modernistic

Sustainability Report

Covering fiscal year 2024

modprint.com

Contents

Sustainability Policy

Since 1938, Modernistic has served our customer's and the community at large by providing products and resources focused on delivering sustainable results and business practices. We believe this extends outside the company to serve the health and wellness of our environment and the community at large. We are committed to operating this company in a manner that is sustainable; and integrates environmental, health & safety (EHS) affairs into all of our operations. We do this by 'living' our company slogan, "A Better Way Every Day"; and by supporting the following SGP principles:

We pledge to be compliant with all applicable EHS and labor regulations. To acknowledge our role in continuous improvement, we will continue to implement programs and procedures that are consistent with these regulations and abide by the principles of healthy lives and Eco friendly environments.

We will endeavor to lead by example within our industry and community as we seek opportunities, beyond regulatory compliance, to diminish the impact Modernistic has on the environment. With persistence and rigor we will demonstrate and document our ongoing efforts through system reviews conducted a minimum of twice per year; and by performing regular audits to ensure sustainable results.

Modernistic acknowledges our role in establishing goals and implementing procedures that clearly define our prevention activities as related to healthy lives, safety and the environment.

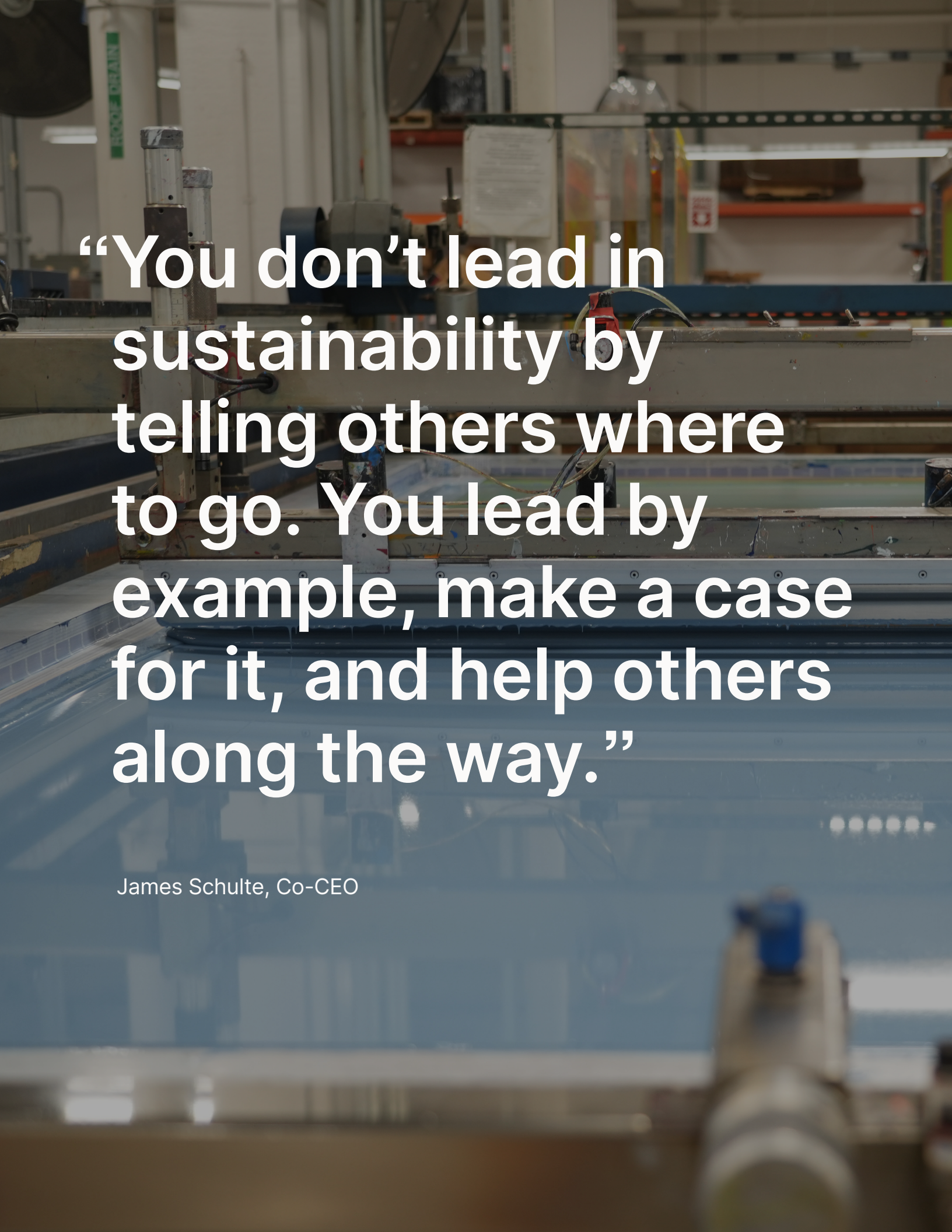
- The health and safety of our employees shall, as always, will be a top priority.
- Our commitment to environmental stewardship will result in clean, safe and sustainable technologies and processes being routinely initiated and used in our organization.

- As a part of our pollution prevention endeavors, we will research and initiate methods and practices that emphasize source reduction, reuse, and recycling.
- We will minimize our releases to the air by seeking ways to reduce our VOC emissions.
- We will reduce the volume and toxicity of waste generated and will ensure the safe treatment and disposal of waste as part of our corporate priorities.
- Consistent with the values of the organization and employees, we shall be good stewards of scarce resources, such as water, energy and land.

We will communicate our position towards sustainability and our performance with our employees, vendors, customers and the community. We will influence our vendors and customers to assist us in acquiring our goals, while assisting them in improving their efforts in attaining sustainability.

James Schulte
January 2, 2025

James Schulte
Co-CEO



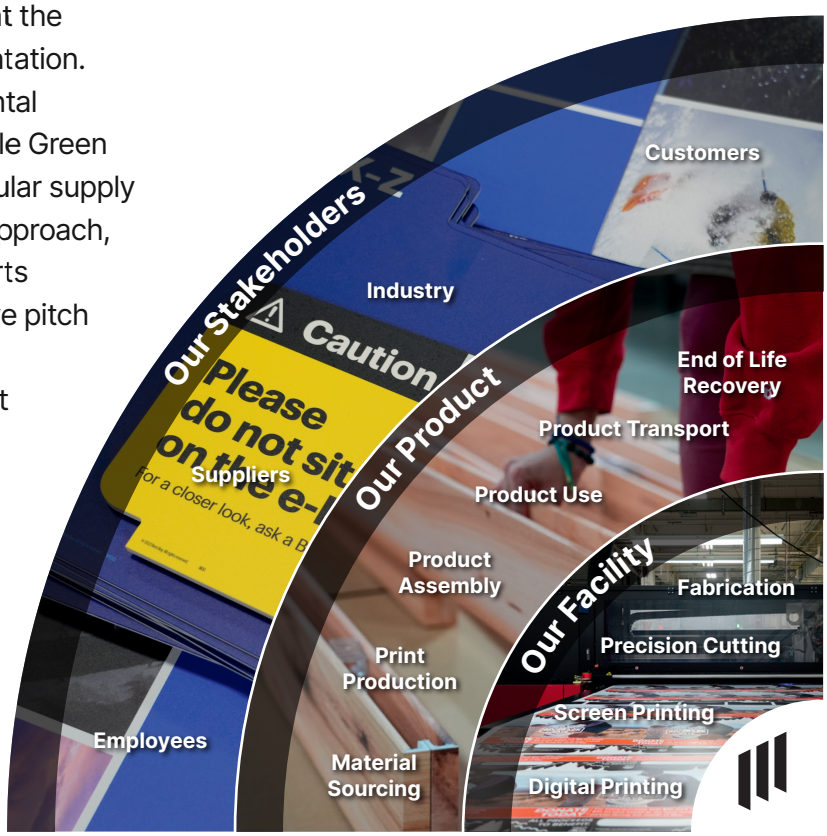
“You don’t lead in sustainability by telling others where to go. You lead by example, make a case for it, and help others along the way.”

James Schulte, Co-CEO

Our Shared Commitment

We remain committed to our mission to drive value for our clients by providing expertise, superior products, and dependable services with speed and precision. And we're equally committed to doing so in a manner that doesn't deplete the earth's resources. This commitment acknowledges our responsibility for our entire value chain—which extends across our facility and through the entire life cycle of our products. And it drives our strategy— whether innovating solutions to environmental challenges or creating opportunities for customers to use sustainable materials or providing assistance to our community. We're striving to enable the type of world we want to live in. That means taking steps to help others reduce their footprint, as well as protect communities that often disproportionately bear costs of environmental harm.

Only by engaging with others can we meet our ambitious goals and realize the changes our industry needs. We learn from the expertise of others, including our Sustainability Committee.
We seek out those who inspire us, like the material manufacturers that create environmentally friendly products, which we support in their work at the intersection of development and implementation.
We collaborate to advance our environmental initiatives, like our work with the Sustainable Green Printing Partnership (SGP) to promote circular supply chains. And, by sharing our strategy and approach, we aim to maximize the impact of our efforts while empowering our customers. When we pitch alternative materials or processes for a project, we are reinforcing our commitment to transition to a carbon neutral economy and create inclusive opportunities.



Environmental Strategy

The environmental challenges we face today are significant, and we are responding with urgency and dedication. We approach our work by focusing on fundamental questions. What matters most? And where can we make the greatest impact? These questions guide our work across our strategic pillars of environment, resources, and smarter production — and inform our goals in how we can best achieve change. We know we're not alone in working to reduce our environmental footprint. So we're engaging with others to support our efforts and find opportunities to lift our local community along the way.

