

2023-2038

FOREST MANAGEMENT PLAN

The Siam Forestry Co., Ltd.

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Abbreviations

SFT - The Siam Forestry Company Limited

SCGP - SCG Packaging

MTP - Medium Term Plans

FSC – Forest Stewardship Council

SDGs – Sustainable Development Goals

FMP – Forest Management Plan

Nor.3 - Title Deeds in Thailand

Nor.3 kor -Title Deeds in Thailand

Nor.4 -Title Deeds in Thailand

AAC - The Annual Allowable Cut

MAI – Mean Annual Increment

R&D - Research and development department

PM 2.5 – Particulate matter with diameter of less than 2.5 micron

HCV – High conservation value

E. – Eucalyptus species

CxU - Eucalyptus hybrids of E. camaldulensis x E. urophylla

MU – Management Unit

CSM - Contractor Safety Management



1. Introduction

1.1 Company Background

The Siam Forestry Company Limited (SFT) in SCGP is one of the leading Thai companies operating wood businesses which includes fast growing eucalyptus seedling promotion for small farmers, plantation for large scale farmers as well as wood and biomass procurement for domestic industrial supply and international markets.

We provide full service of eucalyptus wood business (Our services start from eucalyptus clone and site matching research and development, planting of eucalyptus seedling promotion, plantation consultant and eucalyptus wood procurement) with innovation, modern technologies, continuous clone breeding research and development, along with plantation sustainable management (FSC™), the company is aiming to provide the best customer experience under the good governance and the commitment of sustainable development in terms of economy, society and environment.

In MTP 2022-26, The target total wood supply to pulp consumption and Forest Management Certification (FSC™ FM 100%) was 200,000 -250,000 GT in 2025 -2030.

SFT has a total plantation area of eucalyptus plantation 8,973 ha and was established to increase plantation was 4,000-4,800 ha per year, this area was rented from a private owner or private company, of which 100% total planting of eucalyptus was short-rotation. Distribute in Western, Northern, and Northeastern Thailand.

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SFT has a practice for creating eucalyptus plantations. By renting from the private sector or private companies for a long term of 10-15 years.

1.2 Principle for Forest management certification of SFT

SFT does not convert natural forests, or protected areas for conservation to plantations. We assess land before rental and before beginning to manage the plantation by using a technology map and land platform of the Land Development Department (Government).

SFT implemented the principle of FSC Certification to eucalyptus plantations beginning to find land suitable and matching with criteria of SFT.

SFT designs and manages plantations in a landscape context by recognizing them as part of local land use and balancing the demand and supply of wood logs sustainably.

SFT was open and understood differences in age, gender, education, society, and environment of local people. By surveying to listen and communicate to community opinions. in various channels such as village meetings, etc.

SFT continuously improves and creates balance in 3 parts, with Economic, Society, and Environment to wood logs business is sustainably.

1.3 SFT policies supporting the FMP.

SFT is a subsidiary of SCGP To achieve the world's sustainable Development Goals (SDGs), have a the policy to operate and follow the principles of Sustainability, while assessing risks and opportunities for



improvements at all organizational levels, in the efforts to balance economic, environmental and society aspects and the company's commitment to social responsibility and environmental. Related policy;

Community-social:

1. Occupational Health and Safety policy.
2. SCGP Safety Principles.
3. Plantation management for community-social policy.
4. Plantation management for Health and Safety policy.

Corporate Governance:

1. Corporate Governance Handbook.
2. Code of Conduct.

Environmental:

1. Biodiversity Restoration and Conservation policy.
2. Sustainable Development policy.
3. Zero Waste to Landfill policy.
4. Plantation management for Environmental policy.

1.4. International Best Practice

SFT is committed to meeting and when necessary, going beyond all the applicable policies, legal and regulatory obligations defined in Thailand including the following international policies and standards:

- Forest Stewardship Council Forest Management (FSC™ FM)
- OHSAS 45001 Occupational Health and Safety Management Systems Version 2018.
- ISO 9001:2015 Quality management systems in Seedling production.



SFT apply the Best Operating Practice documents used in forest management cover the following activities:

First stage 0-1 yr.	Second stage 1-3 yrs.	Final stage 3-5 yrs.
Site preparation *	Weed control	Weed control
Planting *	Fertilization.	Fertilization.
Weed control	Fire protection	Fire protection
Fertilization.	Road construction and maintenance	Wood log harvesting
Coppice management**		Road construction and maintenance
Abnormal management (Disease Insect Drought effect and flood effect etc.)	Abnormal management (Disease Insect Drought effect and flood effect etc.)	Abnormal management (Disease Insect Drought effect and flood effect etc.)
Road construction and maintenance		

* : replanting after 3 rotations , ** : 8-12 Month after harvesting .

1.5. Scope and Purpose

The purpose of the FMP is to ensure that SFT:

- set policies and objectives for management which are environmentally sound, socially beneficial and economically viable;
- has an implemented FMP which is entirely consistent with SFT policies and management objectives.
- has an FMP which describes the natural resource and explains how SFT will meet FSC certification.
- regularly updates the SFT with results of monitoring, stakeholder engagement, new scientific and technical information and to respond to changing environmental, social and economic circumstances.
- makes available a summarized FMP, excluding confidential information to affected stakeholders and proactively engage with these



stakeholders on the FMP.

- communicate the FMP to staff to guide them and to make informed management decisions.

1.6 Implementations of FMP

In The management plan focus is applied to the resource information collection and utilization, FSC™ and Occupational Health and Safety Systems. And The FSC™ Principles & Criteria framework (FSC P&C) is based on a standard environmental management system structure and specifically includes:

1. Statutory register.
2. Identification and assessment of the significance of environmental aspects and impacts of company activities.
3. Management objectives and targets.
4. Monitoring process for significant impacts.
5. Operating conditions and controls in a series of Best Operating Practices.
6. Process for managing non-conformance and corrective actions to drive continual improvement.

