



BURAPHA
AGRO-FORESTRY



Burapha Annual Sustainability Report

2019



CEO Introduction

At Burapha our vision is to achieve profitability, uncompromisingly alongside environmental sustainability, social equity and community development. This vision is central to our business model. Each year Burapha builds on the experience of the preceding year to improve the way in which we do business. As of 2019 Burapha has 35 partner villages in Lao PDR who help us manage our plantations and who also share the benefits. A state-of-the-art plywood mill is under construction, our area of plantations is expanding, and we enjoy the full support of the Lao government.

I am pleased to present to you the Annual Sustainability Report for 2019, which offers stories and information outlining our achievements towards sustainability over the year.

Mr Hakan Eriksen, CEO Burapha Agroforestry

COVID 19

At the time of preparing this report the COVID-19 pandemic had spread globally and brought society and industry to an almost standstill. Being an agroforestry company, Burapha was granted approval by the Lao government to continue operating and we implemented a range of initiatives to keep our staff and partner communities safe. Going forward into 2020 and beyond, safety remains our number one priority and all decisions made will be done through the lens of safety risk management. And has been the case, the Burapha team will again roll up its sleeves and with determination face the coming challenges and maintain our reputation and standing within the community.

Purpose

This Annual Sustainability Report is a formal communication that provides internal and external stakeholders with information that outlines the Company's' activities and programs relating to sustainability performance over 2019.

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1. Sustainability at Burapha Agroforestry Ltd



1.1. Company Profile

Burapha Agroforestry Co. Ltd (Burapha) was established in 1993 by a Lao-Swedish joint venture. Burapha operates in Vientiane Prefecture and the provinces of Vientiane, Xayabouri and Xaysomboun in Lao PDR. To 2019, the company had 6,601 ha under active management with 4,165 ha of plantations. Burapha intends to scale up efforts and establish a total of 15,000 ha of plantations.

Burapha implements a community intercropping model whereby participating villages utilize the space between plantation tree rows for rice or another cultivation crop, and domestic animal grazing. NTFP collection is also undertaken in later years.

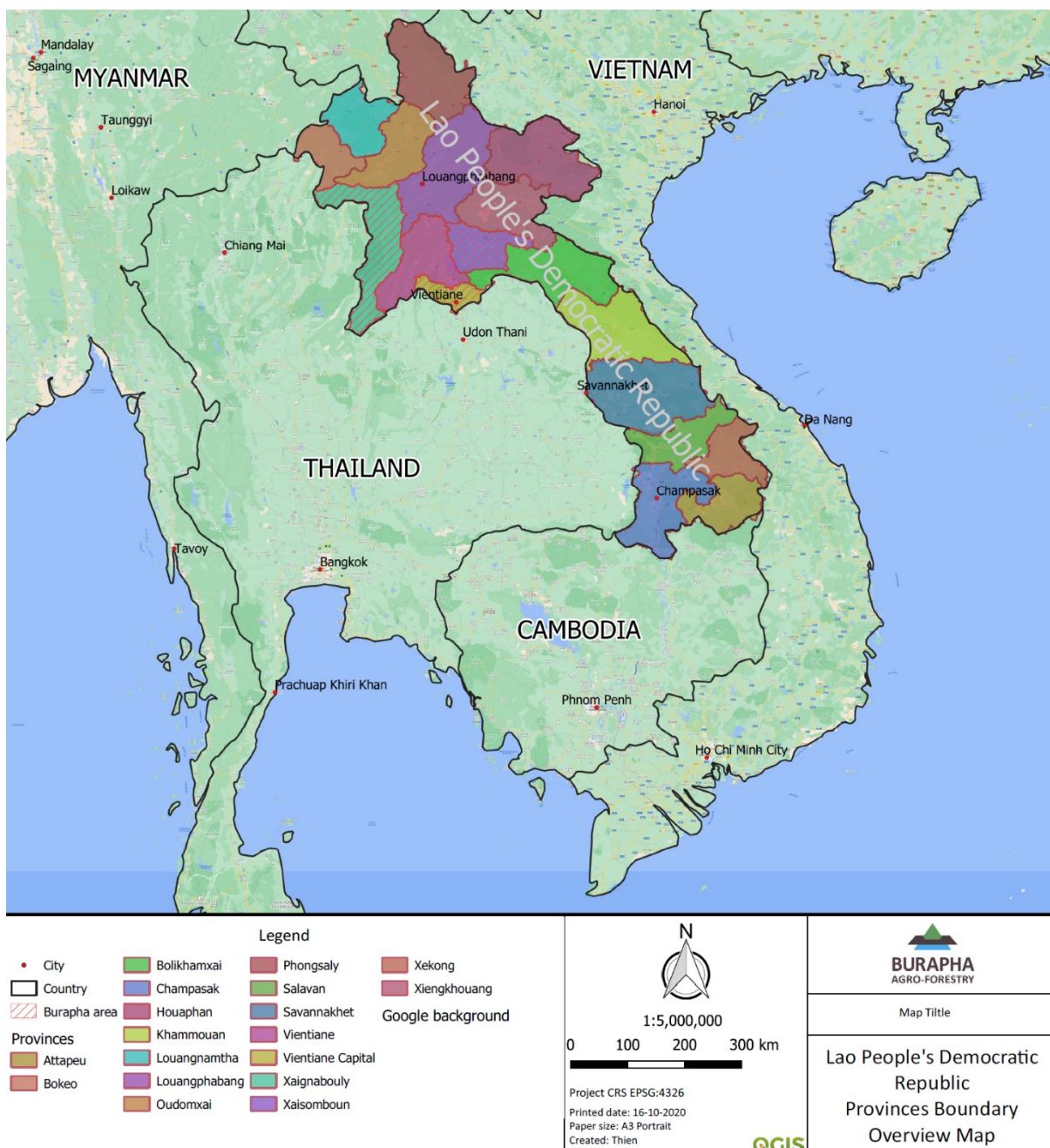
Burapha is constructing a veneer and plywood manufacturing mill in Hinheup District Vientiane Province, approximately 100km northwest of Vientiane Capital. The mill site is centrally located with respect to Burapha plantation holdings and to National Road 13 which is currently being upgraded. It is also located near the Lao-China rail link which is expected to be operating in December 2021. The plywood mill will process approximately 135,000 m³ of saw logs per annum at full capacity, providing approximately 53,500 m³ of finished product, all FSC certified. The raw timber will be sourced from Burapha's own plantations, as well as other holdings if chain-of-custody sustainability criteria are met.