Environment

We've already incorporated sustainable operations, committees, yearly projects, audits, and we've committed to invest in more carbon removal solutions, stewarding resources, and sending less waste to landfill.

→ Energy Use
→ Water Usage
→ Recycling
→ Emissions

Resources

We aim to make the best possible products and encourage our customers to use recycled or renewable materials, enhance material recovery. At the same time, we're constantly helping develop new materials.

→ Recycled Materials
→ Sourcing and Efficiency
→ Material Development
→ Low Carbon Design
→ Advocacy

Smart Production

Through innovation and rigorous controls, we produce our products to be safe for anyone who assembles, uses, or recycles them — and to be better for the environment.

→ Sustainable Operations
→ Precise Packaging
→ Employee Wellness
→ Giving & Philanthropy

Engagement

By engaging with others on our environmental work, we can achieve an even greater impact. We learn from feedback and we work with partners to influence change in our industries.

Our Goals

We increase value for our clients by providing expertise, superior products, and dependable services with speed and precision. And we strive to do so in a way that sustains the planet and the resources that we all depend on. Setting ambitious goals is essential to this — to drive the innovation and collaboration that makes change possible and to be transparent and accountable to our progress.

Environment

Reduce kWh per sales dollar ratio by 50% by 2030.

Reduce water impacts in the manufacturing of our products, our services, and facility operations.

Reduce overall emissions by 40%.

Reach resource recovery rate of 50% by 2030.

Resources

Use recycled materials in 80% of products by 2030.

Integrate sustainable supply chain innovation into RFQs.

Increase yearly output Sustainable Material Development Program by 10%.

Offer a sustainable alternative for every project

Use low-carbon design when building proposals

Smart Production

Achieve yearly sustainable green printing certification

Increase bespoke packaging to 95% of all projects

Achieve 95% participation in 401k matching program.

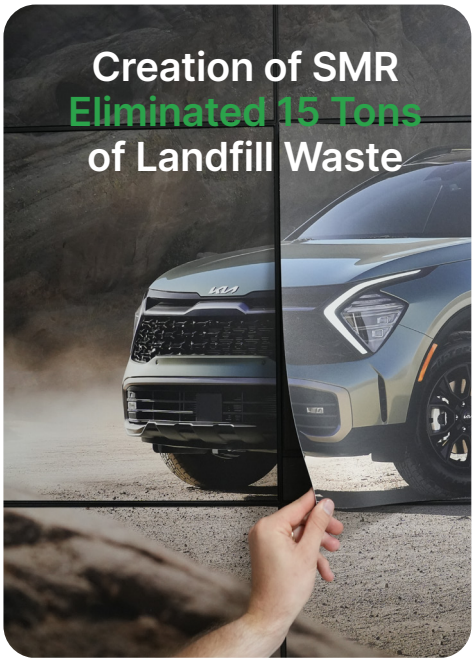
Increase Gratis Printing Program for approved nonprofits by 10%

Highlights

Helped Develop Award Winning Sustainable Packaging Solution

40% Reduction In Our Total Water Usage

Certified Sustainable Green Printer



Outcomes

In this past year, we've continued to show considerable progress — a testament to the dedication, hard work, and innovative approaches to complex challenges of our employees, suppliers, industry partners, and stakeholders Our objectives remain clear to reduce our impact, create equitable solutions, and drive broader change within the industry and our communities. Our progress can be measured by our achievements across our business. And the challenges that remain galvanize our efforts and drive us forward.

Customers committed to carbon neutrality

This year our customers have begun to increase their investment of material purchases with sustainable alternatives.

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Suppliers committed to recycled products

With the increase in demand for recycled products, our material suppliers are starting to increase their investment in developing more.

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40% overall water reductions

In the past 5 years, we continuously save over 500,000 gallons of water each year.

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45% overall energy reductions

In 2022 and 2023 we installed new light fixtures across our facility which led to over 345,000 kWh saved per year.

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Continuing innovation on material recovery

In 2023 we started 100% on-site waste separation approximately 120,000 tons of material, through recycling and source separation efforts.

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Emissions reporting & reduction

In the last 2 years we have reduced our fleet emissions by over 95% and reported 100% of our facility emissions

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More products with more recycled content

Last year we partnered with a customer to produce a sustainable package filler which won over 4 national environmental innovation awards.

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401k investing classes

Every year we offer PTO for four 401k investment classes and free 1-1 advising meetings at Mod

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Introduction of material of the month

We implemented a monthly email which promotes a new material to over 8,000 print buyers

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Sustainable green printing audit

This year we completed our yearly audit, maintaining our twelfth year being a sustainable green printer.

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Removed 60% of void fill with custom packaging

We invested in a bespoke box maker that helps us with precise kitting, reducing the need for wasteful void fillers and shipping costs for our packaging.

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Nonprofit gratis printing program

This year we were able to support multiple non profits with their large format graphics at no cost.

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Supported 10 renewable material projects

We created a proprietary sustainable magnetic receptive that was more cost effective than the alternative. It is currently being used in over 500+ retail locations and saving thousands of tons of landfill waste this year alone

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Environment

Goals & Progress

At Mod, we're committed to doing our part to fight climate change. For us, this means taking bold action. Our goal to eliminate waste sent to landfill from our facility and our customers is both ambitious and necessary. The efforts that support this goal require innovations at scale — like developing and implementing new materials, mobilizing efficient production, and rapidly deploying renewable energy. This chapter looks at our latest progress. We are continuing to deploy solutions to address our remaining footprint with great urgency.

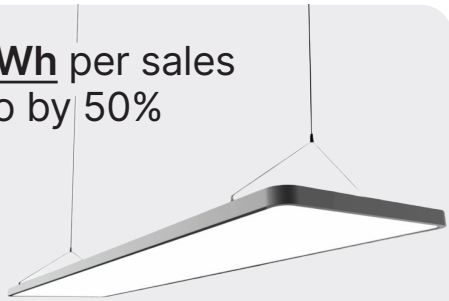
Reduce water impacts in the manufacturing of our products, our services, and facility operations.

As of December 2024, we have reduced our water usage by 40%

Reach **resource recovery** rate of 50% by 2030.

333 metric tons of waste avoided in fiscal year 2021 alone due to carbon reduction initiatives across our value chain

Reduce kWh per sales dollar ratio by 50% by 2030.



As of December 2024, we have reduced our energy consumption by 65%

Reduce overall emissions **by 40%**

As of December 2024, 45% of suppliers and customers committed to carbon neutrality, representing the majority of Mod's direct spend for materials, manufacturing, and assembly of products

Our Approach

With each year, the impacts of our responsible manufacturing becomes more evident, inspiring us to build upon previous wins. From the growth of our employees to the reduced carbon waste of our facility, to the success stories from our customers after utilizing new sustainable materials. Our immediate actions , progress, approach and goals are helping improve our local, national, and global environment.

Our work began years ago, making the transition to Sustainable Green Printing Partnership, which we achieved in 2009. And in 2013, we took steps to reduce packaging, including bespoke packaging for over 1,000 visual merchandising projects. 2020 marked our 10th straight year winning the SGIA sustainability recognition award for our recycling program. Currently in 2025, we are excited to be apart of award winning and climate changing products.

Our philosophy for achieving carbon neutrality follows these principles:

Calculate our footprint across our value chain: Our responsibility extends beyond our direct operations to product related emissions. That's why we model our emissions across the entire life cycle of our products — including the sourcing of materials, manufacturing, shipping, product use, and end-of-life processing. We use the results of our detailed carbon accounting to adjust our 2030 Climate Roadmap, which lays out our plan to meet our reduction targets.

Set targets: Our plan to eliminate waste sent to landfill from our facility and our customers centers around our strategy to reduce waste recovery by 50 percent, relative to our fiscal year 2015 carbon footprint. We plan to invest in high-quality carbon removal projects to address the remaining emissions, prioritizing nature-based solutions. And by focusing on emissions reduction, we're tackling the transformative work of making low-carbon products.

Consider our community: Our Stillwater and Twin Cities community means so much to us and we're pursuing ways to directly consider these communities in our environmental program — like with the Non Profit Gratis Program which aims to bolster equity and foster opportunity for approved nonprofits. We're advocating for the growth of our employees. And we're doing annual projects that aim to improve the livelihoods of local and internal communities.

Our Approach

Explore all solutions: Reaching our goals will require proven solutions that are attainable, as well as exploring the solutions of the future. This includes facilitating the development of new materials, like PVC replacements, creating continuous improvement projects such as the Zerks Water Reduction Project, advancing techniques that support a low-carbon economy, and continuing to invest in research and development to enable decarbonizing our products.

Be open: We are committed to disclosing our carbon footprint, climate strategy and progress, as well as climate-related risk. By sharing our approach, we aim to send clear signals to our partners and invite them to work with us. We also hope to empower our peers in their pursuit of waste reduction and engage material suppliers through product testing. This means sharing our setbacks with our successes. Our annual Sustainability Reports, as well as our SGP yearly audit report, provide details on our progress.

Make environmental progress good for business: We are proving every day that there is no trade-off between what is good for the planet and what is good for business. That means that we seek out climate solutions that are cost competitive, offer a financial return, or benefit our customers — for example, we created a sustainable magnetic receptive that was more affordable than the alternative common magnetic receptive, designed to deliver both environmental benefits and financial returns. And when we design products to ship efficiently and use recycled content, we view these as product features that add value for our customers. By underpinning our climate strategy with strong business principles, we aim to harness the power of markets to replicate our solutions at scale, creating an impact necessary to meet our reduction targets.

Our 10-year Climate Roadmap is addressing Mod's carbon footprint through four pillars:

Increase Recycling
We will reduce waste sent to landfill from our facility and our customers.

