



**midsona**

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# **ZERO DEFORESTATION POLICY**

## **MIDSONA GROUP**



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## **1 MIDSONA’S ZERO DEFORESTATION POLICY**

### **1.1 The role of forests and our responsibility**

1.1.1 Midsona AB (*hereinafter "we"*) recognizes the vital role that forests play in maintaining life on earth. They help regulate the climate, store carbon, protect biodiversity, and support communities and livelihoods across the globe. Forests also provide essential materials that are used in countless products and supply chains.

1.1.2 Despite their importance, forests continue to be cleared and degraded. The main driver of deforestation and forest degradation is the expansion of agricultural land to produce commodities such as cocoa, soy, palm oil, cattle, and wood. This destruction contributes to the loss of wildlife habitats, social and environmental injustice, and the acceleration of global climate change. The clearing and degradation of forests threatens endangered species and releases large amounts of greenhouse gases into the atmosphere.

1.1.3 As a responsible company, we are committed to protecting forests and ensuring that our operations and supply chains do not contribute to deforestation or forest degradation. Our Science Based Target initiative net-zero target includes a commitment to no deforestation across our primary deforestation-linked commodities.

### **1.2 Our impact, goals, and commitment**

#### *1.2.1 Understanding our impact*

When purchasing materials like soy, cocoa, cardboard, paper packaging, and palm oil, we recognize the risk of impacting the state of forests. We recognize the need to protect both biodiversity and the carbon storage capacity of forests and ensure protection of indigenous people.

#### *1.2.2 Eliminating Deforestation*

We will work actively to eliminate deforestation from our operations and supply chains, focusing on commodities closely linked to deforestation and forest degradation. We commit to source these materials sustainably and responsibly, without contributing to deforestation or forest degradation.



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### 1.2.3 *Sustainable sourcing*

We commit to the sustainable sourcing of agricultural raw materials, with a clear goal of avoiding deforestation.

### 1.2.4 *Respect for human rights*

We respect internationally recognized human rights, including the rights of indigenous peoples and local communities potentially affected by agricultural production. This commitment is implemented and monitored through our Supplier Code of Conduct (SCOC) and related supplier assessment and follow-up processes.

### 1.2.5 *Supplier expectations*

Suppliers are expected to

- a) Comply with our Supplier Code of Conduct, covering child labor, forced labor, union rights, discrimination, wages, occupational health and safety, working hours, employment terms, environmental management, emissions, hazardous chemicals, water use, and anti-corruption.
- b) Ensure that all raw materials are legally sourced.
- c) Avoid deforestation after 31 December 2020 (or such other cut-off date as may be amended in future legislation), in line with applicable EU regulations.
- d) Ensure that raw materials are produced in accordance with relevant laws in the country of production, including land rights, environmental protection, labor rights, and human rights.
- e) Provide, where applicable under the EU Regulation on Deforestation-Free Products (EUDR) or future simplifications, geolocation, or equivalent traceability information for the plots of land where relevant raw materials are produced.
- f) Respect the rights and obtain the free, prior, and informed consent (FPIC) of indigenous and local communities.
- g) Establish and implement mechanisms to resolve conflicts with local communities.



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h) Ensure that subcontractors and third-party suppliers also meet these expectations.

i) Continuously improve practices to avoid deforestation and related environmental and social risks.

### 1.3 **Supplier monitoring and compliance**

#### 1.3.1 *Selection and Prioritization*

We will prioritize working with suppliers who share our commitment to sustainable and zero deforestation practices, and who comply with our Supplier Code of Conduct.

#### 1.3.2 *Monitoring and improvement*

We will closely monitor suppliers in high-risk categories or regions. Suppliers found to be non-compliant will be given a defined timeframe to take corrective actions. If no sufficient improvement is made, we reserve the right to terminate the relationship.

### 1.4 **Due diligence and traceability (EUDR Compliance)**

We are committed to complying with the EUDR and to adapting our approach as legislation and guidance evolve. We establish a due diligence system covering all relevant commodities to ensure that our products are deforestation-free, legally produced, and traceable to their origin. The system includes risk assessment, mitigation, and documentation measures in line with current and forthcoming legal requirements and is further described in our internal procedure for EUDR compliance.

### 1.5 **Stakeholder engagement**

We will engage with relevant stakeholders – including authorities, environmental organizations, investors, industry peers, and civil society – to exchange knowledge, promote shared strategies, and support industry-wide progress toward ending deforestation.

### 1.6 **Reporting**

We will communicate openly about our challenges and progress in ending deforestation. We commit to annual reporting through sustainability reports, where we will disclose our performance, improvements, and areas



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for continued development.

### 1.7 **Reporting of non-compliance**

Any suspected deviation from this Policy — including potential deforestation, illegal sourcing, lack of required traceability, or violations of the rights of indigenous or local communities — must be reported immediately through internal reporting channels or via Midsona’s whistleblowing channel at <https://report.whistleb.com/en/midsona>.

### 1.8 **Governance, scope, and implementation**

1.8.1 This policy applies to all employees, suppliers, contractors, and business partners involved in the sourcing, production, or sale of products containing forest-risk commodities.

1.8.2 The Board of Directors has formally adopted this policy. The responsibility for its implementation, including oversight of supplier compliance, development of supporting procedures, internal training, and periodic review, lies with the Director Sourcing, in collaboration with other relevant internal stakeholders.

1.8.3 The policy will be reviewed regularly and updated as needed to reflect changes in legislation, stakeholder expectations, or business practices. The same role is responsible for coordinating the review process. Training and guidance will be provided to all relevant staff and made available to business partners as appropriate. The same role will ensure appropriate training is carried out.