



# **SILVICARBON SUSTAINABILITY REPORT**

**Annual Report 2021**

## FOREWORD FROM COO

I am pleased to present you the Annual Sustainability Report for 2021. The purpose of this report is to provide an update to internal and external stakeholders on the Company's commitment to making the operations truly sustainable. "Sustainability is not how you spend your money, but how you make them". Through our comprehensive Agroforestry Model, we believe that that is the case!

Sustainability forms an integral part of SilviCarbon's business strategy and is the core of how we operate and conduct responsible business. The following pages will provide information and data on the Company's sustainability approach and performance during the year of 2021.

I want to personally thank all the SilviCarbon employees for their commitment to responsible and sustainable operations and diligent work during periods of lock-downs and other restrictions due to Covid-19.

Peter Fogde

COO

## CONTENTS

<b>INTRODUCTION TO SILVICARBON .....</b>	<b>1</b>
About SilviCarbon.....	1
Mission, Goal & Values.....	1
SilviCarbon’ s Responsible Business Model – Trees and Food .....	1
<b>SUSTAINABILITY AT SILVICARBON .....</b>	<b>3</b>
Sustainability Commitment.....	3
Sustainability Policy Framework and International Standards .....	3
Responsible Sustainable Forestry .....	4
Our Communities and People’s Wellbeing .....	4
Our Local Communities .....	5
Our People’s Wellbeing .....	5
Safety .....	5
UN Sustainability Development Goals (SDG).....	6
<b>SILVICARBON IN LAO PDR .....</b>	<b>8</b>
Project Setting .....	8
Plantation Location .....	9
Unexploded Ordnance (UXO).....	10
<b>HUMAN RESOURCE .....</b>	<b>11</b>
Leadership Team and Organisation.....	11
Employee Wellbeing.....	12
Equal Opportunities .....	12
Competence Development .....	12
<b>SAFETY.....</b>	<b>14</b>
Covid-19.....	14
Incident and Accident .....	14
OHS Committee .....	14
OHS Training .....	15
<b>COMMUNITY ENGAGEMENT AND SOCIO-ECONOMIC DEVELOPMENT .....</b>	<b>16</b>
Stakeholder Engagement .....	16
Free Prior Informed Consent (FPIC) .....	16
Participatory Land Use Planning .....	17
Socio economic survey.....	18
Agroforestry – Agriculture crops.....	18
Daily Labour and Hiring.....	19
Unexploded Ordnance (UXO) Clearance.....	20
Village Development Fund (VDF) .....	20
Grievance Channel for Community.....	22

Natural Regeneration Awareness with Communities.....	22
<b>FOREST OPERATIONS.....</b>	<b>23</b>
Promoting Natural Vegetation .....	23
Nursery .....	23
Plantation Establishment .....	24
Vegetation and UXO Clearing .....	24
Soil preparation, Planting and Fertilizing .....	24
Pesticide and Chemical Use.....	25
Plantation Management .....	25
Weeding.....	25
Fire Management, Pest and Disease Control.....	25
Harvest.....	26
Contractors and Suppliers .....	27
<b>INTERNAL AUDIT - ENVIRONMENTAL AND SOCIAL MANGEMENT.....</b>	<b>28</b>
Integrated Environmental, Social, and Occupational Health and Safety Management Systems (IMS).....	28
Social and Environmental Monitoring .....	28
Non-Compliance Result and Corrective Action .....	29
Grievance Management.....	30
Legal Compliance.....	30
<b>EXTERNAL AUDIT.....</b>	<b>31</b>
Forest Stewardship Council (FSC) Audit.....	31
Government of Lao (GoL).....	31
<b>PARTNERSHIP, COOPERATION AND RECOGNITION .....</b>	<b>33</b>
Biodiversity Project with WWF .....	33
Stakeholder Engagement and FPIC with International Finance Corporation (IFC) .....	33
Consultation Communication Tools for Communities with Village Focus International (VFI) .....	34

## INTRODUCTION TO SILVICARBON

This report has been prepared with the purpose to provide an update of SilviCarbon Agroforestry Sole Company Limited's (SilviCarbon) Sustainability performance towards internal and external stakeholders. This report encompasses the Company's sustainability approach, programmes, and results for the year 2021. This report is made publicly available on SilviCarbon's website.

### About SilviCarbon

SilviCarbon BV is a world leading nature-based carbon removal company. SilviCarbon BV is 51% owned by Varo Energy BV, a leading independent European energy and fuel company focused on the energy transition. Varo Energy is owned for two thirds by Carlyle International Energy Partners and for one third by Vitol, amongst others the largest carbon trader in the world.

The local Lao company 'SilviCarbon Agroforestry Sole Company Limited' is 100% owned by the Swedish holding company 'SilviCarbon Agroforestry AB', which in September 2021 was acquired by SilviCarbon BV from Stora Enso AB. SilviCarbon has since then, retained and upheld the sustainability work and approach that Stora Enso developed, to serve as a best practice example in the forestry sector in Lao PDR.

### Mission, Goal & Values

**Mission:** To be a leader in innovative development of new generation plantations that are truly sustainable through optimum value yield, cost effectiveness, close integration of local communities and best practice management of environmental and social issues, and an integrated and law-abiding part of the Lao society and Do What Is Right.

**Goal:** Our common goal is to grow wood for delivery to our customers and our own mills at a competitive price. We shall be an attractive employer and ensure a safe working environment. We shall continue to enhance our land acquisition process and the Plantation Model. We shall adopt best environmental and social practice.

**Values:** As a global company we operate according to our values, policies, and principles everywhere; we respect different cultures, customs, and values of the societies where we operate. We comply with and, when necessary, go beyond the requirements of national legislation and regulations. We address sustainability throughout our value chain, and we expect our suppliers and partners to comply with SilviCarbon's policies and principles related to sustainability.

### SilviCarbon's Responsible Business Model – Trees and Food

SilviCarbon has developed a successful business model based on cooperation with the communities that truly benefits both. The company secures the wellbeing of the communities by ensuring the villager's continued access to their land. Village mapping is carried out together with the active participation of the villagers. The

most important aspect of village mapping is that it allows the company to identify land use types that are important to the village or that have high conservation value, which should be respected and preserved. Land is being cleared from UXO (Unexploded ordnance) making it safe for the villagers to plant agricultural crops, and safe for the workers working at plantations. The land is transformed to safe and productive land.

SilviCarbon has developed a unique concept through establishing plantations using an agroforestry system. The agroforestry model allows villagers to grow rice and other agricultural crops between the trees. Land use is thereby optimized by combining the production of trees for the company, and food for the communities. Food security is further enhanced through the creation of labour opportunities generating cash income for communities.

The Agroforestry Model has clearly had a strong positive impact on food security in the communities. By using the agroforestry system, the efficiency in farming increase, resulting in that the farmer will need less area and spend less time to produce the same amount of food compared with the traditional shifting cultivation

In addition, SilviCarbon has established a Village Development Fund (VDF) with the purpose to support and improve the sectors of food security, income generation, education, and water, health and sanitation, with specific focus on vulnerable groups in the village.



SilviCarbon Agroforestry Plantation



## SUSTAINABILITY AT SILVICARBON

Sustainability is part of SilviCarbon's corporate governance, and responsibilities are assigned throughout the organisation. All our employees are expected and trained to observe these commitments and responsibilities in their everyday work. Our employees are the core foundation for the company to continuously perform well within the Sustainability area.

### Sustainability Commitment

SilviCarbon is committed to managing and developing its business in a sustainable manner. This is achieved through balancing economic, environmental, and social responsibilities. The company continually improve the sustainability performance. Through transparency in the way we operate and engage with our stakeholders, in particular the communities in where we operate, we strive to engage our stakeholders in active and constructive dialogue. We measure and publicly report our sustainability performance.

We must be a profitable business and an attractive and trustworthy investment, employer, supplier and business partner. We strive to contribute to the economic well-being of the societies in which we operate.

#### Economic Responsibility

- We must be a profitable business and an attractive and trustworthy investment, employer, supplier and business partner. We strive to contribute to the economic well-being of the societies in which we operate

#### Environmental Responsibility

- To minimise our impact on the environment, we consider a life cycle approach and use applicable control technologies. We use raw materials, energy, and other resources efficiently.

