



mercur 
since 1924

2023 IMPACT REPORT

The journey towards the 100th anniversary involves challenges, transformations, and a great deal of learning. Mercur reaches this milestone with the certainty of continuing with the purpose of co-creating the world in a way that is good for everyone.

We exist to improve your life and that of everyone around you. We develop products and projects in the areas of Health and Education, which help people explore their skills and potential in the best possible way.

Co-creating
a different
world is
possible.

Nice to meet you, Mercur 03
Facilitation Charter 04

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How to read this report

Nice to meet you, we are Mercur!

In this Impact Report, we divide our industry's 2023 results into a journey of co-creation, learning and constant transformations. Towards the 100th anniversary milestone, there were several results and decisions that brought us here. From a Turning Point that changed everything in 2009, to the moment when we carried out actions aligned with a holistic socio-environmental awareness and responsible management, what we want is to inspire, generate conversations.

To enhance the reading experience, we have divided this material into two distinct sections. In the first section, we delve into our commitment to fostering a thriving internal environment. This encompasses

our employees, our industry, our e-commerce platform, and the continuous pursuit of innovation and development in Healthcare and Education. We firmly believe that a strong internal foundation is the cornerstone of external success.

The second section highlights our dedication to social and environmental stewardship. Our journey towards being a carbon neutral industry, our logistics actions, circularity, projects, and care for the supply chain are all explained there.

We remain mindful of our financial responsibilities; that is why we conclude this report by presenting our financial results, demonstrating our commitment to shared prosperity.

Enjoy your reading!

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Photographs: Mercur S.A.
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A new century for Mercur

The publication of this Impact Report makes me proud. This material is the work, mainly, of our people at Mercur. This year, we amplify our efforts by listening to our clients and partners in a collaborative approach to a better world. Our impactful stories have inspired many and are reclaimed herein. They materialize and close a cycle throughout our 99th year. Being an (almost) century-old company brings a huge responsibility: we celebrate the wealth of learning combined with the continuous commitment to relationships that value life. Based on this belief, we understand that we have a lot to share.

Our 100th anniversary makes us even more aware of the importance of innovation. We were created from a pioneering

vision, and this is strengthened in everything we do. Our Turning Point, over 15 years ago, confirms this. But also "how we learned", year after year, after that. Based on the propositions of our innovation laboratory, Vóka, throughout 2023 we built more agile and less bureaucratic internal processes. And we open our doors to share knowledge in an immersive experience, the "Mercur Way".

The last period was also a period of reorganization for our governance system, with the Family Members Council and the Advisory Council. We are a family company and structuring these forums contributes to transparency, succession, and progress towards Vision 2050.

Vision 2050 "Building relationships that value life, regenerate the planet, and pave the way for a sustainable future."

At Mercur, we embrace differences and seek to be ethical in relationships. That's why we created SOMOS+, which welcomes diversity and an inclusive culture. Furthermore, we legitimized our trust with external stakeholders, by expanding the purchase of more native natural rubber from Amazonia in indigenous villages of Rondônia. The Native Rubber Project has existed since 2010, in Pará, and was expanded in 2023.

Courage, perseverance, and belief in Mercur's purpose make our people very special. **We cannot say that we are all a family, because a family is not governed by contracts. But we are part of a unique group that believes it is possible to co-create a world where people can have a say and a voice.**

Everything is still under construction and will continue, because every day our consciousness evolves, allowing us to take a few more steps. May you find good paths here.

Jorge Hoelzel Neto
Direction facilitator



Inside look

How big is our business? What systemic actions do we develop with a focus on the well-being of our employees? How do we innovate to deliver better products to our customers and the planet?

Inside look is the beginning of the purpose of co-creating a better world for everyone.

*Antônia, Mercur employee for 1 year.
Marineide, a Mercur employee for 24 years.
Vagner, a Mercur employee for 15 years.
All three work in the Education production area.*



Towards the centennial

To commemorate our upcoming centennial, we invite our longest-serving employee and a new employee who has been with the company for less than a year.

In 2023, we celebrated Mercur's 99th anniversary.

Towards our centennial, it is natural that reflections begin on the entire journey that has brought us here. Among the many lessons learned, one of the most striking is that people are at the center of what we do. More than that, we are shaped by them. Our history is a huge mosaic made up of everyone who believes in our ideal and works side by side with us to co-create a different, more human, and truly sustainable world.

One of these people is Isidoro Strothmanm, our longest-serving employee, who joined Mercur in 1977. Acting as one of the Maintenance area advisors, he started working on the factory floor as a player and helped build many of our machines. As we reach our centennial, he will be part of 47 years of that history.



"The Mercur Way is not a slogan, it is a true company culture. For me, it is an invitation to live better, to become a better human being",
Isidoro Strothmanm.

Despite being one of our most recent collaborators, Kelly Teves, who joined Mercur seven months ago as a physiotherapist, also agrees with Isidoro's words. For her, Mercur's main differentiators are its human approach and the sense of belonging she felt from the get-go.

"I'm very proud to be part of this story. Mercur is a company that values people. Everyone is truly treated as equal",
Kelly Teves.

How do they both see Mercur in 100 years? The answers were quite similar. Each spoke about the possible changes and innovations that we will have, focusing on people's needs, but both believe that one thing will not change:

For them, the Mercur essence will remain the same, as it is what brought us here.



Beyond numbers

Taking care of life also presupposes looking at numbers and seeing through them

Health and Education are not just our areas of activity. These are directions that lead us to decision tornadoes that move beyond numbers. We see relationships, and we know that we are also based on an industry that needs to be operated as a business.

On the next pages, we will present our industry and numbers that demonstrate almost century-old solidity throughout 2023.

Mercur continues to be the historically most remembered brand, for 17 years, in the eraser category, according to the Best Brands survey.



Revenue
in 2023:

BRL 158 million

LONG-LASTING RELATIONSHIPS

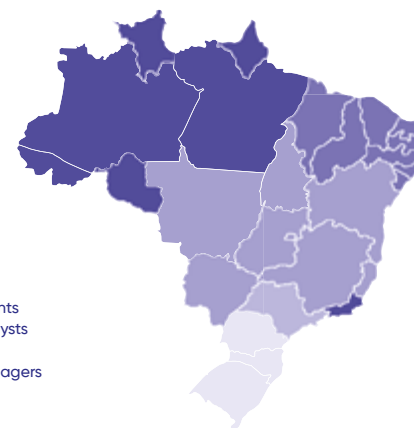
One of our main pillars of work is the cultivation of solid relationships with clients, aiming for the long term. One of the companies with which we have a long-standing relationship is Distribuidora Gama, located in Minas Gerais. Romero Santana, founder of Gama, remembers that we were one of their first partners, when the distribution company was still located in the back of a house. Today, with more than 350 employees across four units, the partnership remains solid.

"Our relationship with Mercur is built beyond the transactional and, even our business relationship is established with the utmost ethics", Romero Santana, founder of Distribuidora Gama, which operates in the pharmaceutical market.

TEAMS THROUGHOUT BRAZIL

We have more than **100 people** throughout the country who are qualified to assist:

- Stockers
- Relationship and sales agents
- Relationship and sales analysts
- Sales representatives
- Relationship and sales managers
- Health professionals





An e-commerce for building relationships

In 2023 we expanded and strengthened our e-commerce, without leaving aside our values and the Mercur Way

We see e-commerce as another opportunity to establish relationships with people, showing the solutions we have to offer. In 2023, we established an annual campaign calendar, reducing fluctuations in monthly revenue.

