

Policy Statement

German Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*)

Mercer Europe GmbH and its subsidiaries ("Mercer," "we," or "us") are committed to protecting and striving to advance human rights across their operations.

Mercer in Germany

Mercer operates in Germany through its direct and indirect subsidiaries Mercer Stendal GmbH, Mercer Rosenthal GmbH, Mercer Timber Products GmbH, Mercer Torgau GmbH & Co. KG, Mercer Holz GmbH, Mercer Europe GmbH and Mercer Pulp Sales GmbH. This Policy statement has been adopted by the managing directors of such entities.

General

This Policy Statement is intended to conform to requirements under Section 2 Paragraph 2 of the German *Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains (Lieferkettensorgfaltspflichtengesetz)* (the "SCDDA").

As set forth in our [Human Rights Policy](#) and [Supplier Code of Conduct](#), we are committed to protecting and striving to advance human rights across our operations, including implementing the United Nations Guiding Principles on Business and Human Rights, human rights and labor principles of the United Nations Global Compact and expect our suppliers to respect such principles along with the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

This Policy Statement complements Mercer's [Human Rights Policy](#), [Supplier Code of Conduct](#) and [Code of Business Conduct and Ethics](#) as adopted by its board of directors and as may be amended or replaced from time to time.

This Policy Statement describes our basic principles with regard to the fulfillment of obligations under the SCDDA, the standards that we expect of our employees and suppliers to comply with the SCDDA and our priorities regarding human rights risks.

Risk Management Framework

Operating globally, we employ a risk management framework designed to address the risks and complexities that can arise in our supply chains, including in our business area. Managing human rights and environmental risks is embedded within our risk management framework and processes, our organizational divisions, governance framework, internal control framework, compliance management framework, and throughout our internal and external policies and procedures.

Mercer's risk management framework includes the following elements:

- annual risk assessments, with *ad hoc* assessments as deemed necessary, conducted for its business area and Mercer's direct vendors;
- identification and weighting of prioritized human rights and environmental risks;
- establishment of preventative measures (and/or remedial measures, as applicable) to be assigned to the human rights and environment-related risks;
- annual monitoring and evaluation of the effectiveness of the preventative/remedial measures undertaken with respect to human rights and environment-related risks;
- determination of the execution of risk assessments and the implementation of preventative measures regarding indirect suppliers in circumstances where Mercer comes into substantiated knowledge of human rights and environment-related risks;
- implementing complaint procedures enables reporting potential human rights and environmental-related risks and violations. See "Complaints Process" below;
- the adoption of a Human Rights Policy, Supplier Code of Conduct, Code of Business Conduct and Ethics and other governance policies applicable to human rights and environmental practices and compliance; and
- internal monitoring, compliance documentation, and annual public disclosure.

Risk Analysis Process

Mercer undertakes due diligence to identify and assess actual and potential adverse impacts connected to human rights and environmental issues in its supply chain and business areas. In addition, Mercer obtains external third-party data on these risks in applicable regions. This process aims to identify and understand risks that Mercer may encounter either directly or indirectly, as well as those it may unintentionally cause or to which it may contribute through its operations and supply chain.

Mercer engages directly with suppliers and consultants to enhance the depth of these assessments, consults with external stakeholders, including parties affected by human rights risks, and actively partakes in various external initiatives.

Annually, at a minimum, Mercer utilizes both external and internal data to conduct a comprehensive analysis of its direct vendor portfolio. This analysis focuses on geographical risk, industry risk, and projected volume. The results of this analysis inform and drive the ongoing

development and enhancement of Mercer's risk management strategies concerning human rights and environmental risks.

Mercer uses a risk-based approach for its business area and focuses on locations where human rights and environmental risks are most likely to arise. Mercer follows a three-step approach:

1. Abstract risk analysis of the countries where Mercer operates based on publicly available data concerning human rights and environmental risks. Based on the risk profile for each country, Mercer identifies the most relevant risks that might arise from its operations in those territories.
2. Concrete risk analysis is undertaken for vendors with a high risk to determine if appropriate preventative measures are in place to cover the identified risks. Self-assessment forms are used to validate the results of the previous abstract risk analysis.
3. Preventative actions are duly considered wherever gaps are identified.

Preventative Measures

Mercer has developed tools to analyze potential and incurred incidents and seeks to develop prevention initiatives. In particular, Mercer focuses on modeling responses to eliminate the risk, where possible, by using the "hierarchy of controls" adopted by many of the world's leading health and safety organizations. Its priority is the elimination of hazards, followed by safe administrative practices and appropriate personal protective equipment.

Mercer identifies, monitors, educates, and uses a data-driven approach to improve workplace safety. Its programs revolve around education, hazard identification, and risk mitigation strategies. These proactive initiatives bring safety to the forefront of its work practices.