#### Social Responsibility

- We adhere to ethical business practices in all our activities. We honour and support globally accepted human and labour rights, and we create a healthy and safe workplace for all our employees. We are a responsible neighbour, and we do our part in supporting social development.

### Sustainability Policy Framework and International Standards

SilviCarbon is committed to developing its business towards ecological, social and financial sustainability, and has a strong internal environmental and social policy and framework, all of which inform the way the company conducts its business.

SilviCarbon has developed a suite of policies and procedures to ensure that the development and management of the Project is done in accordance with the above commitments. Key documents include:

- Land Operations Manual including fully documented Land Acquisition Procedures and Suitable Land General Assessment Criteria according to Free Prior Informed Consent (FPIC) principles,
- Unexploded Ordnance (UXO) Clearance Procedures and various work instructions for buffer identification, bush clearing, burning, stump clearing, and soil preparation;
- Agroforestry Manual a Standard Operating Procedure for Silviculture and Hazardous Materials Management;

- Environment and Occupational Health and Safety Manual including procedures, work instructions and record templates; and
- Social Development Policy, Ethnic Minority Policy, Project Grievance Mechanism, and Intercropping Policy.

SilviCarbon is committed to comply and when necessary, go beyond all the applicable policy, legal and regulatory obligations defined in Lao PDR including the following international policies and standards:

- IFC Safeguard Policy and Performance Standards;
- Forest Stewardship Council Forest Management Principles and Criteria

### **Responsible Sustainable Forestry**

Wood represents a favourable alternative to fossil based and other non-renewable materials. Growing trees absorb carbon dioxide (CO<sub>2</sub>) from the atmosphere and, act as carbon storage. In combatting climate change and protecting biodiversity, responsible sustainable forestry has a key role in the future. The World is facing several challenges such as population growth, the increasing demand for agricultural land, and a broadening gap between the supply and demand for wood. This requires us to use natural resources more efficiently and require us to use natural resources even more efficiently and to produce trees in more productive way from less land.

SilviCarbon is long-term committed to a continuous improvement of forest management practices consistent with internationally accepted forest certification systems' principles and criteria.

**To develop and establish sustainable plantations, the company has defined some key commitments:**

- Implementation of environmental management systems, occupational health and safety systems, and technologies that enable the company to recognize and assess the impacts of our operations, and continuously improve our sustainability performance;
- Support for sustainable forest management and promote forest certification on all land used to supply us with wood and fibre, so as to protect, verify and communicate a wide range of economic, social and environmental values;
- Use of sustainable forest and land management practices that conserve biodiversity, soil (including peat) and water resources, while also safeguarding the health and ecological functions of ecosystems;
- Intensive management of tree plantations, primarily for specific commercial purposes to facilitate enhancement of local welfare and play an important role in the conservation of native ecosystems; and
- Open, transparent and mutually beneficial relationships with key stakeholders enhancing the long-term health and wellbeing of employees, contributing to improved economic and employment conditions for local people, and recognizing the unique economic and cultural needs of ethnic groups.

### **Our Communities and People's Wellbeing**

SilviCarbon adheres to internationally recognised human and labour rights and standards. We do not tolerate discrimination against anyone and do not condone any form of harassment. We do not allow forced or child labour.



Our local communities are the centre of our work. We want to ensure that SilviCarbon's operations contribute positively to social and economic development, and minimize any negative. We continuously engage with our communities and maintain an active dialogue with them, to build a strong mutual beneficial relationship.

### Our Local Communities

The local communities where we operate are the focal point. As a responsible company we need to systematically engage with our communities and ensure they are informed about planned activities. SilviCarbon uses a bottom-up approach, starting at village level as the first point of contact by introduction the project. We strive to create a mutual beneficial relationship where the local communities feel respected, can make their voice heard, and take decisions by being well informed. This is an approach that reduce the risks of adverse environmental and social impacts as well as conflicts with local communities and stakeholders.

Social monitoring, community participation and consultation, transparent information and culture appropriate communication are just a few measures that the company put in place to ensure that potential negative social impact is captured and acted upon. In addition, the company have established grievance channels where local communities and stakeholders can submit grievances to the company.

### Our People's Wellbeing

SilviCarbon is committed to a workplace environment where everyone is treated with fairly and respectfully. All workers, including contractors, suppliers and service providers have the right to work in an environment that is free of discriminatory practices and harassment of any form.

SilviCarbon has a zero tolerance towards harassment and discrimination of any form. All employees are encouraged to speak up when witnessing or experience any form of harassment or discrimination. We respect our employee's right to organise themselves and join trade unions, and to collectively bargain with the company. The company has a Worker Representative Group, with employee members elected on annual basis by all employees.




SilviCarbon provides equal employment opportunities in employment, promotion, training and other personnel actions without regard to race, colour, religion gender, sexual orientation, age, national origin, physical or mental disability. Please refer to SILVICARBON's Equity Inclusion and Diversity Policy, which is attached to the Code of Conduct.





### Safety



SilviCarbon is committed to providing a safe and healthy working environment. All SilviCarbon operations are conducted in a manner that protects the health and safety of our Personnel and all people in the communities where SilviCarbon operates. We work to create a safety culture where everyone can give feedback and observations on safe and unsafe behaviour. In creating a safety culture, it starts with the Leadership Team to act as a role model and never make any exceptions on safety. Our target is zero accidents and we work everyday with this goal in mind.

## UN Sustainability Development Goals (SDG)

SilviCarbon's sustainability framework builds on a strong foundation of responsible business practices. Through our environmental and social sustainability work, we contribute to several of the SDGs including:

Responsible Sustainable Forestry		
Sustainable Development Goal (SDG)	SilviCarbon's Role	
	SDG 12: Responsible Consumption and Production	We comply with, and certified according to internationally accepted forest certification systems' principles and criteria (FSC).
	SDG 13: Climate Action	Growing trees absorb carbon dioxide (CO2) from the atmosphere and act as carbon storage. We combat climate change while also protecting biodiversity in our plantations.
	SDG 15: Life on Land	We adhere to the use of sustainable forest and land management practices that conserve biodiversity, soil and water resources, while also safeguarding the health and ecological functions of ecosystems.

Communities and People's Wellbeing		
Sustainable Development Goal (SDG)	SilviCarbon's Role	
	SDG 1: No Poverty	We provide labour opportunities, short and long term, for employees and communities to secure an income.
	SDG 2: Zero Hunger	We address agriculture production through the agroforestry system. We provide safe areas for rice planting and other agriculturle corps to ensure food security of our communities.
	SDG 5: Gender Equality	We promote equal opportunities regardless of gender.
	SDG 8: Decent Work and Economic Growth	We adhere to the International Labour Organization (ILO) standards. We prohibit child and forced labour. We ensure fair treatment and fair wages for all.

	SDG: Reduced Inequalities	We contribute to socio-economic development, introducing improved agriculture practices to improve food security, provide cash income opportunities, provide training and skills development.
	SDG 18: Lives Safe from UXO	We are the only forest company that were committed to clear the land from bombs. All land that is used by the company is cleared, including camps, plantations, and other facilities. We provide a safe land for our employees, communities, and the people of Lao PDR.

Continued efforts are made by SilviCarbon to further contribute to the UN Sustainable Development Goals. We believe we have an important role to play in overcome the global challenges that the World faces.