Energy Efficiency
We will increase energy efficiency at our facility and in our supply chain.

Emissions Reduction
We will minimize direct greenhouse gas emissions in our facility and our supply chain.

Water Responsibility
We will maintain water impacts in the manufacturing of our products, our services, and facility operations.

Increase Recycling

Sending materials to landfill makes poor use of the world's resources, while also contributing to emissions. This is why we've made waste reducing operations a priority.

We're working to send nothing to landfill from our facility. This effort also extends to our suppliers and customers. We're also taking steps to eliminate waste generated during manufacturing, engaging with local specialty recyclers and composters to redirect materials from landfills. This work requires innovative approaches and local solutions, to preserve the resources we rely on and to build our processes around this objective. If we can stop waste at the source, we create meaningful progress — protecting each community where we and our suppliers and customers operate.

We're working on new approaches to facility waste

Across our operations, we're reducing the amount of waste we generate and directing more toward recycling programs. We launched the Zero Waste Program in 2009 with a focus on organizing all our scrap materials. Since then, our operations have grown substantially, but our objective remains the same: send zero waste to landfill.

In fiscal year 2024, recycling and composting efforts allowed us to achieve a waste diversion rate of 70 percent, limiting landfill waste from our total operations to about 191 tons. Our overall waste generated also remained low in part due to COVID-related challenges. We're continuing to make strategic progress across our departments. We upgraded our infrastructure to allow for better waste separation, and by switching to reusable alternatives from single-use materials. Our SGP certification also involved coordinating with local composters, as well as identifying and partnering with local plastics recyclers that could handle specific materials, including PETG and Acrylic. These providers are local businesses that provide broader solutions than municipal waste disposal programs. And our work with them is an opportunity to support the local economies around recycling and composting.

As our company continues to grow and change, we're focused on reducing waste. This starts with identifying key sources of waste — like packaging materials or commonly used equipment. We're collaborating with our customers to move towards smart packaging and bulk packaging. We are also switching to sustainable package filler — we commonly use bubble wrap. We partnered with a global science firm to develop a new sustainable package filler that is easily deployable and protects it contents. This product achieved Fast Company's World Changing Ideas 2022, Top Product's Environment + Energy Leader Award, North American Office Product's Innovation Of The Year Award, and North American Office Product's Best Product Award.

Increase Recycling

For the waste we can't avoid, we're taking steps to keep it out of landfills. The first step is to ensure that items end up sorted correctly. This requires clear messaging and the availability of containers to redirect waste. We continue to roll out training, consolidated bins for recycling, composting, and landfill, and improved signage to reduce contamination and increase recycling rates. This year we were able to achieve 100% on-site waste separation approximately 120,000 tons of material, through recycling and source separation efforts.

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We also maintain our commitment to the safe and responsible management of hazardous waste. The Treatment, Storage, and Disposal facilities we utilize are audited to ensure that the waste is treated, recycled, or incinerated within the governing safety standards for health and the environment.

We're developing zero waste materials with our suppliers

We're committed to leaving no waste behind in landfills. To achieve this, we started a gratis sustainable material testing program that incentivizes material suppliers to invest in sustainable materials that we help promote and test. We also encourage our customers to partner with us in this program to better support a new material to market. There are many challenges when developing a new material. This program is one way we set up materials for success.

Material gaylords help us organize each material and **reduced over 333 tons of landfill waste**

Energy Use

In 2022/2023 we installed new light fixtures across our facility leading to a 40% reduction in our kWh use.

Our energy efficiency goals extend well beyond our products. We're focused on using less energy across our operations, beginning with how we organize, operate, and maintain our facility. And we continue these same efforts into our supply chain, which benefits the communities where our suppliers operate: Drawing less energy from electrical grids — many of which still rely heavily on fossil fuels — helps reduce local air pollution and improve air quality for nearby communities.

Energy efficiency is also essential to meeting our 2030 climate goals. So we track and monitor energy use across our operations and supply chain, conducting audits to find opportunities to work more efficiently.

Operating Modernistic's facility efficiently

Finding ways to avoid using energy in the first place is the central focus of our energy efficiency program. We consider natural gas and electricity usage — auditing how we perform and, when needed, using best practices for energy management to reduce our loads. And we tailor our equipment locations to reduce energy moving within the processes. This approach helps ensure that our facility is being utilized efficiently and productively.

Energy Use

There are significant opportunities to save energy in our departments that we operate, including energy-intensive services like large format printing. We audit the performance of these presses, and then deploy identified reduction measures. We also focus on retrofitting old equipment, emphasizing energy use reduction and operational efficiency. For example, we conducted a comprehensive retrofitting of our interior lighting 2022. This effort was a partnership between Retrofit Lighting & Design and our Sustainability Committee with significant support from Excel Energy. In the site audit, we uncovered several opportunities for energy efficiency, including optimizing our lighting. These adjustments resulted in energy savings of over 345,000 kilowatt-hours per year, with a simple payback of just under six months.

Large format printers are traditionally energy-intensive, requiring significant resources to cool the heat-generating equipment. That's why we're continuously monitoring and improving upon the controls for our cooling systems. This retrospective view often enables us to increase cooling capacity of our facility, thereby maximizing the amount of printers within our printing footprint.

Measurement is critical to maintaining building energy performance. We continue to develop our system of energy tracking and benchmarking, which includes data from utility meters that continuously monitor 15-minute electricity and daily natural gas energy consumption. This method helps us identify performance issues at our sites early. We can then take corrective action to restore building system efficiencies and actively manage our energy footprint.

A more energy efficient supply chain

The energy used to manufacture our products accounts for a majority of our gross carbon footprint. To address this impact, we're collaborating closely with our suppliers to prioritize energy reductions and efforts to shift to renewable energy sources.

We launched our Continuous Improvement Project Program in 2009 with one of the goals to focus on optimizing our facility and operations to use as little energy as possible. Finding energy efficiencies reduces the energy intensity of manufacturing, which translates to reduced direct carbon emissions. Our sustainability committee works with supervisors to uncover opportunities for energy efficiency. We get assistance with assessments and technical support where appropriate. Typical projects may include replacing outdated or inefficient heating, cooling, and lighting systems; repairing compressed air leaks; and recovering waste heat.

Water Stewardship

Water is essential to our operations and product manufacturing.

Freshwater resources are increasingly scarce and vulnerable to the effects of climate change. As a community resource, water is shared by people and ecosystems across very different environments. Our efforts to reduce our freshwater withdrawals and return clean water back to the watersheds in which we operate reflect our commitment to managing this shared resource responsibly.

We apply a context-based approach to water stewardship. The foundation of this is a clear understanding of our local footprint. At our facility we measure and continually monitor our usage. This process involves understanding how we use water and how discharge should be handled.

Each of our departments has unique water condition, however, the majority of our water consumption comes from our screen printing press room, ink lab, and digital printing department — due to our humidity control system (a necessary system to keep ideal print conditions). This year, we've adopted a new approach to estimate water use by calculating the average gallons used per sales dollar (.038 gallons per sales dollar).

In order to keep consistent printing results our facility is wired with humidification control system

Water Stewardship

Our efforts to address the water footprint of our facility, operations, and products focus on the following key efforts:

→ Using water efficiently.
→ Expanding use of alternative water sources.
→ Discharging water responsibly.
→ Enhancing our water stewardship to keep watersheds healthy for all who rely on them.

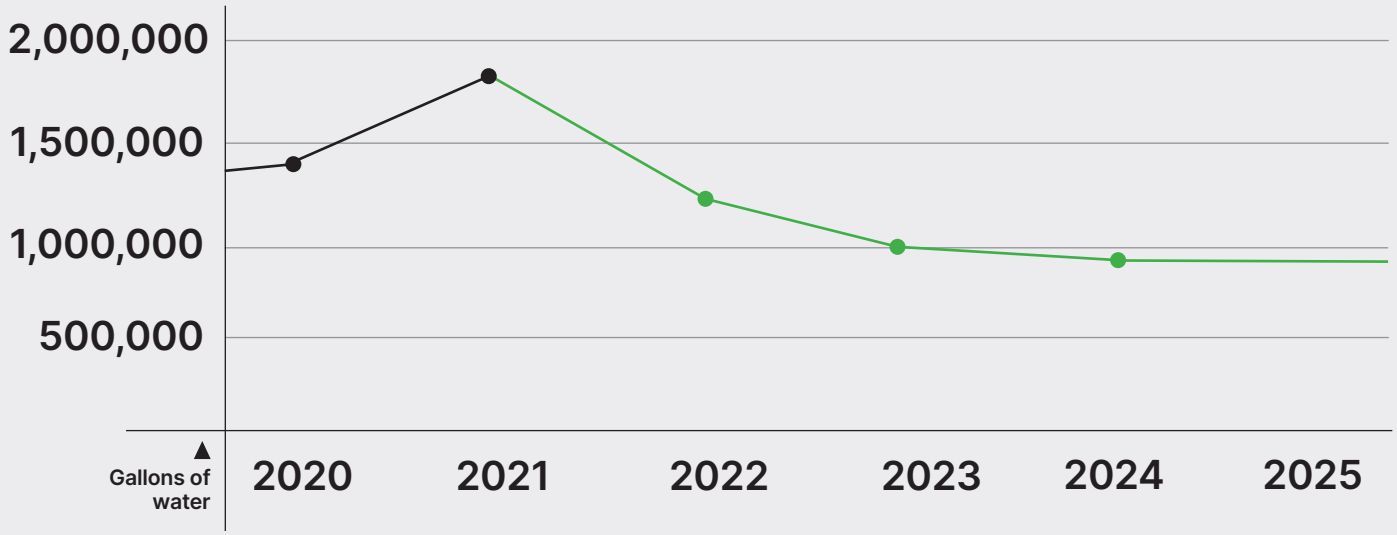
Investing in water reduction

In 2020 our main cooling system for all our pressrooms failed, even when COVID slowed down our orders, our water usage increased substantially.