SFT aims to continuously develop management practices that achieve the best-balanced outcome for its business, for the environment and the adjacent community.

2. Sustainable Forest Management

2.1 Certification

SFT believes in sustainable forest management and Accreditation of our forest management systems with the Forest Stewardship Council (FSC) in 2008 and Extension of scope in 20218.

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For SFT, sustainable forest management means sustainable and profitable wood log harvest along with taking care of the environment and landscape of the area respecting the heritage and culture of the community, and allowing the community to participate in the company's activities.

2.2 SFT approach

SFT will apply the following guidelines to all requirements for FSC certification:

- Identify risks that exist, may, or may not currently exist in the areas in which SFT operates.
- Identifying risk reduction strategies and developing plans to reduce these risks; and
- Ensure that risk changes are tracked through specific tracking indicators. To be able to update or improve the management plan to ensure the long-term sustainability of SFT.

SFT's approach to sustainable forest management can be modified and adapted as more experience is gained.

Safety working environment

Ensuring employee and villagers' safety through a systematic verification by achieving ISO 45001 certification and compliance with safety and health in forestry work of ILO in 1998.

Ownership and rights in land.

SFT are aware of legally acquiring land and do not encroach or use areas that do not have legal rights. SFT has set the steps and guidelines for increasing planting areas as follows:

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1. Promote long-term rental projects for customers and interested parties in Thailand.

2. Survey the area and check ownership documents and land rights with the Land Department's Information Technology Office. Via the Landmaps website (<https://landmaps.dol.go.th/>) in the case of land title deeds of type Nor.4 and Nor.3 Kor., but the land title deed types are Nor.Sor.3 and Nor.Sor.3 Kh. must be checked. Verify the actual location with the local Land Department before starting a long-term rental project.

3. Land documents or rental title deeds must be Nor.3 or higher.

This will make you aware of obtaining the correct land and does not destroy natural forests.

Productivity and Profitable plantation

SFT uses appropriate technology and suitable silvicultural systems to manage plantations to achieve the goal of improving production and profits or reducing the impact of anomalies.

Harvesting and Rotation

SFT is set on a 3–5-year rotation for the eucalyptus plantation in Thailand, with the improve hybrids and clonal material and improving the yields. The harvesting is limited to the Annual Allowable Cut (AAC) has been calculate over the long term, based on the area, the predicted yields and requirements.

Environmental responsibility and conservation areas.

To satisfy the environmental, biodiversity and ecological laws and systems of Thailand in accordance with the FSC principle and criteria. SFT



cooperates with agencies with expertise in monitoring environmental changes in management areas (Conservation areas), such as Forestry Research Centers, etc., and determines joint short-term and long-term management plans.

SFT allocates and promotes the growth of trees in natural forests by surveying and evaluating the forest status to identify the extent of

Research and Development.

SFT has collaborated with R&D on genetic improvement. To suit the area of the company's plantation areas.

There are indicators in many aspects to select the appropriate breed, including:

1. Plantation yield (MAI)
2. Response to conditions in different soil areas, such as saline soil, limestone soil, etc.
3. Response to conditions in areas with low, moderate, and humid rainfall in Thailand.
4. Properties of wood pulp (%pulp yield).
5. Resistance to disease and insects.

SFT assigns and specifies that each plantation must conduct an experiment on the area's silviculture, such as an experiment on spacing, fertilizer and coppice selection., etc.

Social responsibility.

Support and cooperate with local communities Government agencies and stakeholders in the area for future sustainability and



Establishment of the appropriate mechanisms to resolve disputes between the communities and the plantations.

SFT has collaborated with Society on genetic improvement. To suit the area of the company's plantation areas.

3. Policy statement and objective

3.1 Company Vision

SFT is a full-service provider of eucalyptus wood business. Our service starts from eucalyptus genetic development, seedling production, planting promotion, planting management and service, wood procurement and trading, wood converting, biomass trading and circular economy.

SFT business is from upstream to downstream.

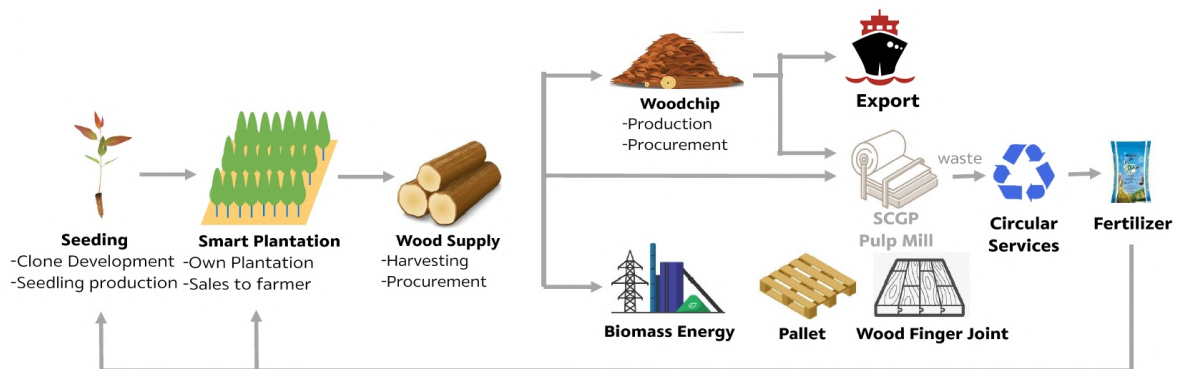


Figure 1 : SFT business flow

3.2 Company Policy

SFT, a subsidiary of SCGP, is determined to operate a forest plantation business. To achieve the world's Sustainable Development Goals (SDGs) by Plantation Solution to create satisfaction for customers and stakeholders with awareness of the importance of community /



society, environment, occupational health and safety Therefore, a sustainable plantation management policy has been established. According to the principles and standards of FSC™ (Forest Stewardship Council) by concept;

“Plantation planting, develops the community, and decrease the pollution”

For achieves success operating sustainable plantation then set the ways as follow;

1. Decent work and economic growth will require employment in the areas surrounding the plantation plots. Gender equality and employees, contractors and related parties Carry out activities of the plantation Must perform all activities in accordance with the principle and requirements according to FSC™ standards and must have good health and well-being.

