1st September 2026

MM EU Deforestation Regulation Due Diligence Summary

The EU Deforestation Regulation (EUDR) came into force in the European Union on **29 September 2023. From 30 December 2026 onwards, MM entities will only accept wood and wood-based materials that are deforestation-free and comply with the relevant EUDR requirements.** The full text of the regulation can be found here: FAQ on EUDR Implementation - European Commission.

MM is committed to responsible business practices and sustainable sourcing. MM requires its suppliers to comply with the MM Supplier Code of Conduct, which covers, among other things, respect for human rights, workers' rights, health and safety, environmental responsibility, business ethics and compliance with applicable laws and regulations.

In line with this commitment, MM requires fibre raw materials used at MM Group mills and sites to be sourced from legal, sustainably managed and known sources and to be procured in accordance with the applicable legislation, including the laws of the country of harvesting.

This document summarises the due diligence process and the key documents that support compliance with the EU Deforestation Regulation (EUDR).

Responsible Sourcing Commitment Supported by Chain of Custody

Wood Chain of Custody certification is an important element of MM's traceability and responsible sourcing approach. It provides third-party verified evidence that certified or controlled material is identified and managed throughout the supply chain and that sources deemed unacceptable according to the applicable certification standard are excluded. Chain of Custody certification therefore supports MM's assessment of legality, traceability, and responsible supply chain management.

By certifying our operations in accordance with global forestry standards, we can demonstrate that the fibres used in our production originate from legal and responsibly managed sources that are traceable. MM's established due diligence and certification processes have not identified any concerns regarding the origin of these fibre supplies. By choosing certified products, downstream operators can further support and demonstrate the continuity of a responsible supply chain.

While Chain of Custody certification is one element of MM's evidence base, it does not replace the EUDR-specific due diligence requirements. MM's EUDR compliance framework ensures alignment with the requirements of the EU Deforestation Regulation. This framework includes the necessary systems, processes, and controls to confirm compliance with the Regulation and its obligations.

Roles and obligations under EUDR

Under the current simplified EUDR guidance (4th May 2026), MM's obligations depend on the specific business case and on whether the MM entity acts as an upstream operator, downstream operator (first or subsequent), or trader. In all cases, roles must be defined for the supply chain and the material in question.

- **(Upstream) Operator:** conducts the due diligence process, submits the Due Diligence Statement (DDS), and communicates the DDS reference number(s) to the first downstream operator/trader as required. With regard to MM, such role would typically apply to the EU-entity importing the relevant product into the EU.
- **First downstream operator or trader:** stores the DDS reference number(s) received from the operator as evidence of upstream compliance. It does not submit a new DDS for the same material and does not pass reference numbers further down the supply chain.
- **Subsequent downstream operators or traders:** have no due diligence or DDS reference number obligations for the same material, unless their activities change their role / regulatory obligation in the specific business case.
- **Non-EU supplies – practical notes:** An EU entity importing relevant product into the EU is an operator. There are no legal EUDR obligations applicable to non-EU countries. A non-EU entity may act as an importer and conduct a DDS in the EU TRACES system. The first legal person established in the Union that makes such products available on the market is deemed to be an **operator**. If the importer can show the products contain only material already placed on the EU market, the importer may be treated as a **downstream operator** and may utilise either the reference number received from the supplier or a conventional reference number for customs declaration.
- For products that contain material **that was not previously placed on the EU market, all EUDR-relevant information is required** (including geolocations), to conduct due diligence and for submission of the DDS.
- **Customs representatives are typically not considered "operators**" under the EUDR, as they neither place relevant products on the market nor export them. Using a customs representative does not transfer EUDR obligations. The EUDR responsibility remains with the party that qualifies as the operator (e.g. the importer).

Due Diligence System

A due diligence process is a structured approach used to identify, assess, mitigate, and monitor risks related to suppliers, products, operations, and business relationships before and during a commercial relationship.