In early 2021 we decided to invest in back up cooling systems to prevent this from happening again. We replaced our water with an ambient air cooled dryer throughout the whole facility, reducing our water usage, conserving thousands of gallons of freshwater water yearly, and decreased our water recycling charges significantly. We projected that this project would see an ROI in 1.5 years. Following this investment, we saw a 25% reduction in our total water usage, another 14% in 2022, and 8% furthermore through . There is exponential capacity to reduce even more gallons next year even as our business grows each year.

Water Consumption

We track our corporate water use for our pressrooms, departments, offices, and facility.



Emissions Reductions

Some materials that are integral to our products result in significant emissions. The same is true for certain manufacturing processes and the transportation of our products. To address these emissions we seek technological solutions, as well as emissions abatement, investing in renewable energy, and switching to low carbon modes of transport.

Rethinking VOCs

Some of our industrial products require solvents ink or solvent curing because it is versatile, durable, and enhances the longevity of print. For example, reflective signage going inside nuclear submarines, conductive ink for satellites, etc. Solvents are necessary in the screen printing process as they cut through the ink and emulsion to clean up our screen printing squeegees, flood bars, and stencils. However, solvents are carbon-intensive and produce VOCs.

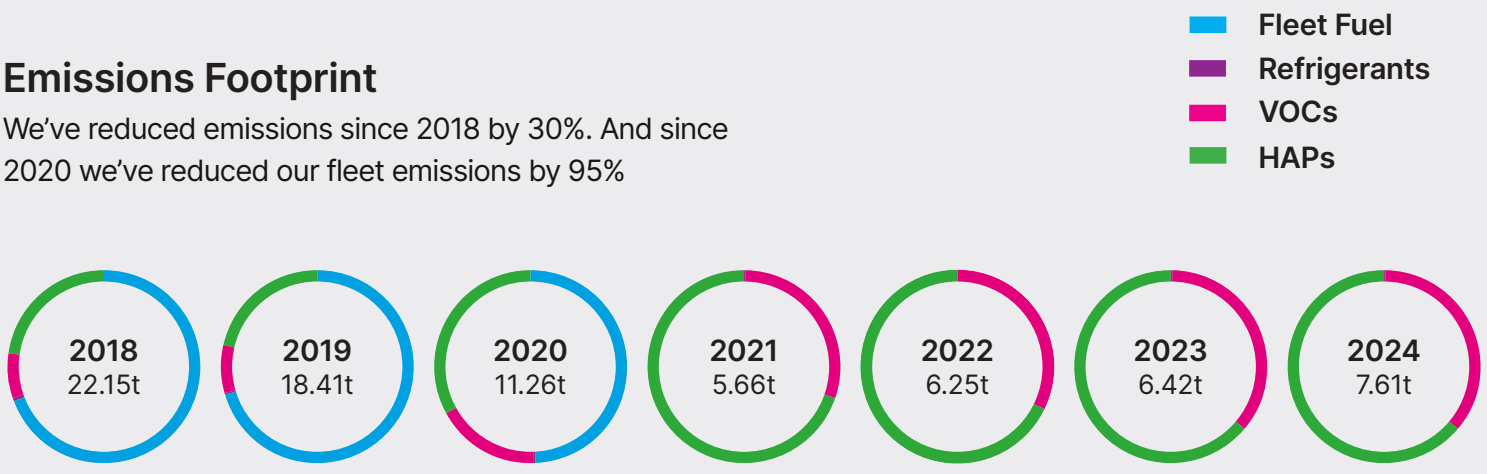
In 2023 year we doubled our VOC production (124% increase in 1 year). We suspect this is due to an increase in conductive ink printing. We are actively testing new citrus base cleaners and will implement as soon as they work effectively.

Addressing hazardous air

Some of our customers currently rely on printing processes, including solvent curing, UV curing, and solvent printing, that produce HAPs. We're partnering closely with key suppliers to prevent these gases from being released into the atmosphere. First, we encourage suppliers to optimize manufacturing processes—reducing the use of Hazardous Air Pollutants in the first place.

Emissions Footprint

We've reduced emissions since 2018 by 30%. And since 2020 we've reduced our fleet emissions by 95%



Emissions Reductions

Then we offer alternate materials or services to our customers that can achieve a similar result but do not emit as many emissions, curtailing the release of emissions from the gases that remain. In 2021, we reduced our HAPs by 73%.

Transporting products

Each year, we ship hundreds of thousands of parts from our Stillwater facility to our customers and we also receive thousands of tons of material from our suppliers. We've approached this process as we have other carbon emissions objectives. We're trying to shift toward less carbon-intensive shipping methods, where possible. One of the pillars in our mission statement is to provide quick turnaround for our customers which is also a challenge when seeking low carbon solutions. We're seeking out technical innovations, including alternative fuels and hybrid vehicles.

In 2020, we decided to disband our private fleet and primarily rely on shipping vendors, customer fleets, and material supplier fleets. This helps us reduce our direct carbon impact, but not the actual impact on our communities. There is only so much we can control in this aspect and by preferring vendors that offer low-carbon options, we signal the value of these options to us and reward those driving decarbonization in their industry. These innovations help us reduce our impact in the communities where our customers use our products.

Our employees created a sanctuary for a one legged Canadian goose and her family—they return yearly.

Improving employee travel and commute

We are also exploring ways to reduce our carbon footprint from employee commuting. Although the COVID-19 pandemic significantly impacted the number of our employees commuting to our facility, vendor visits, press checks, engineering meetings, and customer tours—temporarily reducing our carbon footprint—our strategy to reduce commuting-related emissions looks beyond this to the long term. We increased our employee carpooling to over 25% of our staff. We have also increased our virtual meetings to 85%. In total, these initiatives have helped us reduce our CO2e emissions.


FREESIA & WATER LILY
ANTIPERSPIRANT
DEODORANT
NET WT. 3.8 OZ/107g
ALUMINUM SESQUICHLOROHYDRATE
CLEAN
48H

Resources

Goals & Progress

We're committed to making the most of the resources we use. This commitment includes our goal to one day make 80% products using only recycled and renewable materials, while we continue to source materials responsibly, whether from primary, recycled, or renewable sources. And the innovations we're pursuing to build sustainable products and create improved recycling play an important role. Each of these efforts helps conserve the earth's finite resources and support our carbon footprint goals by 2030.

Use recycled and renewable materials **in 50%** of our products and packaging by 2030

As of December 2024, we have reduced our void fill by 40%

Use **low-carbon design** philosophy when building proposals

This year we utilized over 50 alternate materials into project proposals

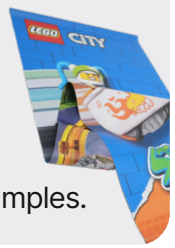
Integrate sustainable **supply chain innovation** into RFQs

This year we started a new monthly material training.

Increase Yearly Output of Sustainable Material Development Program **by 10%**

Since 2024 we helped put 5 new sustainable materials into the market.

Offer a sustainable alternative for **every project**



In 2024, we sent 25% more sales samples.

Our Approach

Resources make our work possible — and we take responsibility for how we source, use, and recycle the materials we rely on to create our products. As a starting point, this means sourcing responsibly, maximizing efficient operations, designing with the whole supply chain in mind, developing sustainable materials, and then advocating for them to our customers. But we're also seeking to redefine the overall resource footprint of our products. This requires broader engagement, through collaborations enabling the stewardship of shared resources.

We start by looking at our products and the resources we use to make them. We're moving toward a future where we build products using mostly recycled and renewable materials, and at the same time, implement low-carbon designs. We aim to help set up material suppliers for success by helping them implement new materials into the market and then advocating for them with our customers. In practice this is done through programs like our Gratis Material Development or our weekly sales trainings and incentives to help pitch new materials to our customers.

Within resources, we focus on five main areas of impact:

Materials
Transitioning to recycled materials, material efficiencies, longevity, and recovery.

Material Development
We will help increase the development of new alternative materials into the market.

Material Advocacy
We will continue to promote and encourage sustainable options to our customers.

Sourcing and Efficiency
We will maintain high standards for responsible sourcing and efficient processing.

Low Carbon Design
We will design products and manufacturing processes to be less carbon-intensive.

Materials

Our products rely on the availability of high-quality materials. We're increasingly sourcing more of these valuable commodities from circular supply chains, drawn from recycled content and renewable resources.

Our goal is to one day achieve independence from nonrenewable materials—those that cannot be recycled. As we progress toward this goal, we're doing so without sacrificing the quality, look, and durability of our products. And we're working on innovations in recycling to enhance material recovery and support circular supply chains for ourselves and our customers.

The scale of this challenge is significant. But so is our potential to have an impact. The changes that we push forward affect the people who interact with our products and services, influence the industries in which we operate, and create change for broader communities.

How we define a circular supply chain

Sourcing
Use responsibly sourced recycled and renewable materials

Efficiency
Minimize material inputs

Longevity
Maximize effectiveness of product life

Recovery
Collect and recover materials from end-of-life

Material Development

Our responsibility for our products begins with the design process and carries through end-of-life. Every time we quote a project, we examine several alternative materials. While we first look for sustainable materials, there isn't one that matches the needs of our customer. Our goal is to help material suppliers develop sustainable alternatives to their products that end up in a landfill. We do this through no charge material prototyping, material promotion and product sample testing with our customers, help determine end-of-life recovery solutions, and sometimes we even create a sustainable material ourselves.

