Supplier Manual

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1. INTRODUCTION

This Manual is a general guide for procedures and criteria, concerning the relationship, approval, evaluation, reevaluation and monitoring of Supplier performance.

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1.1. OBJECTIVE

Papirus works and cherishes valuable relationships and pursues continuous supplier development to establish long-term partnerships.

The general requirements for conduct, relationship, selection criteria and monitoring of Suppliers are provided throughout this manual.

1.2. SCOPE

This Manual applies to suppliers, approved or under development, for materials and services that have a direct impact on the Papirus ability to consistently deliver compliant products and services to our customers.

1.3. CODE OF CONDUCT

1.3.1. Papirus Conduct Commitment

1.3.1.1 Environmental Responsibility

For Papirus, caring for the environment is not just an obligation. It's part of our business. When we transform recycled raw materials into new materials, we are transforming the environment for the better. When purchasing raw materials from other suppliers, we also have to make sure that they do not violate our values and that they follow the FSC® Raw Material Sourcing Policy.

1.3.1.1.1 FSC® C028826 Raw Material Sourcing Policy

By adopting FSC® Raw Material Sourcing Policy, Papirus is committed to continuously buy and use raw materials FSC®-certified raw materials from controlled sources in its products, making sure that the material does not come from:

- Wood from illegal logging;
- Wood whose logging resulted in the violation of civil and traditional rights
- Wood obtained from high conservation value forests whose attributes are threatened by management activities;
- Wood from forests whose land is being converted into crops or purposed for uses other than forestry;
- Wood from planted genetically modified trees forests.
  And Papirus verifies that the post-consumer reclaimed materials come from collection in commercial and retail distribution networks, commercial, industrial and institutional facilities, and residential collection.

1.3.1.2 Social Responsibility

Papirus' business is part of a complex network that includes not only the company's direct employees, but also suppliers, partners, customers and paper collector cooperatives. Therefore, in addition to contributing to the social projects promoted by the company, having social responsibility means working every day to ensure that the relationships with these partners benefit all parties.

• Child labor, forced labor, and compulsory labor

Papirus condemns child labor and forced labor in any part of its production process. Therefore, each employee has the duty to report any practice that they becomes aware of in this regard, prioritizing ethics throughout the chain. This also means looking for reliable suppliers and partners that follow the same ethical standards as Papirus.

• Occupational health and safety

At Papirus, people's safety and health is everyone's responsibility. While the company provides personal protection equipment and establishes processes and rules to avoid harm to people's health, it is each person's responsibility to use such equipment and follow these safety rules and processes. When finding a risky situation, it is also each person's responsibility to act in order to avoid the situation from continuing to occur. In these cases, the fact must be reported to your immediate superior, internal accident prevention committee (CIPA) or the Occupational Safety department. Leaders have the obligation to communicate about safety rules to their teams and protect everyone's lives.

• Discrimination, freedom of association and the right to collective bargaining

The flexibility that Papirus offers in the service it renders should also be reflected in its work environment. As a flexible and plural company Papirus does not tolerate discrimination against cultural or ideological differences, disabilities, color, ethnicity, nationality, origin, religious beliefs, political beliefs, social class, age, marital status, sexual orientation, gender, gender identity or any other condition. Likewise, Papirus respects the individual right of employees and partners regarding their political and union engagement. Thus, Papirus not only recognizes but also practices freedom of association and the right to negotiate collective bargaining and agreements.

Employees who become aware of any fact or situation that go against this guideline, whether in the company or within the production chain, must report to their immediate superior or to the Conduct Committee (Learn more in the communication channel chapter).

1.3.1.3 Business Accountability and Compliance

(Compliance is the set of procedures and rules that aim at keeping the organization in accordance with current legal or internal regulations)

Papirus works guided by Relationships of Value, therefore it values transparency and does not tolerate bribes, kickbacks and any other illegal or improper payments and gifts. Papirus is committed to establishing mutually beneficial relationships with its suppliers and customers, which includes:

• Act in compliance with the laws and regulations in force in the country;

• Be responsible and respectful in relation to authorities, customers, suppliers, community members and all other individuals, companies and organizations which the company engages with in performing its regular activities, always seeking to preserve its good image and reputation;

• Protect the confidentiality of Papirus' classified and strategic information to which you have access to, including after ending your relationship with the company

• Protect company assets, facilities, equipment and materials, using them only for the purposes for which they are intended;

• Not get involved in a situation where your own interests may conflict with the interests of the company and, when this is not possible, refrain from representing the company in the matter in question, immediately communicating the fact to your superior;

• Not establish business relations with companies that, admittedly, do not comply with the same ethical standards as Papirus.

1.3.2. What Papirus does not allow

• Abuse of Power

Using your position in the company to obtain gains or advantages, for yourself, for the business, or for third parties in any relationship that may be established is prohibited.

• Moral harassment

Papirus does not tolerate any type of disrespect, embarrassment or humiliation among its employees, regardless of hierarchical levels, positions or functions. Anyone who feels discriminated against, disrespected or threatened and feels uncomfortable to discuss the matter with their direct superior, must communicate the fact through the reporting box or speak directly with the HR Supervisor or Manager.