2. The land setting for plantation, follow administration plantation system will have permanently must applying real estate right, correctly follow mark.

3. Proceeding activity of plantation system at emphasize to gain 3 sustainable benefits are including

3.1 Economic, there is planning, manage, and control the constructing of plantation that give sustainable yield products, cutting and throw the wood, take care plantation after cutting straight to traditionally technical which be appropriate area, community, and environment.

3.2 Social, there is an officer development/contractor, and related persons to have knowledge and ability in work practice, occupational



health and safety including give a chance to local community participate in the activity of plantation by think over the right of the participant is proportional (gain and loss), study and effect to community, resolve appropriately and fair in disagreement with community.

3.3 Environment There are plans, actions, controls and measures for surveillance and prevention. environmental and the utilization of life on Land to maintain ecological balance. and biodiversity of the plantation.

4. Internal audit for sustainable plantation administration system, at least 1 time per a year by internal auditor for do a presentation report to sustainable plantation system’s committee of company.

3.3 Company Objective

SFT Implements the plantation by the SCGP's sustainable development and the FSC™ principles and criteria. Creating the objectives sustainable plantation management with 3 sections as follows:

- **Community/social:**

- Decent work and economic growth will require employment in the areas surrounding the plantation. Gender equality and employees, contractors, and related parties carrying out activities of the plantation must perform all activities according to the principle and requirements according to FSC™ standards, and all year-round job creation.

- Enhance the conservation, rehabilitation, and maintenance of natural resources, in cooperation with the communities and government.

- Support and cooperate with the local community for sustainable development.

- Encourage the implementation of health and safety activities for



better living and must have good health and well-being.

- Cooperate with local community, government agencies, and stakeholders.
- Participate in strengthening the development of wisdom, and knowledge, and maintain the local custom.
- Establishment of the appropriate mechanisms to resolve disputes between the communities and the plantations.

- **Occupational health and safety.**

This the objective is established and distributed to the staff, contractors, and agencies involved in plantation operation to carry out in the implementation as follow:

- Staff, contractor and parties involved in plantation, shall implement all activities in connection to environmental management, health and safety, in compliance with FSC™ principles and criteria and lifesaving rules.
- Train staff, contractor and parties involved in plantation on environment, health and safety.
- Establish measures to control the leakage of chemicals, and waste from the plantation operation process to have no compact on the environment, and formulation of correct and safe measures to treat the chemical containers.
- If chemicals are needed Chemicals must be stored and handling of chemicals incorporate specification and identification of chemical properties, procedures for the appropriate use and safety control of chemicals. Make arrangement to secure appropriate and sufficient personnel protection accessories for staff, contractor and parties involved.



- Make arrangements for the working quarters in compliance with the health requirements, and suitable for working environment. Secure appropriate and sufficient working accessories, always examine and inspect for the readiness to be used safely.

- Inspect, monitor, and advise the staff, contractor, and agencies involved in the plantation operation to implement with safety.

- **Environment**

The objectives are the utilization of life on Land to maintain ecological balance and biodiversity of the plantation as follow:

- Plantation establishment in the agricultural land shall not be non-compliance with forest laws or others.

- Identify the conservation area not less than 10% in the plantation and surround plantation.

- Enhance of the conservation, rehabilitation, and maintain of the natural resources, in cooperation with the communities and government agencies.

- Surveillance and prevent of the soil and surface soil water contamination from plantation activities.

- Surveillance and prevent air pollution (PM 2.5) from burning forest fires in the plantation.

- Conserve of the high value trees, surveillance and protection of the trees from any hazardous.

- Minimize the application of chemicals in the plantation in case of unavoidable, the use of chemicals shall not against laws and regulations covering health and safety.



3.4 Management Goals

To support our vision and objectives SFT's management will achieve the following management goals:

- Follow the law. Thailand's regulations and treaties, conventions, and international agreements are ratified at the national level.
- Provide and maintain a safety work environment for employees, contractors, and visitors.
- Promptly prepare wood log products to meet specifications and meet business plan obligations and requirements.
- Maintain a balance of plantation age classes to sustainable wood logs as well as maintain long-term economic benefits.
- Continuously improving management practices and improving genetics to create wood logs that are better in both quality and quantity.
- Harvest the mature wood logs using environment-friendly harvesting systems.
- Optimize costs by applying technology-efficient systems, integrating best practices and the experience of employees.
- Minimize the application of chemicals in the plantation in case of unavoidable, the use of chemicals shall not against laws and regulations covering health and safety.
- Surveying diversity in the area and evaluating Areas with high conservation value (HCV 1-6) in the forest in a protected forest area and protect threatened species and threatened ecological communities located on and help local communities protect areas of high conservation value.



- Preserve or enhance environmental values on or adjacent to managed land. with specific reference to wildlife and native plants of high conservation value.
- Maintain water quality landscapes are well-identified and managed. Managed plantation and around the land.
- Monitoring and Protecting plantations from damage or abnormality such as fire, insect attacks, and disease.
- Staff, contractor and parties involved in plantation, shall implement all activities in connection to environmental management, health and safety, in compliance with FSC™ principles and criteria and lifesaving rules.
- Support and cooperate with the local community and stakeholders for sustainable development.
- Encourage the implementation of health and safety activities for better living and must have good health and well-being.
- Participate in strengthening the development of wisdom, and knowledge, and maintain the local custom
- Establishment of the appropriate mechanisms to resolve disputes between the communities and the plantations.