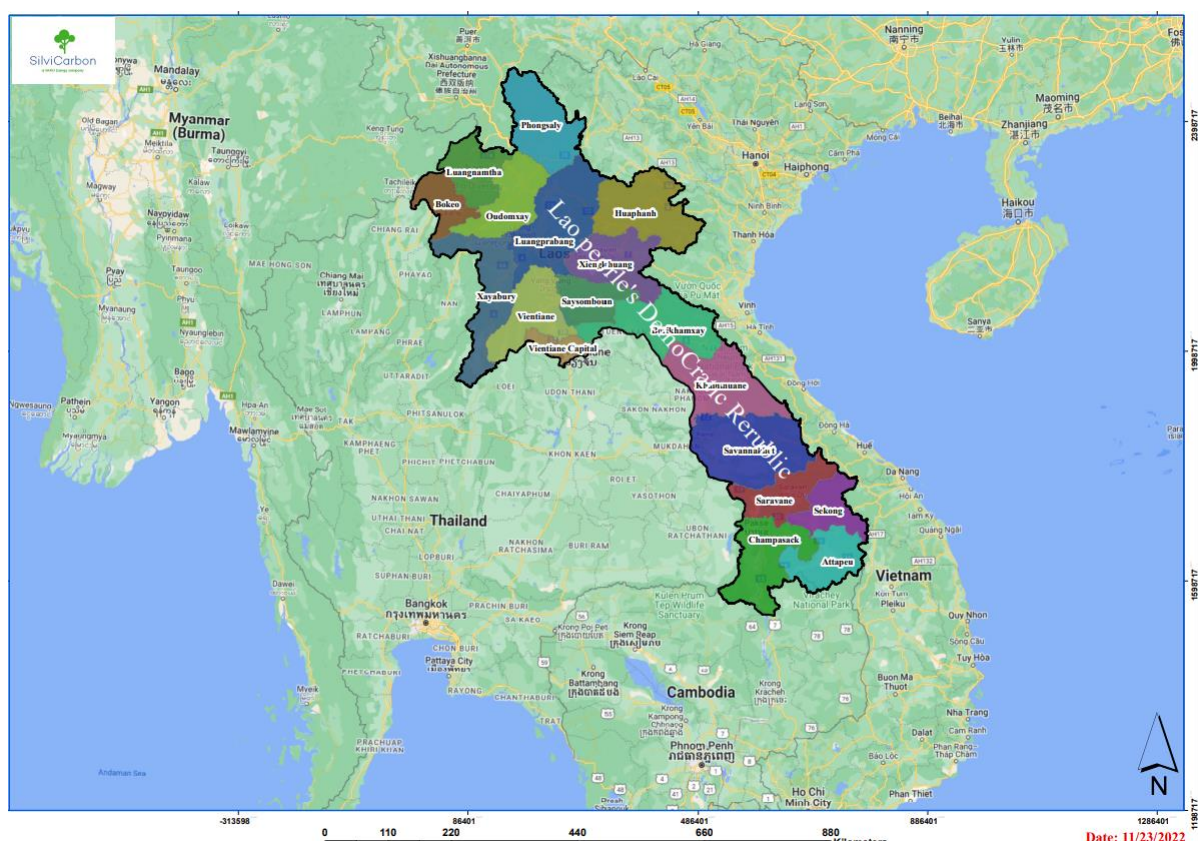
## SILVICARBON IN LAO PDR

Lao People's Democratic Republic (Lao PDR or Laos) is located in Southeast Asia, bordering Cambodia, Vietnam, Thailand, Myanmar and China. The Foreign Direct Investment (FDI) has increased in recent years. Land-based investments have brought economic growth to Laos and the Government of Laos (GoL) continues to encourage and promote responsible companies to invest in the country.

SilviCarbon is a forerunner in responsible investment practice in Laos. Through strictly adhering to ethical and sustainable principles and standards in the way we operate, we have obtained what is frequently referred to, the "Social license to operate".

### Project Setting

SilviCarbon operates in the southern part of Lao PDR, an area that was heavily bombed and defoliated during the Vietnam War. The areas represent high levels of ethnic diversity, being populated by several ethnic groups from the Lao-Tai and Mon-Khmer linguistic groups, within each of which there is significant linguistic and cultural diversity. These communities are among the poorest in Lao PDR and face significant development challenges including serious lack of food security, poor education, low literacy, poor maternal health, low cash incomes and few opportunities for income generation. In addition to low population density and low level of productive use of the land, the land situation in Laos is also impacted by the legacy of the Vietnam war, with large areas of land still covered by unexploded bombs.

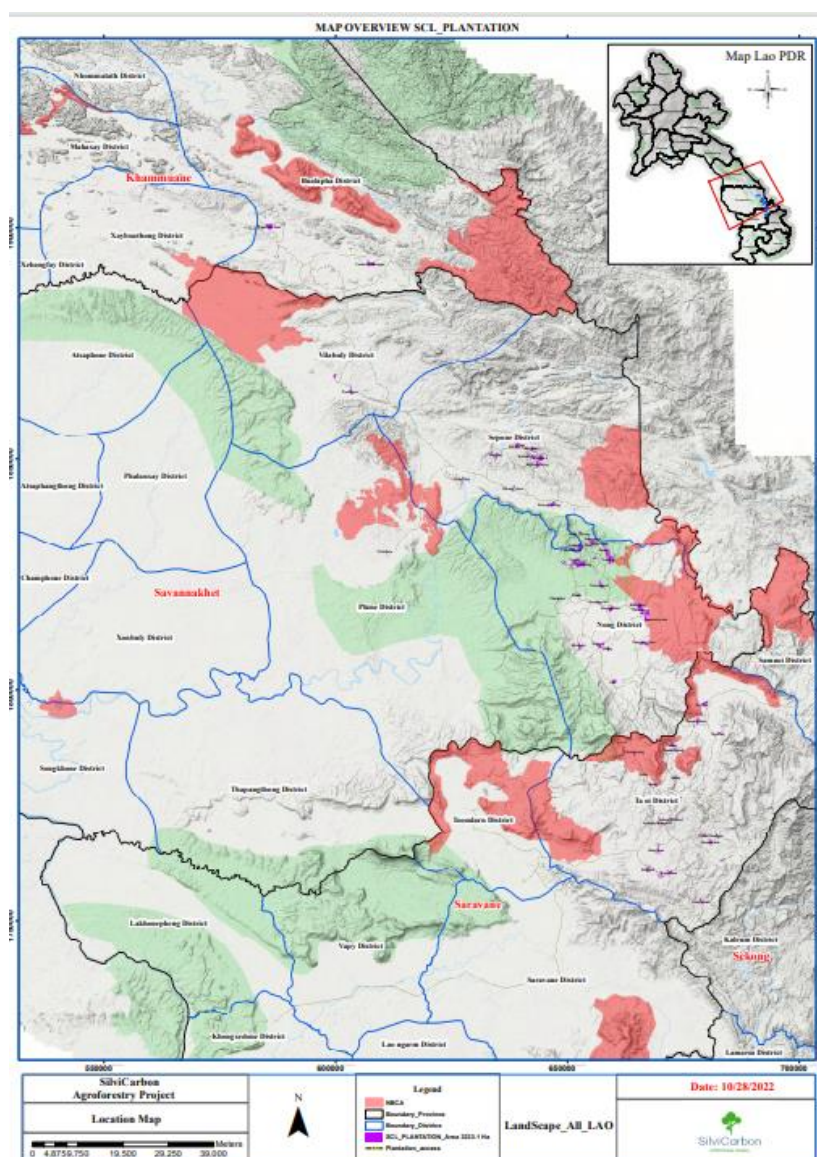


Lao PDR

## Plantation Location

SilviCarbon is managing a plantation of 3.300 hectares with the purpose of producing high value timber. Over 50 local communities have been involved resulting in reduced slash-and-burn cultivation and improved livelihoods for over 12.000 people. The land used is highly degraded from the local practice of slash-and-burn farming. The introduction of agroforestry allowed local farmers to move away from their traditional slash-and-burn farming.

The terrain is to a large extent characterized by degraded and secondary forests, large open areas of bush land. This is the results of extensive bombing and use of the Agent Orange (Dioxin) during the Indochina War, in combination with extensive shifting cultivation after 1975. Productive and secondary forests are sparsely found throughout the districts and are constantly decreasing because of shifting cultivation.

