

Appalachian Hardwoods Manufacturers EUDR Discussion

July 21, 2025

Topics

- Covington Mill Overview
- EUDR explained
- Defining Forest Types and Fiber Purchasing Decision Steps
- Supplier Agreements and EUDR Addendum
- Procurement Forester guidance
- Purchased pulp / other fiber
- Wood inventory procedures
- ResourceWise
- Finished product shipments
- Operational Timeline

Covington Mill Overview



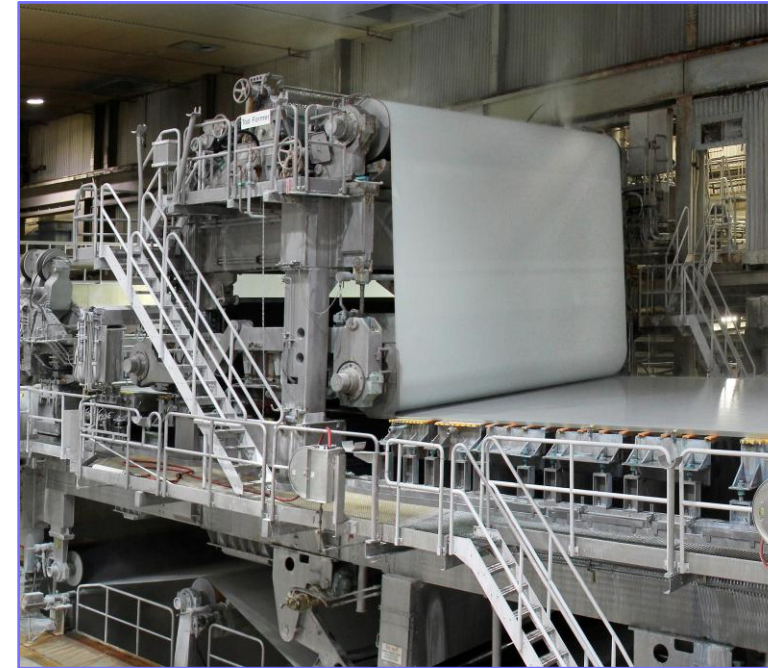


COVINGTON

NO. 1 PAPER MACHINE

Products	Industry
Promina®	Tobacco Packaging
PrintKote®	Food & General Packaging

General Information	
Annual Capacity	360,000 tons
Start Up Year	1986
Rebuilds	1996 Fall 2011 Spring 2019
Reel Width	7 meters / 283 inches
Speed	1400-2000 fpm 426-610 m/min
Thicknesses	10-18 point 254-457 µm
Basis Weights	125-190 lb/3000 sq ft 203-309 g/sq.m



- solid bleached sulfate
SBS / SBB
- coated one side - C1S

COVINGTON

NO. 2 PAPER MACHINE

Products	Industry
Promina [®] Style	Tobacco Packaging
Tango [®]	Commercial Print
Crescendo [®]	Luxury Packaging
PrintKote [®]	Food & General Packaging
EnShield [®]	Barrier Board for Food Packaging

General Information

Annual Capacity	383,000 tons
Start Up Year	1993
Rebuilds	2006
Reel Width	7 meters; 282 inches
Speed	950-2500 fpm 290-762 m / min
Thicknesses	8-24 point 203-610 µm
Basis Weights	105-255 lb / 3000 sq ft 170-415 g / sq.m



- solid bleached sulfate
SBS / SBB
- coated one side - C1S
- coated two side - C2S

Covington Operations – chips for paper production

- ½ of the chips consumed by the Covington mill come from the mill chipper
 - 350 regular suppliers
 - Pulpwood delivered to four buying locations: Covington and 3 western roundwood yards
- ½ of the chips consumed are purchased from sawmills, produced at satellite chipping locations, or produced by in-woods operations
 - 60 regular sawmill suppliers
 - 2 satellite chipping locations
 - 5 in-woods operations
- It takes ~3 tons of wood to make a ton of paper
 - Wood is 40 to 50% water
 - Bark is 10 to 13% of the roundwood and must be removed
- Power Boiler 1 produces electricity and steam
 - Uses own-made bark, screenings, and purchased biomass



