



SUSTAINABLE PURCHASING POLICY

Introduction

The goal of this Sustainable Purchasing Policy (the "**Policy**") is to work toward the ISO 20400 Standard for Sustainable Procurement, building on the ISO 26000 Standard for Social Responsibility. The Policy is based on the recognition of human and labour rights, Indigenous rights, environmental sustainability, and anti-corruption. It is a commitment to meeting the standards of the United Nations Global Compact.

Outlined in the Policy are standards we seek from our suppliers when they conduct business with Mercer, above and beyond following all applicable laws, rules and regulations.

Policy Intent

The Policy has been designed to help Mercer be a leader with respect to its sustainability with the stakeholders in its business. In doing so, it:

- builds value into Mercer's products and reputation; and
- embraces sustainability as part of Mercer's culture.

Mercer will seek to give preference to suppliers who meet our applicable standards and affect positive social and environmental outcomes from their business.

Scope of Policy

This policy applies to the acquisition of products and services, whether by purchase, rental or lease.

Definitions

A "**Supplier**" is any person or legal entity which provides Mercer with products or services. In addition to Suppliers who have a direct contractual relationship with Mercer, it also encompasses our direct Suppliers' subcontractors.

Mercer Management Systems

Information on Mercer's expectations will be communicated and provided to current and prospective Suppliers through this policy. It is expected that our Suppliers will in turn ensure that our expectations are communicated to their subcontractors.

Mercer will evaluate and accept on a case-by-case basis any instances where it is reasonably determined by Mercer that Supplier practices may differ from this Policy so long as the purpose and spirit of the policy is upheld.

Mercer may also periodically work with Suppliers who do not fully comply with the Policy to assist them to improve their workplace practices through education and example.

Mercer expressly reserves the right to discontinue business with Suppliers who are not responsive to requests to address concerns around workplace practices and instances of non-compliance with the Policy.

International Standards

Mercer aims to uphold the principles of the UN Global Compact and affirms the principles of the United Nations Sustainable Development Goals and the Declaration on the Rights of Indigenous Peoples, as well as the International Labour Organization's Fundamental Conventions, which will also be required of Suppliers.

Adherence to the Policy should be open, transparent, and fair and consistent with Mercer's principles and commitment across its business.

1. Human Rights

Mercer and its Suppliers will treat all employees fairly, provide equal employment opportunity to every person regardless of age, ancestry, race, colour, place of origin, family or marital status, religion, mental or physical disability, sex, sexual orientation, gender expression and gender identity, political belief, economic status, or other legally protected status, as required by law and Mercer's Human Rights Policy.

Workers will not be subjected to verbal or physical abuse, harassment or any other form of intimidation. Monetary penalties are not to be used as a form of discipline.

2. Labour Rights

Workers must be provided a safe and healthy working environment that adheres to all aspects of applicable occupational health and safety, employment standards, and labour laws.

Businesses must uphold the freedom of association, including the right to organize, belong to a union and provide for collective bargaining. Mercer will not accept any form of forced or compulsory labour, including prison labour. Similarly, Mercer expects that its Suppliers abide with international conventions banning child labour.

3. Environmental Sustainability





Mercer is committed to protecting the natural environment, including by increasing energy efficiency and reducing its greenhouse gas emissions.

Mercer seeks to purchase energy efficient equipment and supplies, wherever possible. That includes seeking procurement from Suppliers who comply with established guidelines and recommendations from recognized authorities, including national government agencies. Wherever possible, Mercer will work with Suppliers who optimize energy consumption to reduce its overall carbon footprint.

Mercer expects Suppliers to meet equally rigorous standards of environmental sustainability, which includes:

- working on a continuous basis to track and reduce greenhouse gas emissions and improve energy efficiency;
- handling and disposing of all waste materials in an environmentally responsible manner, including hazardous materials;
- maintaining necessary permits, approvals, and controls at all facilities;
- handling environmental violations and complaints systematically and communicating them to employees and external stakeholders, including Mercer, if affected; and
- providing Mercer with up-to-date records of environmental or safety hazards or incidents, and other applicable information requested by Mercer.

4. Indigenous Inclusion

Mercer acknowledges that in Western Canada and other regions where it may operate, its subsidiaries conduct operations on the Treaty, Settlement, Traditional, and unceded territories and lands of Indigenous peoples.

Mercer supports the principles and actions of reconciliation. Pursuant to its Western Canada Indigenous Relations Policy, Mercer commits to establishing and maintaining respectful and meaningful working relationships with Indigenous peoples. Mercer will engage with communities to seek opportunities to create mutually beneficial outcomes, which may include identifying and supporting opportunities in training and education, employment, procurement, and business support.

Mercer expects Suppliers to develop and maintain similar policies that work to promote Indigenous development, including individual, community, First Nation or Settlement development.

5. Ethical Purchasing

Mercer will aim to procure from Suppliers who uphold ethical, social and environmental standards consistent with this Policy.

Long-term supply contracts and off take agreements will be developed and maintained,





based on mutual trust and sustainability.

6. Support for Community

Mercer will, where possible, support local business through procuring goods and services from local Suppliers. Doing so will create local jobs and strengthen the local economy, while reinforcing Mercer's ties to local business. This permits Mercer to reduce its environmental footprint from less travel and shipping.

Working in partnership with the broader community, through mechanisms such as green purchasing networks, Mercer will share ideas and collaborative efforts to drive change that exceeds that which Mercer can accomplish on its own.

7. Continuous Improvement

Mercer will work with Suppliers and stakeholders to exchange ideas and information, to achieve continual improvement within Mercer and for Suppliers.

8. Measurable Criteria

Mercer strives to achieve improvements over time through the annual supplier evaluation process.

9. Additional Expectations

As a significant purchaser of wood and fibre, Mercer is committed to sustainable forest management and wood sourcing. All Suppliers will be expected to be familiar with and adhere to existing policies, including the specific guidance outlined in the Wood and Fibre Purchasing Policy and the Code of Business Conduct and Ethics.

Nothing in this Policy precludes Mercer from determining that a more stringent standard will be implemented with respect to specific human or labour 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.

