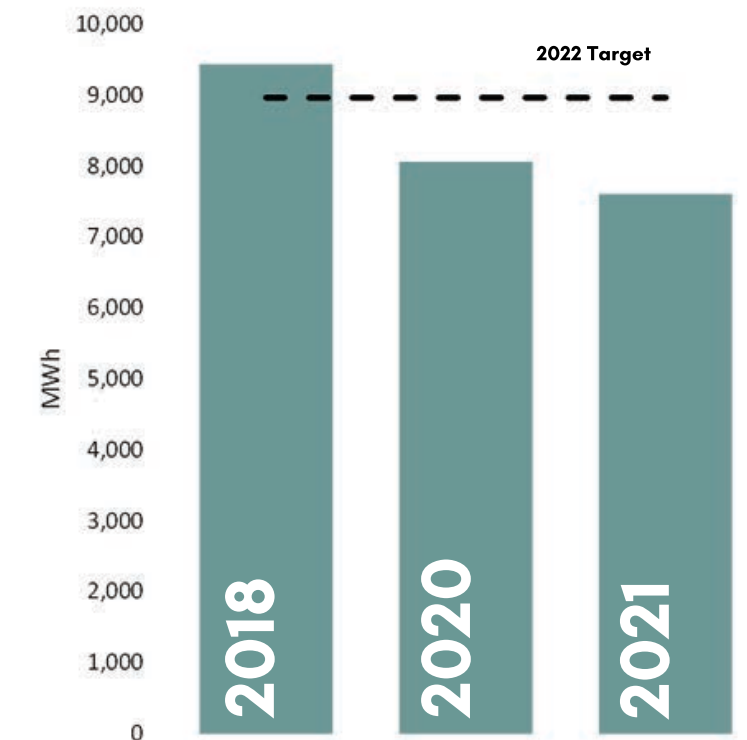
Customers no longer have to choose between a sustainable product and a high-quality product. Through tracking and monitoring our energy usage and GHG emissions of our operations, we are able to make the commitment to reduce all consumption metrics including GHG emissions and energy usage by 5% by 2022 compared to our 2018 baseline. We have reached and exceeded our 2022 target for both of these key performance indicators. One of our key initiatives that supported us in reaching this goal was the installation of 100% LED lighting in our 140,000 square foot state-of-the-art Roanoke plant. Going forward, Arkay is actively working towards setting Science Based Targets.

In addition to our reduction goals, Arkay purchases carbon offset credits from Natural Capital Partners to achieve carbon neutrality. Our partner project is the Seneca Meadows Landfill Gas Project in New York. This project created almost 420 acres of new wetlands since the project's inception. Electricity is generated by capturing methane from landfill gas emitted by the expansion to the Seneca Meadows landfill site. This project delivers a total of approximately 175,000 tons of emissions reductions annually to help take urgent action to combat climate change. More information on this project can be found [here](#).