4. General Information (Description of the target plantation areas)

4.1 Geography (location)

SFT has 3 locations to plantation management as follow;

1. Northern and Western zones
2. Northern zone
3. Northeastern zone



SFT has 6 chip plant in Northern 1 chip plant, Northeastern zone 4 plant and 2 chip plant in Western zones (Figure 2).

SFT's 6-chip plant and SFT's plantation map in Thailand.

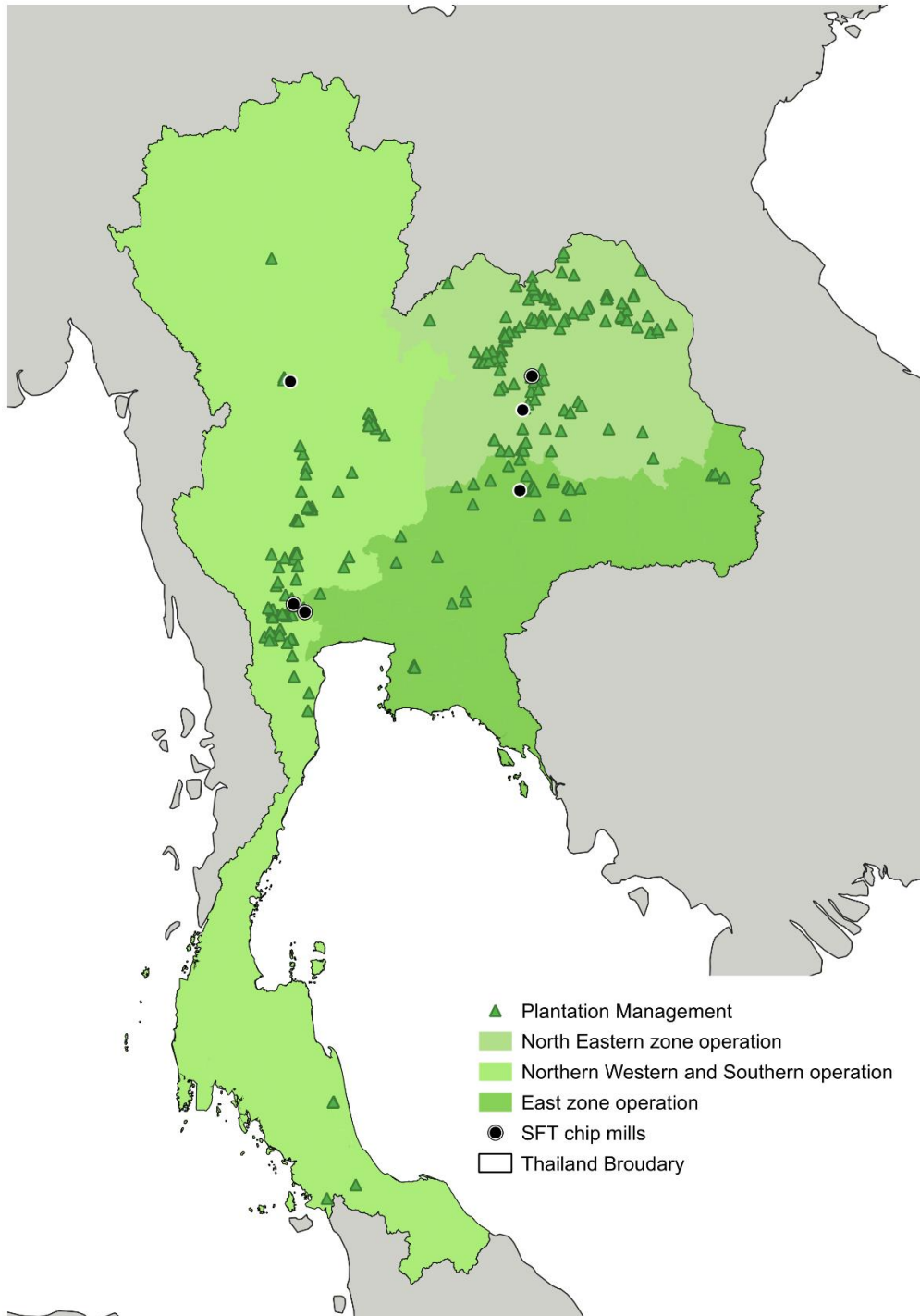


Figure 2: SFT's 6-chip plant and SFT's plantation map in Thailand.

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4.3 Climate

Thailand is located between vast areas of land and water, so it is impacted by the summer and the winter monsoons. As a result, Thailand's weather consists of 6 months of rainfalls during the wet season, 3 months of dry and cooling breezes during the winter, and 3 months of heat during the summer. The average temperature in Thailand ranges from 18 to 38°C.

The mean annual rainfall is 1,339-5,235 mm and the mean yearly rainy day is 18 -195 days. SFT's classified rainfall areas are 3 zones (Figure 4: Rainfall in Thailand) including;

1. Drought areas are <1000 mm./yr.
2. Normal areas are 1000-1400 mm./yr.
3. Wet areas are >1400 mm./yr.

4.4 Agriculture

Thailand has agricultural land of 153,184,527 rai or 47.77 percent of Thailand's area. To support 5.8 million farmer households, it is also a source of agricultural products and food for the country. and export to foreign markets Thai people have food security and income in Thailand. By being able to compete with other countries stably and sustainably. Therefore, factors regarding the suitability of land were used to develop the irrigation system. and agricultural infrastructure in determining appropriate areas into 3 zones as follows:

1. Agricultural areas with good production potential

It has an area of 42,647,558 rai or 13.30 percent of the area of Thailand. It is an area that is intended to be protected as a source of



agricultural production. For food security and the production of agricultural products that give high returns or supporting processing industries for export, The state invests in building agricultural infrastructure such as irrigation projects. Flood prevention projects or there is land reform, including crop production areas with geographic indications. At present there is no technology to replace agricultural production from the production source of land that is fertile and special in Providing quality produce

2. Agricultural areas with high production potential

It has an area of 73,193,948 rai or 22.83 percent of Thailand's area. It is an area that should be reserved as an agricultural area for food production. Agricultural products of the country. Characteristics of the area in this area are areas with high agricultural potential. Provides moderate to high agricultural yields. and can develop irrigation systems and infrastructure for good agriculture with high productivity.

