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1. PURPOSE


This Sustainability Policy formalizes Bracell’s commitment to sustainable development and to implementing ESG (Environmental, Social, and Governance) practices that positively impact people and communities, the environment, and the regions where the Company operates, contributing to climate, sustainable landscapes and biodiversity. Bracell’s vision of shared value creation follows its Group founder’s 5Cs philosophy, where “all our actions must be good for the Climate, Communities, Customers and Country, and only then will they be good for the Company”.

2. SCOPE

This policy applies to all Bracell operations—including all business units and legal entities—and to Bracell’s relationships with all stakeholders, including contractors and subcontractors, local communities, business partners — including from the Forestry Partnership Program, customers, financial institutions, government organizations, trade associations, suppliers, and other priority stakeholders. The principles outlined in this policy are also disseminated throughout Bracell’s value chain.

3. DEFINITIONS

- Bracell Code of Conduct: establishes guidelines on ethical conduct and incorporates Bracell’s commitment to upholding globally recognized business standards in its daily processes and practices. The Bracell Code of Conduct is available at: <https://www.bracell.com/wp-content/uploads/2022/10/Codigo-de-Conduita-Bracell.pdf>
- Bracell’s Mission: “Improving lives by developing resources sustainably”. Find it at: <https://www.bracell.com/en/institutional/corporate-strategy/>
- Sustainable Development Goals (SDGs): the United Nations’ Sustainable Development Goals (SDGs) are an urgent call for action by all countries to eradicate poverty, protect the environment and safeguard our climate, and to ensure that people everywhere can enjoy peace and prosperity. They comprise a set of 17 ambitious and interconnected goals that address development challenges faced by people in Brazil and around the world. For more information, visit the UN website: <https://sdgs.un.org/goals>
- Global Compact: the United Nations Global Compact calls on companies to align their strategies and operations with ten universal principles on human rights, labor, environment and anti-corruption, and to take action to advance societal goals. Global Compact Brazil website: <https://www.pactoglobal.org.br/>
- Women’s Empowerment Principles (WEPs): the WEPs are a UN framework offering guidance on how to establish and strengthen partnerships with businesses to enhance their commitment and build capabilities to eliminate discrimination against women. Learn more here: <https://www.onumulheres.org.br/referencias/principios-de-empoderamento-das-mulheres/#:~:text=Os%20Princ%C3%ADpios%20de%20Empoderamento%20das,a%20discrimina%C3%A7%C3%A3o%20contra%20as%20mulheres>

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- **T.O.P.I.C.C.** core values: Bracell acts in accordance with the fundamentals of the RGE group, which believe that in order to fulfill its mission and achieve its vision for the future, Bracell’s leadership team and employees must adhere to a set of Core Values known as **T.O.P.I.C.C.:**
 - T: We are aligned by our common purpose and work together as a **complementary Team**
 - O: We take **Ownership** to achieve outstanding results and seek value at all times
 - P: We develop **People** to grow with us
 - I: We act with **Integrity** at all times
 - C: We understand our **Customers** and deliver best value to them
 - C: We act with zero complacency and always strive for **Continuous improvement**
- Find it at: <https://www.bracell.com/en/institutional/corporate-strategy/>
- Bracell’s Vision: “To be one of the largest dissolving pulp producers in the world, with the best management fully committed to the sustainable use of natural resources; our aim is to consistently create value for the Community, Country, Climate, Customers and the Company”. Find it at: <https://www.bracell.com/en/institutional/corporate-strategy/>

4. GUIDELINES

4.1 SUSTAINABILITY GOVERNANCE


At Bracell, all decisions are aligned with the Company’s Mission and Vision, **T.O.P.I.C.C.** core values, and its Code of Conduct. Bracell also acts in accordance with the sustainability guidelines and its founder’s 5Cs philosophy of creating value for the Community, Country, Climate, Customers, and Company.

Bracell is a signatory of the United Nations Global Compact and supports its 10 Principles on Human Rights, Labour, the Environment and Anti-Corruption. Bracell have also subscribed to the UN Women’s Empowerment Principles, and works to advance the UN Sustainable Development Goals (SDGs).

Bracell’s top management is responsible for strategic decision-making, evaluating potential investments, and tracking the Company’s social and environmental performance. This includes following progress on Bracell 2030, the long-term sustainability strategy comprising a set of goals and commitments on climate, biodiversity, sustainable production, people, and communities.