### Greenhouse Gas Emissions



### Energy Consumption







# Environment



## Recycling and Waste Programs

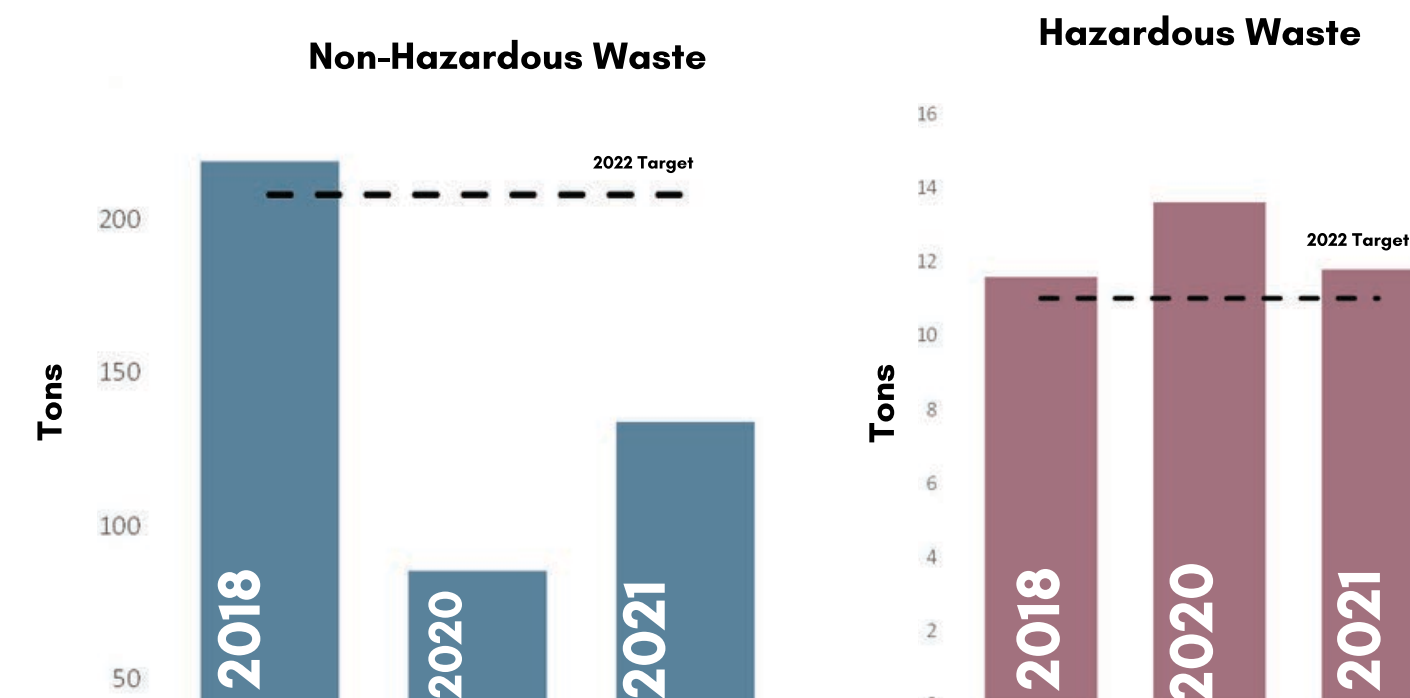
Arkay moves an average of 2,100 tons of fiber per month! To ensure we are recycling properly, Arkay implemented a robust **Recycling Management Program**. Our program maximizes the efficiency with which fiber waste is recycled by arranging its transport from plant to paper mill in a measurable, defined way on a daily basis. In 2022, Arkay is conducting a waste improvement project that will allow us to realize a reduction in our hazardous waste. This reduction enables Arkay to reclassify as a Small Quantity Generator (SQG), resulting in operational and cost efficiencies.

Additionally, we have developed a Product End of Life Policy that outlines the best ways for consumers to dispose of our products once they are done being used. This includes materials recycling instructions, using recyclable and biodegradable materials, and switching to a biodegradable option for shrink wrapping our products. Additional information is available to all stakeholders in the [sustainability section of our website](#).

Furthermore, Arkay utilizes InkFormulation software to control the exact supply of ink for specific jobs. Any excess ink is recycled back into the ink room, reducing all ink waste in our production and cutting overall costs for one of our most important inputs.

## Reducing Water Consumption

Additionally, in 2021, we implemented a water management policy to guide our efforts in reducing our water use, managing our wastewater, ensuring that our employees and communities have access to clean, healthy drinking water, and ensuring that our suppliers hold these same priorities.





# Social

8 DECENT WORK AND  
ECONOMIC GROWTH



10 REDUCED  
INEQUALITIES



17 PARTNERSHIPS  
FOR THE GOALS



## Our Goal -

*Ensure healthy and safe operations to improve employee retention and engagement.*

## Our Target -

*5% reduction in employee turnover rate from 2018 baseline*







## Social

8 DECENT WORK AND  
ECONOMIC GROWTH



## Health and Safety

We value our people and strive to improve our health and safety wherever possible. Internal audits are conducted annually to ensure that our processes are running efficiently and safely for our employees. We invest in cutting edge technology that significantly improves the safety of our employees. Additionally, we complete risk assessments to better understand safety hazards and to address them proactively.

We measure our progress on employee retention and safe working conditions through the on-going tracking of **turnover rates and lost time injury rates (LTIR)**.