EUDR Explained

European Union Deforestation Regulation (EUDR)

Regulation was passed in July 2023 and moves into enforcement January 1, 2026

Intended to ensure European countries do not use products associated with deforestation or forest degradation

Bulk sale of paper or packaging into Europe (or out of Europe) are in scope of the EUDR

Packaging used by a Smurfit WestRock customer to ship their products into or out of Europe are not in scope

Overview of Legislation

- Companies shipping specific commodities into or out of the European Union (“EU”) will have to prove the products were not produced from lands that were **deforested** or **degraded**.
- Commodities in scope for this legislation include:



Wood



Soy



Coffee



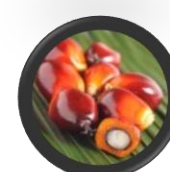
Cocoa



Rubber



Beef



Palm Oil

European Union Deforestation Regulation (EUDR)

Deforestation is defined in the EUDR as “conversion of forest to agricultural use, whether human-induced or not”

Forest Degradation is defined in the EUDR as “structural changes to forest cover, taking the form of the conversion of primary forest to planted forest or plantation forests, or naturally regenerating forest into plantation forests”

Definitions Used in EUDR

Typical evaluation used of deforestation & forest degradation is at a landscape level (think individual state or southeast U.S.)

- The EUDR requires individual landowner & forest parcel level compliance regardless of acres
- Each tract of land where trees are harvested must comply with the EUDR’s definitions of deforestation and forest degradation

Deforestation (example)

Harvesting timber then building a pond or using for cattle or farming

Forest Degradation (example)

Harvesting a tract of natural hardwood or mixed pine and hardwood, then creating a pine **plantation**

When is a SW Papermill in Scope of the EUDR?

A papermill must adhere to EUDR requirements when:

- The papermill makes paper from virgin fiber that is sold into the EU or;
- The papermill makes paper from virgin fiber that is converted into packaging and then sold into the EU

A Due Diligence Statement is required for every shipment of product into the EU (or out of the EU) listing required data for every forest parcel that may have been used in the production of products included in the shipment including:

- Geocoordinates of each forest parcel (polygons if more than 9.88 acres)
- Supplier data
- Confirmation by each landowner of intent not to violate EUDR deforestation & forest degradation criteria

European Union Deforestation Regulation (EUDR)

- US = Low Risk
- Canada = Low Risk
- Uruguay = Low Risk
- Brazil = Standard Risk

Due Diligence for EUDR

The level of Due Diligence requirements are based on a Risk Assessment for the product's Country of Origin - as assessed by the European Commission

- **Assessment criteria included:**

The presence of Forest & forest harvesting

Complexity of the Supply Chain

Corruption / data falsification

Presence of and consultation with Indigenous People

Lack of Law Enforcement, Human Rights Violations

Claims by Indigenous People related to use | ownership of forestlands

Evidence of deforestation or forest degradation

Positive information on compliance to these regulations (certifications)

European Union Deforestation Regulation (EUDR)

Smurfit WestRock Due Diligence Statements will be accessible to EU authorities, downstream supply chain participants...and at some undefined level...**the general public**

The US and Canada have been identified as Low Risk Countries.

This allows us to use a simplified due diligence system

All fiber inputs into Covington (virgin fiber, pulp, etc.) must be deforestation and degradation free and come from Low-Risk countries.

Due Diligence for EUDR (cont.)

A country's assigned Risk Assessment dictates the requirements to comply with the EUDR Due Diligence at papermills in that country

Low Risk Country

Must collect and provide source tracing of any property where trees were harvested to produce a specific paper roll (or pulp bale) verifying harvest on each property:

- Did not contribute to **deforestation** and,
- Did not contribute to **forest degradation**.

