

Title:	Sustainable Procurement Policy		
Issued by:	00.Políticas Corporativas	Date:	Jul 8, 2021
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1. - OBJECTIVE

Suzano's purpose is renewing life inspired by trees and this purpose places it as part of the solution to the challenges faced by society. Sustainability is an inherent part of its business as a forest-based company and is fully integrated with its long-term strategy and vision. The company believes that just as important as creating value for shareholders is generating value in a shared manner with society.

Hence, this Sustainable Procurement Policy lays down the principles and guidelines for the effective integration of sustainability in procurement processes, from the definition of product or service specifications through the registration and selection of suppliers.

Suzano believes that the diverse links across its value chain play an essential role in building a fairer and more sustainable society. That's why the company seeks to develop lasting and transparent business relations based on lofty ethical principles and to constantly encourage the adoption of good social, environmental and governance practices by its suppliers. The company thus supports the promotion of partnerships in a win-win relationship, guided by a sustainable vision in all that is done.

2. REFERENCE DOCUMENTS

- Suzano's Code of Conduct
- Suppliers Code of Conduct
- PC.00.0023 Wood Supply Policy
- PC.00.0012 Corporate Human Rights Policy
- PC.00.0018 Corporate Environmental Management Policy
- Commitment to Legal, Social & Environmental Responsibility Standards
- ABNT NBR ISO 20400:2017 Sustainable procurement — Guidelines

3. TERMS, DEFINITIONS AND ABBREVIATIONS

ESG: refers to the Environmental, Social and Governance practices of a company.

Centralized Purchasing: refers to acquisitions made by the Logistics and Procurement Department.

4. GUIDELINES

4.1. SCOPE

This Policy covers all procurement processes carried out by the Procurement area (centralized purchasing) for the operations of Suzano and its subsidiaries, regardless of type of material, input or service acquired.

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4.2. PRINCIPLES AND COMMITMENTS

In order to constantly incorporate ethical, social and environmental aspects into the businesses and activities across its supply chain, and to minimize the negative social and environmental impacts of such activities, Suzano defined several principles and commitments that establish the social and environmental requirements and criteria applicable to the management of its suppliers in alignment with the Suppliers Code of Conduct. The principles and commitments described below involve the expectations and practices adopted to ensure legal compliance, the adequate management of environmental and social impacts and the promotion of a relationship of trust among the parties. Accordingly, Suzano:

- establishes all relations with its suppliers based on trust, dialogue and respect for fair competition with regard to quality, price, deadlines agreed and services rendered;
- acquires all goods and services from third parties in accordance with the laws in force, respecting the principles of this Policy;
- verifies legal compliance issues in all procurement processes and evaluates the technical requirements related to environmental, health and safety management, whenever applicable;
- monitors the social and environmental performance of its suppliers through appropriate assessment tools for each procurement category and respective social and environmental risks;
- develops and engages its suppliers to discuss noncompliance and/or improve their social and environmental performance by establishing and monitoring actions plans for improvements;
- collaborates with its suppliers to address the impacts of their activities through actions aimed at training and raising awareness and promoting sustainable production methods and systems;
- requires all its suppliers to keep and submit all the documentation, records or licenses required for exercising their respective economic activity, as well as proof of environmentally regular origin of the natural resources used in goods and services;
- requires all its suppliers to be aware of and comply with the “Suppliers Code of Conduct,” available on Suzano’s Supplier Relations Portal. These documents describe the company’s expectations in relation to its supply chain on diverse topics related to social, environmental, economic and governance dimensions;
- requires its suppliers to be familiar and fully comply with the anticorruption laws of Brazil and the countries where they operate, as well as implement procedures that prevent the practice of all and any conduct and/or action that may result in breach of these laws, in order to ensure compliance with the rules and the best practices of ethics in business;
- repudiates the use of child and/or forced and slave labor, or moral, sexual or any other type of harassment or discriminatory practices due to religious beliefs, race, color, gender, sexual orientation, political party, social class, nationality etc.;
- requires its suppliers to ensure adequate working environments and conditions for their employees by guaranteeing fair salaries, labor rights, working hours, freedom of association and collective bargaining;