Mercer's teams of safety professionals are dedicated to finding and utilizing the right tools to prevent workplace injuries. The Senior Safety Leadership Committee (SSLC) provides governance and high-level support to the programs. The SSLC meets on a regular basis to review performance, learn from experience and share best practices. Mercer's team of safety professionals is dedicated to supporting line management and embedded safety committees that lead safety on a daily basis.

Mercer seeks to proactively engage with its suppliers to mitigate adverse human rights and environmental risks. To this end, Mercer has implemented measures to prevent and address such risks as they emerge. This includes, among other things,

- Requiring suppliers to comply with its Supplier Code of Conduct sets out standards and expectations for suppliers.
- Maintaining a Code of Business Conduct and Ethics sets clear expectations for its employees' conduct.

- Instituting training programs to enhance understanding and adherence to human rights standards.
- As set forth in Mercer's Environmental Policy, it works with suppliers and partners to achieve and maintain certified forest management systems in the countries in which it operates.
- Seeking to incorporate contractual obligations in supplier agreements to address human rights and environmental risks.
- Undertaking due diligence risk assessments of suppliers, including, where applicable, reviewing third-party assessments and reports where suppliers are identified as having a significantly high-risk profile due to geography or other factors.
- Implementing other controls and strategies for its direct suppliers to ensure compliance with their human rights obligations.
- Conducting annual evaluations to assess the effectiveness of preventative actions taken by its suppliers in these areas.

Remediation Process

Mercer has developed a remediation process to address and, where possible, reduce actual adverse impacts within its supply chain. This process entails investigating the incident, assessing Mercer's involvement in terms of extent and impact, and formulating potential remedial or preventative actions.

As deemed appropriate, Mercer will seek expert advice and collaborate with the vendors implicated in any such incident to establish suitable corrective actions, setting forth an agreed timeline for implementation and measures for oversight of such actions.

In some instances, Mercer may also engage with affected third parties, including non-governmental organizations and community groups, as deemed suitable to evaluate the effectiveness of the remediation efforts.

Mercer seeks to measure and track identified incidents and the suitability of the implemented preventative, remediation, or mitigation strategies. Additionally, and based on the information gathered, Mercer examines alternative measures or adjustments to its procedures with the goal of avoiding similar issues in the future.

Priority Risks

Mercer carries out risk analysis periodically and *ad hoc* in accordance with legal requirements and has identified salient areas of priority with respect to its operations and those of its suppliers: (i)

occupational health and safety, (ii) environmental stewardship, and (iii) ethical labour practices within the supply chain.

Complaint Procedure

Any concerns about human rights and environment-related risks and human rights or environment-related violations can be reported through Mercer's confidential and anonymous grievance channel on [EthicsPoint](#) or at www.ethicspoint.com.

Mercer employees may also report such violations and/or risks to their supervisor, manager or Mercer's Audit Committee in accordance with Mercer's Code of Business Conduct and Ethics and Whistleblower Policy.

After receiving a report of a potential human rights or environmental-related risk or violation, the applicable Mercer personnel will take the appropriate actions necessary to investigate. If it is determined that a risk or violation has occurred, a determination will be made as to the preventative and remedial action to be taken, as described above.

Fulfilling the SCDDA Obligations

Within Mercer's risk management framework, the systematic monitoring and documentation of compliance with due diligence obligations relating to Mercer's supply chain are integral components. This oversight, particularly at the framework level, is the responsibility of the Vice President, Procurement. This role entails ensuring that the interdependencies between various risk management components and due diligence activities within the supply chain are transparent and well-managed.

Mercer maintains internal documentation describing the above-mentioned procedures, updated occasionally as necessary.

Human Rights and Environment-related Expectations on Mercer Employees and Suppliers in the Supply Chain

Employees

Mercer's Code of Conduct and Business Ethics and Human Rights policies set out its general principles of business integrity and respect for human rights, and its Environmental Policy sets its basic principles to address environmental impacts. These policies apply to all Mercer employees globally.

Suppliers

As a global forest products company, Mercer collaborates with suppliers and third-party business partners worldwide and expects that such parties uphold similar standards of business practices and principles. To this end, Mercer has adopted a Supplier Code of Conduct, which reflects the

minimum standards that must be met by our Suppliers, including, among other things, with respect to workplace safety and labour practices and the impact of suppliers' activities on the environment.

The Supplier Code of Conduct applies to any business or individual that provides goods and services to Mercer under the terms specified in a contract. Additionally, Mercer expects such suppliers to ensure adherence to such code further down the supply chain, where applicable, throughout their supply operations and supply chain.