Specific information required to be collected from a landowner **and verified** before acceptance of trees/chips from a tract include:

- Supplier identification, contact data (yet to be defined by EU)
- Geolocation (mapping latitude and longitude coordinates of the property)
- Confirmation by the landowner that their intended actions post harvest will not violate the EUDR criteria for deforestation or forest degradation

<1% of total volume will be audited

Standard Risk Country

All due diligence requirements of a Low Risk Country plus:

- Risk assessments of landowner deforestation or forest degradation
- Risk mitigation of non-compliance
 - Executing independent surveys
 - Gathering additional documentation
 - Working with small suppliers
- <5% of total volume will be audited

High Risk Country

All due diligence requirements of a Low Risk Country plus:

- Risk assessments of landowner deforestation or forest degradation
- Risk mitigation of non-compliance
 - Executing independent surveys
 - Gathering additional documentation
 - Working with small suppliers
 - Remedial actions
- <9% of total volume will be audited

European Union Deforestation Regulation (EUDR)

Companies certified to internationally recognized fiber certification standards will not be granted any reduced due diligence requirements under the EUDR

Will Smurfit WestRock's Fiber Certifications Help?



PROGRAMME FOR THE
ENDORSEMENT OF
FOREST CERTIFICATION

GLOBAL



FOREST STEWARDSHIP
COUNCIL®



SUSTAINABLE FORESTRY
INITIATIVE®

NORTH AMERICA



AMERICAN TREE
FARM SYSTEM

U.S.



BRAZILIAN FOREST
CERTIFICATION
PROGRAMME

BRAZIL



RESPONSIBLE FIBER SOURCING CERTIFICATIONS

Defining Forest Types and Fiber Purchasing Decision Matrix

Forest Types

Five Forest Types (land classifications defined by EUDR):

– Agriculture Use

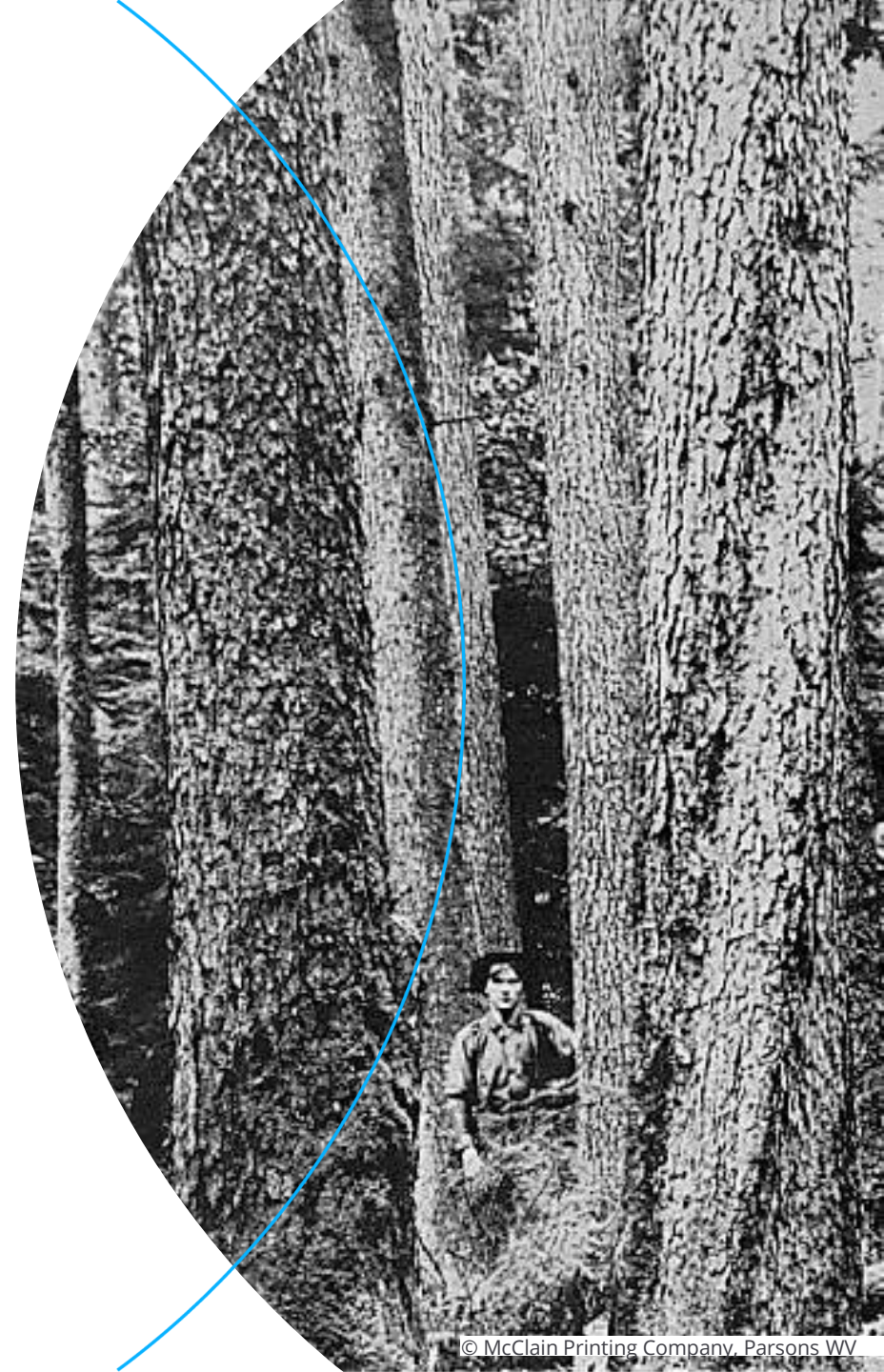
- The use of land for the purpose of agriculture, including for agricultural plantations and set-aside agricultural areas, and for rearing livestock.



