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MM Policy for Forests and natural Ecosystems

The MM Group (MM) is a leading global producer of cartonboard and folding cartons. Offering innovative, recyclable packaging and paper products made from renewable, fiber-based raw materials, we are at the forefront of avoiding plastic waste and achieving the UN Sustainable Development Goals. The policy mainly affects the MM Board & Paper division where raw materials such as wood and water are used in large quantities, but the policy also serves as guidance for the MM Packaging division in order to keep impacts on ecosystems to a minimum.

The objective for the MM Group is to ensure a continuous supply of raw materials, minimizing and ensuring environmental protection in connection with material consumption. Water and wood are two of MM's key resources and characterize the interdependencies between MM's business model and nature. Therefore, we choose an integrated approach for our policy since forest and water natural ecosystems inevitably interact with each other. We are committed to sustain and support natural ecosystems not only in the forests of our suppliers but also along our value chain. To achieve this we claim high standards from our suppliers and MM itself. To engage with key suppliers and assess supply chain risks, we utilize an internal supplier risk assessment tool. This tool involves identifying and evaluating individual supplier risks, including actionable alerts, disruption status, and priority settings. MM conducts evaluations and implements corrective actions as part of our grievance mechanism. The integrated approach allows MM to minimize its environmental impacts along the whole value chain of the Board & Paper division.

Responsible sourcing of forest-related raw materials for MM Board & Paper

MM is committed to responsible and sustainable sourcing of forest-related raw materials throughout all its activities, as securing biodiversity and access to sustainable fibers is one of our key issues to drive our sustainability strategy even further.

By certifying all MM cartonboard and paper mills according to global forestry standards, we prove that all virgin fibers used in our cartonboard and paper production originate from legal, responsibly managed and known sources.

- PEFC standards (License codes PEFC®/06-33-215, PEFC®/02-32-40, PEFC®/32-31-049)
- FSC® standards (License codes FSC®-C003336, FSC®-C005528, FSC®-C007894)
- We require our suppliers and vendors to comply with all respective legal and regulatory obligations.
- We only source wood from legal, sustainably managed and known sources and work in compliance with responsible forest certification schemes.
- We do not procure wood, which has been illegally harvested or harvested in violation with traditional or civil rights or Secure Free, Prior and Informed Consent (FPIC).



- We only source wood from deforestation free origin¹. We do not source wood that has been harvested in areas where high conservation values are threatened by logging.
- We do not accept species listed in Appendices 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) from our suppliers and refrain from the procurement of genetically modified (GMO) wood.
- We are committed to keep natural ecosystems of supplying forests intact and are aware of biodiversity as a key factor for sustaining forest ecosystems.
- We actively motivate our suppliers to reforestation and remediation of forests suffering from climate change to make them more resilient against pests and extreme weather events.
- Commitment to continue sourcing 100% of fiber raw materials from certified and/or controlled sources according to responsible forest certification schemes (FSC® and PEFC).
- In the financial year 2022, all fiber raw materials sourced within the MM Board & Paper division are certified and/or controlled according to FSC® Chain of Custody certification (75%), PEFC Chain of Custody certification (22%) and FSC® Controlled Wood (3%)².

Milestones and targets set for MM Group (Forests)

- **MM has a comprehensive understanding of its impact and the risks it causes in relation to biodiversity.**
MMs business model depends on resources such as wood and water, thus has a broad understanding of its impacts to forests and natural ecosystems. MM is continuously developing assessments on biodiversity and its impacts on nature to gain further knowledge about how we can interact with natural ecosystems in an even more positive way.
- **40% less process waste per saleable ton by 2030 (base year: 2019).**
We continuously work on optimizing our production efficiency and reducing process waste. This leads to lower inputs per produced quantity and thereby less wood and water needed for production, reducing environmental impacts on forests and natural ecosystems.
- **MM is committed to consider biodiversity for its future Capex investments.**
Based on the EU Taxonomy Regulation MM pursues the goal of considering biodiversity as a relevant factor for its future Capex investments. With this MM fully supports the EU's climate and energy targets in order to reach the objectives of the European Green Deal.
- **Active supplier engagement and motivation to sustainable forest management.**
In order to sustain and support natural ecosystems MM will actively reach out to its suppliers and encourage them to seek certification for sustainable forest management and chain of custody.