In August, we achieved the best monthly revenue in the history of our e-commerce, totaling BRL 66,900 in sales. All the effort throughout the year resulted in 38% growth in gross revenue.

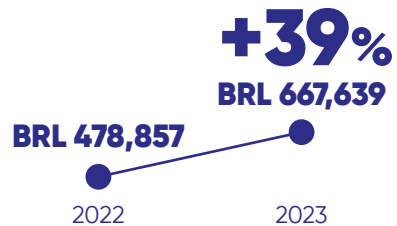
It is important to emphasize that we always give preference

to relationships established in person, at physical points of sale. Therefore, the growth of the virtual store was conducted strategically, aiming to build relationships and answer customer questions, also being a point of consultation for in-person retail.

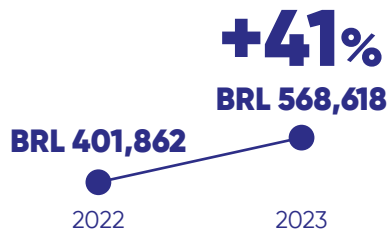
"Keeping e-commerce active allows us to increasingly bring the brand closer to people, understand their profile, their needs and co-create products and services that are meaningful to them",
Jônatas Stacke, Digital Relationship Manager at Mercur.

How much has our online store grown?

GROSS REVENUE



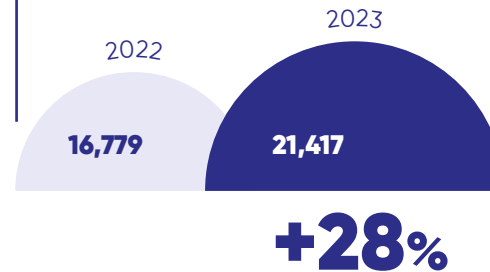
NET REVENUE



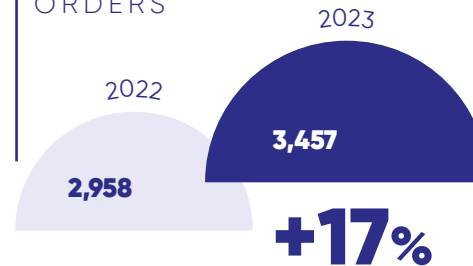
PRESENCE IN THE NATIONAL TERRITORY:

We reached 26 Brazilian states, except Amapá.

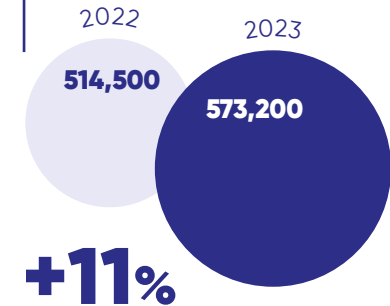
PEOPLE INTERESTED IN STAYING IN TOUCH



ORDERS



E-COMMERCE VISITORS



ACCESSIBILITY ON THE MERCUR WEBSITE AND ONLINE STORE

We have evolved in terms of accessibility on the Mercur website and e-commerce. It is now possible to translate written content from Portuguese into Brazilian Sign Language, which makes communication with people with hearing disabilities possible. There are also resources to accommodate visual disabilities, in which text fonts can be changed to improve readability for people with dyslexia or enlarged to help people with low vision.



Best practices with the Mercur way

We continue the journey of cultural and operational change, which aims to structure a Lean Production model, putting people first.

Aligned with the best market practices, we began a transformation in our industry in 2021, with specialized consulting from Proddutare.

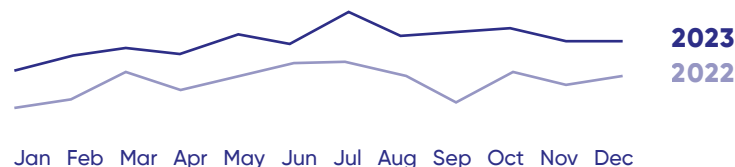
Throughout 2023, we managed to strengthen the transformation journey that values our collaborators. We aim to make our production more efficient, avoiding waste of raw materials, reducing the time it takes for the product to travel through the factory (lead time) and taking advantage of people's potential.

In 2023, we began implementing the Advanced Planning and Scheduling (APS) System and redesigning processes in the

Production Planning and Control area. Among the benefits are the reduction in time to carry out production planning and scheduling, agility for reprogramming, digitalization of the process, data accuracy and rapid simulation of scenarios.

We also expanded the Workplace Management method to other equipment in the manufacturing park. Throughout these changes, we always train employees who may have to change roles. This way, we avoid layoffs and take advantage of existing human potential.

Global Operating Yield Index (IROG)



MAIN PROJECTED RESULTS WITH THE APS SYSTEM

- **Reduction** of manufacturing lead time (time it takes for the product to "go through" the factory);
- **Reduction** of stock levels (stock in process and finished product);
- **Increase** of the level of customer service;
- **Increase** of productivity.

Mercur
X-ray

De **718**
collaborators,

390 are in the
production
process

328
are in the
administrative
and commercial
sectors

200 active
machines



*These initiatives collaborate with the UN's
Sustainable Development Goals (SDGs)*

Mercur
performance
technologies



RUBBER



FABRIC



METALS



RESIN

Mercur in Santa
Cruz do Sul

LAND AREA:

Center:
19,497m²

Industrial District:
103,282m²

BUILT AREAS:

Center:
14,858m

Industrial District:
17,633m²

FACTORY AREA:

Center:
5,842m²

Industrial District:
6,640m²

1,070
active sales
items (SKU)

675
health

375
Education

From Mercur to its people

The relationship and appreciation of those who build everything here is one of our pillars

People are at the heart of what we do. As part of our responsible management, we implement different actions to enhance the well-being and relationships with employees.

SOMOS +

In 2023 we expanded our unique perspective with the launch of Somos+, a Diversity and Inclusion program. Cassiano Kappaun, leader of the first working group created that of people with disabilities, says that the purpose of the initiative is to strengthen the topic through learning and communication. "We want to raise people's awareness, create more empathy and have a more diverse environment," he summarizes.



1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES

These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

Internal attitudes



36 weekly working hours.



Reduction of the difference between salaries.



Hybrid work.



Organic food in the cafeteria



Bringing together those who make and those who produce (Feirinha de Quem Faz).



Incentive for completing studies (SESI EJA Program)

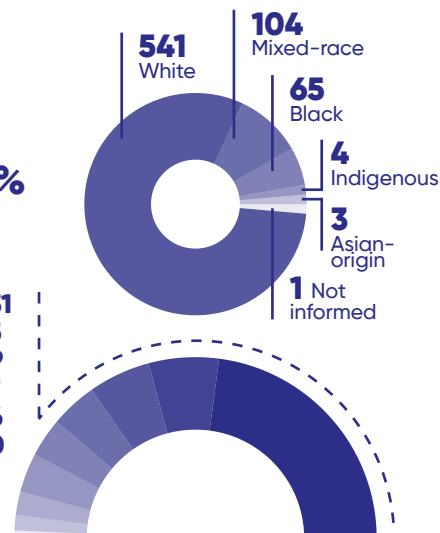


Mental health support with psychosocial care.