Bracell communicates its Environmental, Social and Governance (ESG) progress and results annually through a Sustainability Report prepared in accordance with the Global Reporting Initiative (GRI) Standards and other sustainability frameworks, including the Sustainability Accounting Standards Board (SASB), the UN SDGs, and sectoral, national, and international sustainability indexes. Bracell seeks independent assurance of the information presented in its Annual Sustainability Reports to ensure the data and information presented in these reports are accurate and transparent.

Bracell also ensure effective risk management by consistently investing in technologies, infrastructure and processes to prevent and mitigate social and environmental risks related to its business. As part of this, the Company seeks for continuous improvement and periodically update its risk maps and procedures, with a focus on the environment and people within or surrounding its operations.

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Bracell has in place, and actively disseminates, formal channels for communication with stakeholders. These channels can be used to submit requests for information, inquiries, complaints, concerns, and reports on misconduct and non-compliance with laws and regulations, Bracell's Code of Conduct, and regulatory standards. All information communicated through these channels is kept anonymous and confidential.

Bracell also has external communication platforms to keep communities, authorities, NGOs, suppliers, partners, and other stakeholders informed about its ongoing activities and projects.


By actively engaging in local and international sustainability discussions and agendas, Bracell seeks to build a closer relationship with stakeholders through collaboration and partnership. The Company actively participates in and follows discussions in industry associations, committees, and nationally and internationally recognized organizations.

4.2 HUMAN RIGHTS

Bracell respects the dignity and human rights of its employees, contractors, and subcontractors, as well as the rights of indigenous peoples and local and traditional communities. Bracell takes a no-tolerance stance on any use of violence or any form of intimidation, threat, or coercion. Recognizing its role as a catalyst for economic and social development, the Company acknowledges the transformational impact its business has on local communities. Consequently, Bracell is committed to promoting and strengthening initiatives for regional and local territorial development through Bracell Social, its private social investment program. As part of this commitment, works to strengthen and develop enabling social programs that deliver consistent and enduring benefits for local communities. Bracell achieves this through shared decision-making with a focus on the Sustainable Development Goals and the three core pillars of Bracell Social: Education, Empowerment, and Enhancement.

To meet these goals, Bracell will:

- Act in accordance with the following internationally recognized human rights conventions and standards:
 - UN International Bill of Human Rights;
 - UN Guiding Principles on Business and Human Rights;
 - International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work;
 - UN Declaration on the Rights of Indigenous Peoples.
- Comply with local and national laws, including all relevant international treaties ratified by the Government of the Federative Republic of Brazil;
- Respect the right to Free, Prior and Informed Consent (FPIC) as one of the fundamental principles of international human-rights law, in order to safeguard the well-being of indigenous peoples and traditional communities;
- Recognize and uphold both legal and customary land tenure rights;
- Respect the dignity and rights of traditional communities, and promote initiatives to preserve and celebrate their unique cultures;
- Refer to international standards and voluntary initiatives that can help address any unique set of human rights challenges;

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- Maintain transparent procedures and policies on relations with communities surrounding its forestry areas and mills, fostering continuous communication and engagement and providing timely and transparent information on the identification, assessment, and monitoring of social aspects and impacts, as well as implementing measures to control and mitigate any adverse impacts;
- Maintain continuous dialog with stakeholders, especially local communities, ensuring they are informed and consulted regarding any activities that could impact them;
- Gain an understanding of the local context and engage stakeholders before initiating any social programs, in order to achieve more participatory and effective results;
- Recognize and invest in education as a vital tool for enhancing quality of life and promoting environmental preservation in communities;
- Support the social and economic development of communities in the regions where the Company operates by strengthening local productive arrangements;
- Track social indicators for its projects and operations;
- Establish partnerships whenever possible to optimize the impact of social programs;
- Preferably invest in enabling programs rather than charitable ones, aiming to deliver sustained and enduring benefits for local communities;
- Through Bracell Social, support traditional communities by upholding their rights and encouraging initiatives that preserve their unique culture and livelihoods;
- Through Bracell Social, prioritize communities residing near its operations.

4.2.1 LABOR PRACTICES AND DECENT WORK

Bracell actively works to ensure respect for, the development of, and engagement with people within its operations. The Company is committed to providing a safe, healthy and productive work environment for all employees, contractors and subcontractors working in its operations.

Bracell also seeks to mirror the diversity of its communities within operations and to create a workplace environment that is welcoming, inclusive, and psychologically safe, where people can feel free to be themselves and be their best to achieve optimal business results.

