

APP Group Statement on EUDR Compliance

Implementation of the EUDR Regulation (EU) No 2023/1115 European Union Deforestation Regulation

APP takes its commitment to the environment and sustainability in all its business practices very seriously. Replacing the EUTR European Union Timber Regulation - Regulation (EU) No 995/2010 is a new regulation which was enacted on June 29th 2023 by the European Union No 2023/1115 the EUDR. This will come into force on the 30th of December 2024, and for some Small Medium Enterprises' (SME) into the first quarter of 2025. This Regulation will be legally binding to all 27 member states in which we operate.

Regarding our operations, particularly in Indonesia regarding [FLEGT \(Forest Law Enforcement Governance and Trade\)](#) this remains part of the new EUDR Regulation and can be used as a risk mitigation tool within the Due Diligence process. As of February 2024, with the absence of the implementation guidelines published or available, we do not know what part FLEGT will play in the entirety of the system. Ongoing talks are taking place between the Government of Indonesia and the European Union Member States on what part this will play in the new Regulation.

We have watched with great interest over the last few years how this has developed, and we continue to work with Governments, Competent Authorities, Stakeholders, Customers, Industry Associations, Think Tanks and Academia as well as interested parties and key Voluntary Certification Schemes to align to the Regulation and we freely share information on working towards compliance across all actors.

The EUDR is far more reaching than the previous Regulation, as it now looks at cross commodities instead of just Timber and its associated products. These commodity products are cattle, cocoa, coffee, palm oil, rubber and soya.

As per the EUTR, the basis is once again on an Operator/Trader system with more onuses being placed on Traders in this new regulation.

There are six core EUDR requirements that companies must meet:

1. Comply with the Legal Conditions
2. Comply with Social Protection measures
3. Prove that your products are Deforestation- and Degradation-Free
4. Provide Geolocation data to show your material's provenance
5. Show traceability of your product across the supply chain life cycle
6. Adhere to Risk Assessment rules to formulate appropriate risk mitigation strategies

As part of the Timber commodity, in particular, relating to deforestation-free products, this fits into our policy of being deforestation-free in our entire supply chain from 2013.

We have implemented a new trace and tracking system within all our operations, this will help to provide new geolocation data (longitude and latitude coordinates) of the forest of the country of harvest.

We continue to work through all areas of compliance under the EUDR. APP is fully aware of its obligations, and that of our operators and traders as set out under the EUDR.

We will continue to update our progress and commitment to the EUDR and to our best ability to work towards compliance under the EUDR.

Should you have any questions or queries please contact sustainability@app.co.id or letchumi_achanah@app.co.id.