X-ray of our 718 people

53% female (384) **47%** male (334)

High School Degree **331**
Higher Education Degree **95**
Specialization **89**
Elementary School Degree **57**
Incomplete Higher Education Degree **56**
Incomplete elementary education **50**
Incomplete High School **31**
Incomplete specialization **7**
Not literate **2**



38 employees registered with EJA in 2023
8 EJA graduates throughout the year
15 young people enrolled in the Pescar Project
32 Young Apprentices

1,52% overall turnover

INVESTMENT IN EMPLOYEES IN 2023

+ BRL 2.3 million in health benefits
+ 9,950 hours of training for employees, with a total investment of **BRL 105,098.79**
+ 3,200 hours of safety training
+ BRL 4,860 in other benefits
+ BRL 101,000 in education and early childhood education aid

Movement in relationships

We updated the organization chart establishing roles and responsibilities in our governance system

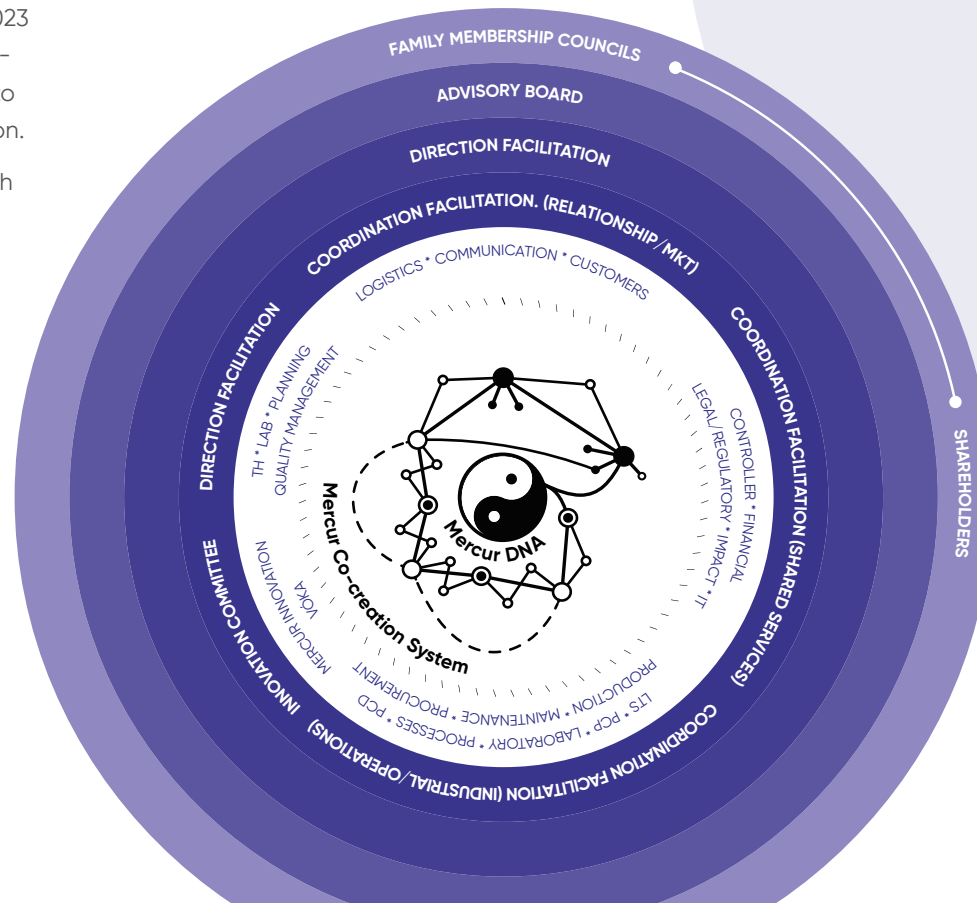
If you visit us at Mercur, you will probably sit in a circle somewhere. It is in the strength of circularity that the Mercur Way proves authentic and develops horizontally every day.

In a move to evolve our governance system, in 2023 we revisited the description of roles and responsibilities within the company, bringing more focus to how we do it and the technicality of each function.

We added layers to our organizational chart, with Family Membership Councils, made up of family shareholders; Advisory Board, comprised of 3 shareholders and 2 independent directors; the Management Facilitation, being co-led; and the great evolution in Coordination Facilitations aimed at specific skills. The main success we reaped was bringing more balance to our holistic view of the world, without opposing the technical standpoint.

"The way of operating remains the same: being aware that we need to be close, collaborating, and aware of our co-responsibility, regardless of the area in which we operate", Fabiane Lamaison, Relationship and Marketing Coordination Facilitation.

The duality of the universe, represented by Yin-Yang, remains, as does our permanent state of learning through Educommunication. Both concepts allow our co-creation system to seek innovative and conscious solutions for everything we do.



Customer Service is a strategic pillar

Far beyond a protocol channel, our Customer Service (SAC) is an opportunity for relationships, improvement, and care for people

Customer relationships are an opportunity to understand systemic improvements and reinforce our purpose. If our SAC was once focused solely on "handling complaints," today it is an area committed to the best possible experience. Although we are attentive to legislation and seek to speed up processes through automation, we are keen on maintaining humanized interaction. After all, we are people talking to people.

In 2023, we standardized our Customer Service across all channels and automated some processes, which provided more fluidity to the operation and improved the level of service. This move inspired a complete redesign of the area.



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

Number of Customer Service interactions in 2023:

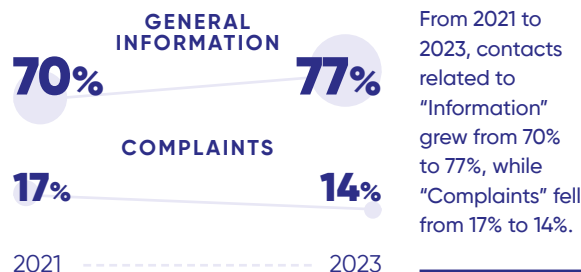
4,350
(+38% compared to 2022)

86% were for information.
14% went to complain.

Initial response time: **23 minutes**

Satisfaction percentage: **93%**

Even with the large increase in the volume of services, we maintained the same level of satisfaction as in the previous period (93%).



38
32

Complaints via Reclame Aqui decreased from 38 to 32 and we reached a score of 9.

Co-creation of **373** articles for the Help Center
+40% compared to the previous year

99.19% positive mentions across different contact channels*

*Zendesk, SuperAcesso, LinkedIn, Instagram, Facebook, YouTube, Twitter, and Institutional Website.

Content-driven communication

Reputation, engagement, and brand visibility are indicators monitored by Mercur's Communications area

Communication actions seek to promote dialogue, listen to plurality, and disseminate our position. The amount of content production stands out: multi-format, with simple language that adapts to different needs and interests. The idea is to establish Mercur as a source of knowledge and consultation, in addition to presenting the different products in the portfolio.

JÉSSICA PAULA: CO-CREATION AND INSPIRATION

We signed a partnership with influencer and journalist Jéssica Paula. She promotes some of the company's products in the mobility and rehabilitation lines. She made history by becoming the first paraplegic woman to climb the 396m Pão de Açúcar, in RJ, and to cross Lençóis Maranhenses using our crutches.



The content produced shows the daily lives of those who use crutches to carry out the most diverse activities. Find out more.



Content production in 2023

250+
pieces produced for social networks

700+
mentions in the press

150+
contents shared via website and press

100+
videos produced for different channels

10+
activations with ambassador Jéssica Paula

COMMUNICATION

Communication indicators

| WEBSITE

7.8%

growth in website page views



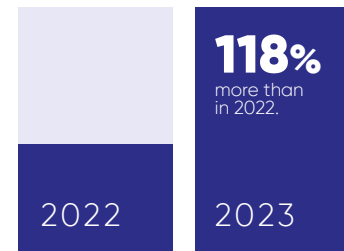
| PRESS

55.4%

represents an increase in mentions compared to 2022

| SOCIAL MEDIA

Spontaneous media valuation:
BRL 13,690,918.05



52%

more interactions and mentions on social media and in the press.