(Learn more in the communication channel chapter).

• Sexual harassment

Papirus does not accept any unwanted proposed or imposed verbal, physical, or any other type of conduct of a sexual nature, which may cause embarrassment and violate the person's sexual freedom. Sexual harassment violates the person's dignity and the victim's fundamental rights, such as freedom, privacy, honor, equal treatment, the social value of work, the right to a healthy and safe work environment, and constitutes a violation of human rights. Learn more in how to report in the communication channel chapter.

• Family Relationship

Direct or indirect relatives of employees (parents, spouse, children, siblings, grandchildren, grandparents, brothers-in-law, cousins, stepchildren, etc.) are not allowed to work in positions where there is a hierarchical subordination relationship.

• Alcohol, Drugs and Weapons

Consuming or selling alcohol or drugs, as well as carrying weapons is prohibited on Papirus premises.

• Non-Disclosure

Providing restricted or confidential information about formulas, operational processes, marketing methods, as well as product promotions or advertising, and any other type of information belonging to the company to unauthorized co-workers, third parties or competitors is prohibited.

• Receiving gifts and favors

Accepting gifts or services from customers, suppliers, business partners or individuals or legal entities that maintain or will maintain a relationship with the company is prohibited. Low-value institutional gifts such as pens, daily planners, calendars and the like that may be received are not included.

• Associations and Political Connections

Papirus understands that employee engagement in clubs, political parties and entities is legitimate. However, campaigns, lectures, promotions or rallies are not allowed in the company's premises.

1.3.3. Conduct on social media

For Papirus, reputation, ethics and credibility are essential qualities, as they contribute to strengthening the organization's image as a solid and reliable company, guided by relationships of value and flexibility. The company understands that employee engagement on the internet and social media affects the brand directly, therefore some care must be taken:

• When stating on your profile that you are a Papirus emplyee, please be assure that what you post does not go against the brand attributes. Our relationships of value are mainly focused on respecting other people's opinion, understanding them and doing for others what we would like them to do for us. Therefore, the values of our brand must be followed in each private post;

• Do not share images (photos or videos), information about the company, employees or customers on public social media, or any means of communication, without formal authorization from Papirus' Communication and Marketing department, except if sharing news, images and posts from the company's official page itself, as long as such post doesn not include additional text that can harm the company's image. If you see something on social media that is harmful to the company, send an email to ouvidoria@papirus.com;

• Disclosing confidential or internal information, or information on work routines is prohibited;

1.3.4. Conduct and Disciplinary Practices Committee and Communication Channel

The Papirus Conduct Committee is constituted by our Senior Management and the Human Resources Management, responsible for analyzing and responding to reports on attitudes contrary to the guidelines presented herein.

Complying with this Code is mandatory, therefore it is important for everyone to know that actions that violate the provisions set forth herein will be subject to adjustment enforcements, ranging from reorientation to disciplinary measures, as provided for in labor and/or contractual laws.

To ensure anonymous access to the Conduct Committee, Papirus offers a reporting box to all employees. In Limeira, it is located at the cafeteria, and in São Paulo, at the reception area. If you believe that any attitude in your day-to-day work goes against company principles or expected conduct, as detailed in the previous chapters, do not hesitate to speak up. You do not need to identify yourself, only the conduct committee members will have access to this information.

Important: All matters will be treated with complete confidentiality.

1.4. ENVIRONMENTAL RESPONSIBILITY

Papirus proclaims its culture as a transforming company, supporting suppliers by making smart use of recycling and respecting the environment. For this, Papirus adheres to the following principles of sustainability and environmental responsibility in activities related to its products, processes and services:

- Use certified and controlled virgin fibers, as well as promoting their recycling, using pre- and post-consumer reclaimed materials.
- Use raw materials from environmentally responsible suppliers to our products, seeking renewable sources.
- Protect the environment, preventing pollution by managing environmental aspects and impacts related to water effluents, solid waste and atmospheric emissions.
- Seek to improve our bottom line, continuously improving our processes and services, setting objectives and goals to meet the

expectations of our customers, shareholders and the community.

- Educate, our professionals, raising awareness and encouraging them in environmental preservation initiatives.

- Comply with current legislation applicable to the industry in which we operates.

2. PURCHASING POLICY

RFQs for Papirus Indústria de Papel SA are requested by the Procurement Department.

Negotiations with suppliers are conducted upon submission of the best technical and commercial proposal, which includes: quality, price and turnaround time.
Suppliers are not authorized to supply Papirus products without prior approval from the Procurement Department.

If any technical meetings and visits are required, they must be scheduled directly with the Procurement Department, respecting the dates and times scheduled between the parties.

Papirus values and prefers suppliers owned by people from underrepresented populations.

Our supplier must conscientiously follow these principles and disclose them to third parties by similar notice in their procurement documents.

2.1. FINANCIAL EVALUATION

A financial assessment of suppliers will be conducted, at the discretion of Papirus and whenever deemed necessary, through consultation with the Credit Protection Service (Ex. Serasa Experien).