	2018 Baseline or Goal	2020 Performance	2021 Performance	2022 Target
YTD Turnover	19.8%	19.8%	12.0%	15%
LTIR	0	0	1.02	0
Since 2018, we have been tracking our turnover rates and LTIR, with the target to reduce turnover to 15% by 2022 and maintain LTIR at 0. Unfortunately, in 2021, we did not maintain a zero injury rate. Our management team takes this increase seriously and has implemented a root cause analysis to identify the source of the incidents and has initiated our corrective action procedure to limit the possibilities of an incident occurring in 2022.				





## Social

10 REDUCED INEQUALITIES



# Diversity and Inclusion

Arkay is committed to fostering, cultivating, and preserving a culture of diversity and inclusion. We recognize that the collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of our company's culture, reputation, and achievement. As such, we have implemented diversity initiatives, practices, and policies, relevant to our recruitment and selection, compensation and benefits, professional deployment and training, and more. We uphold, at all times, our Equal Employment Opportunity (EEO) policy.



**“By embracing an ideal of inclusion and diversification, Arkay implements a culture that encourages mutual respect, honesty, and teamwork.”**

- Robin Rivera, Human Resources Manager

## Gender Diversity

### All Employees



Women 36%  
Men 64%

Total Number of Employees = 242

### Senior Leadership



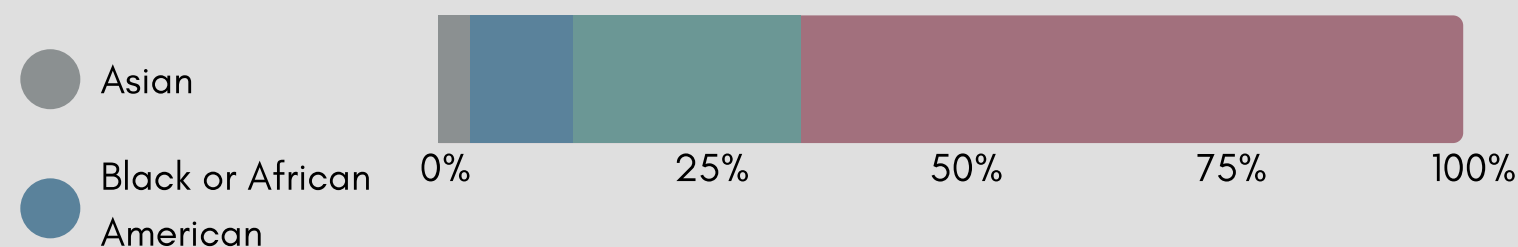
Women 29%  
Men 71%

Number of individuals in Senior Leadership = 9

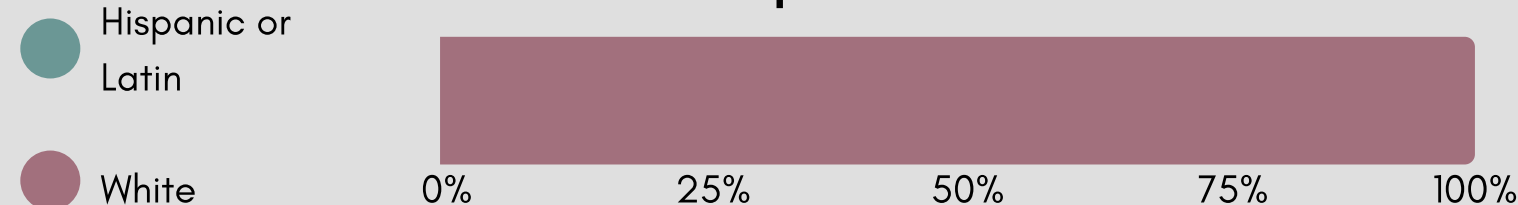


## Racial and Ethnic Diversity

### All Employees



### Senior Leadership







## Social

8 DECENT WORK AND  
ECONOMIC GROWTH



## Employee Retention



In conjunction with the Botetourt Fire and Emergency Medical Service, we held an on-site COVID vaccination clinic in May that was open to all Arkay employees.