68%

more impressions.

4.4%
engagement rate

**An engagement rate between 1% and 5% can be considered good (Source: Buzzmonitor).*

Back to trade shows

With a focus on expanding business and strengthening our relationship with the Brazilian market, we invested in a return to traditional trade shows in the areas of Health and Education

In the post-pandemic scenario, we understand the importance of Mercur expanding its presence in the Brazilian domestic market, seeking new business, and strengthening its relationship with this segment. Therefore, in 2023 we invested in a return to events that serve as a meeting point between stakeholders, customers, suppliers, and professionals: the Health and Stationery trade shows.



New Office Show

in Manaus, Fortaleza, Salvador, Recife, Brasília, Belo Horizonte, Vitória, Rio de Janeiro, Campinas, Curitiba, and Porto Alegre.

We impacted around

94,000
people

HOSPITAL TRADE SHOW 2023

One of our main participations in 2023 was the Hospital Trade Show, the largest health event in Latin America, which took place in May, in the capital of São Paulo. After nine years without participating in the event, it was a milestone for the presentation of new solutions and an opportunity to show the Mercur Way of working with people.

- **Sustainable Stand Award at the 2023 Hospital Trade Show**
- **Action: Offset your Footprint**

As a way to generate more environmental awareness, we distributed Ipê seeds and taught people how to calculate how many trees need to be planted to offset the carbon emissions generated at the event.

Hospital Trade Show

in São Paulo

Find out more about our participation in the Hospital Trade Show:



International Physiotherapy Congress

in Florianópolis (SC)

The Mercur Way of innovating

Fundamental in a century-old journey, we created initiatives to strengthen the innovative spirit

Innovation is a word that has been present in the vocabulary of Mercur people for a long time. We understand that to truly innovate, we need to put people's needs at the center, always seeking intelligent solutions, through co-creation and a socio-environmental awareness.

SOCIAL INNOVATION LABORATORY

The Lab, as it is known within the company, is a space we offer our collaborators, as way to encourage continuous education through the pillars of learning and creation. It is a place with open doors for innovation to happen through exchange and interaction between people.



Our innovation center was born with the aim of sparking transformational innovations inside and outside Mercur, working on autonomy and disruption. To Cássia de Menezes Hoelzel, head of innovation, 2023 was the year of putting ideas into practice.

03 new Vóka programs in 2023

Mercur way

A service that allows you to learn about Mercur's socio-environmental management through an immersive experience. It is aimed at those who identify with our purpose and are interested in understanding how we apply our practices and operations.

Speaking of Innovation

Program of monthly lectures and conversations with Vóka members and experts to share knowledge and curate content on topics of broad interest in the areas of technology and innovation.

Design Sprint

An internal learning program, in which teams of up to seven people come together to solve problems more efficiently and creatively, applying the Design Sprint methodology.

Thais, Bruno, Luan and Cássia, Mercur collaborators who work at Vóka

03
editions carried out, 02 open to the public and 01 in company.

10
lectures held, with an average of 80-90 participants from the internal public.

04
rounds, which generated Certificates of Participation for collaborators.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

Co-creation as a strategy

Discover the main news of 2023 for the Health and Education markets, in the year in which we tripled the number of products launched. During the process, we maintained the essence of co-creation with users to understand their real needs.

Health



Natural Thermal Bag for Babies

Launch of the children's version of our Natural Thermal Bag, which was also produced from 100% organic cotton fabric and açai seeds from the juçara palm tree, using material that was previously discarded.



Thermal Gel Pack Support for Maxillofacial and TMJ Treatment and Thermal Gel Cap for Migraine Relief

Launch of two non-invasive products, which through thermo-therapy help relieve bruxism and migraine pain.



Hinged Canadian Crutch and Folding Canadian Crutch

Two launches of the crutches line that innovate in the categories of ergonomics, practicality, and comfort.

Termoband: Brazil's first professional Neoprene bandage

Professional Neoprene bandage, with advanced technology that provides thermal balance and greater comfort during the injury treatment process.



Mercur/Grupo Boticário Partnership

Pilot project to co-create accessories that facilitate the application of beauty products, enabling greater autonomy for people with disabilities or reduced mobility in the upper limbs.



OUR ACKNOWLEDGEMENTS

Crutch Line

- Functional Certification -well-being and senior care,
- granted by IBTeC*
- Silver at the 9th Bornancini National Design Award
- Gold at the international New York Product Design Award 2022

Fixed Canadian Crutch

- Gold at the 9th Bornancini National Design Award
- Silver at the international New York Product Design Award 2022

Natural Thermal Bag

- Silver in the Bornancini National Design Award

* The Functional Seal is a certification developed by the Brazilian Institute of Leather, Footwear and Artifacts Technology (IBTeC) to evaluate the functionality of products and services aimed at people over 60 years of age.

Education

TR Technik Rubber

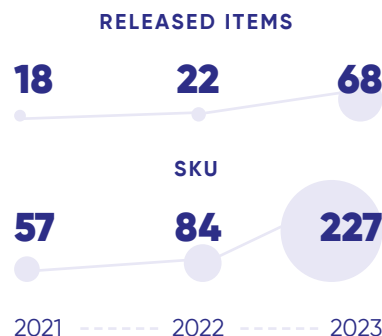
Brazil's first thermoplastic technical rubber that is 65% renewable. Made with renewable inputs and free of mineral fillers, it is 30% lighter than other rubbers, reducing the environmental impact of transportation. Technology was also applied to other products, such as TR Technik Mini and Biomass do Brasil TR rubbers.

Biomass do Brasil TR Rubber

It appears as an expansion of the product line of the Biomass do Brasil program. The new rubber is thermoplastic and made with 65% renewable raw materials.



Our numbers



Compared to 2022, we had

3x more new product launches.

Rehabilitation was the category with the most items launched.

OUR PRIORITIES IN PRODUCT DEVELOPMENT

- Revitalization of the current portfolio of products and services, focused on our DNA;
- Review of internal processes seeking agility in the development of new products, which reflected in the number of deliveries;
- Strengthening partnerships to create transformational products;
- Expansion of the relationship with the co-creation network;
- Design as an ally to simplify processes and increase product longevity



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)



*Sandra, resident of
Santa Cruz do Sul/
RS and consumer
of Mercur
resources.*

Change
depends
on our daily
attitudes.



*Jadler, a Mercur
employee for 5
months, works in
the production
area of Education*

The
environment
is our
stakeholder.



Caring for the environment

The environment is our stakeholder: it guides the daily decisions we make aimed at regeneration. Without the preservation of natural resources and actions that consider the environmental, social, and economic pillar, there is no way to co-create the world in a way that is good for everyone.

Therefore, looking at the environment is central to our industry. We do this from the inside out – being guided by choices, innovations, searches, research, and the constant challenge of evolving our consciousness.