In the event any credit issues are found,
the following actions will be taken:

a) New Suppliers: Will not be approved as suppliers until all issues are resolved.

b) Current Suppliers: Immediate resolution of issues will be requested, and the actions taken must be proven by submitting documents that prove said resolution. In the event issues are not resolved in up to 90 days, supplier will be delisted.

3. SUPPLIER APPROVAL, EVALUATION, REEVALUATION AND MONITORING

3.1. APPROVAL PHASE

Suppliers must fill out the Pre-registration and Self-evaluation/Approval form to begin supply, according to approval criteria:

Note:

Score ≥ 70: Approved, shows the good standing expected to provide services and/or products.

Score < 70: Failed, does not show the good standing expected to provide services and/or products. Requires improvements for approval and begin supply.

Sample and test material, does not exempt company from taking part in the Self-evaluation/Approval process.

3.2. SUPPLIER PERFORMANCE EVALUATION - APF

The Supplier Performance Evaluation (APF) is used to continuously monitor the performance of each supplier. It is updated on a bimonthly basis and the results are disclosed every six months.

Definitions:

Acronym	Meaning
APF	Supplier Performance Evaluation
IP	Supplier On-time Index
IQ	Supplier Quality Index
BOA	Warehouse Occurrence Bulletin
RNC	Non-Compliance Report
SGQ	Papirus Quality Management System Department

3.2.1. CALCULATION CRITERIA

The APF calculation formula is:
APF = IP*0.50 + IQ*0.50

a) Breakdown of the APF:

The APF is comprised of two indicators:

1. IP (Supplier On-time Index): equal to 50% of the total;

The IP is the average of on-time deliveries, considering 100% of deliveries on time and losing 10 points per day late. Example:

	Delivery Date of Purchase Order	Date invoice (NF) arrived at the Company	Days late	Timeliness
Delivery 1	April 20, 2020	April 20, 2020	0	100%
Delivery 2	April 20, 2020	April 20, 2020	2	80%
			Avg.	90%

2. IQ (Supplier Quality Index): equal to 50% of the total;

The IQ calculation formula is:

IQ = 100 – (NCR*10) – (WIR*2.5)

The IQ demerit criterion will be scored by the WIR (Warehouse Incident Report) and NCR (Non-Compliance Report), as follows:

Criteria	Points lost
Warehouse Incident Report (WIR)	2.5 points per occurrence
NCR - Non-compliance report	10 points per occurrence

APF Supplier score criteria:

Score	Status	Measures
≥ 90	Approved	Supplier remains Approved.
≥ 50 < 90	Approved with Restrictions	Supplier is Approved, however, must be formally notified to take measures relating to the occurrence and deliberation of its status.
< 50	Failed	Supplier has failed and must be formally notified regarding status. If supplier wishes to remain as a supplier, a new approval process must be started.

3.3. SUPPLIER PERFORMANCE EVALUATION FOR SERVICE PROVIDERS

All services must be submitted to performance evaluation, according to the following criteria:

Puntuación	Estado	Acciones
≥ 80	Approved	Supplier remains Approved.
≥ 50 < 80	Approved with Restrictions	Supplier is Approved, however, must be formally notified to take measures relating to the occurrence and deliberation of its status.
< 50	Failed	Supplier has failed and must be formally notified regarding status. If supplier wishes to remain as a supplier, a new approval process must be started.

3.4. GENERAL REMARKS

Material Suppliers that do not achieve the minimum score of 90, will receive an APF Action Plan to inform the procedures and actions that will be taken to mitigate any potential repeat non-compliances found that led to the demerit.

For Service Suppliers that do not achieve the minimum score of 80, Procurement must, together with the department responsible, assess the need if services will still be provided by said supplier or if supplier will be replaced.

3.5. MATERIAL RECEIVING

Material receiving is from Mondays thru Fridays, from 8:00 am to 4:00 pm. Except for fiber-related (pulp, paste and scraps) raw material will be managed on a case-by-case basis.

Any other needs must be informed to be analyzed in advance.

3.5.1. INSPECTION AT RECEIVING

All material delivery is submitted to a Warehouse approval process, comprised of checking the Purchase Order and material delivered, number of parts, product integrity and quality. In case of any discrepancies, Warehouse will inform Procurement to take any measures required.

Supplier is liable for all costs incurred in material return.

3.6. SERVICES ON PAPIRUS PREMISES

Service provider must submit all documents for induction, which will be submitted for analysis and approval to be approved for work, as requested when hired by the Procurement Department.

3.7. CONTINGENCY PLAN

Suppliers must have Contingency Plans, aiming to ensure the supply of products and/or services in emergency events, except for harsh weather or other reasons of force majeure.

3.8. CHANGE IN PRODUCT AND/OR PROCESS SPECIFICATIONS

No technical changes are allowed without prior authorization from Papirus. Suppliers must inform any changes to the manufacturing process, product design, components, packaging, subcontractors or change of product manufacturing site for products approved in advance.

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