



Title:
Policy on Zero Deforestation and
Biodiversity Preservation

Approved by:
Director of Business Development & Sustainability

Last approval date:
2024-06-26

Approved by name:
Jeanette Hauan Fladby

Policy on Zero Deforestation and Biodiversity Preservation

Introduction

Forests provide livelihoods for millions of people and are essential to regulate Earth's climate and preserve biodiversity. They are home to around 80 percent of animal and plant species, and store approximately 861 gigatons of carbon, which is equivalent to nearly a century's worth of current annual fossil fuel emissions (World Resources Institute, 2023). Recent research shows that forests have a net annual absorption of about 8 billion metric tons of carbon dioxide, making them crucial climate buffers (Harris & Gibbs, 2021). Tropical rainforests in particular account for only 30 percent of global tree cover but contain 50 percent of the world's carbon stored in trees.

The combination of population growth, economic development and unsustainable agricultural practices is putting heavy pressure on global forests. Every year, vast forest areas disappear, often with significant negative consequences for local communities. The conversion of forest to production of agricultural commodities and paper represents a substantial proportion of global deforestation. To achieve global climate and biodiversity targets, research shows that future food production must occur on existing agricultural land, meaning no further encroachment into natural ecosystems.

Kavli's commitments

Kavli's business activities – particularly our sourcing of agricultural and forest raw materials to produce our products – risk having a negative impact on forests. This applies especially to raw materials with known risks of deforestation such as cocoa and wood-based packaging.

Kavli is committed to preserve rainforests and other natural land of high conservation value. We will work systematically and purposefully to ensure that our products do not contribute to deforestation and natural land conversion through systematic risk-based due diligence as delineated in our [Due Diligence Policy](#), which incorporates the [Accountability Framework Initiative's](#) core principles and operational guidance on taking action for effective implementation, and credibly assessing and demonstrating progress.

We intend to verify and document deforestation and conversion free sourcing of all our raw materials by January 2030 at the latest, prioritizing by risk. Main priority is given to Kavli Sweden's deforestation-linked commodities covered under the EU Regulation on Deforestation-free



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Products (EUDR), with a target date of 30 December 2024 a cut-off date of deforested or converted production area of December 2020 at the latest (2008 for the Amazon biome).

Kavli Sweden has furthermore climate targets validated by the Science-Based Targets Initiative and is working on submitting additional targets on land use, land use change and land removals by the end of 2024 according to the Science-Based Targets Initiative's new FLAG Standard, which implies that Kavli Sweden is making a formal commitment to zero deforestation-linked commodities by 31st of December 2025. This commitment will support the whole Group in our efforts towards ensuring sustainable land use in our supply-chains, with Sweden as lead market.

By 2025, we will demand from our suppliers that they too adopt a public commitment to achieving deforestation and conversion free supply-chains for deforestation-linked commodities (with a cut-off date of deforested or converted production area of December 2020 at the latest, 2008 for the Amazon biome) and that they underpin these commitments by a monitoring, reporting and verification system that provides adequate transparency for managing this commitment with relevant key performance indicators to be shared with Kavli.

Beyond halting deforestation and conversion, future food production also needs to improve on integrating biodiversity on agricultural land. This implies shifting from large-scale monoculture production models to more diverse, resilient, and regenerative forms of production that inherently ensure the ability to withstand a future with more extreme weather events and pest outbreaks driven by climate change. Kavli will actively work to encourage and source from such production models from front-runner suppliers.

Enforcement mechanisms

Primordially, we intend to select suppliers who share our ambitions and engage in dialogue with them on challenges that may arise as well as the progress made towards our objectives. We will always look to collaborate with and support our suppliers in documenting sustainable production practices and/or sourcing from low-risk areas.

To this end, Kavli will tailor action plans to the challenges and opportunities of each raw material chain. Examples of measures include reducing the use of the raw material in question, using certified raw materials, adopting traceability systems, following up on suppliers and actively engaging in industry collaborations. For risk raw materials, Kavli has delineated specific policies and supplier requirements to prevent deforestation and conversion.

Kavli will actively engage with suppliers as part of our supplier engagement program, to update our suppliers on company targets, progress, and prospective projects (sometimes offering collaboration opportunities) as well as offer knowledge support and guidance wherever needed.



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Stakeholder engagement and reporting

We will take steps to facilitate an active, open dialogue with authorities, environmental organisations, competitors, and other stakeholders with a view to increasing our knowledge, collaborating on measures, and promoting effective common solutions.

We intend to communicate openly about the challenges we encounter and the results we achieve, as well as report annually on progress through our sustainability reporting and the CDP's Forest Program.