3. Agricultural areas with low production potential

It has an area of 37,343,021 rai or 11.64 percent of Thailand's area. The area has low suitability for agricultural production. or unsuitable for the production of agricultural products Because the yield is not worth the investment or there may be a risk of natural disasters The use of agricultural land requires development and improvement of the area. By using measures and appropriateness together.

All 3 zones will be the target. To use the land without deforesting the natural forest. and manage together with farmers and landowners to achieve maximum benefit and suitability for agricultural areas.



4.5 Natural Forest Areas and Forest Policy of Thailand

Thailand's forest area in 2018 had an area of 102.488 million rai, accounting for 31.68 percent, which was 0.1 percent more than in 2017, or an increase of 331,951.67 rai.

From the designation of forest areas according to the national forestry policy, 40 percent is protected forest area, 25 percent is an economic forest area, and 15 percent is an economic forest area, and from the current conservation forest area figure, it is 19.32 percent (62.49 million rai), or approximately additional. 5.68 percent and in the economic forest area there is only 1.2 percent (3.9 million rai). Therefore, the economic forest area is still lacking approximately 8.2 percent or approximately 26 million rai (Refer to the Royal Forest Department, 2019)

Therefore, starting to plant economic forests is considered important in forest areas to meet the goal of providing income to farmers planting economic trees. And most importantly, the use of wood has increased compliance with regulations, especially increasing demands

SFT has adopted practices and guidelines for increasing the area planted with eucalyptus trees. To achieve sustainability and be in line with sustainable national development guidelines.

5. Production of forest products

The eucalyptus wood logs size for harvesting is a diameter of more than 2.0 inches long length is 2.0 -2.5 meters and the plantation age is 3 - 5 years.

The Annual Allow Cut (AAC) has been calculated over the long term (three rotations), based on the area under plantation, MAI and the average yield, as well as the requirements of the processing plants. The



area under plantation has progressively increased since the first issue of the certificate in 2008 and inventories are carried out from year 3 to year 5 for every compartment the eucalyptus trees are on a 3–5-year rotation and have been yielding about 15-40 tons per hectare since 2008. With the improved hybrids and clonal material, the yields are improving. Siam Forestry is calculating its AAC on an annual basis. The latest AAC is as per the chart below:

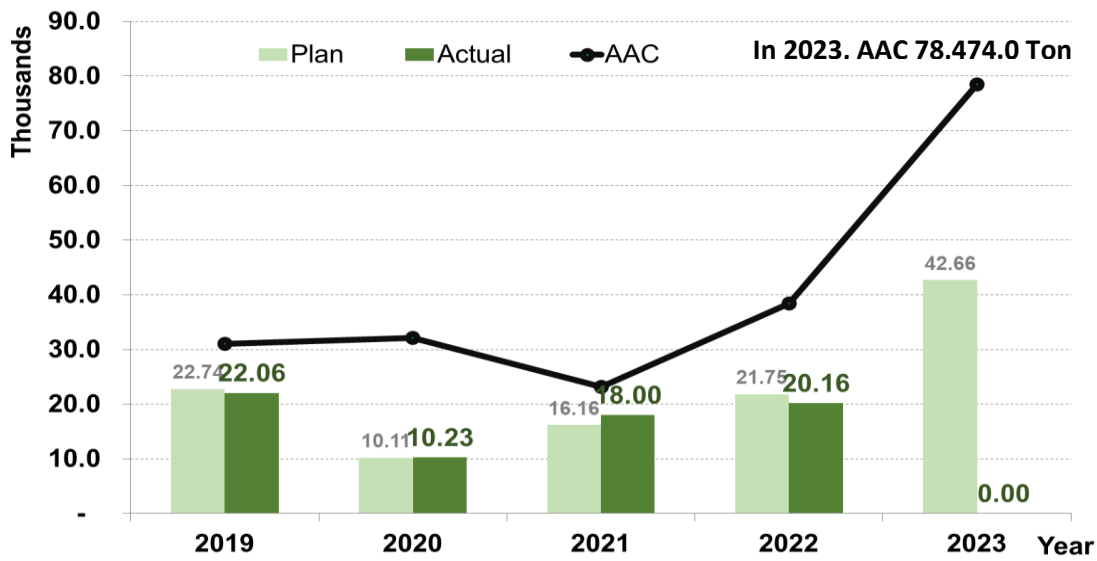


Figure 5: The Annual Allow Cut (AAC) of SFT in 2023

SFT’s harvest and transportation activities for Sub-contractor and employees the main objectives of the standard are as follows:

- Ensure that the highest level of safety is achieved during operations.
- Protecting the social value of community trails and water sources.
- Protecting environmental values
- Consider the location, volume and road usage requirements.
- Guarantees constant production efficiency on site and
- Maintain the plantation yield.



6. Plantation Development and Management

SFT has a concept for managing the company's plantations:

$$\text{Yield} = \text{Genetic} + \text{Environment} + \text{Management}$$

We use this concept to manage the plantation. and used to increase the yield of the plot in collaboration with the research center to develop eucalyptus varieties suitable for the area. and produce high yields resistant to Diseases and insects and tolerance to poor environments such as drought areas saline soil., etc.

