

Sustainable Purchasing Policy

Purpose

This policy aims to support Mercer International's ("Mercer") sustainability strategy and vision by embedding our values of environmental and social responsibility into our procurement practices. Mercer strives to give preference to suppliers who meet our applicable standards to contribute to positive social and environmental outcomes.

This policy is guided by the principles of the ISO 20400 Standard for Sustainable procurement. It is a commitment to meeting the standards and principles of the United Nations Global Compact, emphasizing responsible business practices in human rights, labor, safety, environment, and anti-corruption.

This Sustainable Purchasing Policy is a critical policy that works in tandem with our Supplier Code of Conduct. While the Supplier Code of Conduct outlines the minimum standards of conduct of our Suppliers, the Sustainable Purchasing Policy outlines our internal implementation framework for Mercer to ensure sustainability considerations are taken into account during our procurement process.

Scope

This policy applies to all employees involved in the procurement of goods and services at Mercer.

Definitions

Supplier: Any business or individual that provides goods or services to Mercer under terms specified in a contract.

Policy Measures

To achieve the objectives of this Policy, Mercer will:

- **Incorporate Sustainability Criteria:**
 - Evaluate significant contract proposals based on established, relevant sustainability criteria with the aim of balancing the needs of our business while advancing sustainability benefits to society.
- **Collaborate and Engage:**



- We recognize that collaboration with our suppliers is essential to achieving our sustainability goals. We actively engage with suppliers to communicate our expectations, share best practices, and provide support for improving their sustainability performance. We require suppliers, at a minimum, to adhere to Mercer's Supplier Code of Conduct. We are committed to working collaboratively with them to not only meet but exceed our Supplier Code of Conduct standards, fostering a culture of continuous improvement and shared responsibility.
- **Monitor and Track Procurement Activities:**
 - Regularly review procurement procedures to ensure compliance with this policy.
 - Report on progress and identify areas for continuous improvement.

Evaluation Criteria

Mercer incorporates sustainability factors into the selection criteria when evaluating significant potential supplier partnerships. The assessment places emphasis on criteria that align with Mercer's overall sustainability goals. Evaluation criteria are applied as applicable and appropriate to relevant suppliers.

- **Environmental:**
 - **Energy Efficiency and Emissions Reduction:** Demonstrated commitment and proactive measures to increase energy efficiency and reduce greenhouse gas emissions. Where available, emissions intensities of key products are evaluated by Mercer.
 - **Circular Economy:** Evidence of suppliers' commitment to reduce, reuse, and recycle materials and/or to design with circularity principles in mind.
 - **Waste Management:** Responsible handling and disposal of waste materials, including hazardous materials in compliance with all relevant laws and regulations.
 - **Responsible wood sourcing:** Refer to Mercer's Wood and Fibre Procurement Policy for requirements specific to wood sourcing.
 - **Permitting and Controls:** Maintenance of and compliance to necessary environmental permits, approvals, and controls at all facilities.
 - **Incident Management:** Systematic handling of environmental violations and complaints, with effective communication to employees and external stakeholders, including Mercer.
- **Social:**



- **Labor rights:** We require suppliers to comply with all applicable labor laws and employment standards, including those related to wages, working hours, freedom of association, and collective bargaining. We ensure suppliers adhere to rigorous safety standards as demonstrated by robust management systems and historical performance.
 - **Human rights:** We commit to working with suppliers who provide fair and equitable treatment to their employees. Mercer does not tolerate child labor, forced labor, slavery and human trafficking. Refer to Mercer's Human Rights Policy for further details.
 - **Indigenous Inclusion:** In applicable regions, Mercer will aim to support the economic development of Indigenous communities by ensuring that Indigenous suppliers have effective access to procurement opportunities with Mercer, including in bid solicitations and contract awards. Mercer's internal Indigenous Purchasing Policy dictates the implementation of these processes and procedures.
 - **Local Communities:** Mercer will, where possible, support local business through procuring goods and services from local Suppliers. Doing so supports local job creation and strengthens the local economy, while reinforcing Mercer's ties to local communities. This enables Mercer to reduce its environmental footprint from shipping and distribution. Working in partnership with the broader community, Mercer will share ideas and collaborative efforts to drive change that exceeds that which Mercer can accomplish on its own.
- **Governance:**
 - **Legal Compliance:** At the minimum, suppliers are required to comply with all applicable laws, including laws relating to employment, human rights, the environment and health and safety.
 - **Transparency and Reporting:** Provision of up-to-date records of environmental, safety, or labor incidents, and other applicable information as requested.

Responsibilities

- **Vice President, Procurement:** Responsible for the implementation and monitoring of adherence to this policy.
- **Procurement Managers:** Responsible for ensuring that their departments comply with this Policy.



- **Purchasers:** Responsible for supporting the objectives of this Policy in their procurement activities.

Continuous Improvement

Mercer will regularly review and update this Policy to ensure its effectiveness in promoting sustainable procurement. Feedback from suppliers and internal stakeholders will be actively sought and incorporated into the review process.

Due Diligence Process

Mercer's Risk Management Framework is a comprehensive, multi-stage due diligence process to evaluate risks across our global supply chain, aligning with international standards and evolving regulations. This due diligence process is leveraged to make informed purchasing decisions and to identify opportunities for improvement.

- **Vendor risk assessments:** We conduct annual (and ad hoc) vendor risk assessments to identify and assess human rights risks, establish preventative and remedial measures, monitor ongoing progress, and maintain documentation. We use third-party data to understand potential risks, including forced labor, child labor, hazardous conditions, discrimination, and freedom of association violations.
- **Supplier Code of Conduct Integration:** All vendors must adhere to Mercer's Supplier Code of Conduct, which reflects international human rights and sustainability principles. Acceptance of a purchase order signifies agreement to this Code. Suppliers are expected to uphold these standards within their own supply chains.
- **Mitigation and Remediation:** Continuous monitoring helps identify risks early. If concerns arise, we engage directly with vendors through meetings, audits, or site visits. Mercer collaborates with vendors, offering training and remediation strategies to improve compliance. Termination is considered only if corrective actions fail. Concerns can be reported confidentially via the EthicsPoint channel.

Policy Compliance

To ensure compliance across the organization, we regularly train Procurement employees on this policy and its requirements. We also monitor procurement activities and report on progress against internal goals and objectives.

Summary



Mercer International is committed to procuring from Suppliers who uphold ethical, social and environmental standards consistent with this Policy. Contracts and agreements will be developed and maintained based on mutual trust and sustainability.

Additional information:

Nothing in this Policy precludes Mercer from determining that a more stringent standard will be implemented with respect to specific human or labor rights, environmental standards or anti-corruption measures.

This Sustainable Purchasing Policy is not a contract of employment or a guarantee of continuing Mercer Policy. The Corporation may amend, suspend, supplement or discontinue this Policy or any part of it at any time, including as a result of or during periods of force majeure type events.

Vice President, Procurement

Effective Date: July 30, 2025