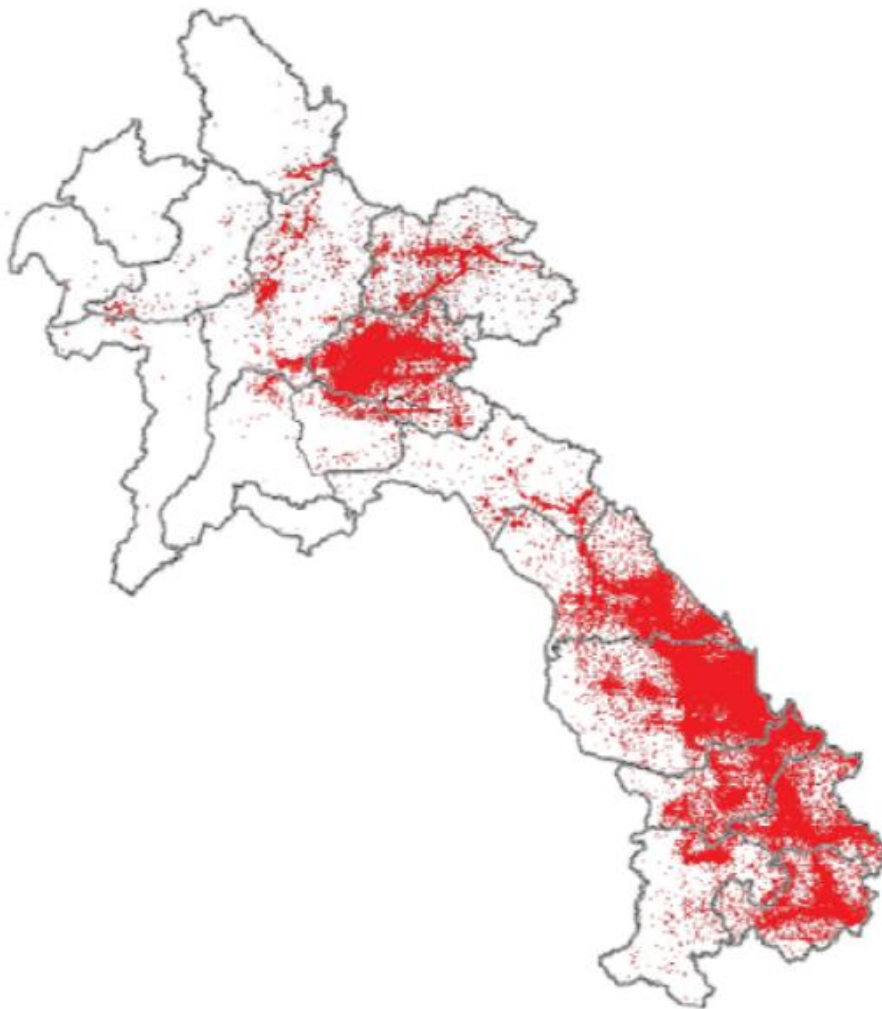


SilviCarbon Project Area and plantations



## Unexploded Ordnance (UXO)

Despite not being part of the Indochina War, more bombs were dropped on Laos than over Germany during WWII. In addition, large areas bordering Vietnam were sprayed with the defoliant Agent Orange, which killed everything that was green. Today therefore there are large areas of highly degraded land with limited potential for socio-economic development due to unexploded bombs (on average two per hectare). The Lao Government does not have sufficient funds for bomb-clearing and as the bombing of Laos by the US was not official (i.e., it never happen), it has been difficult to raise international donor funding for bomb-clearing. SilviCarbon has however developed a business model that allows the company to use this type of land by performing bomb-clearing prior to planting. To date, the Company has removed 3.500 unexploded bombs from the 3.300 hectares management area.



Map from American bomb releases, Laos. (Red is area with UXO presence)

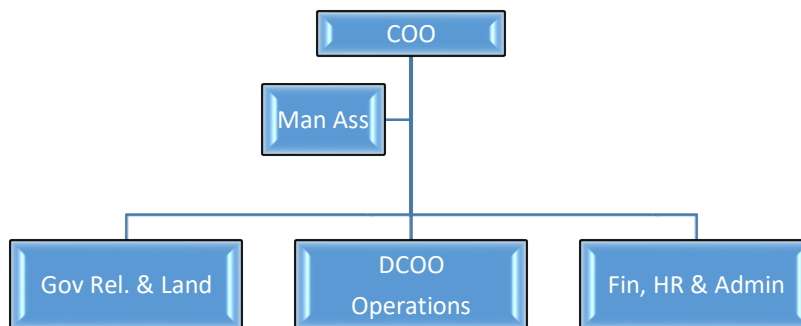


## HUMAN RESOURCE

### Leadership Team and Organisation

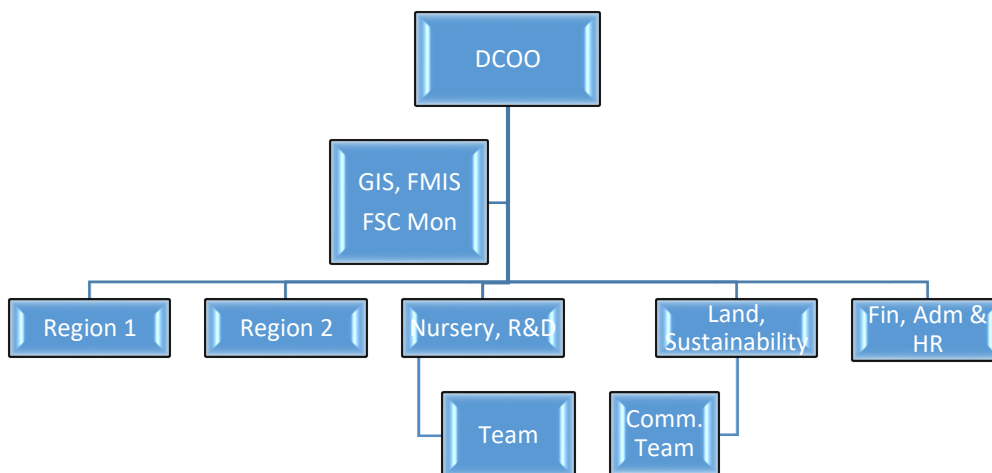
SilviCarbon strongly believes that the key to success depends on our ability to retain, develop, and attract talent for our business and to create an inclusive environment. The Leadership Team in SilviCarbon is working along those values to create an organisation that is ethical, efficient, diligent, and skilled. The Leadership Team consists of the Chief Operating Officer (COO) having the overall responsibility of all SilviCarbon Operations and related activities and sub-projects. The COO also has the overall responsibility for compliance with international and national standards and requirements, and the company's overall sustainability and safety performance.

The Organisation is further divided into three main departments, 1) Government Relation and Land Department, 2) Operations lead by the Deputy Chief Operating Officer (DCOO), 3) Finance, HR and Admin Department; all of which have their assigned responsibilities related to sustainability. In 2021 SilviCarbon's organisation consisted of 21 full time local employees, whereof three were female. All females hold a supervisor or manager position in the company.



SilviCarbon Leadership Team

The responsibility of the performance and implementation of the Sustainability Programs is assigned to DCOO Operations. This is further streamlined through the organisation where every department is responsible to work according to the values of the company, based on their assignment. There is a designated department, Land and Sustainability that more specifically work with the Sustainability related area. Furthermore, the GIS Officer under DCOO, is assigned to maintain monitoring data.



Org chart under DCOO, with assigned sustainability responsibilities for implementation

## Employee Wellbeing

SilviCarbon strongly believes that the wellbeing of the employees is obtained through creating a healthy and safe workplace where everyone feels that they are treated in a fair and respectful way. We do our utmost for our employees to feel appreciated at the workplace and where they feel their opinion matters.

We have zero tolerance for discrimination, harassment, and bullying. If this should occur, the company has grievance channels for the employees where they can report such events. On annual basis the employees and contractors received training in Ethics and Code of Conduct where this is being raised as well.

SilviCarbon has a Worker Representative Group which is elected by the workers to represent the employees' interests. The Group is chaired by the HR Officer on site, and regular meetings are held where the employees can raise concerns, issues and provide feedback to the Leadership Team on subjects related to the workers and the workplace.

## Equal Opportunities

SilviCarbon considers all its employees being equal and is committed to fully respecting human rights throughout its operations. We provide equal opportunities for all applicants and employees, regardless of age, origin, religion, nationality, gender, marital status, sexual orientation, and disability.

Upon a successful recruitment process, we further provide equal opportunities for all our employees in salary setting, promotion and competence development. The Leadership Team and our Worker Representative Group have a great role in creating a good working environment for all, where everyone is treated equal.

## Competence Development

Competence Development for SilviCarbon is about improving existing competence and adding new competence to the competence pool.