¹ Wood that has not been harvested by clearcutting with the intention of land clearance for other uses than forestry according to FSC® and PEFC® definitions.

²As stated in the [Non-financial report 2022](#).



Responsible water consumption

Besides wood, water is used in large quantities during the entire production process in cartonboard and paper manufacturing - from the pulping of recycled paper and the preparation of virgin fibers to its use as a coolant and for the production of steam in energy generation. Water use and water consumption must be clearly distinguished. Some water is only used temporarily in production (e.g. as cooling water), then treated and returned. The risk of water shortage due to production is therefore quite low. Only a relatively small proportion of the water used is not recycled, but remains as residual moisture in the product or evaporates.

- We work in compliance with the respective legal requirements and obligatory regulations, which is audited regularly by the competent national and regional authorities.
- We acknowledge the Human right to water and sanitation and, therefore, commit to SDG 6 and principles of Water, Sanitation, and Hygiene (WASH) at all our sites.
- We measure the specific water input and output of our production sites on an ongoing basis and keep it very low or further reduced through closed-loop systems and efficiency-enhancing innovations.
- We follow the concept of using the extracted groundwater or surface water several times, first as cooling water and then in several stages as process water.
- Water is used several times in the production process and is cleaned as well as treated in state-of-the-art wastewater treatment plants before leaving the mills.
- We are committed to the conservation of freshwater ecosystems.
- We are continuously working on projects to prevent, minimize, and control pollution.
- Therefore, we are committed to reduce or phase-out hazardous substances used in our processes.

Milestones and targets set for MM Group (Water)

MM has a profound understanding of its water catchment areas and the resulting impacts on respective natural ecosystems and acknowledges the human right to water and sanitation. Building on this, MM is continuously optimizing its processes in regards to water use and consumption to minimize impacts on natural ecosystems and forests affected by the water catchment area.

- **The MM Group will further carry out extensive assessments, especially for the mills of the Board & Paper division, in order to analyze the impact of MM on water systems as well as risks regarding the availability of water.**

A water catchment analysis was already carried out for the MM Board & Paper sites in 2021 using external programs such as AWaRe, ENCORE and the WWF Risk Assessment Tool. This identified mill-specific risks, such as the risk of flooding or water scarcity.

- **Supply chain Engagement with key suppliers.**
Within the internal supplier risk assessment, MM is conducting supply chain engagement of key suppliers. This is achieved via individual performance evaluations that include action priorities and a risk matrix. These evaluations define appropriate risk perspectives, encompassing areas such as Disruption Risks, Sustainability Risks, and Sustainability ESG (Environmental, Social, and Governance). In the event of alerts, remedial actions are taken to address current risks. In addition, in this process suppliers are encouraged to reduce their water withdrawal.



- **Efficiency increase in water consumption by 30 % by 2030 (base year: 2019).**
MM is continuously working on optimizing production processes throughout all its production sites with the goal of reducing its overall water consumption by 30%. Reaching this goal will lead to lower the impacts of MM to natural ecosystems and will help to support forests and natural ecosystems fighting climate change.
- **Efficiency increase in the use of process water (total water consumption without cooling water) by 30 % per saleable ton by 2030 (base year: 2019).**
Although used process water is returned to the ecosystem after being cleaned and treated, it is important to MM to use as less water as possible in order to keep the impacts on natural ecosystems in the catchment area to a minimum. Therefore, MM is regularly developing approaches to optimize its processes at all production sites.
- **MM is committed to certify all its production sites of the Board & Paper division by third parties until 2030.**
To structure the optimization processes and make reporting as transparent as possible MM is committed to work together with third parties, such as international frameworks, standards and widely-recognized water initiatives, to certify our production sites in regards to water use and consumption. For the process, we will orient ourselves at global leading organizations such as Alliance for Water Stewardship and the UN Water Mandate.



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As the Group Sustainability Department is responsible for the organizational implementation, please direct all communication referring to this policy to sustainability@mm.group.