Burapha operates a sawmill and furniture factory at Nabong, Xaythany District Vientiane Capital to process wood grown in the Company's plantations as well as timber purchased from outside entities. The facility has a current installed capacity of 18,000 m³ raw input per annum producing approximately 9000 m³ of sawn lumber and 4,500 m³ of ready-made products per year, which

services markets in the USA, Scandinavia, Europe, Southeast Asia and the Maldives. The sawmill has been FSC Chain of Custody Certified since 2016.

Burapha also has its own research and development (R&D) program to support their plantation operations. Burapha’s tree nursery and R&D facility are situated adjacent to the Nabong sawmill, with silviculture research conducted in the plantation areas nearby. The nursery has the current capacity to develop two million seedlings per year. The facility capacity will be increased to meet the target expansion of plantation areas.

As of 2015 only 146, 600 hectares of plantation had been established in Laos, most of this rubber. Only 1% of the investment was from private companies. Burapha intends to expand its eucalyptus plantations to 60,000 hectares in central Laos.



Burapha provinces in central Laos.

Our Approach to Sustainability

1.2. Burapha’s Environmental and Social Corporate Policy

Burapha places the highest importance on protecting the environment and enhancing the livelihoods of local communities. The Company is committed to providing a safe workplace; transparent governance; to follow the laws and regulations of Lao PDR; and adhering to the IFC Performance Standards and to the FSC Principles.

1.3. Meeting Sustainable Development Goals

Burapha consider that in order to have an entirely sustainable business it is important as many of not all Sustainable Development Goals (SDGs) either directly or indirectly. Throughout this annual report we present how Burapha meets directly the requirements of ten of the SDGs



By increasing farmer incomes 3 to 3.5 times before partnership agreements.



By increased food security through the agroforestry model and wage income.



Established programs and set targets for gender equality in the work place.



Innovation for social development in commerce.



Sustainable forestry by local employment.



FSC certified forests and products.



Sequestering 84t of carbon per hectare.



Reducing deforestation and protecting sensitive environments.



Partnerships with NGOs, research sector, international investors and governments.



(Lao PDR) Lives saved and land made available from UXO clearing.

1.4. Burapha Corporate Governance

Burapha has and will continue to provide a range of benefits to Lao PDR. Direct benefits include government revenue through fees and taxes, increased direct foreign investment and new employment opportunities. Indirect benefits include flow on effects such as skills and infrastructure development. Burapha principally operates in remote areas of central Laos bringing long term benefits to remote communities. 64% of our holdings are within Khmu and Hmong villages. These groups tend to dwell in areas that are remote but also have favorable environmental characteristics for plantations. As we utilize only degraded lands and actively protect and manage sensitive environments within our plantations, Burapha creates truly sustainably developed products.



Local communities are actively involved in pre-project planning and are later employed by the company to physically prepare land, undertake planting and maintain the plantations over their seven-year rotation. The plantation work offers a long-term source of income and additional benefits to those who choose to grow crops or have their livestock graze in-between the tree rows. Burapha emphasizes the inclusion and participation of disadvantage households, women and ethnic minorities.

1.5. Lifting communities out of poverty

Through Burapha's work with local communities we can demonstrate an improvement to partner village livelihoods and progress towards poverty eradication. In 2018 Burapha commissioned an independent assessment¹ of the benefits it provides to partner villages from our agroforestry model.

