

NO DEFORESTATION POLICY

May 2026



1. PURPOSE, SCOPE, AND AMBITION

PURPOSE

BME Group is committed to address negative impacts related to our business operations and wish to play an instrumental role in promoting responsible timber, as it is a key natural resource for BME's business. Even though timber is not material to our own operations, we want to focus on sustainable timber to maintain a healthy carbon balance, biodiversity, and support the livelihoods of local communities who live in or near these forests. Throughout our value chain, we aim to eliminate deforestation and forest degradation. Accordingly, we wish to solely import deforestation-free timber – i.e. timber made of wood not being harvested from land subject to deforestation or forest degradation after December 31, 2020, as defined by the Council of the European Union.

BME is a signatory to the United Nations Global Compact and thereby supports the Ten Principles of the UN Global Compact including principles seven, eight and nine that businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

SCOPE

This Policy applies to all timber and timber-based products sourced by BME Group globally, including sawn timber, plywood, pulp, and derivatives. It covers direct suppliers (Tier 1) and high-risk indirect suppliers (Tier 2+). All employees, suppliers, and contractors must comply. They are responsible for following these principles and integrating them in all activities and processes to live the BME group values of Dare, Care, Do It, Be Real and Win Together. We emphasize in particular the value Care, which represents build lasting relationships, respect and care for people, communities and the environment.

BME Group has implemented a Supplier Code of Conduct which explicitly states our expectations to suppliers and other partners to respect this no deforestation Policy.

AMBITION

We are committed to eliminating deforestation and forest degradation from our supply chain protecting forests and communities that depend on them. This Policy operationalizes our commitment to strive to achieve a supply chain which is free of deforestation and ensures compliance with applicable deforestation and forest-related regulations across all operating jurisdictions, including the EU Deforestation Regulation (EUDR) for EU-operating entities and equivalent frameworks where EUDR does not apply.

2. BME COMMITMENTS

DEFORESTATION DUE DILIGENCE

BME is developing due diligence processes aligned with the EU Deforestation Regulation (EUDR) for EU-operating entities. Operating companies outside the EU scope apply equivalent due diligence standards in line with their applicable regulatory context.

CERTIFIED AND SUSTAINABLE SOURCING

BME aims to only source timber from FSC (Forest Stewardship Council) /PEFC (Program for the Endorsement of Forest Certification) (or local market equivalents) certified forests or legal, traceable sources, recognizing that recognized national or regional certification schemes, such as those applicable in non-EU operating jurisdictions, are accepted equivalents where FSC or PEFC coverage is limited. If certified timber and timber-based products are not available, suppliers will be required to provide evidence that the product is from a legal and traceable source. We expect our suppliers to increase their share of certified supply chains and work with certification bodies to improve their methods. All timber from high-risk countries, as defined by monitoring organizations and international regulators, must be sourced from certified suppliers.

Where feasible, BME pursues chain-of-custody certification across its operating companies, enabling end-to-end traceability of certified timber through the full distribution chain.

RESPONSIBLE BUILDING SOLUTIONS

BME actively engages customers to increase the demand for certified timber via our Responsible Building Solutions. BME is transparent about FSC or PEFC certification for the timber products and is continuously increasing their spend from Responsible Building Solutions within their product portfolio.

HUMAN RIGHTS AND LOCAL COMMUNITIES

BME ensures no child labor, forced labor or human rights violations in timber supply chain, respecting indigenous people, their land rights and communities. All details on BME's point of view related to human rights can be found in our [Human Rights, Labor Rights, Safety, Health, and well-being Policy](#).

3. IMPLEMENTATION, MONITORING, AND REPORTING

ACCOUNTABILITY AND MANDATE

At BME, the accountability for the climate and environmental Policy lies with the Management Board and the Executive Management Team. The ultimate responsibility lies with the ESG committee, which approves the Policy, defines its strategic direction and evaluates its effectiveness annually. The Management Board and Executive Management Team maintains oversight of Policy execution and reviews strategic progress on an annual basis.

OPERATIONAL GOVERNANCE

Day-to-day implementation is governed by the Group Director ESG, who:

- aligns No deforestation goals and targets with the corporate strategy,
- translates No deforestation priorities into action plans against defined KPIs,
- reports in the ESG Committee at least quarterly on progress, bottlenecks, and required Policy adjustments.

RISK, OPPORTUNITY, AND IMPACT MONITORING

BME conducts regular double materiality assessments (DMA) to evaluate both the impact of BME's activities on the climate, environment and biodiversity (inside-out perspective), and the financial impact of climate, environmental and biodiversity change on BME's operations and value chain (outside-in perspective). These assessments inform strategic priorities, target-setting, and resource allocation across all environmental topics.

Building on these assessments, BME commits to:

- maintaining systematic risk and opportunity monitoring processes to track how identified material topics evolve over time,
- continuously monitoring relevant developments, including evolving legislation, stakeholder expectations, and operational changes that may affect environmental performance or risk exposure.

MONITORING AND EVALUATION

For our due diligence on sourcing responsible timber, BME relies on the monitoring, auditing, and evaluation of the third-party certification schemes FSC and PEFC to mitigate risk and ensure compliance.

ACTION PLANS AND RESPONSIBILITY

BME establishes domain-specific action plans that set out concrete objectives, measurable indicators, clearly assigned responsibilities, and defined timelines. These action plans are reviewed and updated regularly to reflect progress and changing circumstances.

REPORTING AND TRANSPARENCY

- **Internal reporting:** The Management Board, Executive Management Team, and relevant decision-making bodies receive regular updates on Policy execution and No deforestation performance.
- **External reporting:** BME reports externally through its voluntary annual sustainability report. BME is not yet subject to the Corporate Sustainability Reporting Directive (CSRD), but BME's disclosure is working towards full compliance with the simplified CSRD requirements (ESRS standards) and other relevant frameworks.
- **External assurance:** Sustainability reporting is not yet subject to external assurance in line with applicable legal requirements.

POLICY REVIEW

This Policy is reviewed at least every three years to ensure continued alignment with evolving legislation, stakeholder expectations, technological developments, and the changing context surrounding climate and the environment. In addition, an unscheduled review may be triggered at any time by material changes in regulatory requirements, significant operational developments, or new findings from the risk and impact monitoring process.

WHISTLEBLOWER

We strongly encourage any ethical or legal misconduct or violations of this Policy to be reported to the relevant BME and/or affiliated operating companies. BME has installed a BME Speak Up Hotline and an online anonymous reporting tool – supported 24/7. Whistle blowers are invited to report the violations following [BME's Whistleblower Policy](#). Reports are managed in an incident management system, which is managed by BME Legal for assessment and further distribution – safeguarding confidentiality.

4. DEFINITIONS

The **FSC, or Forest Stewardship Council**, verifies environmentally responsible, socially beneficial and economically viable forest management.

The **PEFC, or Program for the Endorsement of Forest Certification**, provides independent assessment, endorsement and recognition of national forest certification systems. They both operate a chain of custody processes to trace the material from certified forests through the supply chain.

5. DOCUMENT MANAGEMENT – INFORMATION SHEET

Owner	Group ESG Committee
Reviewer(s)	Group ESG Director
Approver(s)- accountable	Group CEO
First date of issue	28/2/2025
Issuing Department	Group operations
Storage Location	BME Group website
Last Review Date	18/05/2026
Next Review Date	18/05/2027
Review Cycle	Annually in Q2