We are carbon neutral

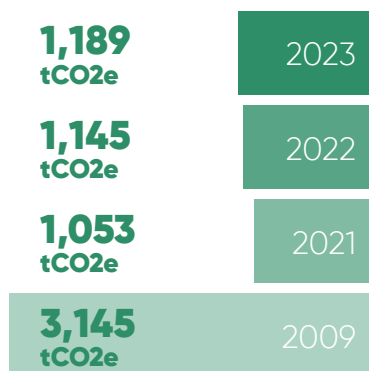


Respect for our relationship with nature is non-negotiable at Mercur, and this starts with our commitment to reducing GHG emissions

In addition to relationships and co-creation with people, sustainability is an essential pillar in Mercur's strategic guidelines, a commitment we have made since Turning Point. Therefore, in the next pages, we share updates on our pioneering efforts and initiatives in the ESG categories, starting with carbon emissions.

Since 2015, we have been a carbon neutral company. To make this possible, we reduce all possible greenhouse gas (GHG) emissions and compensate for what cannot be avoided. Compensation takes place through actions, such as planting native seedlings and purchasing carbon credits.

Our GHG emission history



HOW DO WE CALCULATE MERCUR'S CARBON FOOTPRINT?

O cálculo de emissões é feito seguindo o GHG Emissions are calculated following the GHG Protocol, which is a standard used worldwide for preparing GHG emissions inventories. At Mercur, our emissions are influenced by revenue. Therefore, it is natural that, in some years, emissions increase and, consequently, we compensate more.

There are three scopes considered for this calculation:

- 1) direct emissions**, such as fuels, generators, and boilers, which are controlled by the company;
- 2) indirect emissions**, which only contain electrical energy and can be controlled by the company;
- 3) indirect emissions** from sources not controlled by the company, such as merchandise logistics, air travel and movement of employees.

Around **80 to 90%** of our emission sources are indirect, within scope 3. According to the GHG Protocol, it is **not mandatory** for companies to include this scope in their inventories. However, as a way of engaging our value chain and encouraging systemic environmental changes, Mercur includes these emissions in the calculation of its carbon footprint and in the annual compensation we carry out*.

* On pages 33-35, we expand on our logistics.

Our compensation actions in 2023



Acquisition of carbon credits.



Our Photovoltaic Plant.



Planting of trees on a property that is part of the Protection Program for the Pardo River and Lake Prefeito Telmo Kirst (Lago Dourado) springs.

These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)



2008

WE PREPARE FOR THE TURNING POINT

With a Working Group lasting a year and a half, made up of eight subgroups of around 10 people, we discussed our company's transition.

2009

THE TURNING POINT

We formalize Mercur's new management model, focused on socio-environmental issues and collective construction.

2010

START OF THE NATIVE RUBBER PROJECT

To help keep the Amazon rainforest standing, we began purchasing natural rubber extracted from native rubber plantations in riverside communities.

2011

WE HAVE INSTITUTED OUR REVERSE LOGISTICS POLICY

We have nine premises to complete circularity, covering product, communication, engagement, and disposal.



Check out more on page 33

2012

MORE SUSTAINABLE PACKAGING

We replaced some plastic packaging with recyclable materials from renewable sources, avoiding contamination of the environment and facilitating recycling. This is in line with our goal of reducing plastic use as much as possible.

WE OPENED THE LAB

We created the Lab, our Social Innovation Laboratory, which was our first innovation area within Mercur. We opened it to the community too, to inspire and engage other actors.

REUSE OF RAINWATER

With the aim of reducing drinking water consumption, we installed the first cisterns to capture and reuse rainwater for our production.

2015

WE BECAME CARBON NEUTRAL

In 2009, we began monitoring, reducing, and offsetting greenhouse gas emissions generated in our operations. Thus, we became carbon neutral.



Check out more on page 24

2017

INCENTIVE TO LOCAL FARMERS

To appreciate small producers and improve the quality of life of our employees, we purchase part of the food served in the cafeteria from organic and local farmers.

2019

FIRST 100% RENEWABLE PRODUCT

The Natural Thermal Bag is 100% made from renewable raw materials: organic cotton and açai seeds from the juçara palm tree purchased from small producers.

WE DO NOT TESTS ON ANIMALS

After ten years of research, in 2019 we won the legal right to abolish tests with living organisms in our entire production process. We opt for alternative methods, such as in vitro testing, and thus avoid animal cruelty.

2020

WE CREATED AN ALUMINUM PARTS PROCESSING LINE

To reduce environmental impacts through the nationalization of our products, we invested in the creation of an assembly line for orthopedic products that processes aluminum parts. The new Fixed Canadian Crutch was the first item entirely produced in Brazil, with 24% less aluminum than the imported version

2022

THE CREATION OF VÓKA

We created the Mercur Innovation Center, Vóka, playing a role in disruptive and transformative innovation, from an organizational ambidexterity perspective, with an environmental focus.



Check out more on page 17

WE LAUNCHED THE BIOMAS DO BRAZIL RUBBER LINE

We created a program to promote the preservation of Brazilian biomes through education and launched the Biomas do Brasil line of natural rubbers. The following year, we launched the initiative's second product line, TR Biomas do Brasil Rubbers.



Check out more on pages 18 and 19

2023

FIRST 65% RENEWABLE THERMOPLASTIC RUBBER IN BRAZIL

Innovating in sustainable technology, we launched the first thermoplastic rubber on the Brazilian market with 65% renewable inputs, lighter and free of mineral fillers.



Check out more on pages 18 and 19

NATIVE RUBBER EXPANSION

We celebrated 13 years of the project with an expansion to four new reserves in Rondônia (RO), strengthening our relationship with forest guardians.



Check out more on pages 31 and 32

OPENING OF THE PHOTOVOLTAIC PLANT

Strengthening our commitment to the use of clean energy, we built a Solar Photovoltaic Plant at our headquarters, in Santa Cruz do Sul. Opened in January 2023, it currently supplies more than 50% of the total energy we use.



Check out more on page 28

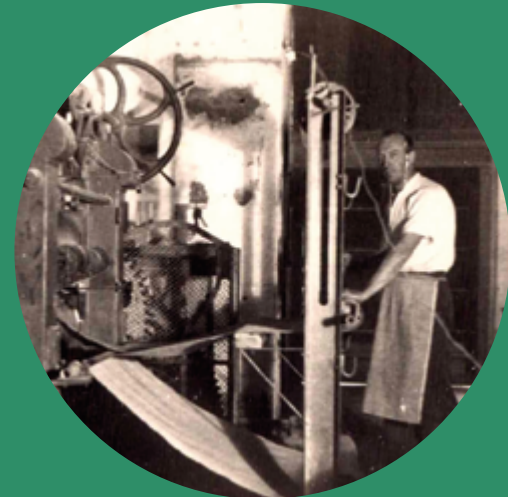
2024

MECUR'S 100TH ANNIVERSARY

Year of our centennial.

What else is coming?





Our environmental path

Discover the main milestones of our commitment to the environment

We believe that nature is not just outside. More than being carbon neutral, our attitudes are nourished by systemic actions. This mentality began to be expanded after the Turning Point, in 2009. Since then, we have implemented several actions that seek to expand care for the environment.

Caring for people also means caring for nature, in a holistic view that we are nourished by what surrounds us. Therefore, in this timeline, we present our main milestones on the way to best practices.



RENEWABLE RAW MATERIAL

Renewable raw material is a commitment

The beginning of the industrial production journey gains special focus at Mercur with our constant commitment to innovation and research into renewable inputs

Using renewable raw materials in our products is one of Mercur's premises. We are constantly improving and researching to expand this process. Therefore, we consider the regeneration of the planet at the beginning of the production chain. In 2023, we

invested even more in research to increase the renewability and use of our inputs. We also expanded the development of products with technologies that innovate in sustainability, but that carry quality and the Mercur Way.