¹ Burapha Agroforestry Partnership Village Benefits Assessment Report, Emerging Markets Consultants, August 2018



The assessment concluded that Burapha was providing tangible benefits to partner villages but particularly those that had limited alternative incomes. 64% of our partnerships were with Khmu and Hmong ethnic groups, with the remaining being Lao Loum. Khmu and Hmong ethnic groups are some of the most disadvantaged in Lao society, therefore the majority of our programs are benefiting those that need it most. As Burapha operates close to remote villages we provide work opportunities that may not have otherwise existed, meaning there is less a need for families to be separated as result of finding work at a distance.

Indeed, our model directly assists our partners not only to access long term employment but also strengthens their land tenure holdings. Our land acquisition processes assist farmers to secure and complete correct land tenure legal documents. If a farmer's land tenure is not secure, then neither is Burapha's.



The Burapha agroforestry model

1.6. Employee Wellbeing and Work Satisfaction

Burapha employs and manages its workforce, including casual labour, under the auspices of the International Labour Organization (ILO) and the Lao Labour Law. The company supports and respects equal rights and works in compliance with International Human Rights. We allow freedom of association, collective bargaining and provide a safe work environment. We provide training on how to identify and minimize risks in relation to their work associated tasks.

Burapha has zero tolerance towards bribery, corruption and harassment of any kind, and operate an internal Grievance Management System to ensure all workers have right of say without fear or prejudice.



2. Government Relations and Support

2.1. Lao Plantation Forests Products Group

Burapha is a member of the Lao Plantation Forests Products Group (LPFP). The group is made of representatives from plantation companies operating in Laos and is supported by the World Bank. The overarching goal of the group is to contribute to the sustainable development of a commercially viable tree plantation and wood industry sector, that will contribute to the socioeconomic development of Lao PDR.

The LPFP acts as a forum to provide advice and support to programs and policies of the Lao government and donor agencies such as the World Bank / IFC of current issues facing the wood plantation industry in Lao PDR.



Lao Plantation Forest Products Group meeting with IFC, World Bank and industry specialists.

2.2. Burapha Plywood Mill Groundbreaking Ceremony

On 10th July 2019, Burapha held the formal groundbreaking ceremony for the plywood mill at the site in Hinheup District, Vientiane Province. The ceremony was overseen by the Deputy Prime Minister, Mr Sonexay Siphondone and other government dignitaries.



The Dignitaries at the ceremony. Deputy Prime Minister, Mr Sonexay Siphondone sits centre left.



Burapha staff enjoying the plywood mill groundbreaking ceremony

3. Awards and Recognitions

3.1. Guldkvisten Award



The Burapha CEO at the time, Martin Forsen, receives the Guldkvisten (Golden Twig) Award from the King of Sweden

The award from the Swedish Forestry Association recognize outstanding individuals who have made valuable contributions to forests and forestry with regards to active and sustainable utilization of forest resources. The King of Sweden, Hon. Carl XV1 Gustaf bestowed the award on Martin at a ceremony in Stockholm in March 2019 for achievements with Burapha Agroforestry in Laos.

3.2. Lao PDR Business Leader of the Year Award



Burapha's CEO, Mr Håkan Eriksén and DCEO Ms. Souphayvanh attend the LNCCI Award ceremony

At an award ceremony on the 14th February 2020 in Vientiane Lao PDR, Ms. Souphayvanh Burapha Agroforestry Deputy Chief Operations Officer received the 2019 LNCCI Business Leader of the Year Award. The award recognizes her significant efforts and commitment in growing the Burapha business.

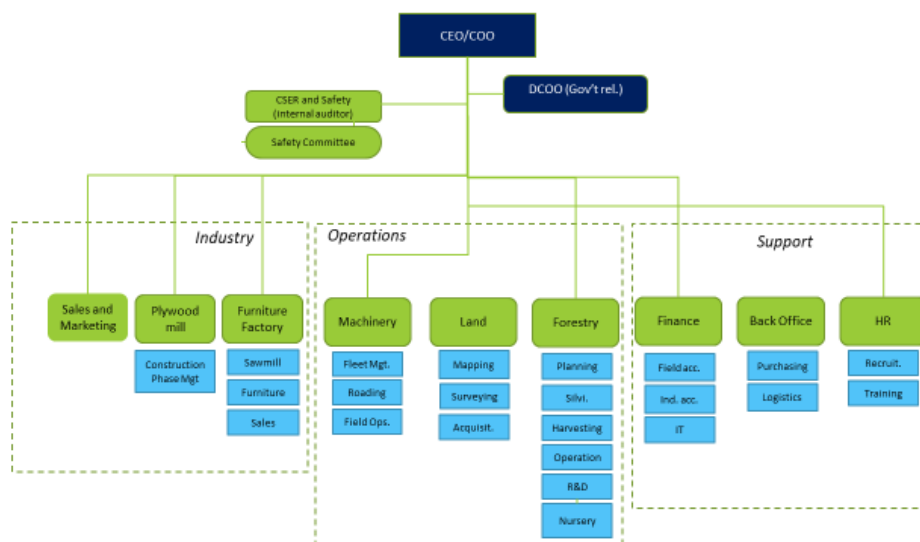
3.3. Swedish trade union GS visit to Burapha operations in Laos

On the 6th September 2019 Burapha welcomed members of the GS Trade Union in Sweden which represents workers in forestry and woodwork industries. The union was in Lao to learn how Swedish forestry companies operating in the region were managing workers' rights and well-being. Mr Mendonca posted a conclusion of his visit on the GS Trade Unions Instagram feed:

Burapha is working on the working environment of workers and in the process of signing collective agreements with Laotian Trade Union. It was joyful to end the regional visit with a Swedish company that is open and transparent with its organization.