Forest Types

Five Forest Types (land classifications defined by EUDR):

- Primary Forest
 - Naturally regenerated forest of native tree species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed.



Forest Types

Five Forest Types (land classifications defined by EUDR):

– Plantation Forest

- Planted forest that is intensively managed and meets, at planting and stand maturity, all the following criteria: one or two species, even age class, and regular spacing; it includes short rotation plantations for wood, fiber and energy, and excludes forests planted for protection or ecosystem restoration, as well as forests established through planting or seeding, which at stand maturity resemble or will resemble naturally regenerating forests.



Forest Types

Five Forest Types (land classifications defined by EUDR):

- Planted Forest
 - Forest predominantly composed of trees established through planting and/or deliberate seeding, provided that the planted or seeded trees are expected to constitute more than 50% of the growing stock at maturity; it includes coppice from trees that were originally planted or seeded.



Forest Types

Five Forest Types (land classifications defined by EUDR):

- Naturally Regenerating Forest
 - Forest predominantly composed of trees established through natural regeneration; it includes any of the following:
 - a. forests for which it is not possible to distinguish whether planted or naturally regenerated;
 - b. forests with a mix of naturally regenerated native tree species and planted or seeded trees, and where the naturally regenerated trees are expected to constitute the major part of the growing stock at stand maturity;
 - c. coppice from trees originally established through natural regeneration;
 - d. naturally regenerated trees of introduced species;



Forest Types

Five Forest Types (land classifications defined by EUDR):

- Other Wooded Land
 - ‘Other wooded land’ means land not classified as ‘forest’ spanning more than 0.5 hectares (1.23 ac), with trees higher than 5 meters and a canopy cover of 5 to 10%, or trees able to reach those thresholds in situ, or with a combined cover of shrubs, bushes, and trees above 10%, excluding land that is predominantly under agricultural or urban land use.
 - ‘Other wooded land’ is not a forest. There are few trees. Land of this type is not where we would typically be harvesting timber with a traditional logging crew.



Fiber Purchasing Decision Steps

- Step 1 - Define current forest type as of December 2020
- Step 2 - Define the planned harvest type (Clear Cut or Thinning)
- Step 3 - Based on Post Harvest Forest Type / Land Use, determine acceptance of fiber and Landowner Documented Confirmation requirements

Supplier Agreements and EUDR Addendum

New Supplier Agreements effective 7/1/25

- Master Supplier Agreement has been revised and will be posted to the Smurfit Westrock Supplier Resources website
 - <https://www.westrock.com/company/supplier-resources#wood-suppliers>