Check out the main news and initiatives for 2023:

New technology in Thermoplastic Rubber:

In the rubber category, our biggest advance of the year was the launch of the first rubber on the Brazilian market made up of 65% renewable inputs. The technology is produced from cassava starch and is 30% lighter than previous rubbers.

Reuse of by-products from other production chains:

We launched the Natural Thermal Bag for Babies, following the same pattern as the original: 100% organic cotton fabric and açai seeds from the juçara palm, reused from the açai pulp extraction chain.

Products with 98% renewable Gel:

Launches in the Health area (Thermal Gel Pack for Maxillofacial and TMJ Treatment and Thermal Gel Cap for Migraine Relief) produced with 98% renewable raw material gel.

39.12%
was the percentage
of renewable inputs
in 2023.

USE OF RENEWABLE INPUTS IN OUR OPERATIONS

In 2022, 44.48% of our inputs were renewable, a number higher than in 2023. This was achieved through our efforts to develop new products and expand our product mix, such as the domestic production of the Hinged Canadian Crutch and Folding Canadian Crutch, which has led to an increase in the consumption of non-renewable raw materials.

Main renewable inputs in 2023:



9.8%
WATER



8.9%
NATURAL RUBBER



7.6%
PAPER AND CARDBOARD PACKAGING



6.7%
CASSAVA STARCH



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)



In 2024, we will continue to prioritize this journey: we want to increase our renewable rate to 45%.

However, this will reduce the impact caused by emissions from transporting imported items and reducing the consumption of plastic packaging. Therefore, sustainability is not limited to a simple matter of addition and subtraction. It is a complex equation, which needs to consider the whole, but which is already part of the challenges we choose to take on.

Our focus is clean energy

To reduce impacts and in search of energy self-sufficiency, in 2023 we opened a solar plant

Energy is an essential element for our production chain. Therefore, it increasingly makes sense to find ways to enable its use in a way that contributes to the preservation of the environment and reduces negative impacts.

Opened on January 16, 2023 and in full operation since May, the Solar Photovoltaic Plant is one of the main initiatives carried out by our company to meet part of the energy demand with a renewable, clean, and sustainable source: the Sun.

Numbers of our Photovoltaic Plant

The project began to be designed in 2020, but, due to the Covid-19 pandemic, construction efforts needed to be extended throughout 2021 and 2022. With an investment of BRL 4 million, the plant was entirely built on the ground, and is located in the Industrial District of Santa Cruz do Sul, in Rio Grande do Sul.

+1.5
hectares

+2,600
solar panels

1,600
MWh
of annual power
generation
capacity

***"By implementing the plant, one of the main benefits is that we strengthen our socio-environmental commitment to reducing resources and using clean energy, with low carbon emissions",**
Paulo Bouffleur, technical coordinator in charge of the project*

About to complete one year of full operation, the plant already supplies more than 50% of the energy we use in our production, with the possibility of expanding this generation in the future.

Our energy sources

The percentage of clean solar energy from our Photovoltaic Plant that is used in our operations is equivalent to

53%



47% the remainder are purchased on the free energy market, from renewable sources.



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

Carbon-neutral boiler

Another effort we make to maximize the use of clean energy is the production of reforested eucalyptus firewood to power our factory boiler. We count on the help of partners to make this production possible, and this is a relationship that generates environmental balance and mutual benefit for those involved.

Firewood is considered a form of clean energy because the carbon balance emitted is reset as it was consumed by plants during their development.

Firewood production and consumption data

	2019	2020	2021	2022	2023
Rubber production (t)	1,512	900	765	1,250	1,210
Firewood consumption (m ³)	1,607	1,629	1,327	1,738	1,482
Rubber production efficiency (Kg/m ³ of firewood)	940	552	576	719	816

Preservation as a source of life

Our commitment to sustainable environmental management has brought remarkable results in reducing drinking water consumption

Responsibility with natural resources is a priority for us, and it is no exaggeration to say that water is essential to life. Therefore, since the Turning Point, we understand the importance of preserving this asset and are committed to reducing and reusing as much water as possible.

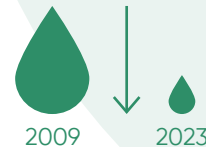
In 2023, our efforts delivered an excellent result: we consumed 7% less than our target and had a reduction of more than 65% compared to what was used in water in 2009.

The recipe for success? On the technical side, we made improvements to systems already implemented, such as increasing the number of rainwater collection tanks and repairs to plumbing. The difference also occurs due to a change in old concepts and expanded awareness.

It is part of the essence of people at Mercur: we believe in the human potential to regenerate the planet through our actions.

Water consumption goal in 2023 (in m³):

Goal achieved: **9,600 m³**
8,929 m³
We consume 7% less than our goal.



A 65% drop compared to what was consumed in 2009.

Main actions for water preservation in 2023:

1.

Reuse and repairs: replacement of old pipes, reuse of water for toilets and increase in rainwater collection tanks for the boiler and other applications.

2.

Awareness: education initiatives to avoid waste, promote water reuse when possible and encourage conscious consumption.



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

Native rubber

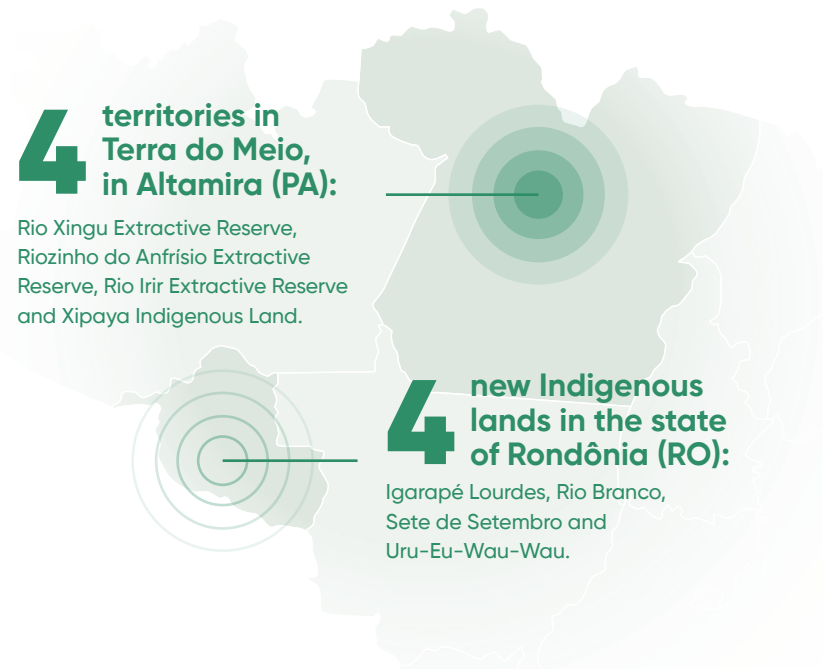
The Native Rubber (originally "Borracha Nativa") Project celebrates 13 years of existence with expansion to four new territories in the Amazon region

In search of more sustainability at the end of our production chain, in 2010 we went up the Xingu River to buy natural rubber from rubber tappers who live in protected areas in the heart of the Amazon rainforest, in Terra do Meio (PA). More than a decade after the start of the Borracha Nativa project, in 2023 we began an expansion that had been planned for years.