4. Management Team and Structure

The Burapha organizational structure consisted of five (5) key functional areas and within these are 10 departments plus the executive.



Burapha Organization Structure

5. Employment Data

5.1. Workforce Composition

Workforce Composition	No.
Permanent/direct contract Jobs	158
Permanent/direct contract Jobs - women	38
Temporary/seasonal/direct contract Jobs	891
Temporary/seasonal/direct contract Jobs- women	317

5.2. Working in partnership with local villages

In 2019 Burapha operations provided seasonal work for 891 daily labourers drawn from our 35 villages. Of the total 317 were women. The villagers were tasked with activities such as plantation clearing, tree planting, fertilizing, pruning, plantation thinning, fire break construction and fire management-suppression. For these tasks specific training was provided including the technical aspects of the work, machinery and equipment operations, job related safety and the use of personal protection equipment (PPE).

5.3. Injuries and Accidents

There were 15 reported accidents in 2019 with 10 resulting in non-life-threatening injuries. Five resulted in property damage only. Four of the injuries were to daily labour out of 891 daily contracted workers.

Injuries per million man ours worked = 8.712

Seven of the 15 accidents were the result of driving, riding motorcycles or operating mobile forestry machinery. Driving, road safety and correct operation of mobile equipment has been a major focus of training and development in 2019 and will continue into 2020.

5.4. Workforce Training and Succession Planning and Gender Diversity

Burapha has a comprehensive annual training program that draws on internal and external expertise. Over 2019 there were 129 training sessions with 1607 staff and external labour attendees.

In addition to general staff training, staff succession planning was undertaken for the first time in 2019. The succession planning identified potential high performers amongst staff. Training courses they undertook helped them to improve skills needed to utilize in future promotions and positions.

Burapha has a policy to achieve 35% female staff participation by the conclusion of 2021 which will coincide with projected plantation expansion and the operation of the new plywood mill.



6. External Audits

6.1. Forest Stewardship Council (FSC)

As of 2019, Burapha had 6,601 ha under active management of which 4,165 ha were plantations. GFA Consultants audited Burapha land holdings in September 2019 and the company successfully maintaining FSC certification.

6.1.1. FSC Corrective Actions

FSC CAR by Cause	2015	2016	2017	2018	2019
First Aid	Minor	Major		Minor	Minor
Environment Management	Minor		Minor Major		
Safety		Major	Minor	Minor	
Chemical/HazMat Management		Major Minor		Minor Minor	Minor
Community Management		Minor			Minor Minor
Training		Minor			
Monitoring					Minor Minor
Records Management		Minor	Minor	Minor	
PPE		Minor Minor	Major	Major	
FMU Group Management		Minor Minor	Minor Minor Minor		

FSC corrective action by cause

6.2. Investors Social and Environmental Advisor Audit and Monitoring Visit

During August and September 2019 Burapha’s investor consortium² of Proparco, FMO and EMIA audited the company’s environmental and social safeguards. The audit assessed Burapha’s operations against the IFC Performance Standard.

Part of the conclusion from the audit report reads:

“Burapha has made significant improvements relative to its Environmental and Social Management System and implementation of associated commitments. Overall, this progress is underpinned by the development of a strong safety and continual improvement culture across operations. During 2019 site visits and documentation review for this assignment, the audit team observed significant progress towards compliance with national law and lender requirements.