The screenshot shows the WestRock website's 'Wood suppliers' page. The browser address bar displays the URL <https://www.westrock.com/company/supplier-resources#wood-suppliers>. The website header includes the WestRock logo and navigation links: 'OUR PACKAGING SOLUTIONS', 'OUR SUSTAINABILITY STORY', and 'OUR COMPANY', along with a search icon and 'ENGLISH' language selection. The main content area is titled 'Wood suppliers' and features three cards with images of forests and corresponding text:

- Pacific Northwest →**
- Southeast →**
- Virginia Electric & Power Company (Dominion Energy) →**

New Master Supplier Agreement

- Most supplier acknowledgements will be completed through DocuSign
- Master Supplier Agreement does not expire
 - Revisions to the MSA will be communicated to suppliers with an updated MSA posted to the website.
 - Suppliers will have the ability to terminate their MSA if they do not agree to revisions.
 - MSAs continue in perpetuity unless terminated by either party.

EUDR Addendum

One page addendum to the MSA

- The MSA acknowledgment directs suppliers to EUDR mills to the new EUDR addendum
 - The addendum will be posted to the same site as the MSA
 - <https://www.westrock.com/company/supplier-resources#wood-suppliers>
- The addendum specifies the EUDR requirements for suppliers
 - Provide Latitude & Longitude of each harvest site
 - For clearcuts obtain documented confirmation from landowner that they do not intend to convert to agricultural use or cause forest degradation
- For Suppliers providing wood fiber to the Mahrt AL, Covington VA, and Fernandina Beach FL papermills and associated wood receiving facilities, the European Union Deforestation Regulation (EUDR) Addendum, found at the above website, is incorporated in the Agreement.

EUDR Procedures & Procurement Forester Guidance

Fiber Supply EUDR Procedures

Due Diligence (Article 8) is basically Articles 9-11

- Article 9 – lists required data and documentation to show compliance
 - Required data includes: product, quantity, geolocation, supplier & customer info, deforestation-free evidence
 - Geolocation is the latitude and longitude in decimal degrees to six decimal places.
 - 37.809050 -80.572773
- Article 10 –Risk Assessment
 - Not required for low-risk countries
- Article 11 – Risk Mitigation
 - Not required for low-risk countries

Procurement Forester Guidance

So, what do we have to do? In a nutshell, Article 9, section 1 – Information Requirements.

- Stumpage tracts – confirm and document that the landowners does not intend to deforest or degrade the forest.
- Collect basic data and document it
 - Stumpage Purchase Request
 - Landowner acknowledgement
 - Updated forest type selections
 - Document landowner acknowledgement of intentions at time of harvest
- Training

Purchased Pulp / Other Fiber

EUDR Compliance is required for any source of virgin fiber.

- Recycled fiber (OCC / DLK etc.) is exempt from these requirements.
- Recycled pulp is exempt.
- Waste material from other Smurfit Westrock mills is considered pre-consumer recycled fiber and is exempt.
- Virgin fiber pulp must meet the EUDR requirements.
- Deliveries should be accompanied by appropriate Due Diligence System information, supplier info, and geolocation data.