## Benefits

We promote the health and well-being of our employees by offering employee benefits including paid time off for holidays, vacation days, and sick days, medical and dental insurance coverage, group life and accidental death and dismemberment insurance, workers compensation, and health savings account contributions. Furthermore, we provide an Employee Assistance Program and run a voluntary wellness program with incentives.

## Training

We provide ongoing training opportunities for our employees to upgrade their skills and enhance workplace health and safety. We train our employees on all of our relevant standard operating procedures, which includes, but is not limited to, quality assurance training and EHS (Environment, Health and Safety) training. All new hires take part in a mandatory safety training, as well as an orientation session with a member of Human Resources focused on information covered in our employee handbook related to Arkay's objectives, policies, practices, rules, and regulations.

7% Improvement  
in employee  
retention



# Charitable Giving



## Taking Care of Our Community

Through charitable giving and volunteerism, we give back to art organizations, educational institutions, medical research groups, and various non-profits. In 2021, we donated \$250,575. In addition to our charitable contributions, the Arkay team is also an active participant in community events.

In October of 2021, The Alzheimer's Drug Discovery Foundation (ADDF) bestowed the Charles Evans Award to Howard Kaneff, chairman emeritus of Arkay, and Mitchell Kaneff, CEO, for their leadership in support of the prevention, treatment, and cure of Alzheimer's disease. Howard and Mitchell got Arkay involved in philanthropic support of Alzheimer's research when Howard's late wife and Mitchell's mother, Cherry, began experiencing Alzheimer's symptoms. Their contributions to ADDF have supported research and innovation into diagnostic tools and therapies for Alzheimer's. Howard and Mitchell are both esteemed supporters of the ADDF and Mitchell currently serves on the ADDF's Board of Overseers.



**\$250,575**  
Donated in 2021



# Governance

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



## Our Goal -

*Provide reliable and innovative solutions to be effective partners for our customers.*

## Our Target -

*100% of contracted suppliers acknowledge  
Supplier Code of Conduct by 2023*







# Governance

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



## Supply Chain Sustainability

We created our Supplier Code of Conduct in 2018 and have worked since then towards our target of achieving 100% of our contracted suppliers sign the Code. The Code of Conduct ensures that our suppliers agree to and uphold our standards for human rights, ethical practices and anti-corruption, labor rights, health and safety, environmental and legal compliance, and freedom of association. Any potential new supplier must sign our Code of Conduct prior to our business partnership.

We developed an expanded supplier questionnaire in 2021 to better understand our supply chain by assessing possible risks to product safety and quality, as well as evaluating the potential ESG risks of our suppliers. Our 2022 Target is for 100% of our suppliers to sign our code of conduct and 50% of our target suppliers to have completed the sustainability supplier questionnaire.

	2018 Goal	2020 Performance	2021 Performance	2022 Target
<b>Supplier Code of Conduct</b>	Supplier Code of Conduct created	96%	96%	100% of contracted suppliers sign Code of Conduct
<b>Supplier Questionnaire</b>	n/a	n/a	Questionnaire created	Achieve 50% completion rate from target suppliers
Since 2018, we have set aggressive goals to expand our sustainable procurement programing including the development of a supplier code of conduct and a supplier questionnaire. Both of these documents are used to ensure that our supply chain is operating in a manner that aligns with the values of Arkay. Since the documents have been created, we have set targets to distribute and analysis the responses from each of targeted suppliers.				





# Governance



## Risk Management

In 2021, Arkay undertook many initiatives to better understand and manage our operational risks. By dedicating resources for risk mitigation, we identified areas of high risk and established appropriate risk controls to increase our organizational resilience. We focused our risk management initiatives on the following aspects of our business:

### Product Quality

We established a Hazard and Risk Analysis (HARA) Team to evaluate safety compliance and product quality in every step of our manufacturing process. We also enhanced our internal audit procedure to identify root causes of any nonconformance in our processes. Our safety procedures were updated to cover glass and brittle plastic breakage, traceability of all component parts and products, and proper handling of sharps. As a result of these efforts, in 2021 Arkay achieved the BRCGS certification for providing products that are quality assured, legally compliant, and authentic.