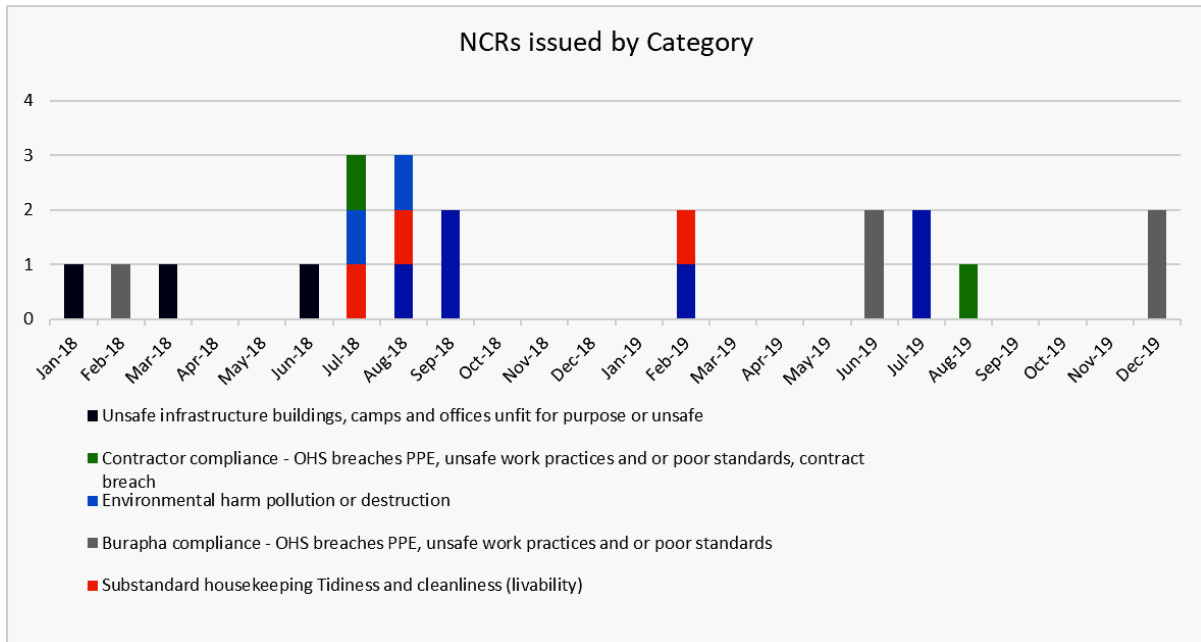
IFC Performance Standards	Corrective Action Requests 2019
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	24
Performance Standard 2: Labour and Working Conditions	9
Performance Standard 3: Resource Efficiency and Pollution Prevention	1
Performance Standard 4: Community Health, Safety, and Security	3
Performance Standard 5: Land Acquisition and Involuntary Resettlement	nil
Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	1
Performance Standard 7: Indigenous Peoples	nil
Performance Standard 8: Cultural Heritage	3
Total	41

Audit corrective action requests

² FMO a Netherlands based entrepreneurial development bank. EMIA is a Singapore-registered private equity fund manager committed to building innovative, transparent and sustainable businesses in Southeast Asia. Proparco is the private sector financing arm of Agence Française de Développement (AFD).

7. Internal Audits

Burapha operates an internal environmental, social and safety auditing system – Non-Compliance Reporting (NCR) – that monitors the company’s compliance to its obligations to its investors and Lao law. In 2019 nine NCRs had been issued across the business compared to twelve issued in 2018.



Results of noncompliance reports issued in 2018 and 2019

7.1. Integrated Pesticide Management Planning

Burapha is developing an integrated pest management (IPMP) which, a) identifies the need to use a permitted chemical pesticide as a measure of last resort, and 2) an environmental and social risk assessment (ESRA) to identify the nature and degree of risk together with the measures for mitigation, and the monitoring requirements. Burapha is trialing biological controls to reduce or remove dependence on chemicals and pesticides. The trial will form part of the IPMP and ESRA.

7.2. Environmental, Social and Safety Management System

Over the course of 2019 Burapha was preparing its Environmental, Social and Safety Management System (ESSMS). The ESSMS is the umbrella framework guiding Burapha’s activities in Lao PDR intended to protect the environment, advance the livelihoods of partner villagers and provide a safe work environment. The ESSMS defines obligatory standards and provides guidance and direction for ESSMS implementation to all personnel. It is based upon the IFC Performance Standard requirements as well as the International Standards ISO 14001: 2015 Environmental Management Systems, and ISO 45001: 2018 Occupational Health and Safety Management Systems.



7.3. Grievance Management

The Burapha relies on local communities to assist with establishing and maintaining its plantations, so we place a high level of importance on resolving grievances as quickly as practical when they arise. Minor issues are generally resolved quickly through the efforts of our field staff and don’t get elevated to a Grievance Register. However, some require higher level approvals or the involvement of 3rd parties such as government. Grievances are reviewed monthly for progress by the senior management team.

At the close of 2019 23 grievances were listed on the register and five remained open requiring further consultations for closure. No new grievances were added in 2019.

8. Field teams improved performances to enhanced social and environmental management

Aligned with the ESSMS and ESAP requirements, Burapha has implemented a range of measure over 2019 to improve environmental and social performances and these are summarized in this section.

8.1. Biodiversity protection under Special Management Areas

Burapha applies protection status to a range of sensitive environments within or adjacent to its plantations. These areas are termed Special Management Area (SMAs), and include:

- archeological, cultural and spiritual sites.
- buffer zones along water courses.
- steep lands above 35 degrees.
- wetlands.
- stands of existing native trees.
- agricultural lands and forests used by villagers for non-timber forest products.

