

Response to the Report by Earthsight and Auriga Nusantara

JAKARTA, 21 October 2025 – PT Korindo Ariabima Sari (KABS) has reviewed the report released by Earthsight and Auriga Nusantara regarding the sourcing of timber. We are committed to addressing this issue with full transparency and to ensuring that all our operational practices align with sustainability principles.

We would like to share the key findings of our independent investigation and immediate actions taken:

1. Commitment to Legal and Sustainable Timber Procurement

KABS sources only legally verified timber, complies with the Indonesian Government's Timber Legality Assurance System (SVLK), and manages its entire supply chain according to the Programme for the Endorsement of Forest Certification (PEFC) standards.

2. Enforcement of the No-Deforestation Policy

In line with our Timber Procurement Policy, since September 2020, KABS has completely ceased purchasing timber originating from IPK logs (timber originating from land cleared for agricultural development).

3. Immediate Supplier Disengagement

An independent audit conducted by PT Mutu Hijau Indonesia confirmed that a portion of raw materials supplied by PT Indosubur Sukses Makmur were not fully aligned with our contractual requirements and policy, as they originated from land cleared during the contract period. As a result, KABS has permanently ceased all transactions with PT Sentra Abadi Makmur (the distributor) as well as PT ISM.

4. Audit Recommendation

The audit confirmed that while KABS and ISM complied with national SVLK standards, our internal procedures are subject to enhancement to fully meet the company's sustainability commitments. The complete audit report is available at the following link:

<https://www.korindo.co.id/grievance/use-of-timber-from-deforestation/>

5. Strengthening Due Diligence Measures

KABS is currently implementing immediate and proactive corrective actions, including:

- a. Formation of a dedicated Internal Audit Team.
- b. Implementation of a more stringent Due Diligence System, including routine technology-based deforestation monitoring.
- c. Enhanced personnel training to ensure that all future procurement fully complies with internal policies and the upcoming European Union Deforestation Regulation (EUDR).

We appreciate the attention and input from our stakeholders. Our commitment remains firm: to uphold integrity, sustainability, and transparency across the entire supply chain, and to ensure full compliance with applicable international standards and regulations.

Management of PT Korindo Ariabima Sari