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- requires its suppliers to establish processes according to applicable safety standards, conducting specific risk analyses and implementing measures to prevent accidents and ensure a safe and healthy work environment;
- encourages its suppliers to adopt human resources practices that promote equal treatment of all employees and the maintenance of an inclusive and diverse environment;
- encourages its suppliers to have sustainable purchasing policies and engage their own supply chain, extending to it and their indirect subcontractors the principles, standards and requirements described in this Policy;
- encourages its suppliers to obtain certifications and seals that recognize the best sustainability practices in business management;
- requires all its wood suppliers to produce and/or obtain legal and sustainable wood, and whose compliance of origin will be verified as per the Wood Supply Policy (PC.00.0023);
- seeks to map and report, whenever possible, in a clear and transparent manner, the main social and environmental impacts caused by its supply chain, as well as the mitigation measures adopted;
- encourages its suppliers to develop sustainable technologies to address environmental and safety issues in the company's operations, whenever applicable.

4.3. WHAT WE DO

To ensure the enforcement of the above principles and commitments, Suzano adopts a systemic approach to sustainable procurement, called Responsible Procurement Management, in line with ISO 20400 – Sustainable Procurement.

The Responsible Procurement Management is an integral part of the company's strategic procurement management and includes the processes related to the acquisition of all its goods and services carried out by the Procurement department. As part of the process of streamlining its Responsible Procurement Management, Suzano considers environmental, social and governance (ESG) a decisive factor in the supplier assessment and selection matrix. This means that if suppliers are on equal terms, the one better positioned in social, environmental, health and safety aspects will be preferred by the company.

4.3.1. SOCIAL AND ENVIRONMENTAL RISK MATRIX

In this context, the company structured its Responsible Procurement Management starting with the Fundamentals stage as recommended by ISO 20400, by building the **Social and Environmental Risk Matrix** of Suzano's supply chain.

For this, the company segments its entire supplier base and analyzes the procurement categories from a social and environmental perspective. The supplier risk is classified based on two axes: the level of severity and probability of social and environmental impact (defined by its macro category) and the level of Suzano's co-responsibility (considering the degree of impact resulting from the existence of the buying company).

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Using the matrix, it is possible to classify each supplier in one of the four risk groups (low, medium, high, and very high). The higher the risk level, the deeper the company's approach must be in terms of guidance, monitoring and development of its suppliers.

As such, based on this classification, the sustainable procurement management processes applicable to each risk level are defined. The critical suppliers, classified under the highest level of severity/probability and the highest level of co-responsibility, are identified at the top of the pyramid of priorities with regard to supply management. This reflects in specific monitoring models and a development approach in cases of noncompliance. At the base of this pyramid of priorities are the low-risk suppliers, who require less guidance efforts that are limited to, for example, compliance with the "Suppliers Code of Conduct" and the definition of basic contractual clauses.

Notable among the main procurement management processes established by Suzano are Registration and Certification, Background Check and Monitoring.

4.3.2. REGISTRATION AND CERTIFICATION

The purpose is to ensure the regular registration of employees regarding legal, technical and compliance requirements established, thereby supporting the contracts of industrial and forest units, domestic and international offices, ports, Distribution Centers (DCs) and the holding company.

During the different phases of the process, suppliers undergo documentation analyses, technical, safety and environmental evaluations, analysis of regularity at diverse public consultation sources (Federal Revenue Service, the Integrated System of Information on Interstate Operations involving Goods and Services (Sintegra), database of small and mid-sized enterprises under the simplified tax regime (Simples Nacional), Federal Transparency Portal, Ministry of Labor, National Land Transportation Service, among others) and are considered "certified" if there is no irregularity and if they "agree" with Suzano's legal, social and environmental responsibility standards.