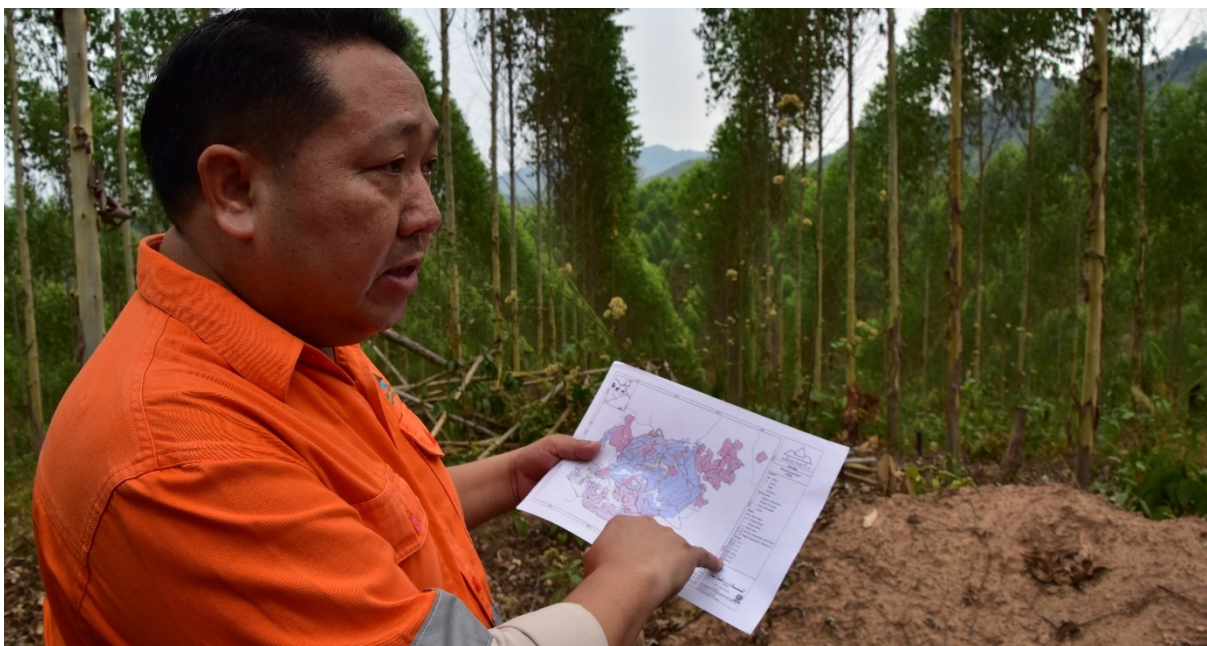
In 2019, 833 ha had been protected as an SMA within our plantations. Burapha has established a long-term biodiversity monitoring study in selected / representative SMAs to assess the impacts on these areas from operations. Villagers are not excluded from utilizing resources within SMAs.



8.2. Forestry Operations – Environmental Protection and Management

The forestry operations team have undertaken a range of initiatives in 2019 to improve environmental and social management performance. This included:

- Strengthening of the Plantation Site Development Planning (PSDP) process. Introduced by Burapha in 2017, the PSDP is the principle planning tool that defines areas designated for planting and those for protection. There is one PSDP for every new plantation.
- Provided training to forestry staff (39 attendees) on the PSDP development processes.
- Provided training to forestry staff on the identification of SMAs and the practical application of the SOP in actual field conditions.



8.3. Forestry Operations – Social Impact Management

8.3.1. Village Notice Boards

Our plantations serve as a main source of income for many of our partnership villages. At each village Burapha has installed Notice Boards that inform residence of:

- Work opportunities over the plantation lifecycle
- Company policy on daily labour recruitment
- Contact numbers of local Burapha staff
- Grievance management procedures

8.3.2. Daily Labour

Burapha policies on labour are consistent with IFC Performance Standards, ILO Standards and Lao labour laws. All daily labour are paid above the Lao government's legal minimum wage which in 2019 was 1,100,000 LAK per month. Daily labour and wages are reviewed annually.

Burapha strictly enforces no-child-labour policies in line with international standards. All daily labour is signed to contracts at which time age verification must be provided. Over 2019 all forestry field staff were trained on the aspects of the no-child-labour policies including methods of monitoring and age verification.

8.4. Wildfire Management and Village Participation

Fire poses the greatest risks to our plantations and to that of local communities. In saying that almost all plantations are located well away from village areas. Villagers commonly use fire as a tool for clearing lands in preparation for crops in the coming wet season which runs between May and October. Backburning of land generally takes place over the dry season which also coincides with the hottest months of the year, February to April.

In 2019 23.4 hectares (0.56%) of plantation were damaged from fire compared to 25.5 hectares in 2018 (0.66%).

	February	March	April	May	June	TOTAL
2018	-	-	25.4	-	-	25.4
2019	2.4	6.0	10.1	4.4	0.5	23.4

Table 1 Plantation fire statistics for 2018 and 2019

It has been determined that the main causes of plantation fire in order of risk is 1) escape from neighbouring back burning practices, 2) general community complacency, such as discarded cigarettes or cooking fire escape, and 3) lightning strike.

The most effective means of avoiding fire damage is to engage with local village communities and discuss fire risk. Meetings on fire management are stepped up with partner villages as the drier months approach.