Gratis Sustainable Material Development Program

To achieve our goal of providing a sustainable alternative for each material we quote. We've made a goal to increase our Gratis Sustainable Material Development Program output by 10%. We started this program to incentivize material suppliers to invest in the creation of sustainable materials. We help test, prototype, and promote approved materials for no charge. We also encourage our customers to partner with us in this program to better support a new material to market. There are so many challenges when developing a new material and sometimes material suppliers don't see the ROI. We see this program as one way we set up materials for success and help lift some of the weight that is on material suppliers.

Material Development

Material suppliers trust us because they have been trusting us with their material development for the last 60 years. We take pride in our print and finishing expertise and industry respect for solving the hardest problems. This is why we have customer retention rate of over 99% - some of which are our own competitors.

Material Training

Since 2024, we have implemented a weekly material training for our sales team as well as a monthly meeting with a specific material supplier. Both of these programs were implemented in order to give our team more tools and insights on future and current materials coming into the market so they could open up a more informed dialogue with our customers. This resulted in utilizing 30 new materials with our customers. We also plan to come out with a basic sustainable materials kit and organize our material samples by product and recoverability.

Inventing Sustainable Materials

Sometimes there are materials that do not have a sustainable alternative and we have the machinery and tools to do something about it. While we are not a material extruder or supplier, if we see a need and we have the capability to create a new material - we will try.

Creation of SMR

We saw the benefits of magnetic receptive and how frequently our customers were using them; however, none of them were recyclable. We developed a PVC free, recyclable, and affordable alternative called SMR (Sustainable Magnetic Receptive). Read more here.

SMR is currently being used by multiple retailers - saving money while eliminating landfill waste.

Advocacy

Promoting Environmentally Friendly Solutions

We have set a goal to offer a sustainable alternative for every single project that comes through our door. In achieving this goal, we are committed to ensuring that the products we bring to market with these materials deliver incremental economic value and sustainability for our customers. As a result, we believe the one of the steps on the path is demonstrating viable low/no carbon alternative material solutions across our various customer segments. The viability aspect is key — the solutions must meet the needs of our customers.

To do this, we are constantly working to broaden our knowledge, whether it be materials, processes, or design. We also seek to spread that knowledge with our customers by offering samples of materials, new ideas, and prototypes to inspire them.

We wanted to expand this engagement with others by starting a monthly exclusive content drop. Our team curates new materials, relevant stories, interesting tips, and ideas every single month to over 8,000 decision makers. **Sign up here.**

Ultimately, our customers make the final decision on what material they want to use, but it is up to us to give them the best information so they can make an informed decision. We will always support their needs and be ambassadors for their success while advocating for sustainable materials.

Sourcing & Efficiency

Our commitment to superior production starts with a deep understanding of the materials and processes used to make our products. For the last few years, we've worked diligently toward the goal of integrated sustainable supply chain innovation into the estimating process.

We've signaled to markets that we care about the source of our materials—and seek those that can be used continually without depleting the earth's resources. Many partners have joined us in these efforts, and we hope to engage others as we see a broader transition with our customers and peers. We continue to source materials responsibly and use materials efficiently in the design of new products.

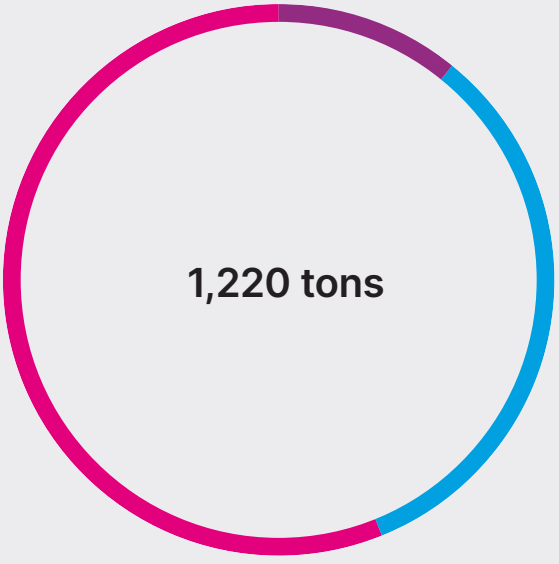
Last year, we saw progress across materials—from expanding our use of recycled PVC to sourcing those made of renewable materials. For example, last year we helped a customer transition over 1,042 stores to over 50% SFI certified recyclable printed media. We also quoted 30% more products with standard recyclable media.

Efficiency within our supply chain

Our project managers have been able to save our customers thousands of dollars on projects because of their expertise on print systems. They are always formulating and structuring a project to be the highest quality and to be done efficiently, while maintaining the lowest cost to our customers. This focus has had inherent positive environmental impacts. For example, our investment in overlapping operations at our facility has eliminated the need for our customers to ship their print media from vendor to vendor. This efficiency improvement reduced our customers emissions and helped them increase their (and our) profit margins. The benefits of efficiency improvements effect many, and why we actively seek to implement them in every project.

Quoted Recycled Media (2024)

We track our corporate material use and quoted material for our customers and facility.



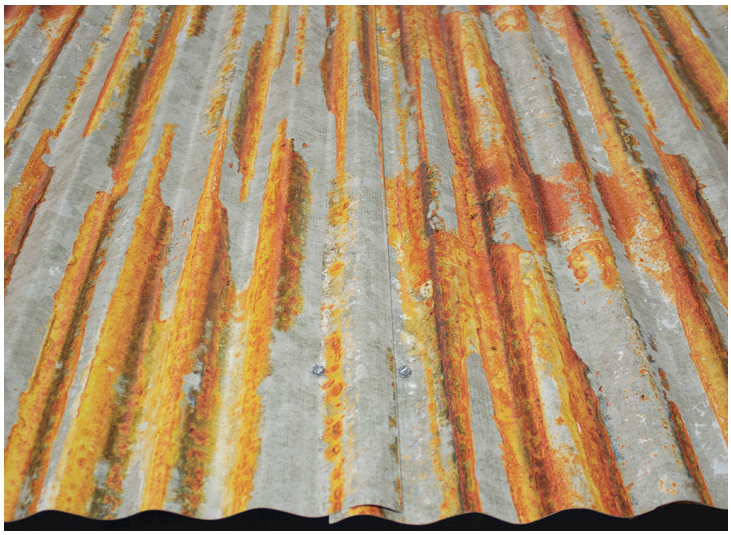
Recycled	11%
Recyclable	33%
Other	56%

Low Carbon Design

Modernistic completes thousands of projects each year. Each project represents an opportunity to reduce our carbon footprint — small changes can yield enormous results. Our designers and project managers helps us identify opportunities to reduce the carbon intensity of our product designs. Our industry experience help us to come up with ways to limit size, shipping, and install. See our case study. We are working to transition to materials from recycled sources and those made using low-carbon energy. We prioritize the materials and components that account for significant portions of our carbon emissions, so that the choices we make product-byproduct can scale toward reducing our overall footprint.

Improving material and manufacturing efficiency

Less means more when it comes to our approach to products and how we make them. By reducing the amount of materials used to make our products, we reduce the emissions from transporting and processing these materials, and limit the amount of scrap generated along the way. And as we progress toward our climate goals, we continue to investigate new materials and new ways to manufacture efficiently.



Read how we were able to redesign a heavy and costly hanging fixture to ship efficiently, install quickly, and cost substantially less.

We continue to improve the carbon efficiency of our fixture designs — we've prioritized because it is carbon-intensive. Fixtures are utilized in most retail spaces, yet require significant energy to manufacture. One fixture we created was built specifically for easy assembly. For example, switching the metal fixture to our design reduced the energy needed to manufacture and install/assemble it, driving down the product's carbon footprint by over 90 percent.

And we continue to investigate new opportunities for improved efficiency across our product manufacturing processes. We have created a sustainability team focusing on ways we can create less waste in the processing of materials, reducing print time and the associated energy used, more efficiently transforming material into the shapes we need, and maximizing recovery and reprocessing of manufacturing scrap.

Low Carbon Design

Using recycled materials to lower our product footprint

Material selection is another way to reduce the carbon footprint of our products. Our strategy is to transition to materials manufactured using low-carbon energy and recycled content. We've prioritized advocating for materials and components that make up a large part of our carbon footprint to move us closer to our goal of eliminating landfill waste.

We've seen clear progress with PVC, which in 2015 represented over a quarter of our product manufacturing footprint. We've continued to reducing that while expanding our use of sustainable PVC alternatives. For products released in 2021 that were made with primary PVC, we prioritized extra time spent creating a die-line that reduced the void of the sheet— for a lower carbon impact. These changes alone have decreased the carbon emissions associated with our use of PVC by 20 percent since 2015.