6.1 Clone and Site matching

SFT uses seedlings from the seedling production department. Improvement of seedlings into eucalyptus hybrids of the species *E.camaldulensis* breeding with *E. urophylla*, *E. pellita* and *E. grandis*. And matching clones with plantation areas based on clonal trial plot as follow;

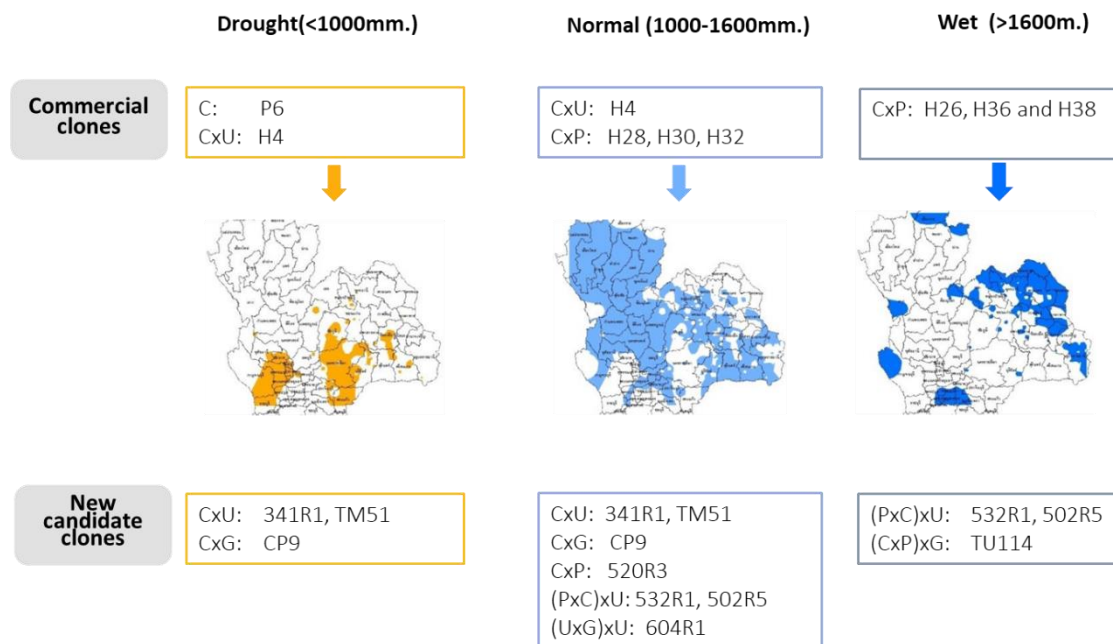


Figure 6: Promoting area of Clone planting in plantation



As for seedlings that will be planted in HCV nurseries in the MU. and some seedlings from the forest department nurseries near the MU.

6.2 Site preparation

The establishing planting of the plantation must be planning a buffer zone wide 3-6 meters between the plantation and another site or road or natural buffer zone and planning applies in high conservation values (HCV) as well.

6.2.1 Removal of stumps and coverings using machinery, by moving and/or digging landfills Inside or outside the area (In the case of digging and burying the stump Depth must not be less than 2 meters)

6.2.2 Adjusting the area along with dividing it into smaller plots and pushing for roads.

6.2.3 Increase organic matter (some areas), add organic matter such as sludge pH value not more than 6.5-7.0 or others according to cost appropriate to improve soil structure based on 2 types as follows;

- Soil deep: shallow soil (less than 30 cm.) and Medium deep soil (40-100 cm.)
- Soil texture: sandy loam Soil texture: clay or hard plate at the bottom.

This practice applies to plantations and high conservation value (HCV) where initial site preparation is necessary.

6.3 Planting

Planting seedlings according to the standards of the company. Tree planting with a normal tree density of 178,267 or 355 trees/rai based on site quality and the spacing between 1.5 to 3 meters.



During this time, the seedlings need to be watered in order to survive the dry season.

After planting is completed find the amount of courage to use for repairs If 50-95% of the numbers survive, replant them according to that planting method. If the survival percentage is less than 50%, replant at the rate of damaged area. One week after the repair planting is completed, a random count is made to inspect the work. Seedlings must survive at least 95%. If less than 95% survive, the contractor must be responsible for purchasing seedlings and wages to plant 95% as specified by the company.

Planting in HCV areas has no spacing and the number of plants per area is specified. It depends on the area and area of the HCV area.

6.4 Fertilization

Fertilizing is carried out 2 times a year. The canopy must be considered. and the root system is important. The first time is applied within 30-45 days after planting and the second time is applied at the end of the rainy season.

The following year, add it at the beginning of the first rainy season and at the beginning of the second rainy season (May. and August) while the soil is moist. Enter the method for digging 2 holes/plant (fertilizer formula and quantity according to the Feasibility project attachment and rates according to the recommendation table Fertilizer is most needed in the 1st and 2nd years.



6.5 Weed control and Fire prevention control

The Weed control management plan based on SFT's standards for eliminating weeds must consider the effects, and the density of weeds to determine methods for eliminating weeds that are appropriate to the growth stage, and appropriate to the cost of management with minimal impact on trees. Standards for consideration Weeds in the eucalyptus tree plots were considered according to the effects of the weeds on the eucalyptus trees. Three stages were considered according to the age of growth and budding as follows;