Burapha provides a call-before-you-burn payment to villagers who inform us of their intent to back burning near our plantations. This forewarning allows Burapha enough time to provide technical assistance to the villager on methods of fire containment, and for us to deploy a firefighting unit and team during the backburning operation.

Incentives for villages: In some cases, Burapha makes agreements with villages – through the village committee – for them to act as fire watchers within their village area that contained plantations and adjacent lands. Six villages were recruited for fire watch in the 2019 dryseason employing 25 casual Fire Guards.

Fire awareness posters are placed at the entrances of all plantations. The posters include a list of banned activities including smoking and leaving unattended cooking fires. The posters also have the contact numbers of local staff who can respond should a fire emergency occur.

In 2019 Burapha upgraded its firefighting capacity by purchased 32 mobile fire-fighting units. The units can be deployed as back packs, on lotsings, 4x4 utilities and trucks. The equipment was rated to Australian standards for firefighting.

8.4.1. Fire Management Training

Over 2019, 12 separate trainings that involved 158 participants was conducted in advance of the fire season. The training topics included:

- The use and maintenance of mobile fire-fighting units and manual fire control equipment.
- The use of fire extinguishers.
- The use of fire personal protection equipment and first aid;
- Fire reporting.
- Fire containment.
- Plantation management practices that reduce the risk of fire including fuel reduction measures and fire break construction.



Burapha staff installing fire warning signs



Plantation fire break

8.4.2. UXO Mitigation Management (18th Sustainable Development Goal)

Large areas of Laos are contaminated with UXO. Their presence negatively affects the socio-economic development of large areas of the country, preventing access to agricultural land and increasing the costs, through land clearance, of all development projects.

Burapha is well aware of the risks UXO and places the safety of its staff and workers as the highest priority. Through the land acquisition process, Burapha assesses each new plantation to determine the potential risks from UXO contamination. In 2019 this process identified potential UXO contamination in the area of Nam Phak plantation, Ban Xor village which was found to have been historically used for military activities.

A survey comprising of village meetings and the use of metal detectors found two un-detonated mortars within the plantation, which were then subsequently disposed of by Milsearch. Milsearch then provided training to local forestry staff on UXO safety management procedures to be implemented at the Nam Phak plantation.



Burapha staff training by Milsearch



Uncovered UXO

8.4.3. Outgrower Scheme

Burapha has developed and is implementing an outgrower scheme (OGS) which provides support to farmers who wish to grow their own trees with the potential of selling them to Burapha at the time of harvest. The support model options can include seedling, fertilizers and or technical services which are considered as economic incentives for farmers to engage in tree plantations.

In 2019, 122 farmers joined the outgrower scheme, planting 233 ha, which reflects its growing popularity and brings the total to 255 farmers with 455 ha hectares under plantation.

8.4.4. 3rd Party Timber Sourcing and Verification of Chain of Custody

Burapha has developed a comprehensive 25 step stan procedure to ensure wood legality from 3rd party suppliers. The Administrative Chain of Custody Procedure defines the administration processes, material categories, staff delegations and control systems to meet the requirements of the FSC Chain of Custody standard.

Burapha applied the procedures diligently to the eight 3rd party suppliers. After the FSC audit in September 2019 Burapha retained FSC CoC certification without a corrective action requirement for the second year in a row.

Entity	No.
Number of 3 rd party suppliers	8
Volume of eucalyptus (m ³)	840
Volume of teak (m ³)	604
Number of dry sticks / poles (units)	7500

3rd party timber sourced in 2019

8.5. Harvesting Team (Forestry Department)

The traditional manual harvesting system of drop, drag and transport used by Burapha and many other plantation companies in SE Asia carry a number of limitations and risks including, chainsaw work and felling related injuries, a lack of skilled local labour sourcing required to do extremely physical work.



Ponsse Cobra harvester

In 2019 the Forestry Team undertook a whole of system review of harvesting operations by comparing itself to similar forestry companies in China, Malaysia, Thailand and Laos. From that Burapha took the decision to have its harvesting operations to become fully mechanized thereby reducing risk and increasing efficiency. In 2019 Two Cobra harvesters and two Elephant King forwarders were sourced from Ponsse Oyj Co. Ltd of Finland. Harvesting plantations – operating the Ponsse equipment - will be contracted to Linfox International Transport and Logistics Co Ltd (Linfox).

The new system has the following advantages:

- Ponsse Oyj set the world standard for forest operations technology particularly in the field of steep slope operations and safety. The machines have fully enclosed cabins that are resistant to rollovers.
- Use of the machinery effectively eliminates safety risks associated with cutting, heavy lifting, and risks associated using human labour in extreme weather conditions.
- Smaller but multiple teams are required for operations.
- Multiple teams will be trained and be very highly skilled.
- Local nationals will be used and will receive training in-line with international standards. Training will include the use of machine simulators and instruction from Ponsse Oyj technical staff.