Inventory Procedures

Inventory Procedures

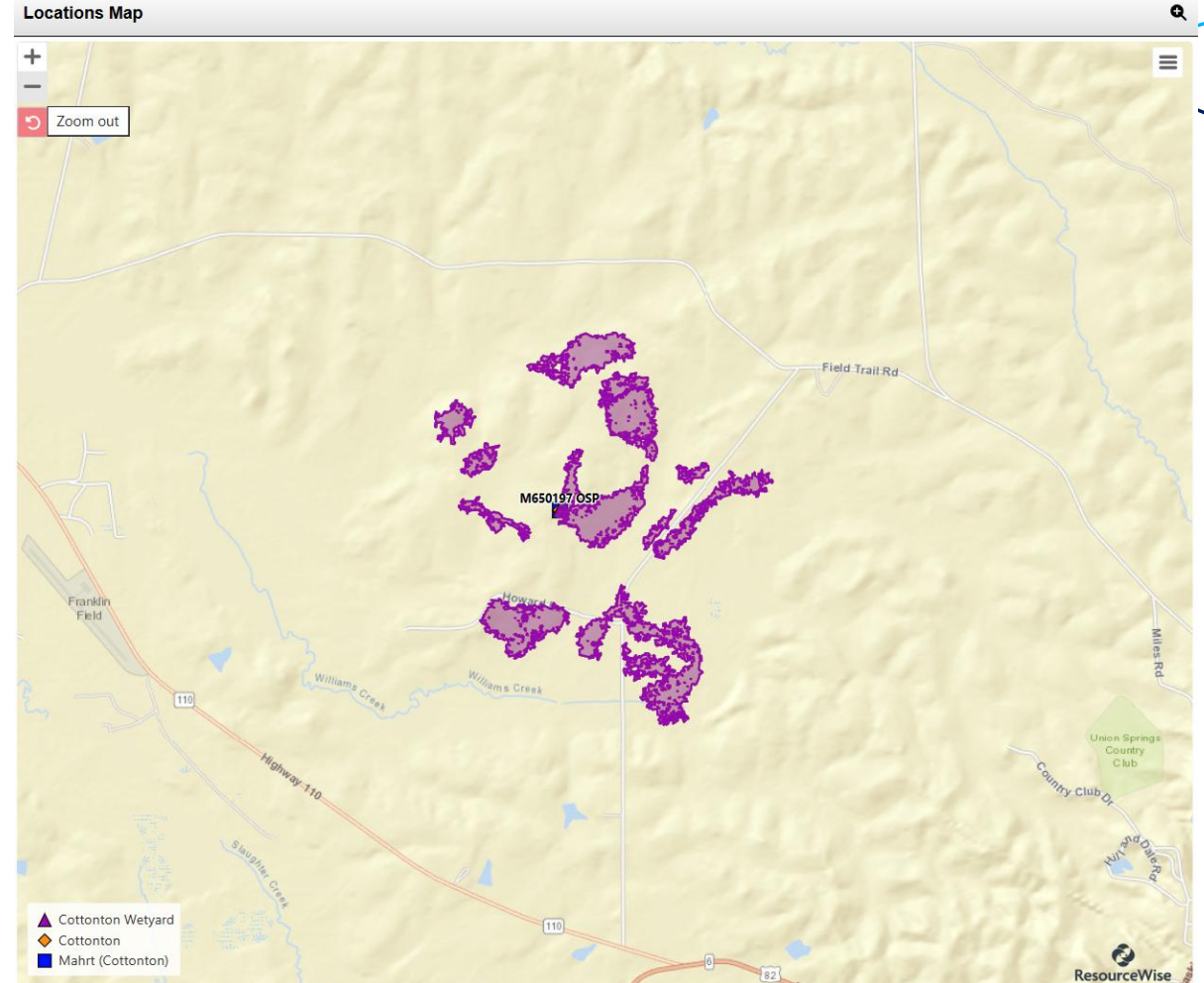
- All Covington inventories will be totally EUDR compliant
- The inventory volume is used to determine which loads of wood and thereby which tracts are potentially in each roll of paper
- Inventory will be relieved first-in, first-out (FIFO)
- ResourceWise will use their tokenization process to connect wood receipts to paper rolls.
- Third-party facilities will send their coordinates and inventory to ResourceWise

ResourceWise

ResourceWise

What are they doing?

- Collecting coordinates for all tracts.
- Using satellite imagery to create harvest shape files.
- Creating “tokens” that match tracts to rolls of paper.
- Reporting due diligence to the EU.
- ResourceWise receives
 - SAP data on paper roll production
 - LIMS data
 - Wood inventory data from Covington
 - Tract coordinates from sawmills & dealers