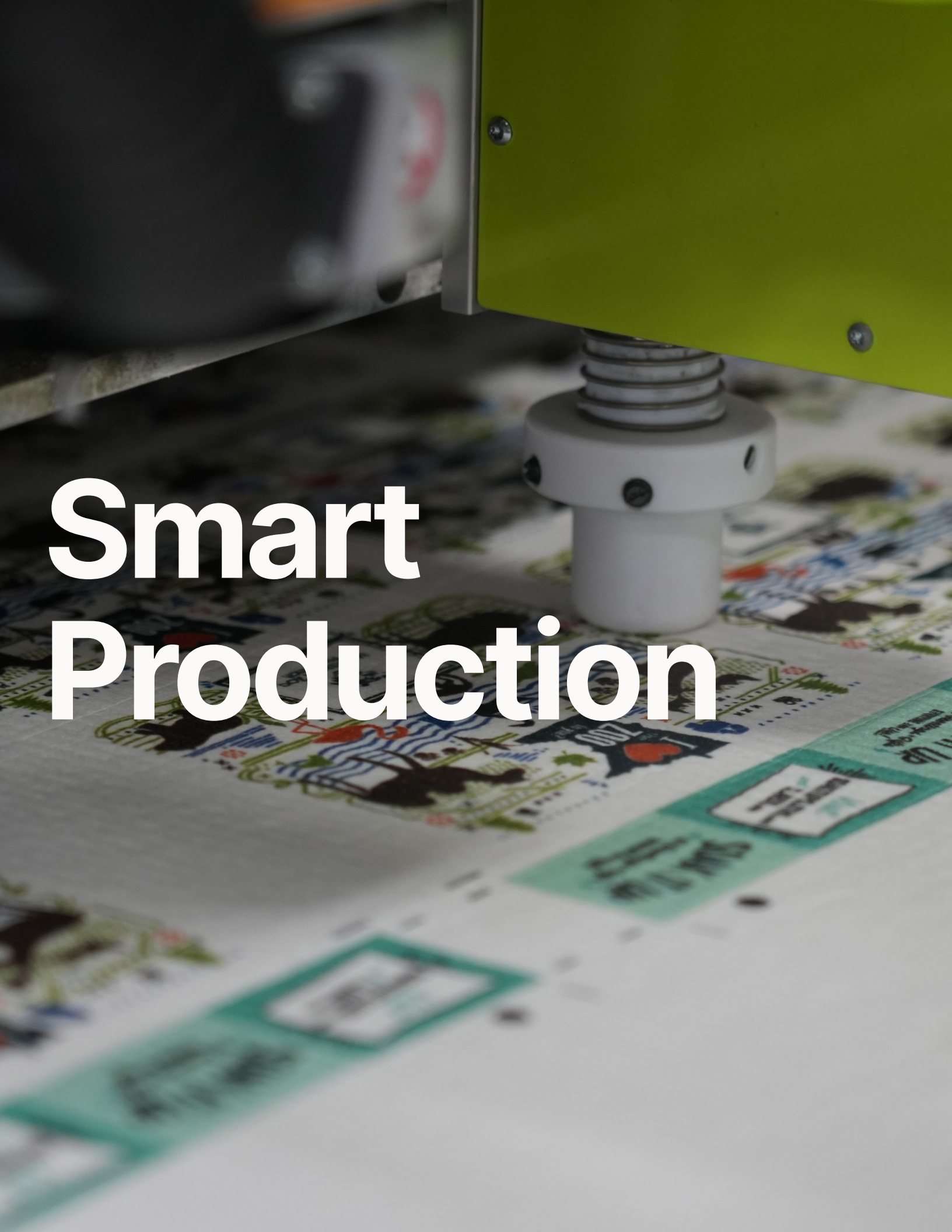
We're also making progress in how we source recycled materials. The suppliers we derive our materials from are starting to provide options for high-quality materials with fewer associated carbon emissions than others. And we're expanding our sourcing to include a comprehensive list of sustainable material alternatives.

Driving product shipping efficiency

We approach low carbon product design by working to enhance performance, while pursuing shipping efficiency. Shipping is around 20 percent of our customer's carbon footprint (and cost) — and has an impact on our gross carbon footprint. This is why we've set aggressive targets to reduce our products' shipping. We approach this challenge in the earliest phases of design, taking a high level view of the supply chain and requirements of components.

With each new project, we problem solve improvements for shipping efficiency. The transition to bespoke packaging and kitting, for example, continues to drive these improvements — we have reduced our package void fill by 40 percent since the investment. We've even been able to cut shipping costs by 95% in some cases!

Our custom box making machine helped us **reduce void fill by 40%**



Smart Production

Goals & Progress

The well-being of our employees, customers, people in our supply chain, and the planet is a priority for Mod, which is why we're committed to using safer production to create safer products. This commitment requires diligent work — to build comprehensive print and finishing operations, to insist on rigorous management processes, to promote adoption of material alternatives, and to innovate through wise design approaches to making our products. Using safer production in our products also enables recycling and material recovery, so that our products can be beneficial for the next generation.

Increase Gratis Printing Program for approved nonprofits **by 10%.**

In October of 2024, we printed 100 billboards for a nonprofit offering assistance to pregnant mothers

Achieve yearly sustainable green printing certification.

In January 2024, we completed our yearly audit achieved our yearly SGP certification.

Increase Bespoke Packaging to 95% of all projects.

Our kitting & assembly department trained 12 new associates on the custom box maker.

Achieve **95% participation** in 401k matching program.

We offer PTO for multiple 401k investment classes and free 1-1 investment advising meetings at Mod. We are currently at 87% participation rate.

Our Approach

We are dedicated to creating circular supply chains around our product and services. We start by sourcing recycled and renewable materials. Yet we also want the materials in our products to be recycled and used again. This goal is possible only if we deeply consider the resources we use. Through smarter production, we identify resources that best support our efforts to serve our customers, including safety, performance, and environmental impact. This process not only facilitates our goals to create circular supply chains for our products and services, it also seeks to serve our communities. And our efforts to help create a safe and healthy workplace for the people in our supply chain.

These efforts also focus on limiting the resources used to manufacture our products — and pushing our industry to follow suit. We've made considerable progress in carbon accounting for our footprint, both in our products and our manufacturing processes. We're doing this through close engagement with others, including Sustainable Green Printing Partnership (SGP).

We're proactive in promoting the use of safer processes, establishing safety requirements that, in many cases, exceed local industry standards. We've built an infrastructure to do this work, including our maintenance and engineering department that fix and improve our equipment and the rigorous internal and external requirements and audits done by HR, OSHA, SGP, qualification programs, EPA, Stillwater Municipality, and customer's vendor onboarding and qualification programs.

This work requires leadership. We're committed to advocating for safer and more sustainable materials made with smarter manufacturing — and working with our suppliers, material manufacturers, and customers to create alternatives that can help move our industry forward.

The pillars of our smarter production strategy:

Operational Sustainability
We will minimize our manufacturing process footprint.

Employee Health
We will support, invest, and enhance our employees' quality of life.

Giving & Philanthropy
We will help make our community a better place and give back to those in need.

Innovation
Use innovative materials, equipment, and design to enable less waste, cost, and time.

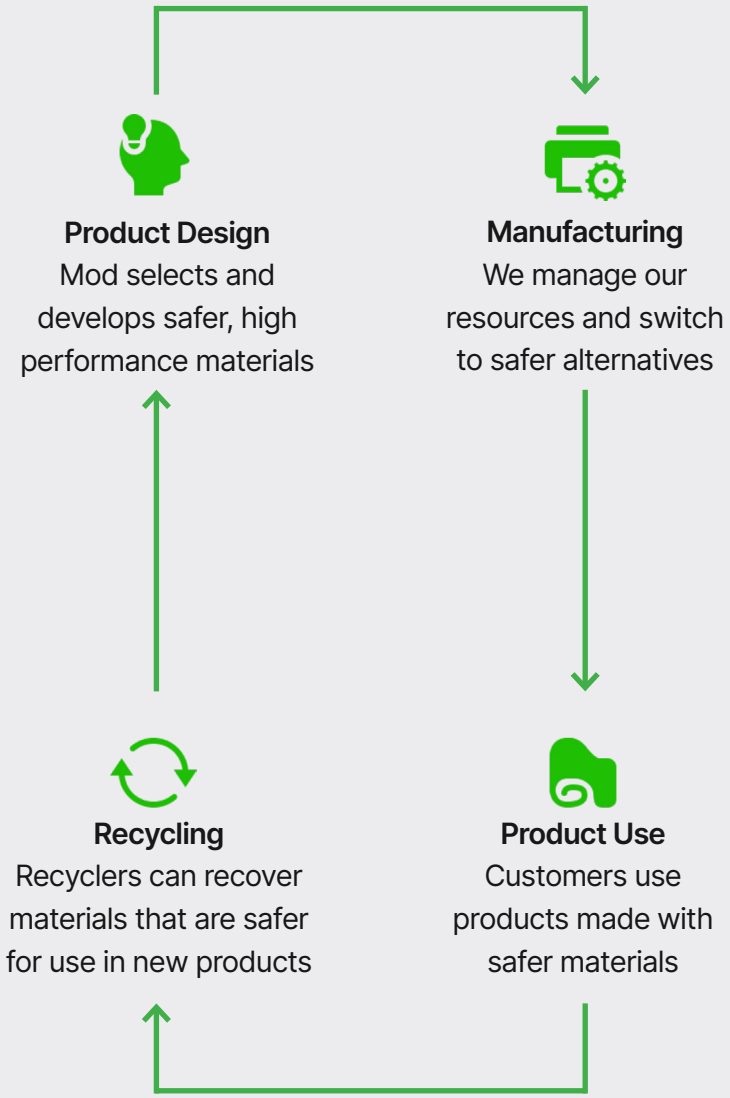
Operational Sustainability

Our commitment to creating quality products also encompasses their health and environmental impacts. That means understanding the materials and the processes that go into them. This requires collaboration — to develop a clear picture of what is used to make our products and make improvements.

We're doing this in a few ways. First, our Environmental Health & Safety (EHS) program maps the resources used in our products. Then we look at how our products are manufactured. Our Sustainable Green Printing partnership (SGP) program engages with our internal team and supply chain partners to get up-to-date information on which materials are in use. This information includes the volume of materials being consumed, and how they're being applied, printed, cut, shipped, and handled — as well as the steps being taken to protect our employees.

Our goal is to identify resources that meet our criteria on performance, environmental impact, and safety. That requires a holistic view of the impacts of resources at each phase in a product's life, from design and manufacturing, to the customer experience, through recycling and material recovery. With early engagement and effective data collection, we're best able to achieve these goals.