Competence Development for employees and contractors are conducted on regular basis and as per need. Training is provided by internal and external training facilitators in various subjects. On annual basis, all employees receive training in Code of Conduct and Safety and other general training. In addition, technical and specific training is provided for employees as per need throughout the year. Training conducted in year 2021 included:

Training Topic	Content of Training
OHS	Risk Assessment
OHS	Signage and reading of signage
OHS	Personal Protective Equipment (PPE) usage and when applied
OHS	Emergency Procedures
Operation, Plantation Establishment	Planting and Fertilizing
Operation, Plantation Establishment	Planting, appropriate use of tool
Operation, Plantation Establishment	Harrowing
Operation, Plantation Establishment	Plantation, singling,
Operation, Plantation Management	Weeding
Operation, Harvesting	Chainsaw training, safety
Buffer zones	Safeguard of buffers and High Conservation Value (HCV) objects, classification of water courses.

The Company holds an Annual Training Master Plan and a Competence Register. Our aim is to obtain and develop the right talent to ensure a smooth competence transformation aligned with our strategic goals for the future.

## **SAFETY**

SilviCarbon is committed to provide a safe and healthy working environment. In doing so, we ensure that we adhere to international standards and programs, as well as follow international and national regulations. The health and safety are a key priority for SilviCarbon, where the target is to provide an accident-free workplace. Our target is zero accidents, and for everyone to go home safe every day.

Our employees, contractors and service providers shall always feel safe when working on our premises and with us. SilviCarbon is continuously working on improving safety awareness, knowledge, and management system with the ultimate result leading to zero occupational accidents.

Our aim is to create a company-wide safety culture where everyone is responsible for the safety. This starts with our Leadership Team and throughout the company, which is further streamlined through the whole organisation.

### **Covid-19**

During the continuation of the Covid-19 pandemic, the company continued follow the national and local authorities' recommendations and restrictions. Our employees and contractors were well informed about the situation and the company's response to Covid-19 during the year. Remote working was recommended and supported by the company whenever possible.

### **Incident and Accident**

SilviCarbon reached the target set for 2021, with having zero accidents and incidents. Continued efforts are made to further improve the safety in our operations and our related activities. We encourage employees, contractors, and visitors to help to identify and report unsafe situations or actions immediately.

### **OHS Committee**

As part of involving employees in the OHS Work, SilviCarbon has an OHS Committee, that has been appointed by the company. They consist of a chairman, secretary, and members. In total the Committee consists of 4 members. Regular meetings, internal audits, risk identification, and overall improvement of the management system is just a few responsibilities that the Committee has.

SilviCarbon works to first and foremost to:

- Provide safe workplace for employees and contractors (accident-free workplace), 0- tolerance in unsafe behaviour
- Demonstrate a strong leadership and commitment in safety, act as a role model for employees
- Formalize OHS in organization through OHS Committee with clear authority and decision making.

OHS focus is currently on general implementation of procedures and instructions, with special emphasis on accident prevention in the field and on the road.

## OHS Training

Annual general training in OHS is conducted for all employees. Specific training is provided based on the type of work through classroom training, practical training on site, online training, or On the Job Training. All employees are trained in first aid and emergency procedures.



Safety Training of Employees

## COMMUNITY ENGAGEMENT AND SOCIO-ECONOMIC DEVELOPMENT

SilviCarbon strive to keep an open and transparent dialogue with key stakeholders to identify concerns and manage the expectations from our stakeholders. SilviCarbon work to ensure channels of communication are open and accessible, through implementing various grievance channels, update and monitor the Stakeholder Engagement Plan (SEP).

### Stakeholder Engagement

Stakeholder engagement is an important element in the social risk management system for SilviCarbon for a successful project implementation. The company regards its Stakeholder Engagement Plan (SEP) as crucial for achieving the strategic targets (secured wood supply, operational excellence, and sustainability excellence) of the company. This is achieved through ensuring that the communities around operations benefit economically, socially, and environmentally.

- Economically through continuously providing labour income opportunities.
- Socially through improvement of infrastructure and food security.
- Environmentally through reducing shifting cultivation and thereby minimize de-forestation.

Our direct and closest stakeholders are the communities where we operate. Our community engagement work is based on both structured and ad hoc interaction, as well as on regular surveys on topics such as land use mapping and survey, social economic baseline survey and follow up, and Non-Technical Survey related to UXO. The company also obtains important information through formal and informal grievance channels. Engaging with communities supports us in understanding their opinions and concerns locally around our plantations. Throughout our operations and activities, we work according to the principles of Free Prior Informed Consent (FPIC).

### Free Prior Informed Consent (FPIC)

SilviCarbon recognizes the rights and interests of local communities as the traditional managers of their lands. Therefore, a core element of the Company's land acquisition is to follow the principles of FPIC (Free, Prior and Informed Consent). FPIC has therefore been integrated into the design of the land acquisition and consultation process.

FPIC is established through good faith negotiation between the company and the affected communities. The company document: (i) the mutually accepted process between a company and affected communities, and (ii) evidence of agreement between the parties as the outcome of the negotiations. FPIC applies to project design, implementation and expected outcomes related to impacts affecting communities.

To support implementation of the updated land acquisition process and ensure that consultations with communities takes place in a manner consistent with FPIC; new procedures, documents and tools have been developed. Additional tools may further be developed to assist the staff to successfully implement the land acquisition process consistent with FPIC requirements.





Consultation meeting held

### Participatory Land Use Planning

The Land Acquisition Process consists of four (4) Stages and are divided into several required steps prior to full implementation of the plantation project. The ultimate objective is to reach an on FPIC based agreement with the community and to get the government endorsement for this agreement. To ensure a consistent approach in meeting FPIC requirements, Land Teams must use the respective Consultations Checklists.

Land is being surveyed with a participatory approach involving the villagers in accordance with SilviCarbon policies for avoiding areas of conservation significance (e.g. cultural of cultural significance, protection forest, production forest, permanent agricultural land, high value habitat, etc.) Land Assessments are made including (e.g., slope, soil conditions, altitude, etc.), and the process goes on through several checkpoints through UXO clearing and Forest Operations.

SCL initiates identification of land for potential plantation survey and establishment through participatory village land use mapping exercises with people from villages that know the land uses in the village, including village boundary. The Project implements a bottom-up process for the identification of available land which includes:

- a) Free, prior and informed consent (FPIC) consultation.
- b) Detailed land-use mapping at the village level in coordination with district government; and
- c) Obtainment of provincial / central concession agreements.

This work compliment and help to further strengthen the outcomes of the participatory land use planning process conducted by the Government of Lao (GOL) in villages across Lao PDR. An emphasis is placed on developing well managed integrated landscapes.

SilviCarbon's Land Team has received extensive training by International Finance Cooperation (IFC) with support from International Finance Corporation (IFC), Village Focus International (VFI) and RECOFTC Laos. (Refer to Chapter 10 in the report for more information). SCL Land Team's role is to apply and adhere to the FPIC Principles for Land Acquisition.



Land Survey and Mapping with Communities

### **Socio economic survey**

Another type of survey that the company undertakes is the socio-economic baseline surveys. The purpose with the socio-economic survey is to understand the social, cultural, economic, and political conditions of the village. The socio-economic survey includes to assess the prevailing socioeconomic conditions in the area, and to develop a set of baseline indicators to analyse the impacts of the Project. The socio-economic survey is part of the social monitoring program where follow up surveys are conducted in the villages on a bi-annual basis.

### **Agroforestry – Agriculture crops**

SilviCarbon has introduced improved agriculture practices to the community with the purpose to provide a safe area to plant, reduce shifting cultivation, and improve the productivity of rice production. The Agroforestry Model promotes intercropping of rice between plantation tree rows where we support the local communities to undertake agricultural (food production) activities in these areas. This support includes UXO clearing, soil preparation, provision of rice seeds for free the first year, and support in monitoring the productivity between shifting cultivation and agroforestry system.

The agroforestry model is implemented in plantations where the land conditions allows and where villagers are interested to plant. Where villages do not express interest in intercropping, the company may implement the model themselves.

During this reporting period, 38 families planted agriculture crops in our Agroforestry Plantations, on an area covering 27 ha.