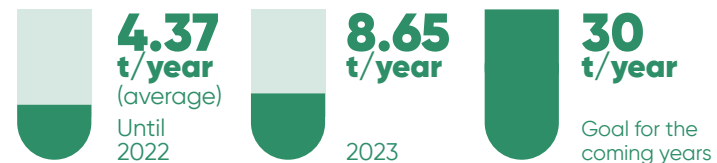
Until then, rubber was purchased from four reserves in Altamira (PA). Now, we have four new regions in the state of Rondônia, totaling eight territories in more than ten Indigenous communities. With the help of many partners, including Rede Origens Brasil, we guarantee that this expansion of the use of native raw materials in our products continues to be based on a relationship of respect for nature and preservation of the culture of its original peoples.

This is how we contribute to keeping the forest standing, which is in line with our goal of supporting Indigenous peoples from the Amazon to rebuild a sustainable, fair trade forestry production chain that respects the forest.

Check out more about this expansion process:



Amount of native rubber purchased (in tons)



Relationship with forest guardians

Respect, trust and exchange. These are the words that best define Mercur's long-standing relationship with the native rubber tapper communities of the Amazon. Far beyond a business partnership, we are proud to develop a relationship based on exchange and mutual learning. "From the beginning, we trusted in their wisdom and knowledge as guardians of the forest. This was our biggest difference", says Alexandre Antinarelli, one of the coordinators of the Borracha Nativa project.

Pedro, an extractivist in Terra do Meio, Pará, and Jovani, a Mercur employee for 25 years, who works in the Purchasing area.

PRACTICES THAT GUIDE US:

- Fair purchase
- We have no extraction targets
- Knowledge exchange
- Eye to eye contact
- Brazil Origins Seal

These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

2 ZERO HUNGER



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Rubber numbers

63 t*
is the total amount of native rubber purchased by Mercur in the last 13 years

*5t of native rubber were purchased from regions that are not part of the Origens Brasil Network.

165,000+
in local income for Indigenous communities in 2023

Under the principle of circularity

From conception to return to the production chain, everything in our industry is developed from a systemic environmental vision

Respecting the circular flow and regeneration of nature is one of the premises of our socio-environmental management. Therefore, circularity is considered at all stages of our production chain, guiding the reverse logistics process.

Discover two major initiatives that have helped us in our quest to achieve the so-called "Three Rs": Reduce, Recycle and Reuse. These are Reverse Logistics Assumptions that have already been incorporated into Mercur's internal culture.

1

DONATION OF RECYCLABLE SOLID WASTE

We donate recyclable waste to the Cooperative of Collectors and Recyclers (Coomcat), our partner for over 15 years, located in Santa Cruz do Sul – RS.

Quantity of material donated in 2023 (em Kg)

Paper and Cardboard
16,080
Plastic
6,298

2

POST-CONSUMER PACKAGING RECOVERED

Currently, 62% of our packaging is made from paper or cardboard, which are recyclable materials. Our goal is to systematically increase this percentage.

Quantity of packaging recovered (post-consumer)*

2021 **210 t**

2022 **234 t**

2023 **257 t**

The number represents 22% of post-consumer packaging generated by Mercur, a target established by federal legislation.

As a way to reduce inappropriate disposal of post-consumer packaging in the environment, we joined Aslore, an entity that supports companies in meeting reverse logistics goals in Brazil and assists in the correct disposal of packaging.

*Source: Aslore

Sustainability throughout the chain

Inspired by Mercur, 100% of our logistics partners offset the carbon involved in transporting our products

When it comes to reducing environmental impact, logistics is a key area. As we say on page 24, we have been carbon neutral since 2015, and our goal is to reduce the carbon footprint we leave on the planet as much as possible. To reach this goal, in addition to offsetting our emissions, we engage our partners and seek alternative methods for transporting our products.

Sustainable co-creation with partners

In addition to offsetting all of our GHG emissions, we also encourage that in our partners. In 2023, 100% of the transport companies that work with us will offset the emissions generated by transporting Mercur products by planting trees or purchasing carbon credits.

"What sets us apart is our relationship with logistics providers. It's a relationship that goes beyond business, as they are our link between the industry and the customer", says Sônia Márcia Tatsch, our logistics coordinator.

The desire to inspire changes that go beyond the boundaries of business relationships moves us. Therefore, we want to increasingly strengthen the co-creation of sustainable logistics solutions, which help build a new tomorrow.

With more than 30 years of relationship, LKC Transportes was inspired by the Turning Point and offsets 100% of logistics emissions from the transport of Mercur products. For them, the partnership built on trust bears fruit to this day, and Mercur's way of building with mutual involvement is unique.

"Before Mercur, we didn't think about sustainability here. But we believe in their purpose, and from that we became more aware and inspired to make our own changes", Kelly Canêz, HR director at LKC Transportes, a company that has had a relationship with Mercur for over 30 years and has been offsetting emissions since 2012.



Patrus Transportes became a logistics partner with great synergy in 2010. They also report that genuinely caring about serving people and carrying environmental sustainability into the organizational culture are points that create connections and inspire.

"For Mercur, sustainability is an investment, not just a cost. It is a different vision, a desire to do something different that comes from within the culture", Vinicius Braga, ESG manager at Patrus Transportes, a company that has worked with Mercur since 2010.



100%

**of our logistics partners
offset Mercur's GHG
emissions**

597 tCO₂e

**Total emissions from
2023 that will be
compensated by
transport companies
throughout 2024**

ALTERNATIVE MEANS

As a way of evolving towards less polluting practices and reducing our GHG emissions, we continue to explore alternative means of transport for our products. These include cabotage, which is maritime transport between ports, and fleet reuse, a system organized with reverse logistics partners.

*These initiatives
collaborate with the UN's
Sustainable Development
Goals (SDGs)*



LOGISTICS

-6.56%

**reduced GHG
emissions in scope
3, due to the use of
alternative modes
in the transport of
finished products
and raw materials**

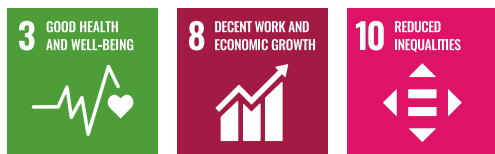
65.45 tCO₂e

**of emissions
avoided in 2023**

Aligned partners and suppliers

Our socio-environmental concern extends to our entire supply chain and partners

One of our premises is systemic thinking, and this goes beyond what happens within our walls. We want to build with those who share our appreciation for life and, therefore, we carefully select our partners and suppliers.



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

The three principles of best practices in our supply chain

1st Local procurement

We prioritize local suppliers in Rio Grande do Sul. Thus, we reduce GHG emissions and strengthen the production, income, and employment chain in the state.

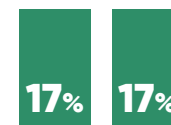


2nd Reduction in imports

We encourage local production and the national economy, which is why we have institutional guidance to reduce imports.

Representatividade de importações sobre o faturamento

2022 2023



Stability compared to last year.

3rd Markets with restrictions

We do not make business or partnerships with supply chains that do not value life. Therefore, we do not work with markets and practices involving tobacco, weapons, gambling, pesticides, alcoholic beverages, or those that impose child labor, forced labor or mistreatment of animals.

Discover some essential reading

Our trajectory was built on what we call founding references. We are here thanks to reading, in-depth studying, conversations, exchanges, and a lot of knowledge. We have selected some important works that can

help to deepen responsible management practices and human relationships with the environment. We also recommend complementary materials produced in-house.