Specifically, Bracell commits to:

- Eliminate any situations that jeopardize workers' life, freedom, physical and psychological integrity, fair compensation, freedom from forced labor, bonded labor or mental coercion, or personal safety;
- Not tolerate any form of discrimination, threats, harassment, or abuse. Treat everyone with respect and equity. Respect diversity of gender, race, sexual orientation, social status, marital status, ethnicity, religion, education, age, abilities, skills, culture, life experience, and other forms of diversity;
- Promote career management and training initiatives;
- Promote equal opportunity and diversity in the workplace, including equal opportunity and participation for women, and implement organizational policies to eliminate all forms of discrimination, violence, and sexual and workplace harassment, and combat any forms of physical or psychological harassment, intimidation, abuse, or threats;
- Strive for continuous improvement in working conditions, health, and safety. Provide a safe, clean, and well-equipped work environment, ensuring the availability of personal protective

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equipment and providing ongoing training on occupational health and safety to employees, contractors, and subcontractors;

- Respect the rights of all workers to collective bargaining and union representation, and ensure that they can exercise those rights without fear of retaliation or discrimination;
- Ensure that all employees have employment contracts or terms and conditions as required by law, and prioritize hiring skilled labor from the regions where Bracell operates;
- Take a zero-tolerance stance on any form of forced labor, modern slavery, human trafficking, physical and/or psychological violence or other abuse, ensuring workers are free to leave work or terminate their employment upon notice in line with labor regulations;
- Provide fair wages, working hours and benefits that meet legal or industry standards while engaging with the relevant experts and local stakeholders, such as labor unions;
- Have zero tolerance for child labor;
- Cultivate and strengthen a culture of sustainability and ethics among employees, addressing topics such as energy efficiency, initiatives to reduce greenhouse gas emissions, and social responsibility;
- Cover recruitment fees (for obtaining or retaining employment), including all fees, charges, costs, assessments, or other financial obligations associated with the employee recruitment process.

For further information on the Company’s practices on the theme, see Bracell’s Human Rights Policy.

4.3 ENVIRONMENT AND SUSTAINABLE FORESTRY


Bracell is a forestry company that recognizes the relationship between forests and the creation of economic, social, and environmental value for the communities and ecosystems in the regions where operates. Bracell has strategies, policies, and programs in place to protect, restore, and preserve forest areas, including the diverse fauna and flora species they harbor, and to prevent deforestation.

Bracell’s eucalyptus pulpwood is sourced exclusively from reforested land that was previously disturbed for other land uses. Bracell uses mosaic forestry arrangements that interleave eucalyptus plantations with native forests to enhance biodiversity, ecosystem services, and landscapes.

The Company also seeks to achieve continuous improvement in energy efficiency and to develop an increasingly clean (renewable) energy mix. The Company is committed to efficient waste management, guided by circular economy principles. In addition, Bracell actively plans, formulates policies on, and implements measures to mitigate and minimize greenhouse gas (GHG) emissions, and is working to develop an increasingly low-carbon-footprint production, that is resilient to impacts from climate change. These guidelines are an integral part of the corporate policies that together form Bracell’s integrated management system.

To fulfill these objectives, Bracell will:

- Source eucalyptus pulpwood for its mills exclusively from reforested land;
- Perform risk assessments based on data from its operations, including the risk of impacts on biodiversity and local ecosystems;

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- Identify, using a participatory approach, and protect High Conservation Value (HCV) Areas due to their rich diversity of species, ecosystems, and natural habitats, as well as their significance to local communities or cultural values;
- Protect natural resources within the forestry areas managed by Bracell and its partners/suppliers;
- Maintain mechanisms to identify endemic, rare, threatened, or endangered species and their habitats in plantations and forest reserves on the areas managed;
- Protect its eucalyptus plantations and forest reserves against unauthorized activities — including illegal logging, land grabbing, poaching and fishing — and against forest fires;
- Monitor for and immediately report any violations to the relevant authorities;
- Commit to zero deforestation from the onset of its operations;
- Commit to zero conversion of natural ecosystems;
- Abstain from using genetically modified organisms, instead developing its eucalyptus clones through classical genetic improvement to increase yields, resistance to pests and diseases, and pulpwood quality;
- Maintain a dedicated team and allocate a dedicated budget for greenhouse gas (GHG) reduction initiatives;
- Reduce material consumption through process optimization;
- Manage available water resources responsibly and in compliance with applicable laws and regulations;
- Compliantly manage waste and effluents from its forestry and mill operations, working to reduce waste generation and increase the recycling, reuse, recovery and repurposing of materials;
- Use Life Cycle Assessments (LCA) as an analytical tool to planning;
- Implement best practices for soil conservation within its forestry operations;
- Operate an integrated pest management program to maintain environmental balance by using natural pest control methods including genetic resistance and the use of natural predators;
- Not operate on peatlands.