Smarter production matters at **every stage** in the product life cycle



Innovation

We're continuing to develop our knowledge of substrates, product design, and print manufacturing processes to make improvements in production safety and also in the performance and environmental impact of the materials. When we assess substrates considering the factors together, it helps drive innovations that don't require trade-offs.

The work we do in mapping, assessing, and managing the resources within our supply chain underpins our innovations. We rely on detailed information on the material properties, including print data and environmental performance characteristics. We also look at how these materials are used at each point in the product life cycle, from design, to manufacturing, to end-of-life. This allows us to seek out and support the development of new materials and print processes— and contribute to continually improving the overall safety of our products and processes.

We're innovating the designs and processes used to make our products

The earlier we focus on material, construction, and print processes (product design) during project development, the more options we have along the way to make improvements through innovation. The criteria we consider — safety, performance, efficiency, and environmental impact — represent our holistic approach to smarter production: designing to our customers' needs, so that our products exceed expectations, while being safer for use, reuse, and recycling. The process of choosing both the print and finishing method we design into your products and those our suppliers use in material manufacturing is foundational to achieving these goals.

We rely on our comprehensive knowledge of each material and print process to inform these choices.

When a material is introduced into our supply chain, our material development program help provide information to assess a substance and its suitability. We also look at the conditions that the material is used within, to make recommendations that reflect the existing controls around a substance. As we select the materials to promote, we assess the processes required with each design choice. We also analyze the resources used when implementing and installing our product. Determining methods to limit the amount of effort and pain points is crucial to increase safety and decrease waste. Finally, we consider what happens when our products reach their end-of-life. We work to protect those recycling our products and prevent potential releases into the environment during the recycling process.

We've been able to **recover 60% used stencils**.

Innovation

Through our efforts to share information across our supply chain, perform detailed assessments, seek process efficiency, and partner with customers on the material and product development, we unlock material science innovations that lead to better products. This not only protects those who make and use our products, but also enables the reuse of key materials. By keeping potentially harmful chemicals out of our supply chain at the outset, we make it possible for ourselves and others to recover materials for the next generation of products.

We're using better print processes to move the industry forward

Safer production is a necessity for our business — and we've used our procurement process to encourage our suppliers to share this priority. Our strict requirements governing potentially harmful substances in our products and processes have helped create a market for safer alternatives. We're working with our suppliers to meet this demand, lending the expertise we've developed to create safer alternatives where none exist. We are continually searching for ways to improve our manufacturing process. We also rely and encourage our production staff to join the conversation and help us find better methods to reduce print time, finishing waste, material use, etc. We partner closely with our equipment suppliers to find more efficient manufacturing methods whether that's new equipment releases, software patches, or equipment upgrades. This work isn't limited to our company or our products. We're trying to catalyze change across our industry by investing in safer alternatives. By promoting the use of safer and cleaner chemistries now, we're supporting the circular supply chains of the future.

We're advocating for safer alternatives across our industry

As we work toward minimizing potentially harmful chemistries in our processes, we're also making the transition to safer alternatives accessible to others. Much of our focus centers on cleaners and degreasers — and building out a safer cleaners innovation ecosystem through multiple efforts. We've also begun to phase out chemistries that don't meet our specifications. For example, we have begun testing and potentially developing a citrus based emulsion stripper to eliminate the solvents needed to clean our screen printing equipment. In 2016, we replaced all our facility management chemical cleaners with natural ones.

Designing Products With The Environment In Mind

When we design a product, we set out to create a concept that reflects our values — from creativity, ROI, and innovation to respect for the environment. This approach applies to all of our product concepts.

We align our design and process quoting criteria to increasing value for our customers because bad design costs and good design pays. We can achieve this because we have a holistic knowledge of the supply chain and all the resources needed to put the product in the customer's hands. These efforts can be found in all of our products, but the earlier we can be involved in product development process, the more options we can offer.

What This Looks Like In Practice (Case Study)

An outdoor retailer came to us with a cool idea for the footprint of their store. They wanted to add dimension to their overhead ceilings by creating a floating wood pergola. The problem was that each "pergola" was double the price to ship and install than it was to actually build it. This is a common problem when using heavy materials. They asked us to develop an alternative solution that would maintain the brand aesthetic they desired while staying within budget. **Read full case study here.**

Innovating Packaging To Reduce Our Footprint

We've made significant progress towards eliminating empty space and plastic bubble in our packaging.

This past year, plastic bubble wrap accounted for only 8 percent of our packaging. In 2018, we invested in a custom box maker and the start of our efforts to use bespoke packaging in our kitting. Our goal was to reduce the amount of void fill and bubble wrap needed to secure our contents. This also offers cost benefits (reduced shipping) to our customers. We have substantially increased our custom packaging to almost 70% of our jobs. To attain our goal of 95% custom packaging, our kitting & assembly department trained 12 new associates on the custom box maker this year. The majority of our team is now trained on creating custom boxes and added specific SOPs to use custom packaging whenever efficient.

We have even partnered with one of our customers to help manufacture a sustainable packaging alternative to bubble wrap. This product achieved Fast Company's World Changing Ideas 2022, Top Product's Environment + Energy Leader Award, North American Office Product's Innovation Of The Year Award, and North American Office Product's Best Product Award. We have also researched machines that can cut our waste corrugated into packaging. We have been unable to purchase due to the reliability of the protection it offers.

Employee Wellness

The core of Modernistic's environmental strategy, is to revolutionize the print and converting industry through the delivery of diverse processes and constant efficiencies that unlock economic and sustainable value for our customers. Our goals and yearly reporting is how we measure our progress. The key to creating real and measurable value lies with Mod's most valuable asset, our people — who we believe hold the expert skills, perspectives, and passion required to fuel this vision.

We can only accomplish this vision with a highly engaged workforce that has passion to change the way customers are served and the agility to pivot as new technologies rapidly advance. This means each of Modernistic's employees — from print technicians that analyze every part we produce, to those creating inspiring designs in our art department — must operate as one team with a common goal, where all voices and diverse perspectives are valued. The safe and positive attitudes of our staff, leadership propels our ability to strengthen Modernistic's culture.

Investing In Our Employees

Supporting our employees, their families, and our community has been the center of our business model since we started in 1935. We are extremely proud of the impact we've had in the last 85 years and encourages us for the future. That is why we offer benefits to enhance our employees' quality of life with packages that include 401k matching, profit sharing, yearly bonuses, giveaways, major medical, dental, vision, and life insurance.

We also offer employee financial and wellness programs, and we support a healthy work-life balance by providing paid holidays and paid time off. We measure the impact of this strategy through employee experience survey results. Modernistic is a family business and has been so for decades. We seek to be a good employer, to offer purposeful jobs with opportunities, to help our staff, and others, develop their abilities, to provide good pay, and steady work. These objectives help insure a progressive organization, which our employees can be proud to be associated with.

40% internal vertical leadership promotions in the last 5 years.

Giving & Philanthropy

Blessed to be a blessing.

We are in awe of how Modernistic has been blessed over the many years, overflowing with talented people, great families, and dedicated customers! We are so grateful for our employees and customers that allow us the opportunity to give back and make a positive impact on our community. Through charitable contributions, gratis printing projects, in-kind donations, and volunteerism we improve quality of life and make our community a better place. As part of our charitable giving initiative, we support multiple non-profit organizations that mirror our core values. God is leading our company on an adventure we could have never imagined, and we are thrilled about what is coming! The following are some of the organizations we support.

Present

Young Life (Global/Local)
A Christian ministry that reaches out to middle through college students.

Valley Outreach (Local)
Provides food, clothing, and support to people who need help in Stillwater.

St Croix Catholic School (Local)
Unites with families to form scholars, disciples, and servant leaders.

AIGA Design Camp (Local)
Offers education and opportunities for students who value design excellence.

Future

Adult & Teen Challenge (Local)
Assisting men, women and teens in gaining freedom from chemical addictions.

Reel Hope Project (Local)
Creating videos of kids who are waiting to be adopted.

The Ability Tree (US)
Supporting families impacted by disability and equipping organizations with training.