Ponsse Elephant King loader

8.5.1. Hauling Operations

Hauling of logs from plantations to the plywood mill and warehouse (inbound) and outbound to port will also be contracted to Linfox. In choosing Linfox consideration was given to local environmental conditions, type and size of logs for transport, log handling and loading options, road conditions, road design requirements, warehousing and export requirements. Up to five plantation-to-mill timber trucks (new Scania's) will be used which will meet European safety standards. Three outbound trucks will transport products from mill to port, along with loaders and forklifts operating at the plywood mill.

All mobile machinery will be operated by Lao nationals with related skills training provided.

8.6. Machinery Department

In 2019 the Burapha Machinery Department introduced its own departmental slogan to reinforce and strengthen the company's safety culture: *Think Safe, Work Safe, Home Safe*. The department implemented a range of new initiatives in an effort to increase its sustainability and safety capacity. The measures are provided below.

- Introduced Code of Conduct requirements to land clearing contractor contracts which include compliance to IFC Performance Standards and ILO guidelines.
- Introduce Incident Cause Analysis Methods (ICAM) to accident investigations and recruited a certified ICAM assessor.
- A ban on non-essential night driving.
- Implementation of the Vehicle Use Competency Program which tested a driver's skills against the vehicle type required to operate.
- Updated and upgraded staff Lao national driver license requirements.
- Introduced monthly machinery audits on all heavy mobile machinery including bulldozers, trucks lotsings and cars.



8.7. Land Acquisition

The Lands Team whose primary role is to facilitate land acquisition are the first Burapha representatives that will meet communities. The team has a strong legal background in land tenure rights and regulations and are strictly guided by the principles of FPIC throughout the acquisition process.

In 2019 the Government of Lao permitted private forestry companies for the first time to develop land inside Production Forest Areas (PFAs) for the purposes of commercial plantations. PFAs have unique legal and regulatory frameworks particularly in relation to land tenure and customary user right.

Village Focus International (VFI), a non-government organization, are the lead experts on villager land rights and FPIC in Lao PDR. VFI led the Burapha Lands Team through a series of training modules to improve their knowledge on laws and regulations relating to PFA land governance and customary rights.



8.7.1. Partner Village Baseline Socioeconomic Surveying and Staff Training

For every new partner village Burapha conducts baseline socioeconomic surveys in order to assess the benefits and impacts of our operations over the long term. Two new villages, Ban Nadee and Ban Namkuan both in Vientiane Province. were surveyed in 2019. The baseline survey included but not limited to:

- Village demographics, health and education
- Village infrastructure
- Household incomes and expenditures
- Livestock ownership and trade
- Land holdings and agricultural pursuits
- NTFP and TFP income and utilization

9. Burapha seeking carbon certification

As of 2018, Burapha has planted enough trees to bind 259 000 tCO₂ equivalent (approximately 4,4 million trees) and this is only the planted areas and does not include the regeneration of protected forest areas within special management areas.

In September 2018, UNIQUE Consultants (Germany) undertook a business feasibility assessment of Burapha's interest to achieve carbon certification through a voluntary carbon market. The report concluded that, 'carbon credit certification is financially highly profitable and will generate additional revenues streams to Burapha's expansion'. According to the report, atmospheric carbon sequestration to Burapha's plantations was conservatively estimated to be at least 84t CO₂/hectare over a 7.5-year rotation cycle.

In 2019, UNIQUE was commissioned to steer the company through carbon certification with the Verified Carbon Standard (VCS). The certification process is expected to be completed in 2021 after which Burapha credits can be purchased by companies and organizations looking to offset their carbon footprint.

The certification project received 85% of the funding from Emerging Markets Investment Asia who are also investors in the new Burapha plywood mill in Hinheup district, Vientiane Province.

10. Working with NGOs and supporting local villages

10.1. Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC)

RECOFTC was established in 1987 and has a regional focus to improve the livelihoods and rights of forest dependent communities. It does this through several program's one of which is to enhance partnerships between local communities and private sector players who have compatible interests in sustainable forestry.

Over the course of 2019 and into 2020, Burapha is providing support to RECOFTC to develop advanced approaches to strengthen the capacities of forest dependent community-based enterprises, and to support their business initiatives while increasing incentives for long-term viable private sector partnerships. This is achieved by assisting RECOFTC to develop and test villager training modules around the topics of financial planning, market research and product development. Burapha has played a central role in the module development as the only private sector contributor to this RECOFTC program.

10.2. Burapha's Village Development Fund

Burapha has established Village Development Funds, whereby villages provide requests to Burapha to support improvements to village infrastructure or contribute to important cultural events. The support we provide can be either financial, or in-kind such as the use of machinery and technical guidance. In the past Village Development Funds has been used for, amongst other things, to refurbish schools, support to villagers to improve individual home weatherability, donations to natural catastrophes, upgrade local roads in addition to the road network upgrades required for forestry, repair bridges and community meeting buildings. Over 2017 and 2018 a total of \$116,000 was provided to villages in financial support along with in-kind support. In 2019 the contributions were limited to in-kind only, such as use of our machinery for road improvements and technical support.