### Ethics and Integrity

Ethical business conduct is of the utmost importance to our company. As such, Arkay undertook an internal corruption analysis to determine where within our operations there is the highest potential for corrupt activities. The results of the analysis are guiding corrective actions to mitigate risks. Additionally, Arkay instituted a sensitive transactions policy to ensure all business operations are exercised with integrity. In 2022, all employees will be trained on ethics, including how to report a grievance through Arkay's updated whistleblower procedure.

### Supply Chain

To identify and mitigate potential risks from our supply chain, Arkay developed a supplier self-assessment questionnaire covering product quality and safety, recall and traceability, corporate social responsibility, and more. As a next step, we will review the questionnaire responses to identify high risk suppliers. We plan to work with our suppliers on corrective actions to reduce any actual or potential risks. In addition, we will continue to have our suppliers agree to our Supplier Code of Conduct.





# Governance



## Customer Satisfaction, Efficiency, and Reliability

We are continuously innovating our product offering and production techniques so we can provide our customers with the best service time and time again. We work directly with our customers to guarantee that our products meet the quality standard that is associated with Arkay.

Our obtainment of the BRCGS certificate exemplifies this commitment to quality by providing safe products that our customers, and our customers' customers, expect and demand from their most trusted brands.

Furthermore, in 2021, our investment and advancement of our risk management programs helps us better confirm that our operations and our suppliers' operations are managed ethically, safely, and efficiently. This commitment ensures our sustainability and continuity as a company to be a trusted partner for the next 100 years.





# Appendix



GRI #	GRI Disclosure	Page/Response		GRI #	GRI Disclosure	Page/Response
102-2	Activities, Brands, Products, and Services	Premier folding cartons/ Wholesale		102-12	External Initiatives	United Nation's Global Compact Sustainable Forestry Initiative Forest Stewardship Council
102-3	Location of Headquarters	Hauppague, New York		102-13	Memberships of Associations	The Graphic Source LLC, Printing and Graphics Assoc. Mid Atlantic, Young Presidents Organization, Cosmetics Industries Buyers and Suppliers, Cosmetic Executive Women, Buyer, Importers, Maunfacturers, and Salesmen to the Cosmetics Indutry
102-4	Location of Operations	Roanoke, Virginia		102-14	Statement from Senior Decision-Maker	Pg. 2-3
102-6	Ownership and Legal Forms	Privately Held		102-15	Key Impacts, Risks, and Opportunities	Pg. 10
102-7	Markets Served	Health & Beauty, Pharmaceutical		102-16	Values, Principles, Standards, and Norms of Behavior	Pg. 6
102-8	Scale of the Organization	242 Employees		102-17	Mechanisms for Advice and Concerns About Ethics	Policy and process are references in the employee handbook
102-9	Information on Employees and Other Workers	Pg. 19		102-18	Governance Structure	Pg. 7
102-10	Supply Chain	Pg. 23		102-19	Delegating Authority	Pg. 7
102-11	Significant Changes to the Organization and its Supply Chain	No significant changes to the organization or the supply chain		102-20	Executive-level Responsibility for Economic, Environmental, and Social Topics	Pg. 7



GRI #	GRI Disclosure	Page/Response		GRI #	GRI Disclosure	Page/Response
102-21	Consulting Stakeholders on Economic, Environmental, and Social Topics	Pg. 10		102-30	Effectiveness of Risk Management Processes	During regular meetings, the Board of Advisors assesses risks related to safety, natural and human-caused disasters, sustainability, and supplier conduct
102-22	Composition of Highest Governance Body and its Committees	Board of Advisors		102-31	Review of Economic, Environmental, and Social Topics	Pg. 14-26
102-23	Chair of the Highest Governance Body	Mitchell Kaneff (Arkay CEO)		102-32	Highest Governance Body's Role in Sustainability Reporting	Pg. 7
102-24	Nominating and Selecting Highest Governance Body	Board of Advisors review and re-elect members every 2-3 years based on needs and stakeholder desires and input		102-33	Communicating Critical Concerns	N/A
102-25	Conflicts of Interest	N/A		102-34	Nature and Total Number of Critical Concerns	N/A
102-26	Role of Highest Governance Body in Setting Purpose, Values, and Strategy	Board of Advisors regularly review ESG impacts, risks, and provide general guidance for business decisions and ways to advance the company and industry		102-35	Remuneration Policies	Pg. 20
102-27	Collective Knowledge of Highest Governance Body	Retail, manufacturing, and forestry		102-36	Process for Determining Remuneration	Pg. 20
102-28	Evaluating the Highest Governance Body's Performance	Regular review cycles (2-3 years)		102-37	Stakeholders' Involvement in Remuneration	Pg, 20
102-29	Identifying and Managing Economic, Environmental, and Social Impacts	Pg. 7, 10-12		102-38	Annual Total Compensation Ratio	As a private company, Arkay does not publicly disclose this information