The Registration and Certification process is described in the Supplier Registration Governance procedure (PG.23.10.0001).

4.3.3. BACKGROUND CHECK

The Supplier Background Check process consists of collecting detailed information about individuals and/or legal entities to analyze the scenarios for mitigating risks related to contracts that are not in compliance with Suzano's guidelines and policies. This process is described in the Supplier Background Check procedure (PG.23.10.0007).

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4.3.4. MONITORING

4.3.4.1. PERFORMANCE APPRAISAL OF SUPPLIERS

The Performance Appraisal of Suppliers and service providers aims to identify and mitigate risks across Suzano's supply chain, including inputs, raw materials and services that meet the criteria defined in the procedure.

The process is conducted through a web portal in which managers of contracts respond to the appraisals. The appraisal process is conducted periodically and the requirements are evaluated in a specific procedure.

This process is described in the Performance Appraisal of Raw Material/Inputs and Service Suppliers procedure (PG.17.03.0001).

4.3.4.2. FIXED SERVICE PROVIDERS

Fixed service providers perform continuous activities in a period of over 90 days at Suzano's facilities. For them, apart from the performance appraisal process described above, additional monitoring actions are conducted:

- **Risk Dashboard**

Risk Level is a ratio based on labor, financial and economic data and information from companies providing fixed services, which could range from 0 (low risk) to 10 (high risk). This ratio makes up the Risk Dashboard, which is updated periodically, and also defines the criteria to create, monitor and validate the action plan to monitor the performance of suppliers. The process for evaluating the Risk Level of suppliers is described in the Supplier Risk Management procedure (PG.17.03.0006).

- **Control of Ancillary Obligations (COA)**

The COA process consists of analyzing third-party documentation in order to mitigate potential labor and social security risks involving outsourcing and compliance with labor and social security laws, in addition to collective bargaining agreements and conventions by fixed service providers to their employees working on Suzano's premises. This process is described in the Management of Labor Accesses and Obligations of Service Providers procedure (PG.23.10.0005).

- **Field Interview**

It is a complementary process to the Control of Ancillary Obligations (COA) described in PG.23.10.0005. A questionnaire is filled by third parties of companies providing fixed services, which helps to mitigate labor and social security risks that involve outsourcing.

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4.3.5. RELATIONS WITH SUPPLIERS AND TRANSPARENCY

The Supplier Relations Portal is a platform that provides important information for Suzano's current and future partners. It brings together the principles, rules and processes for contracting these essential stakeholders for the business, including the legal, social and environmental commitments that they must agree to in order to execute the contract. In this regard, in addition to registering, which shows their credentials according to the ESG agenda, suppliers can leave comments, submit doubts and send suggestions to the company about the procurement process. This instrument represents a significant advance in the company's contracting procedures by establishing more comprehensive and controlled requirements and clauses.

5. RESPONSIBILITIES

Suzano's Procurement area is responsible for content development, revision, implementation and dissemination of this Policy.

6. APPROVAL OF THE POLICY

This Policy is valid for an indefinite period from the date of its approval by the Logistics and Procurement Department.

The Logistics and Procurement Department has exclusive powers to amend, under any circumstances, this Policy. Any alteration in this Document must be informed by the Procurement area to relevant stakeholders.

Note 1: if required, copies of the decisions regarding any amendment or revision of this Policy can be sent to the stakeholders.

7. VIOLATION OF THE POLICY

Any violation of this Policy must be reported through the confidential Ombudsman channel and treated in accordance with Suzano's Code of Conduct.

- Telephone in Brazil: 0800 771 4060
- Email: ouvidoriaexterna@austernet.com.br
- Website: www.suzano.com.br, "Ombudsman" link

8. MISCELLANEOUS

Not applicable.

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9. APPENDICES

Not applicable.