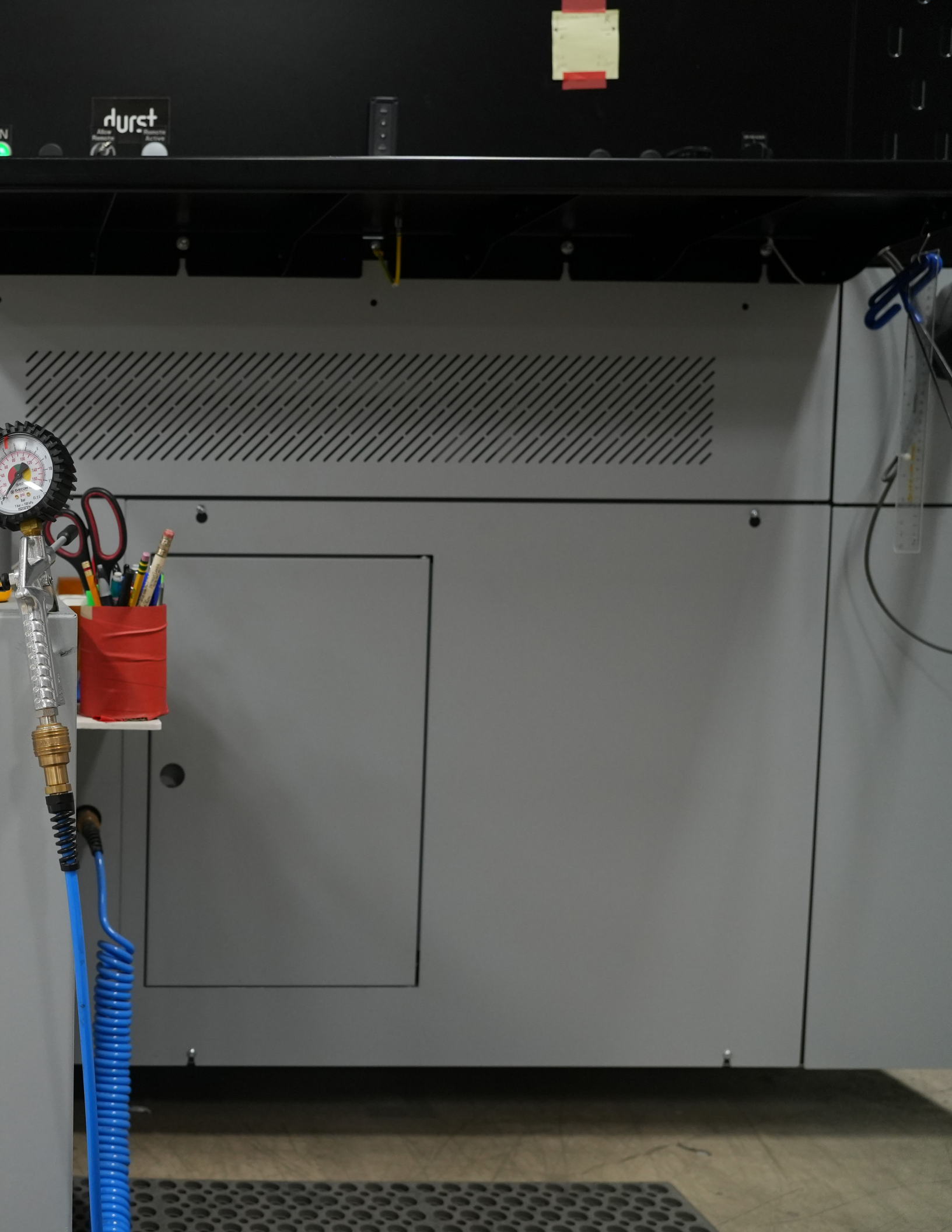
Hope International (Global)
Empowering those in poverty via financial training, microloans, and other resources.

International Justice Mission (Global)
Rescuing and restoring victims of human trafficking.

Non-Profit Gratis Printing Program

We value organizations that make a difference in the lives of others and get excited when their needs align with our services. That is why we offer this program which produces print media at no cost with approved non profits.

2024 CIP Report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Goals & Highlights

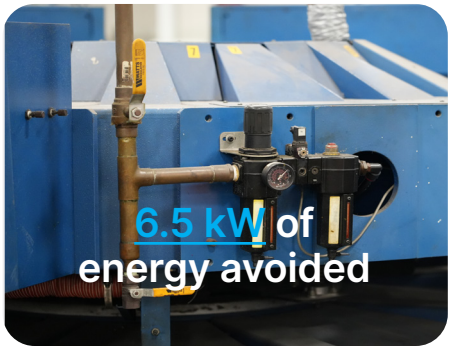
Every year we focus on a large scale project to help create a cleaner earth (CIP or continuous improvement project). This year, we focused on reducing energy consumption by identifying and addressing leaks within our compressed air system. According to the U.S. Department of Energy, air leaks are one of the most significant sources of energy waste in compressed air systems, with estimates suggesting that 20% to 30% of compressed air energy can be lost due to leaks.

Goals

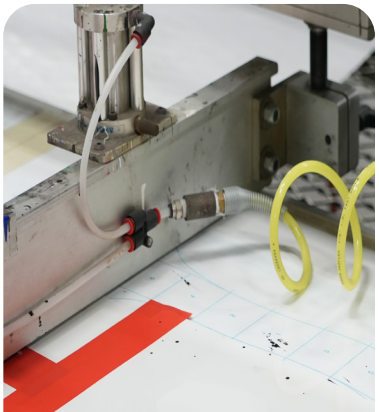
Reduce 20% of our energy consumption by identifying leaks.

Repair 75% of the compressed air leaks across the facility.

Highlights

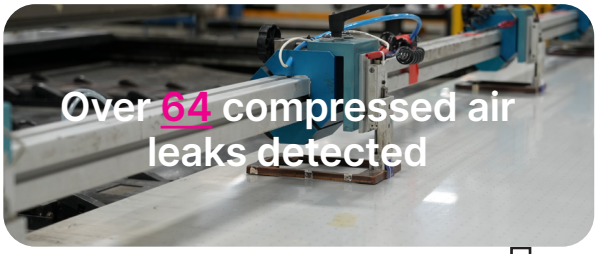


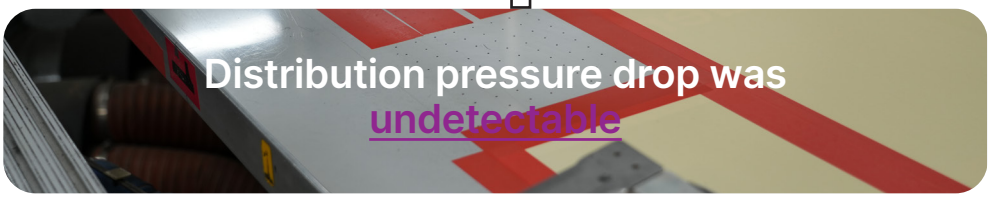
Reduction of 51,880 (kWh) Kilowatt-hours annually



90% of facility presses require compressed air

61% air savings throughout our facility.





Our CIP Results

Compressed air is integral to 90% of the equipment throughout our facility, which is why we believe this year's CIP initiative will deliver significant benefits. This year, we are behind schedule by six months due to receiving the leak study results later than expected. We plan to begin leak repairs in early January. Below are the metrics specified once we have sealed 75% of the air leaks.

41 cfm
reduction throughout entire facility

6.5Kw
reduction in peak electrical demand

51,880
kilowatt-hours reduced annually

39%
reduction in air demand average

Why we do it

At Modernistic, we're committed to utilizing our resources as an organization to combat climate change. Our commitment to continuous environmental improvement is both ambitious and necessary.

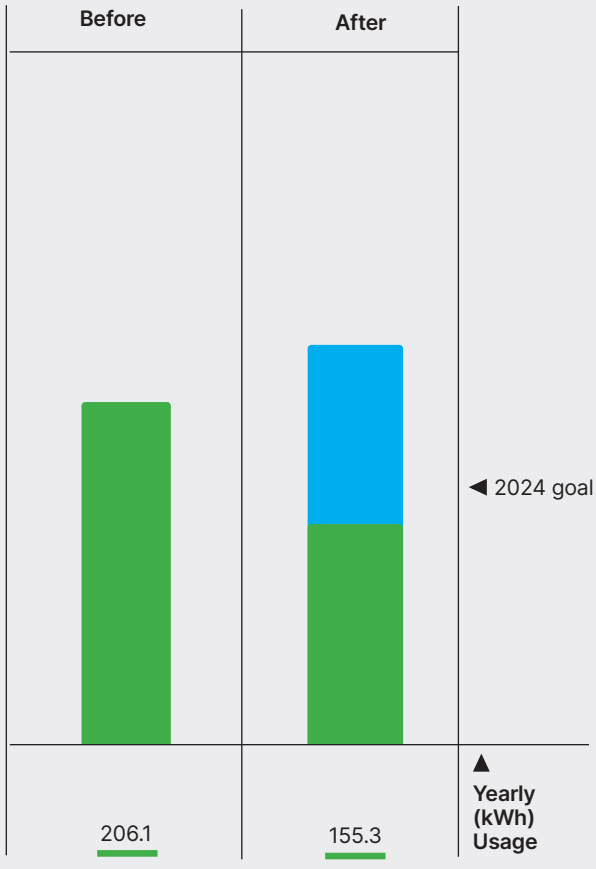
These efforts require continual innovations at scale, like designing and implementing new technologies, mobilizing sustainable materials, and rapidly deploying renewable energy.

Mod's kWh usage before/after

(kilowatt hours - kWh)

Modernistic's energy usage
Usage after accounting for our CIP

Energy avoided
Total energy avoided due to our CIP



Our Past CIP Projects

Since 2009, each year, our sustainability committee focuses on a specific area of our supply chain and makes a strategic and substantial investment into our sustainability. Our past continuous improvement projects have included:

2009-2017

Falcon-Board Project
Solvent Reduction Project
Energy Reduction Project
Lacquer Elimination Project
Screen Print Wax Reduction Project
Shipping Material Reduction Project
Ink Waste Reduction Project
Kilowatt Reduction Project

2018

Set precedent by being the first to win the **Vans Design Challenge** with a sustainable display

Awarded Orion Energy Systems **Environmental Stewardship** Award

2019

Material Core Recycling project led to a **59.7% decrease** in facility poundage of plastic

Won **SGIA Sustainability Award** for 11th year in a row

2023

We retrofitted all exterior lighting with **energy efficient lighting** fixtures

The lighting project achieved a **75% reduction** in exterior kWh used

2024

We idenitified and **fixed 75% leaks** within our compressed air system

The air system project achieved a **39% reduction** in kWh used

2020

Styrene recycling program launches after **28% increase** in sustainable materials

Awarded Xcel Energy **Efficiency and Sustainability** Award

2021

Replaced water cooling system with an ambient air cooled dryer saving over **500,000 gallons** of water yearly

We now have 2 reserve cooling systems with a projected water savings of **22-45% each year**

2022

We retrofitted the entire interior of our Stillwater facility with new **energy efficient lighting** fixtures

The lighting project achieved a **40% reduction** in total kWh used