SilviCarbon Agroforestry Plantations

### Daily Labour and Hiring

To contribute to economic development the company hires community members to undertake various work during the plantation cycle. Employment associated with the Project includes work on bush clearing and UXO clearing (hired as employees of a certified UXO contractor to clear the land of vegetation and to burn cleared vegetation); soil preparation and planting; plantation maintenance; and harvesting of trees for processing and sale. SilviCarbon Agroforestry Model prioritises hiring people from participating villages for plantation labour. This work supplements household incomes, improving the livelihoods of those participating in the Agroforestry Project. Plantation labour typically comprises tree planting, weeding, and various plantation maintenance activities. SilviCarbon employed local labour during 2021, with a total payment of USD 146 000. The amount corresponds to approximately 1 400 monthly salaries of living wage.





## Unexploded Ordnance (UXO) Clearance

The provinces in where SilviCarbon operates, Savannakhet, Saravane and Khammouane Province - belong to the most heavily bombed area during the Indochina war. The remaining UXO constitute one major reason for the severe poverty in the area and is a major hindrance for development of intensive use of land for agriculture or forestry production. Clearing of UXO before planting is a prerequisite for the Company's plantation activities. UXO clearance is made by an NRA accredited and certified Lao company (contractor).

Laos has complemented the UN Sustainable Development Goals (SDG) with a national goal addressing UXO which is found as SDG 18 for Laos named "Lives safe from UXO".

UXO clearance is a fundamental component of SilviCarbon's Agroforestry Project to improve community and occupational health and safety within plantations. All land used for forest plantation (by company), agricultural crops (by farmers within agroforestry model), roads, camps and other land use is UXO cleared, thereby transforming dangerous zones into safe, productive land use areas.

During year 2021, UXO clearance was not performed as no new land was acquired or no new plantations were established. Up until end of 2021, the company has cleared 3 300 ha of land, and removed 3 500 unexploded bombs.



Contractor UXO Clearing Team

## Village Development Fund (VDF)

Apart from providing safe area to plant rice and improve the productivity to ensure food security, and provide cash income opportunities, the company recognizes that additional community investments are needed. SilviCarbon has on voluntary basis, set up a Village Development Fund (VDF) with the purpose to improve the livelihood of the communities with specific Standard Operating Procedures that outlines how the Village Development Fund shall be managed, used, and recorded.

The Village Development Fund shall be used for livelihood improvement activities that fairly and equally benefit the whole community, not individuals or individual households, and fall under one of the following focus areas; Food Security, Education, Income Generating Activities, Health, Water and Sanitation, Infrastructure Development. The VDF is not a fund for which should be used as a complement when cash is needed.

For the VDF to be effective, the overall impacts for the communities shall always be considered. This is achieved through consideration of *Beneficiaries*, *Governance* and *Community Consent* as below:

**Beneficiaries:** The VDF activity shall benefit the whole community and be within the defined Focus Areas.

**Governance:** The VDF activity is approved by the Village Committee and relevant local authorities – who shall ensure that no duplication or similar investments is planned in the community (Unless there is a need for duplication).

**Community Consent:** The company shall to the extent possible, promote and facilitate that community members (Men and women) are involved and actively participate in the decision making of the VDF. Particular focus shall also be to involve vulnerable groups.

Through building trust and engaging with the communities, carefully listen to their expectations and priorities, the company aims to achieve the most impact of the VDF.

During year 2021, USD 19 917 in Village Development Funds was invested in three communities. The investment was as per table below:

Village Name	Amount	Purpose	Specific Activity
Houkayo	USD 11 450	Infrastructure	Road building
Bongnam	USD 1 969	Health and Infrastructure	Improvement of small hospital and village office
La Ou	USD 6 498	Water and Infrastructure	Water well and village office



La Ou Village, VDF used for new closed well

## **Grievance Channel for Community**

Despite best practice community engagement, it is likely that grievances will arise throughout the life of the Project, and it is important that these are dealt with in a fair and transparent manner before they escalate. As per FSC and IFC Performance Standards, a grievance mechanism is required as part of the management system to ensure consultation, disclosure and community engagement continue throughout the life of the project.

The objectives of SCL grievance mechanism are to:

- Promote productive relationships with local communities and identify community concerns through consultation, disclosures, participatory planning and decision-making processes in order to prevent grievances wherever possible and maximize environmental and social benefits;
- Address and resolve differences or grievances associated with the Project through established grievance redress procedure

Conflicts shall be solved between the Company and the Village with the district as witness when needed. The Lao Government has documented a Conflict Resolution with the aim is to have the conflicts solved in an equitable manner at the lowest level in the quickest possible time. During this reporting period, no grievances were reported or recorded.

## **Natural Regeneration Awareness with Communities**

Supporting natural regeneration in the buffer zones inside and adjacent to its plantation areas. The general strategy for the enhancement of natural trees and vegetation to regenerate inside these areas are to in as much as possible try to protect mentioned areas from any disturbance from company employees, contractors, and farmers. SCL also seeks to enhance the farmer's understanding on the environmental importance and positive impacts achieved by respecting the buffers.

SilviCarbon has produced specific material targeting the importance of maintaining buffer zones, displaying the positive and negative environmental impacts. This material has been used when communicating with the communities, to enhance their understanding of the importance of leaving the buffer zones intact.



## FOREST OPERATIONS

SilviCarbon developed agroforestry plantations which then has been adopted by other companies in Laos. The agroforestry systems, allows for agriculture crops to be grown between trees for several years after the tree planting. Work methods are primarily manual labour based to ensure cash income for villagers. The target of producing highest possible stump value rather than highest possible volumes require thinning, pruning and other management schemes that will produce high quality saw logs as well as fibre. Trials are made on weeding, fertilization, and nutrition, thinning regimes and dry season planting with water holding chemicals

### Promoting Natural Vegetation

Plantations are established on degraded forest lands only. In land selection, the priority is given to land, that by the farmers, is not any longer deemed to yield sufficient rice crops.

The reduction of slash-and-burn farming is one of the most important factors for protecting existing natural forest - reducing emissions from avoided deforestation and existing biodiversity reserves. Most importantly, the concept of agroforestry and its positive socio-economic impact for the local communities, has given SCL the social license to operate land in Laos with the local farmers being the strongest supporter.



Slash and burn (Shifting cultivation area) – typical landscape in the Project Area

### Nursery

During 2021, SCL had a temporary nursery located to the Dongnasan village in Nong District. The temporary solution was due to a new nursery being constructed at Keng Luang Village, in Sepon District. Mother trees are planted in clone gardens and cuttings are used to produce planting stock. The staff and workers are

adequately trained in nursery techniques. Use of chemicals within the nursery is kept to minimum and internationally banned chemical pesticides or herbicides are not used, as well as any chemical listed on FSC's HHP list. Personnel in charge of the nursery and workers are adequately trained in nursery techniques. Use of chemicals within the nursery are kept to a minimum, and nationally and internationally banned chemical pesticides or herbicides will not be used.

### **Plantation Establishment**

SilviCarbon follows best practice of plantation establishment and management and adhere and follows the Principles and Criteria set by FSC. In 2017 SilviCarbon obtained FSC certification for its Forest Management and has since then retained the Certificate.

### **Vegetation and UXO Clearing**

Prior to operations are initiated and during and after, the company continuously consults with the communities as part of the FPIC principles. The company employ local villagers to clear the land of vegetation and to burn cleared vegetation. Vegetation clearing is conducted under the supervision of at least one trained UXO technician. Any UXO found during bush clearing are disposed of by a certified UXO contractor. Once the necessary bush clearing is completed, the company contracts the UXO clearing to a private company certified by the National Regulatory Authority to conduct clearance of UXO from plantation areas. UXO are normally exploded in situ in a controlled manner or if safe to do so may be removed for off-site disposal.

Once plantation areas have been cleared, the Contractor issues a signed UXO Clearing Certificate for the area. No soil preparation or other type of work involving disturbance of the soil shall take place on land before a signed UXO Clearing Certificate has been issued.

During this reporting period, no new plantations were established and thereby no vegetation and UXO clearing was conducted.