MM conducts supplier risk assessments as part of its responsible sourcing due diligence system. The goal of the risk assessment is to identify, evaluate, and manage environmental, social, human rights, legal, and business risks related to suppliers, supply chains, raw materials, and countries of origin. The risk assessment is based on a risk-based approach that considers, among other things, the supplier's location, the structure of the supply chain, the supplier's past performance, and risk information obtained from external sources. The assessment utilises data collected from suppliers, supplier questionnaires, third-party databases, and other available reliable sources.
MM uses the osapiens Compliance Management Platform to support EUDR compliance by collecting and managing supplier data, conducting risk assessments, and maintaining the records and evidence required to demonstrate compliance and decision-making.

osapiens – Compliance Management Platform

MM uses a dedicated system environment to collect supplier data, assess risk and keep evidence

System objective
Create one auditable source of supplier information, EUDR data, risk assessments, references and case management records.

Step		
1	**Supplier / product data**	Master data for relevant products, suppliers and EUDR scope triggers.
2	**EUDR data collection**	Origin, legality, geolocation, and DDS/RN information where applicable.
3	**Data check & validation**	Required information checked and prepared for assessment.
4	**Risk assessment workflow**	Supplier assessment, documentation of mitigation steps and case escalation where needed.
5	**Evidence & reporting**	Store evidence, references, audit trial and process status.

Supplier assessment in osapiens supports MM due diligence decisions

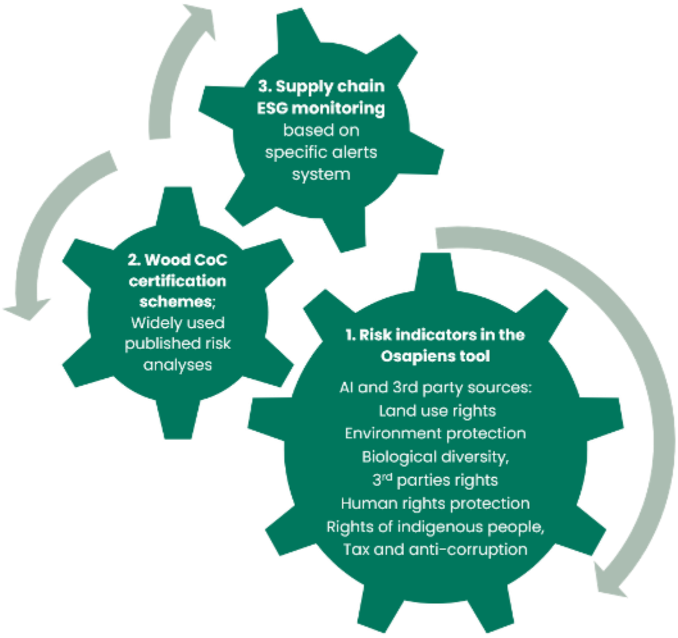
In a responsible sourcing and compliance context (EUDR), MM's approach is built on two main aspects: the due diligence process, and EUDR-specific information management including deforestation assessment based on geolocation data and the flow of reference and verification numbers (RN/VN) where relevant. **The due diligence process includes the following steps**:

1. **Gather relevant information about the supplier, product, and supply chain, such as:**
   - Company details and ownership
   - Product specifications
   - Country and region of origin
   - Certifications (wood CoC)
   - Legal compliance documentation
   - Human rights and environmental information
   - Geolocation/RN

2. **Assess risks**
   - Evaluate the likelihood that the material, supplier, or activity is associated with negligible risks.

     MM's EUDR risk assessment is based on well-established country-specific risk indicators, complemented by websites and news monitoring, objective publications, other relevant publicly available information as well as publicly known wood Chain of Custody certifications. The assessment covers forest and environmental risk, supply chain risk, human rights, corruption, bribery, conflicts, sanctions and other relevant concerns.