4.4 COMPLIANCE WITH LAWS AND REGULATIONS

All Bracell activities are conducted in compliance with applicable laws and regulations, industry best practices and international standards on preventing and combating bribery and corruption, as outlined in Bracell's Anti-Bribery and Anti-Corruption Policy.

Bracell's Code of Conduct is aligned with its Mission, Vision and **T.O.P.I.C.C** Core Values. The Code establishes guidelines on ethical conduct and incorporates Bracell's commitment to upholding globally recognized business standards in its daily processes and practices. It outlines requirements on ethics and integrity for the Company's employees, suppliers, and its relationships with customers and other stakeholders.

Specifically, Bracell commits to:

- Rigorously comply with all laws and regulations applicable to its forestry, industrial, commercial, competitive, and tax-related activities;
- Take a zero-tolerance approach to any acts of bribery and corruption by employees or contractors;

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- Introduce and share its Code of Conduct with all newly hired employees and contractors. Provide training on its Code of Conduct to employees, emphasizing its fundamental principles;
- In the event of any administrative or legal proceedings, work to find viable solutions within the bounds of the law and within the legally required timeframe;
- Document and promptly pay all salaries, taxes, fees, and other costs as necessary and legally required for the continuity of its operations.

4.5 IDENTIFYING AND MONITORING POTENTIAL IMPACTS

Bracell seeks to enhance the positive impacts of its operations and activities while mitigating or minimizing negative impacts. To this end, the Company conducts social and environmental impact assessments of its operations in order to identify risks and inform preventive and mitigation measures for impacts within its operations and in surrounding areas.

Specifically, Bracell commits to:


- Maintain an updated assessment of social and environmental aspects and impacts, encompassing all its operations, in order to identify, prevent and address any issues;
- Identify and assess potential social and environmental impacts before commencing operations;
- Conduct product assessments on risks related to safety, health, and the environment;
- Maintain certifications and ongoing internal and external audit processes;
- Regularly monitor impacts to measure progress and the need to implement strategic action plans.

4.6 SUPPLIER SOCIAL AND ENVIRONMENTAL MANAGEMENT

Bracell is committed to monitoring its suppliers for compliance with laws and regulations and applicable certification, technical, and regulatory standards, ensuring compliance with principles related to Human Rights, Labor Rights, the Rights of Children and Adolescents, and Green Policies, among other mandatory requirements.

Specifically, Bracell commits to:

- Promote economic development in the regions where the Company operates, including by engaging local suppliers to supply products and services for its forestry, mill, logistics (wood and pulp), and administrative operations;
- As part of supplier due diligence, review documents demonstrating compliance with environmental laws and regulations, environmental and operational license requirements, and other requirements specific to the supplier’s segment. These requirements are monitored throughout the supplier’s contract, with periodic requests for updated documentation;
- Evaluate and score suppliers on performance. All suppliers are screened and must meet a minimum score to retain their supplier status. The findings from screening may prevent the relevant supplier from being awarded the contract or the negotiations from proceeding;

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- Conduct supplier visits when necessary to assess performance. On-site supplier visits are properly conducted and documented in an assessment report measuring the supplier’s performance based on defined criteria;
- Has a performance improvement program for suppliers, providing recommendations for them to achieve better results. The decision to disqualify a supplier is made impartially by a committee that carefully evaluates the information provided, ensuring transparency and equal opportunity for all. A Supplier Performance Assessment Form is attached to the report, clearly detailing the reasons for the underperformance. Finally, the supplier is notified.

5. RESPONSIBILITIES

All employees are responsible for putting into practice and disseminating the guidelines in this Policy.

6. UPSTREAM DOCUMENT

- Bracell's Sustainability Policy draws guidance from the RGE Group Sustainability Policy¹. It is also based on the Group founder’s 5Cs philosophy where “all our actions must be good for the Community, Climate, Customers, Country and only then will they be good for the Company”.

7. DOWNSTREAM DOCUMENT(S)

- Bracell Human Rights Policy
- Bracell Pulpwood and Fiber Sourcing Policy

8. FINAL CONSIDERATIONS

- This Policy will be subject to regular monitoring and periodic review, aligned with Bracell’s overall continuous business improvement. Bracell is committed to raising awareness, training and engaging stakeholders — including direct employees, contractors, subcontractors, business partners and suppliers — on the guidelines in this policy.

9. ISSUANCE AND APPROVAL

This policy has been issued under the responsibility of the Sustainability department.

¹ <https://www.rgei.com/sustainability/sustainability-policy>