GRI #	GRI Disclosure	Page/Response		GRI #	GRI Disclosure	Page/Response
102-39	Percentage Increase in Annual Total Compensation Ratio	As a private company, Arkay does not publicly disclose this information		102-48	Restatements of Information	The on-site solar energy project that was highlighted in the 2021 report was deemed to be unfeasible. Due to this, Arkay will not be moving forward with the solar energy project at this time.
102-40	List of Stakeholder Groups	Pg. 7, 10		102-49	Changes in Reporting	None
102-41	Collective Bargaining Agreements	N/A		102-50	Reporting Period	2021
102-42	Identifying and Selecting Stakeholders	Pg. 10		102-51	Date of Most Recent Report	2020
102-43	Approach to Stakeholder Engagement	Pg. 10		102-52	Reporting Cycle	Annual
102-44	Key Topics and Concerns Raised	Pg. 10		102-53	Contact Point for Questions Regarding the Report	Rhonda Justice (rhonda.justice@arkay.com)
102-45	Entities Included in the Consolidated Financial Statements	The only entity is Arkay		102-54	Claims of Reporting in Accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards: Core
102-46	Defining Report Content and Topic Boundaries	Pg. 10		102-55	GRI Content Index	Pg. 27
102-47	List of Material Topics	Pg. 10		102-56	External assurance	None

GRI #	GRI Disclosure	Page/Response	GRI #	GRI Disclosure	Page/Response
GRI Economic Disclosures			305-1	Direct (Scope 1) GHG Emissions	XXXX Tons of CO2e
205-2	Communication and Training on Anti-Corruption Policies and Procedures	All employees sign the employee handbook which covers anti-corruption policies and procedures	305-2	Energy Indirect (Scope 2) GHG Emissions	XXXX Tons of CO2e
205-3	Confirmed Incidents of Corruption and Actions Taken	0 incidents	305-3	Other Indirect (Scope 3) Emissions	XXXX Tons of CO2e
GRI Environmental Disclosures			306-3	Significant Spills	0
301-2	Recycled Input Materials Used	20% of wood and wood-based products Arkay sources is recycled. 100% of the wood or wood-based products are FSC Certified	307-1	Non-Compliance with Environmental Laws and Regulations	0
302-1	Energy Consumption Within the Organization	7,605 MWh	GRI Social Disclosures		
302-4	Reduction of Energy Consumption	1,834 MWh reduction compared to 2018 baseline (19% reduction)	403-4	Worker participation, consultation, and communication on occupational health and safety	Pg. 11, 20
303-5	Water Consumption	949,743 Gallons	403-5	Worker training on occupational health and safety	Pg. 20
304-3	Habitats Protected or Restored	Seneca Meadows Landfill	403-6	Promotion of worker health	Pg. 20



GRI #	GRI Disclosure	Page/Response
403-9	Work-Related Injuries	1.02 LTIR
403-10	Work-Related Ill-Health	0 work-related illnesses
404-1	Average Hours of Training Per Year Per Employee	0.43 hours per employee
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	0% in 2021. Due to Covid 19, our normal process was restricted in 2021. Going forward, we will reinstate our employee performance review process.
405-1	Diversity of Governance Bodies and Employees	Pg. 19
406-1	Incidents of Discrimination and Corrective Actions Taken	0
411-1	Incidents of Violations Involving Rights of Indigenous People	0
416-2	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	0
417-2	Incidents of Non-Compliance Concerning Product and Service Information and Labeling	0
417-3	Incidents of Non-Compliance Concerning Marketing Communications	0
419-1	Non-Compliance with Laws and Regulations in the Social and Economic Area	0