MM's EUDR risk assessment approach:



Risk factors used:

- Supplier evaluation through supplier assessment questionnaire
- Country governance and corruption levels
  - U.S. Department of Labor ILAB
  - Fragile States Index (FSI), Human Rights & Rule of Law
  - Human Freedom Index (HFI)
  - Corruption perceptions index
  - UNICEF Child Labor Statistics
  - Rule of Law Index, factor 4.7
  - Rule of Law Index, factor 4.8 I
  - Global Slavery Index
  - Land Rights
- Deforestation risk
- Illegal harvesting
- Human rights violations
- Sanctions and trade restrictions
- Supply chain complexity and the risk of mixing
- Plausibility check
- Previous supplier performance
- osapiens satellite analysis

The risk level determines whether additional actions or additional evidence or declarations are required.

3. Mitigate identified risks

If risks are identified, appropriate mitigation measures are implemented to reduce the risks to a negligible level. The decision to accept or reject supplies is made based on the outcome of the risk assessment and the effectiveness of any mitigation measures.
Depending on the case, the following mitigation actions may be taken:

- request additional information or supporting documentation,
- obtain certifications or legal evidence,
- conduct supplier discussions or training,
- perform an audit or site visit,
- introduce additional controls or monitoring measures,
- implement the agreed mitigation measures,
- record all actions taken and retain supporting evidence,
- evaluate effectiveness.

After the mitigation actions have been completed and their effectiveness evaluated, the risk level is updated and the case is closed, accepted with further monitoring, or rejected as appropriate.

Documentation and Reporting

In addition to the official due diligence statement in the EU TRACES Platform (if required by the EUDR), MM retains relevant documentation and records for a minimum of five years from the time products are made available on the EU market or exported, ensuring that relevant competent authorities can verify compliance as required under the EUDR. Such reporting includes, among other things, due diligence policies and procedures, information collection processes, risk assessment methodology, risk mitigation measures and actions, decisions and approvals, and the results of internal reviews and audits of the due diligence system. This information serves as the basis for MM's annual public reporting obligations under Article 12 of the EUDR. The first annual report will cover the first reporting period following the date on which the EUDR becomes applicable to the company.

Ongoing Monitoring and Review

MM monitors and reviews its responsible sourcing and EUDR due diligence approach on an ongoing basis. Risk assessments are updated when relevant changes occur, such as changes in sourcing countries, suppliers, supply chains, legislation, risk indices, audit findings, or other reliable risk information. Monitoring includes a review of supplier performance, certification status, audit results, risk assessment outcomes, mitigation actions, and the completeness of relevant EUDR information, including geolocation data and reference or verification numbers where applicable.

MM's Chain of Custody and due diligence processes are subject to internal reviews and third-party verification. These reviews help verify that the implemented controls remain effective, that controversial sources are eliminated, and that there is a negligible risk of illegally harvested wood entering the supply chain.

Where monitoring identifies new or increased risks, MM reassesses the risk level, defines further mitigation measures where needed, and documents the outcome and decision.

Data Delivery to Customers

This due diligence description explains MM's general approach to collecting, assessing, documenting, and retaining EUDR-relevant information as part of its responsible sourcing and EUDR due diligence system. The practical exchange of EUDR-related information with customers, including the method, format, timing, and content of such communication, depends on MM's role in the specific supply chain, the customer's role, and the applicable business case. These customer communication processes are defined in the relevant business-specific documentation and are therefore not described in detail in this due diligence summary.

The EUDR requires operators to collect and make available geolocation data of the area where wood is harvested to relevant competent authorities before placing wood on the EU market for the first time. While this information is crucial for traceability, it is not expected to be automatically available or accessible to all actors along the value chain via the EUDR Information System, TRACES, nor is it needed for downstream operators to be compliant with the Regulation.

If you have any questions or need more information, please contact your sales representative.

Links to the supporting documents:

MM Group Policy for Forests and Natural Ecosystems: MM-Group-Policy-for-Forests-and-Natural-Ecosystems.pdf
MM Supplier Code of Conduct: Supplier Code of Conduct: Building Resilient Supply Chains Through Responsible Partnerships - MM
MM Chain of Custody Certificates: Certificates - MM

Disclaimer: This information is provided for overview purposes only and reflects MM Group's current understanding as of the date above. It may be updated at any time without prior notice.