### **Soil preparation, Planting and Fertilizing**

Following on from UXO clearance activities, the soil is prepared for planting. Stump pushing is made by bulldozer or farm tractor depending on site conditions. Soil preparation is done considering the land type, slope steepness and planting direction. All land to be used for intercropping of agricultural crops as well as planting of eucalypt trees is ploughed. Fertiliser is added to the soil to support growth of the trees. Seedlings raised in the nursery are then transported to the plantation sites and planted by local villagers. Tree planting is done manually by villagers and is planned considering the traditional agriculture calendar. Selection of tree species and clone depend on suitability to site-specific conditions (altitude, soil type, soil humidity, micro-climate etc.). The main species used are Eucalyptus.

Fertilizing aims at maintaining or improving the production capacity of the soil on a long-term basis. Special consideration is taken to increase the low soil pH levels and to improve nutrient cycling through improved soil stability and infiltration

## **Pesticide and Chemical Use**

The company conduct forestry operations according to best practice with the ambition to further reduce chemical and pesticide usage to an absolute minimum. SilviCarbon does not use any nationally or internationally banned chemicals or pesticides. The company follows company safety regulations when poisonous ingredients are used. Staff in charge and workers in the plantations and nursery are adequately trained in by government accredited entities in usage methods and processes.

Chemicals are used for:

- Weeding
- Fertilization of trees and agricultural crops
- Diseases and pest control in the nursery

As part of the company's continuous improvement in environmental management, SilviCarbon will explore measures to minimize the use of Glyphosate applied in the operations. In case there is no current alternative to the use of chemicals, the product having the least effect on the environment and people, while maximizing efficiency of use, is selected. Chemicals are only used when necessary to achieve defined management objectives, as described in the Forest Management Plan (FMP). The company aims to develop an Integrated Pest Management Plan (IPMP) with the purpose to identify the need to use chemicals as a last resort, and to assess the environmental and social risks of usage.

## **Plantation Management**

SilviCarbon's approach to sustainable forest management shall be seen as a living process where adjustments and changes will have to be made whenever new information and experiences become available.

### **Weeding**

Weed control is the single most important factor for good growth and is done manually, by harrowing or by using FSC approved chemicals, depending on labour availability, slopes, and nature of the weed. Intercropping reduces the need for weeding the coming years and increases organic matter in the soil. Staff, workers, and villagers concerned with chemical weeding are trained by the Lao government authorised department.

## **Fire Management, Pest and Disease Control**

The main component in the fire control system is efficient weed control. Firebreaks are established on the border and throughout the plantations and are kept clean of weed, bushes and dry grass and branches. Attention is paid to the maintenance of plantation roads, as they form natural firebreaks. The main component in damage control from wildfire are;

- Establishment and maintenance of firebreaks that are kept clean of weed, bushes, dry grass, and branches
- In line weeding
- Cooperation with the villages in planning of agricultural burning and plantation protection
- Staff trained in firefighting

A network of Permanent Sample Plots is established and maintained as a regular monitoring system for protection from diseases and pests. Decisions on suitable methods to minimise spread of possible diseases and pests shall be made in each single case and equipped for the task



## Harvest

Harvesting is limited to the annual sustainable cut with modification for cases where inferior or damaged stands need to be replaced. SCL strives to sell all wood on stump with the buyer being responsible for all harvesting and transport operations. When sales on stump are not possible, SCL uses contractors for the operations.

Harvesting Standard Operating Procedures (SOPs) are in place for all buyers, contractors and SCL staff involved in timber harvesting, extraction, and haulage activities. The key objectives of the standards are as follows:

- Ensure the highest level of safety is achieved during operations,
- Maximising the value of standing timber,
- Protecting the social values of community paths and water sources,
- Protecting the environmental values, and
- Ensuring maintained productivity on the site.

Harvesting plans are prepared on an annual basis addressing sites, volumes, and roading requirements. All wood (veneer, saw logs and pulp wood) is presently sold to third-party processors



## Contractors and Suppliers

SilviCarbon work actively with contractors and suppliers to ensure that they also fulfil our sustainability requirements. The company has strict requirements for all its suppliers and supports them in becoming more sustainable and aware of their role in the supply chain

Contractors are used mainly for machinery operations and for UXO clearing operations. Company contractors are required to obey local laws and regulations and comply with the company's Sustainability and OHS standards as stated in the Supplier Code of Conduct (SCoC). Local entrepreneurs are preferred when selecting contractors.

SilviCarbon field supervisors regularly monitors contractor work quality and performance through daily supervision, random quality control and regular worksite inspection. Contractor operations stop immediately should there be evidence of child or forced labour, violence, serious violation of safety rules, significant environmental damage, non-existent health and social insurance, non-existent work contracts or illegal business practices. Operations may continue only after successful implementation of corrective actions. Contractor management review takes on a need basis.



## INTERNAL AUDIT - ENVIRONMENTAL AND SOCIAL MANGEMENT

SilviCarbon has developed an Environmental and Social Management and Monitoring Plan (ESMMP) for the Project that details management and monitoring requirements for current operations and for additional land acquired for plantation establishment. The ESMMP has been developed to meet the robust legislative and regulatory requirements of the Government of Lao PDR (GOL) as well as specific international guidelines, including the International Finance Corporation (IFC) Performance Standards (2012), IFC Environmental, Health, and Safety Guidelines (2007) and FSC Standards.

### Integrated Environmental, Social, and Occupational Health and Safety Management Systems (IMS)

The ESMMP Program was launched in 2017. The ESMMP's key functions are to:

- Project environmental and social values in the Project Area;
- Provide a link between policy and implementation and acts as a planning document;
- Summarise environmental and social commitments and provide management measures and monitoring programs to be undertaken to achieve these commitments;
- and Outline a framework for documenting the environmental management processes and procedures of an operation within an Environmental Management System (EMS).

A detailed Integrated Environmental and Social Management System (IMS) Manual has been developed for the Project consisting of a compilation of specific procedures for monitoring each environmental and social aspect, including monitoring locations, frequency, parameters, and equipment.

SilviCarbon has worked diligently throughout this reporting period to ensure that its occupational health and safety management plans and environmental and social management system conform with International Standards and Best Practice.

### Social and Environmental Monitoring

The implementation of an appropriate monitoring strategy as part of the ESMMPs is important to ensure that existing management measures are effective, and to identify the need for improved or additional measures.

The objectives of the monitoring program are to:

- Ensure relevant environmental legislations and licensing commitments of the Project are complied with;
- Provide early warning of potential impacts, determine the extent of predicted impacts and identify any unforeseen impacts associated with Project activities;
- Give feedback on the sufficiency of environmental and social management procedures and develop better practices for ongoing improvement of Project's operations; and
- Detect and measure environmental and social trends or changes and enable analysis of their cause.

Internal auditing programmes are based on operational plans set out in the ESMMP and use a set of checklists developed to operationalise the ESMMP. Social and Environmental monitoring was conducted by the SilviCarbon employees in collaboration with managers and supervisors.



The environmental and social monitoring program include six (6) main categories of routine monitoring:

- Land identification and acquisition monitoring;
- Plantation establishment monitoring;
- Plantation management monitoring;
- Nursery Monitoring;
- Workshop and Camp Monitoring;
- Social impact monitoring through socio-economic baseline survey and follow up;

### Non-Compliance Result and Corrective Action

The output from the internal monitoring results in identifying when operations comply to our policies and standards, as well as to identify when we are in non-compliance. Non-compliance / corrective action reporting is the tool for the company to address and correct staff or contractor failure to fulfil environmental, social, or occupational health and safety related objectives and targets according to specifications of the ESMMP, Company Policies and Commitments, Lao PDR laws and regulations, and agreed-upon management and mitigation measures and implementation dates.