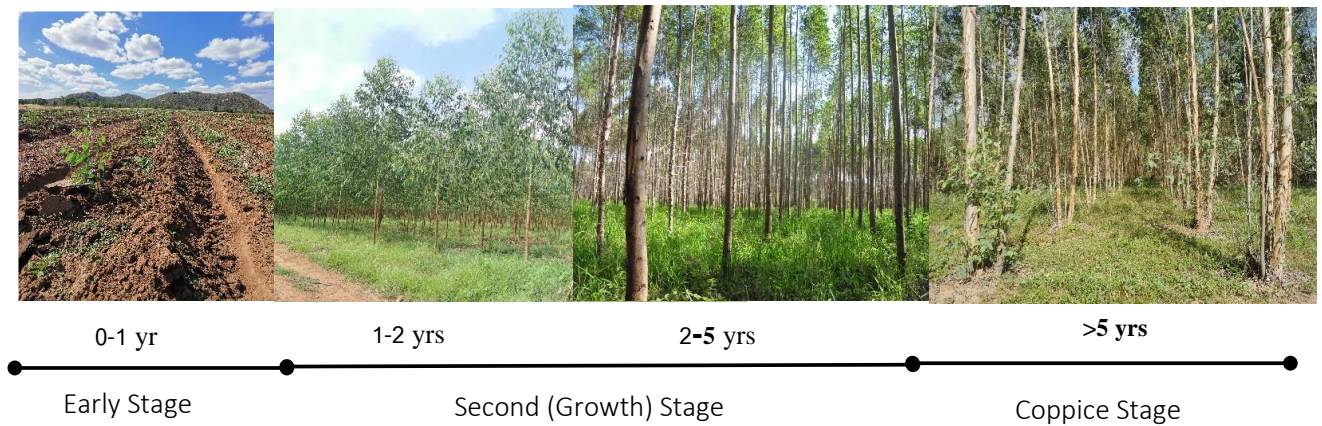


Figure 7: The growth stage of planting in a plantation

Fire prevention control will consider further eliminating weeds During the dry season (January to April and November to December)

6.6 Disease and Insect

SFT will have a plan to monitor diseases, insects, and abnormalities by considering the destruction of canopy, leaves, branches, and stems by setting an acceptable level of severity at levels 1-2 or destruction not exceeding 50% of the canopy as follow;



- 1 = No disease symptoms found until the leaves have slight spots
- 2 = found symptoms of leaf spot and blight and began to show symptoms of dry branches
- 3 = Symptoms of leaf spot, leaf blight, falling leaves, dry branches, and dry shoots beginning to appear.
- 4 = Severe symptoms, dry leaves, fallen leaves, dry branches, and dead shoots.

Follow-up, if severe, will take action to dismantle and change the species. In managing the company's plots, no chemicals are used.

7. Collaboration for Environment, Social, Economic Assessments and FSC™ Management.

To meet the conditions for forest management operations. and continuous and sustainable development

SFT seeks an organization or department with knowledge, abilities, and expertise in various areas that the company needs including:

1. **Social aspect**, together with the Kamphaeng Phet Rajabhat University, Kanchanaburi Rajabhat University and Forest Research Center, and Faculty of Forestry agencies to assess and follow social aspects

2. **Environmental aspect** Collaborate with Forest Research Center, Faculty of Forestry, Kasetsart University, and Thailand Forest Ecological Research Network agencies to assess and monitor environmental aspects.

3. **Economic aspect** together with R&D of SCGP the agency to develop efficiency of the tree improvement and seedlings.



4. FSC™ management aspect together with FSC™ Thailand, Department of Forest Management, Department of Silviculture Faculty of Forestry, Kasetsart University to develop the efficiency of the FSC™ management.

8. Risk Management

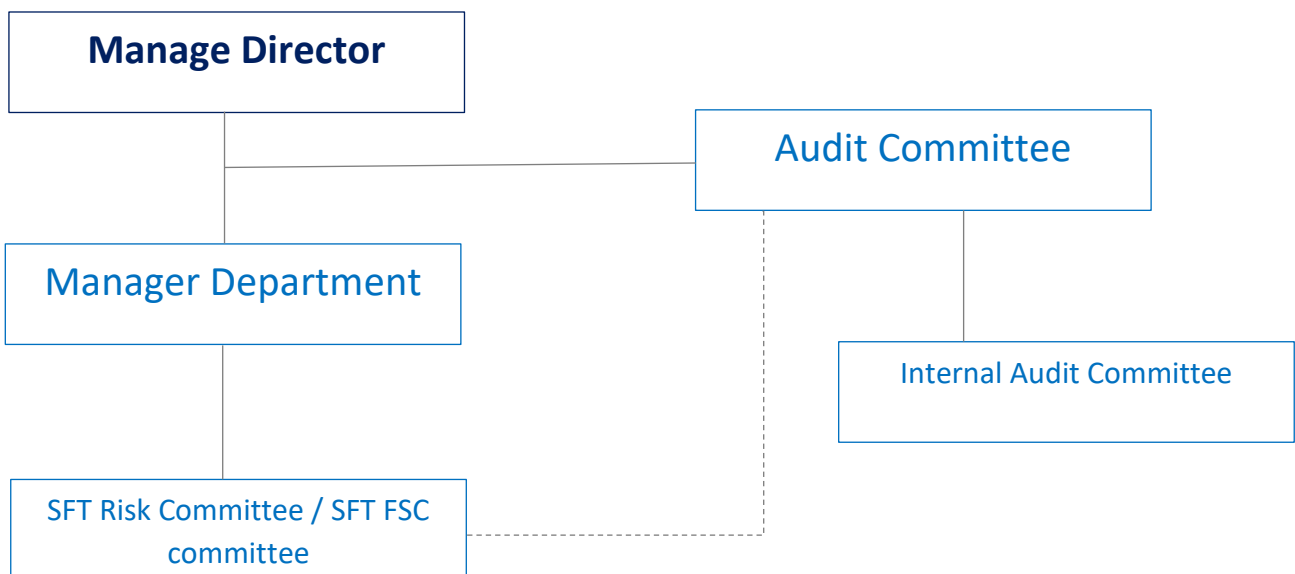
- Strategy Formulation

SFT defines the objectives and risk appetite in managing risks clearly so that overall risk management is exercised on an enterprise-wide basis.