MERCUR MATERIALS



Mercur's way of relating to children

Guide that delves into how we decide to relate to children.



Mercur Narratives - Management practices in constant construction

Book in which we share our responsible management practices after the Turning Point.



Academic works

Throughout 2023, 13 academic works mentioned Mercur. They are all available on our website.



READING SUGGESTIONS



Soil, Soul, Society - Satish Kumar

Reference that anchors our mission of caring for this triad: soil, soul, and society.



Humanos de Negócios: histórias de homens e mulheres que estão (re) humanizando o capitalismo - Rodrigo V. Cunha

Inspiring book about people who are at the forefront of transforming the new economy.



Ambidestria Corporativa - Luis Rasquilha and Marcelo Veras

Work that combines the importance of innovation with financial balance in a world in constant change.



Boards That Deliver - Ram Charan

A book that guides us towards more human and people-centered management and governance.

Financial prosperity

We look at the economic results of our industry responsibly, as a means of continuing to put our purpose in the world

Financial prosperity is a means of co-creating the world in a way that is good for everyone, that is, with the Mercur Way. Therefore, we are very meticulous about this topic, as it is the way to make our projects viable, putting people at the center.

We are a family company incorporated as a privately-held S.A. (Sociedade Anônima) format, and the shareholders are, for the most part, from Santa Cruz do Sul, in Rio Grande do Sul. As an S.A., our bylaws provide that 25% of net profit must be distributed to shareholders as dividends. The other 75% is destined for internal reinvestment.

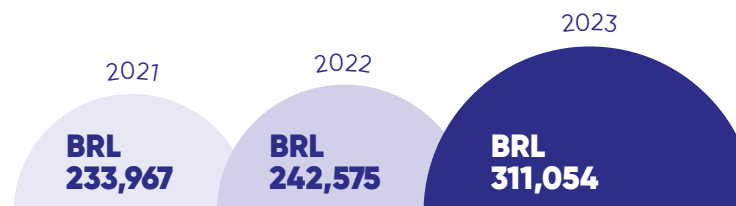


Jorge Hoelzel Foundation

We allocate resources to the non-profit entity named after one of our founders and which works mainly with collaborators and their families. It was created in 1962 with the aim of exercising philanthropy, providing social assistance, offering scholarships, and subsidizing private institutions aimed at education, scientific projects, and cultural activities.

Joel, a Mercur employee for 24 years. Cláudia, a Mercur employee for 19 years. Ana, a Mercur employee for 10 years. The three people work in the Reception and Service area.

Amounts allocated to the Jorge Hoelzel Foundation



Business strength

	2021	2022	2023
Shareholders' Equity	BRL 96,586,914	BRL 119,384,301	BRL 122,032,065
Current liquidity ratio	4.58	3.71	3.87
General liquidity ratio	3.63	3.61	3.42

Profits



Operating EBITDA in 2023

2023 was a year of investments in the development of new products, process improvements and investments in marketing. The results will impact revenue and cost reduction in the coming years. We therefore had a negative Operating EBITDA of BRL 3,786,665, but we always look at the numbers in the medium and long term, understanding the future impacts on our business.

Tiago, a Mercur employee for 10 years, works in the Logistics area.

Net Revenue

BRL 134,349,926

2023

BRL 117,809,257

2022

BRL 97,277,785

2021

Net Income for the Year

BRL 3,997,764

2023

BRL 24,410,578*

2022

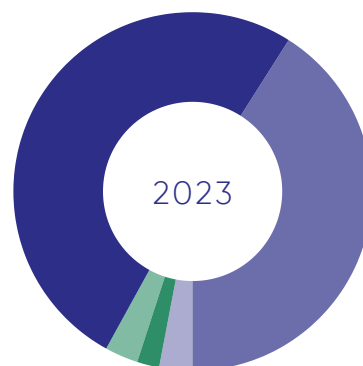
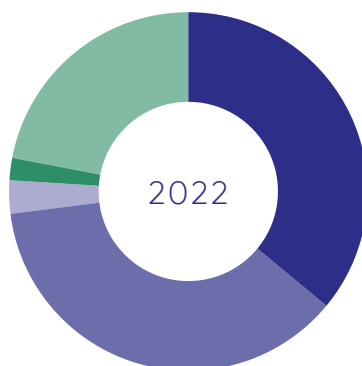
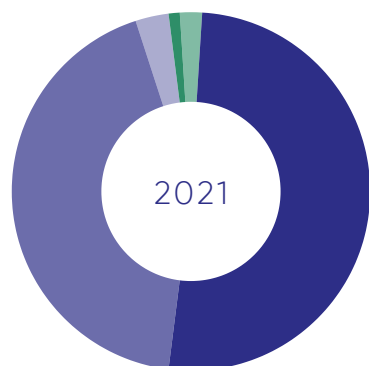
BRL 1,594,096

2021

*The 2022 result was impacted by a lawsuit retroactive to 20 years in which our company was successful.

Added Value Statement (DVA)

This item measures the value of the wealth generated by the company, its distribution among the elements that contributed to the generation of this wealth, such as employees, financiers, shareholders, and government, as well as the portion of the result that was retained.



To find out more about our financial statements in 2023, access the QR Code below.

Beatriz, a Mercur employee for 9 years, works in the production sector in the Sewing area.



These initiatives collaborate with the UN's Sustainable Development Goals (SDGs)

At Mercur, we wake up every day to do things differently.

We think differently. We act differently. We relate differently.

Yesterday's obstacles keep us moving forward. Because when we value life, a future is born.

In our daily lives, we draw upon a wide range of opinions, experiences, and perspectives, engaging in a co-creation process that ultimately leads to a higher quality of life for the people who use our products.

In addition to caring for people, we have a strong socio-environmental and economic commitment. To achieve this, we promote nationalization and reduce imports. 65% of our suppliers are from Rio Grande do Sul. 39.12% was our percentage of renewable inputs in 2023 – and we aim beyond.

Our headquarters are located in Santa Cruz do Sul, Rio Grande do Sul, but we are present in all states of the country, with the support of a team made up of more than 100 people, including commercial representatives and external staff.

In total, we have more than 700 employees, 390 of which in our industry alone.

It is for the people and the environment that we do things differently by investing in clean energy, building our Solar Photovoltaic Plant – which today represents 53% of the clean energy we use in our operations –, reducing our water consumption by 65% compared to 2009, and buying more than 63 tons of native rubber in eight Amazonian territories over the past 13 years.

We don't want to leave just one mark on the market. We want to participate in building a better world for everyone

Yes, we can learn from our differences. Yes, we can co-create solutions that bring better quality of life to people.



Yes, we can make a different world, and we hope to have demonstrated this throughout this report: an industry can also think about people and generate results.

Stay in touch with us!

SOCIAL MEDIA



@mercuroficial



mercuroficial



Mercur SA



@mercursa

EMAIL ADDRESS



contato@mercur.com.br

ADDRESS



Rua Cristóvão Colombo, 53
Centro, Santa Cruz do Sul/RS
CEP: 96825-010

TELEPHONE



(51) 3719-9500

We believe that just co-creating is not enough. True, lasting relationships capable of transforming the world must share beliefs. Therefore, we are ready to imagine and co-create the future with people and organizations that, like us, see the value of life as non-negotiable, in all its forms.

Over the next 100 years, we want to continue leaving a positive impact through constant innovation and co-creation.

www.mercur.com.br

mercur 
since 1924

CO-CREATING
A BETTER WORLD
FOR EVERYONE.