If a non-compliance is identified, the issue is documented in the relevant monitoring form. These issues are then entered into a database (for compliance and non-compliance). The DCOO Operation and appropriate personnel review the non-compliance issue identified, determine the appropriate remedial measure, identify the person(s) responsible for remediating the issue, and provide a timeline for completion

Below is the result of the 2021 monitoring where two non-compliances were found during the internal monitoring and were corrected:

Date	Type of monitoring	Location	Non-compliance	Corrective Action
05-Jun-21	Plantation Management	Lakhoun	No non-compliance found	
02-Jun-21	Contractor (Camp)	Houkayo	Kitchen area has been constructed too near the sleeping area.	Immediate action: Move the kitchen further away, at least 20 m Management system: Conduct monthly audits of camps as per ESMMP and according to camp standards SOP.
04-Jun-21	Nursery	Dongnasan	No non-compliance found	
04-Jun-21	Workshop	Dongnasan	PPE not in appropriate condition, glasses were old	Immediate action: Replace the glasses Management system: Enforce the PPE SOP. Keep track of issuance and replacement.
27-Sep-21	Nursery	Dongnasan	No non-compliance found	
27-Sep-21	Workshop	Dongnasan	No non-compliance found	
30-Sep-21	Plantation Management	Saly Kao	No non-compliance found	

## Grievance Management

SilviCarbon promote and encourage open and transparent dialogue with all our stakeholders, including employees, contractors, suppliers, communities, NGOs, Local and Central authorities, and the public. The company have two channels for grievances, internal and external.

The internal grievance channel is for SilviCarbon employees to communicate on issues of importance to the workplace. Through boxes located on permanent operation sites, camp and offices, the employees can anonymously submit their concerns. Another internal channel is through the Worker Representative Group, where immediate workplace issues can be raised. All grievances are confidential. Employees shall be able to submit a grievance without fear of retribution by the management or other workers. A worker filing a grievance have the right to participate in the grievance resolution process and shall be informed of its outcome.

As external grievance channel, the company applied various methods. Everyone can submit grievances in the boxes located at company premises. The offices are also open for walk ins, and through phone to receive grievances from external stakeholders. Regular village meetings are held, with the communities to ensure that those who can not access the formal channels, can raise their concerns and complaints during the village meetings, including vulnerable groups.

During this reporting period, no grievances were filed or submitted. Nor are any grievances under investigation or pending investigation.

## Legal Compliance

SilviCarbon comply with all applicable local, national, and international laws, regulations, and voluntary commitments. All operations and employees are required to strictly follow the laws and regulations of Lao PDR. We acknowledge that the laws and regulations may change frequently overtime, and that the interpretation differs from government locations and levels. The Company therefore stay in continuous contact with relevant authorities on all levels to ensure that the management and the staff can adopt these changes when needed or contest them and bring to higher level for interpretation.

We also require all consultants and business partners who work on behalf of SilviCarbon to comply with these laws and practices. The Supplier Code of Conduct further specify these requirements, which are included in all formal agreements. Legal compliance review is conducted on regularly basis as part of the Management System.

**EXTERNAL AUDIT**

In addition to internal audits, external audits are conducted according to the Government (GoL) requirements and FSC Certification Principals and Criteria.

FSC Audits are conducted on annual basis, while the GoL monitoring is conducted half year or annually. The frequency of GoL monitoring depend upon their availability and schedule.

**Forest Stewardship Council (FSC) Audit**

SilviCarbon is committed to comply with the Principles and Criteria of FSC. In year 2017, SilviCarbon successfully obtained the first FSC Forest Management Certification. The company has since then continued to maintain the FSC Certification.

In 2021 a surveillance audit was successfully conducted. Due to covid-19 travel restrictions the audit was conducted remotely.

The results from previous FSC audits are showed below:

CAR	AREA	2018	2019	2020	2021
Minor	Chemical training	x			
Minor	First Aid kits	x			
Minor	Fire extinguisher	x			
Major	Buffer zone protection		x		
Major	Environmental Impact assessment of fire use		x		
Major	Loading certificates		x		
Minor	Storage and handling of chemicals		x		
Minor	Conditions in workers camps			x	
Minor	Emergency procedure implementation			x	
Minor	Botanical species specified on wood sales			x	
Major	ESRA Pesticides				x
Minor	Anti-bribery policy published				x
Minor	Long term commitment policy published				x
Minor	Conservation areas mapped				x
Minor	Forest Management Plan published				x
Minor	Monitoring summary published				x
Minor	Pesticide records improved				x
	<b>Total Number of CAR</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>7</b>

**Government of Lao (GoL)**

Another external auditing process is conducted by the Government of Laos (GoL). This is performed by the Ministry of Natural Resources and Environment (MONRE). MONRE has divisions on Provincial and District level, each level being responsible to perform audit and inspection of the company operations. Central authorities (MONRE) conduct external monitoring on an annual basis. The Province (PONRE) and Districts

(DONRE) should conduct monitoring more frequent. However, this is dependent on the availability of staff and other recourses. During 2021 no monitoring was conducted due to Covid-19.

## PARTNERSHIP, COOPERATION AND RECOGNITION

During previous years, several partnerships have been formed with other organisations, formal and informal. The more recent formal partnerships formed were with WWF Laos, IFC and Village Focus International.

### Biodiversity Project with WWF

Biodiversity is fundamental to both planet and people; it provides functioning ecosystems that supply oxygen, clean air, water and food. Biodiversity has been decreasing globally for decades, and more action is needed to reverse this development. At SilviCarbon, biodiversity management is an integral part of our forest management practices. In 2017 SilviCarbon signed a MoU with WWF Laos with the purpose to collaboratively work on assessing biodiversity presence in selected plantations within key biodiversity corridors through camera trapping.

It is not known how the SilviCarbon plantation impact on the presence of biodiversity. WWF Laos and SilviCarbon undertook a biodiversity monitoring to

- a) Assess the biodiversity presence in selected plantations,
- b) Monitor and protect buffer/wildlife corridors
- c) Raise awareness of SCL and communities to improve understanding and the importance of sustainable forestry and the management of conservation areas.

The camera traps were set in five plantations with two districts: Sepone and Nong district. Data was obtained from intensive camera trap surveillance from November 2018 to June 2019, conducted in Ban Kalaengkang and Khoun, Sepone District and Ban Ala, Ban Tang Alai, Nong District. The sampling methodology was designed by WWF.

The months of February and April recorded more species. A total of approximately 21 mammal species and 6 bird species were detected. Of these, the most frequently detected mammal was the Indochinese squirrel (29.79%)— followed by the red muntjac (19.45%) and the rat. In terms of birds, the species that was the most frequently detected was the Jungle fowl (12.14%).

The project concluded that there is a presence of wildlife, and that the company shall explore further biodiversity monitoring inside and outside the plantations.

### Stakeholder Engagement and FPIC with International Finance Corporation (IFC)

In 2015, a cooperation agreement was signed with IFC with the purpose to strengthen the company's stakeholder identification and engagement planning, including informed consultation and participation (ICP) and/or free, prior, and informed consent ("FPIC") operating procedures. IFC provided their expertise and advised the company to further strengthen the following areas:

- a) Grievance Mechanism
- b) Free, Prior and Informed Consent Procedures
- c) Stakeholder Engagement Plan (SEP)
- d) Communications Plan



With IFC's support, the company further strengthened the outreach program to farmers and improved the community engagement according to international best practice.

### **Consultation Communication Tools for Communities with Village Focus International (VFI)**

To ensure that practices of investment by large-scale land-based investments are sustainable and responsible is essential in Lao PDR since opportunities to expand have faced significant difficulties, both by the investor as well as impacting on small holder farmers and communities. In response to issues faced by an investor in Laos, the company joined together with Village Focus International (VFI), to improve community engagement tools and techniques. The project was implemented in collaboration with Village Focus International, International Finance Corporation and Centre for People and Forests (RECOFCT). Over 50 SilviCarbon communities has gained from the improvement of land acquisition process, with many thousands more benefitting in the future as SilviCarbon expands its operations.

The activity was to develop and pilot a suite of communications products to enhance and improve consultations between communities and investors to better meet requirements of free, prior and informed consent (FPIC). The project resulted in increased capacity of SilviCarbon's Land Teams and of local authorities to use the communication tools in discussions with communities, both informing as well as gathering information with villagers. It also contributed to strengthening of the FPIC features in the land acquisitions process and community engagement overall. In addition, the communities were better informed of SilviCarbon investment and business process. On the village level, it resulted in a better understanding by the Village authority of the importance to include all villagers in the decision-making process, and to constantly keep community members informed about the future. This would help the village and the villagers to actively be part of the future direction of the village development with or without the presence of SilviCarbon.

