

EUDR Update to Accsys European Distributors

3rd September, 2024

Dear Valued Distributor,

As you are likely well aware, the EU Regulation on Deforestation-free products (EUDR) will enter into application on December 30, 2024. This is even though many of its requirements and acceptable means of addressing them are still to be clarified by authorities. Despite requests from many industry organizations, and even countries, for postponement in implementation given this uncertainty, we believe a delay is unlikely and have been preparing for many months to be ready. This letter is a summary of those efforts to date that may be helpful in planning your future supply from us.

Given Accsys' focus on environmental leadership, including only using wood from certified sustainable sources, our compliance with EUDR requirements is easier, but still requires additional careful due diligence. The Forest Stewardship Council (FSC) has been working on EUDR requirements since their announcement -including updating its certification requirements at all stages of supply chains to be in better harmony with EUDR. FSC has also introduced tools to ease compliance, including its Simplified Risk Assessment -which we will utilize. Also important in this regard is our work with our FSC and PEFC independent auditor, Control Union, and utilization of their Woodtrack system as a key means of meeting requirements -just as we have used Woodtrack for years to help meet EUTR requirements. Control Union is updating Woodtrack to meet EUDR requirements.

A major difference in EUDR, versus EUTR, is the requirement to accurately track the harvest locations and dates of all wood sources involved in every shipment entering the EU. This involves knowing the location of every corner of each greater than 4 hectare harvest plot to a thousand of a degree (~80 meters) for each latitude and longitude coordinate. This facilitates EC authorities and designated representatives being able to confirm that the trees utilized did not create deforestation as defined in the EUDR regulations. Given the fact that many of our supplying mills utilize multiple log suppliers and those log suppliers are often harvesting from multiple plots within one of our shipment's production periods, this will mean we will be managing a very large amount of data and it will come to us in multiple formats. The system in development with our independent auditor is intended to manage this so we know the sourcing of every batch we produce.

As you do your future EUDR due diligence, we will work with you to ease this as much as possible. If you have any particular questions in this regard now, please let us know. This remains a work in progress towards a system being challenged by industry and countries for significant clarifications ahead of the new year deadline. We will provide a progress update in October.

Sincerely

John Alexander

Group Commercial Director