Finished Product Shipments

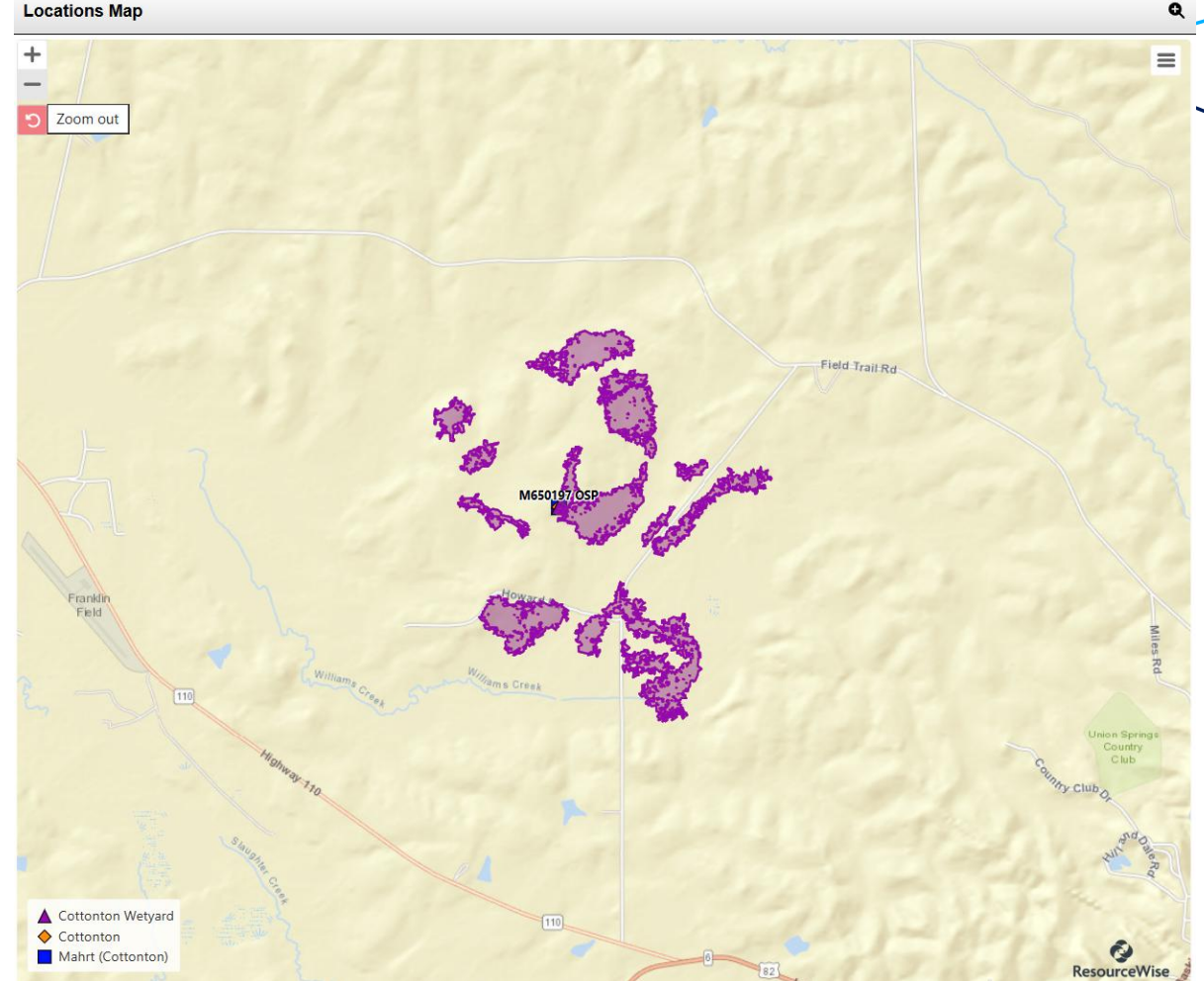
Invoices/Packlists must contain specific info

- Seller
- Buyer
- Date
- Country of Origin
- Weight in Kilograms
- HTS Commodity Code
- Product Description

ResourceWise

What are they doing?

- Shipments must also include polygons for all harvest sites that may have contributed wood fiber into the shipment
- ResourceWise is responsible for producing the necessary information based on the inventory and tokenization process discussed previously



Operational Timeline

Need to meet January 1, 2026 Compliance

- All Covington inventories will be totally EUDR compliant
- Inventories used for paper fiber must be converted to chips and consumed by the pulp mill prior to August 15
- Allows time for paper to be produced, sent to converters, turned into end products, and be compliant when arriving in Europe 1/1/26

