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1. PURPOSE

The 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".

This Sourcing Policy lays out guidelines and commitments to ensure that all wood and fiber procured for Bracell's production, are traceable and responsibly sourced.

2. SCOPE


This policy and its guidelines and commitments apply to Bracell's own operations, including those of our subsidiaries, mills, and plantation forests we own and/or manage, and all third-party wood and fiber suppliers. The principles outlined in this policy are reinforced and disseminated throughout the Company's value chain.

3. REFERENCE DOCUMENTS

- Bracell Sustainability Policy
 - Bracell Human Rights Policy
 - PF055-33 – Wood Purchase Procedure
 - PF035-33 – Forestry Partnership Procedure
 - FCC004-33 – PEFC Due Dilligence System Form – Wood Sourcing from Controlled Sources
 - PCC002-33 – PEFC Certification Chain of Custody Handbook
 - PR.FLO.052 – Tree Farming – Forest Producer Program
 - PR.IND.070 – Due Dilligence System (Risk analyses of tree farming)
 - MAN-COC-002 – BSC Chain of Custody Handbook
 - Bracell Code of Conduct
 - PEFC ST 2002:2020 – Chain of Custody of Forest and Tree Based Products – Requirements
 - ABNT NBR 14789 Forest Management - Principles, requirements and indicators for planted forests
- CERFLOR
- FSC-STD-BRA-01-2014 – FSC® Forest Stewardship Standard
 - FSC-POL-01-004 – FSC® Policy of Association
 - FSC-STD-40-004 – FSC® Chain of Custody Certification
 - FSC-STD-40-005 – Requirements for Sourcing FSC® Controlled Wood

4. DEFINITIONS:

- FSC: Forest Stewardship Council®
- PEFC: Program for the Endorsement of Forest Certification
- CERFLOR: Brazilian Forestry Certification Program

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- Responsibly sourced: All pulpwood that is FSC- or PEFC/CERFLOR-certified at its source or that meets requirements for FSC® or PEFC/CERFLOR-controlled wood.

- Controlled wood or controlled sources: wood supplied from non-certified sources but assessed on compliance with PEFC/CERFLOR requirements for sourcing non-certified materials.

5. GUIDELINES AND COMMITMENTS

Acknowledging the critical importance of forests and natural ecosystems in combating climate change, protecting and conserving biodiversity and natural resources, and sustaining community livelihoods, Bracell is committed to a sustainable forestry operation, free from deforestation and conversion of natural habitats throughout its wood and fiber supply chain.

Bracell's eucalyptus pulpwood is sourced exclusively from reforested areas, which were previously used for other crops. Bracell uses mosaic forestry arrangements that interleave eucalyptus plantations with native forests to improve biodiversity, ecosystem services, and landscapes.

Bracell reiterates its commitment to produce and source all wood, virgin fiber, pulp and biomass (together referred to as "fiber") only from known sources, responsibly managed forests, excluding any wood that is illegally harvested, in accordance with applicable local and international laws and regulations.

This policy is aligned with Bracell's Sustainability and Human Rights Policies, the principles and guidelines established in the United Nations (UN) Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Law on Human Rights and the fundamental conventions of International Labor Organization (ILO).


This policy, its guidelines and commitments, applies to Bracell's operations, including subsidiaries, factories, owned and/or managed plantations, commercial partners and all outsourced fiber suppliers, and are reinforced and disseminated throughout its value chain.

It is implemented through a sourcing due diligence system in the supply chain, including risk assessments to evaluate and mitigate risks, and avoid material from unacceptable sources.

5.1. Bracell is committed to obtaining raw materials from low-risk sources, which exclude the following categories, considered unacceptable:

- i. wood that is illegally harvested or illegally traded;
- ii. wood harvested in violation of customary, traditional and human rights;
- iii. wood harvested from forests in which there are known activities in violation of workers' rights and principles as defined in the ILO Declaration on Fundamental Principles and Rights at Work;
- iv. wood harvested in which high conservation values in forests or high conservation value areas are being destroyed or at risk of being destroyed due to management activities;
- v. wood harvested in areas in which there is conversion of natural forest to plantations or non-forest use;
- vi. wood from forests using genetically modified organisms or from areas where research is carried out with GMOs (Genetically Modified Organisms).

5.2. It is also committed to produce and source fiber that meets credible forest certification standards, including a commitment to:

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- i. meet at least, the Controlled Wood or Controlled Sources standard for all non-certified fiber purchased;
- ii. implement and maintain Chain-of-Custody certification systems in our pulp and paper mills.

5.3. Bracell is committed to work with its suppliers to meet the requirements of this policy, including:

- i. support efforts to obtain forest certification in an efficient and cost-effective manner;
- ii. provide technical assistance to promote sustainable forest management practices;
- iii. if violations occur, engage constructively with suppliers to resolve and prevent further instances of non-compliance.

5.4. To implement and demonstrate progress towards its commitments, Bracell further commits to:

- i. Risk assessment: assess the risks of deforestation, forest conversion and human rights violations in our operations and supply chains, prioritizing interventions in areas or suppliers not classified as low risk;
- ii. Supplier Engagement: Work with your suppliers to address, prevent, mitigate and, when necessary, remedy any harm resulting from actions that violate this policy;
- iii. Monitoring: Monitor the implementation and results of supplier action plans, through a robust and transparent monitoring mechanism.

6. RESPONSIBILITIES AND POLICY APPROVAL

Sustainability and Forestry departments are responsible for the development, review, implementation and dissemination of this policy, which shall be regularly monitored and reviewed, as part of Bracell’s continuous improvement process. The Company is committed to raising awareness, training and engaging its stakeholders (including direct employees, contractors, subcontractors, business partners and suppliers) on the guidelines in this policy.