- Structure and Accountability in Risk Management

The organizational structure of risk management of SFT is modified and adjusted from SCGP to suitable with SFT illustrated below:

Integrated Risk Management Organization Structure





The Audit Committee, on behalf of the SFT' committee, establishes risk management policies and oversees the risk management process and practice of the Company. The Audit Committee also evaluates the risk management system to ensure efficiency, effectiveness, and compliance with established guidelines. Internal Audit Committee The Company's Internal Audit is responsible for conducting an audit of the first line (operating units) and the second line (management level, risk management, compliance, and other supporting functions) to ensure the efficiency and effectiveness of risk management. The internal Audit committee also reports the outcomes to the Audit Committee as well as provides consultation and communicates the Audit Committee's opinions and recommendations to the first line and functions that are being audited for improvement.

SFT's Risk Management Committee consists of the Manager Department who serves as the Committee Chairman, the Manager Department of each department unit, The Risk Management Committee has the following core responsibilities:

- a. Determine risk management structure and assign accountabilities for risk management;
- b. Consider and approve risk management strategies, framework, and plans;
- c. Review the risk profile and track the risk management practices of the entire organization.



• **Risk Management Process**

SFT’s risk management framework is applied in three primary areas: strategic risk management, investment project risk management, and operational risk management. The risk management process comprises as follows:

- (1) Risk/opportunity identification;
- (2) Risk assessment;
- (3) Risk response including defining the key risk indicators and key performance indicators, which are the leading and lagging indicators, to anticipate risk events and to manage risk levels to be in line with the targets.
- (4) Risk reporting to SFT’s Risk Management Committee before presenting a report to the Audit Committee every quarter.

The risk management of the following issues shall be assessed.

- (1) Safety, Health, and Environment Risks
- (2) Compliance Risk
- (3) Intangible Risk
- (4) Hazard Risk
- (5) Input Risk
- (6) Process Risk
- (7) Financial Risk
- (8) Business Risk

Building a Corporate Risk Culture

SFT recognizes that risk culture is a critical component of risk management. SFT has, therefore, set measures as follows:

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- Assigned Manager Department to communicate the significance of risk management (tone at the top) and be role models in risk management. This includes establishing practical guidelines on the common risk language, risk appetite, and common risk assessment systems;
- assigned and accountability of each risk owner;
- encouraged each company to include risk management as part of the agenda in major meetings;
- designated risk management as a component of training and development programs for employees;
- encouraged experience sharing across departments and companies to continually communicate the benefits of risk management

Key Risks, Business Opportunities, and Risk Management Strategies

Key Risks	Mitigation	Residual Risk Rank
Global and Thailand of Pulp, Wood chips of FSC-certified Demand Softness Risks	- Assign and have a system to continuously monitor trends, demand and supply of Pulp, Wood chips of FSC-certified - Assign and hold meetings to regularly monitor the demand and supply of FSC-certified wood pulp and wood chips.	High



Key Risks	Mitigation	Residual Risk Rank
Occupational Health and Safety	<ul style="list-style-type: none"> - Design SCG Safety Framework - Design SCGP Life-Saving Rules - Contractor Safety Management (CSM) - Design SAFEsave system - Design Transportation Safety - Mechanism for receiving suggestions and complaints 	Medium
Risks from Cost Management in Supply Chains	<ul style="list-style-type: none"> - Assess Feasibility before starting a project - Following and controlling costs not over plan. 	Low
Human Rights Risks	<ul style="list-style-type: none"> - Identifying human rights risk issues - Identifying vulnerable groups - Formulating preventive and mitigation plans and remediation actions - Monitoring results - Mechanism for receiving complaints - Human Rights Governance (SCG code of conduct, SCG Supplier code of conduct) 	Medium



Key Risks	Mitigation	Residual Risk Rank
Risks from loss of productivity from Flood and Drought.	<ul style="list-style-type: none"> - Avoid planting in areas identified as flood and Drought plains - Plant species tolerant of occasional flooding - adjusted areas suitable before planting and intensive management 	Medium
Forest fire impacting plantations, the environment, and the community	<ul style="list-style-type: none"> - Implementation of fire management plans and emergency response and preparedness plans. - Mechanism for receiving complaints 	Medium

9. Stakeholders

SFT divides stakeholders into 2 groups.

1. **Local Stakeholders** in the location of the plantation as follows; Villages, schools, temples, municipalities, and local administrative organizations.

2. **National stakeholders** are groups involved in the plantation business and plantation management as follows; Forest Department, government agencies, Department of Labor, Ministry of Natural Resources, independent organizations, universities, etc.



Both groups are searched before starting the project
 Suggestions are followed up and listened to. Evaluate satisfaction and participation in activities for sustainability in both groups.

10. Financial Management

Long-term financial and resource planning is carried out by SFT accordingly. The plan includes the following:

- 10.1 Direction for Increase and reduce plantation areas
- 10.2 Plantation Management Plan
- 10.3 Volume Supply wood logs to chips plant
- 10.4 Human and sub-contractor resource
- 10.5 Knowledge and skill of employees and sub-contractor training
- 10.6 Manage the Infrastructure of Management Unite

The long-term financial and resource plan forms the basis for the annual budget, which is submitted to the SFT’s committee for approval. The actual results are monitored against the budget, and relevant mitigations are implemented.

11. Implementation and Monitoring

SFT conducts a comprehensive monitoring program to understand and improve our management practices across environmental, social, and economic disciplines.

This includes a monitoring and reporting checklist to ensure that all items addressed in the FMP are reviewed and updated.

The main objectives of the tracking program are:

- Ensure that SFT complies with relevant laws and Criteria.



- Ensure that plantation and wood logs are managed sustainably.
- Follow the reduction of the impact of severe and high risks with effective solving problem.
- Early warning of possible consequences. the extent of the anticipated impact and any unforeseen consequences; related to SFT's activities and
- Evaluate the adequacy of all management measures implemented to ensure continuous improvement of management measures and practices.

The above has led to the development of a strategy to ensure that the company continues to manage its activities, is sustainable, and meets our desire for continuous improvement. The audits conducted by SFT are consistent with our commitment to FSC™ certification.