



2022

Sustainability Report

MTP aims to be Laos' leading integrated forestry manager, committed to environmental and social sustainability. A proud regional employer, actively engaged in community development.



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Message From Our GM

As we navigate the post-COVID reopening landscape, we must address the pressing challenges of rising inflation rates and unemployment. Our top priority is to support our staff and local communities with the utmost sincerity. A substantial number of nationals opt for temporary relocation to Thailand, Korea and other South-East Asian nations to explore employment prospects. While the workers and remittances are boosting the local economy, the impact on rural communities and businesses is undoubtedly adverse.

In 2022, we proudly inaugurated our state-of-the-art processing facility. This factory is geared to produce veneer, sawn lumber and woodchip. As of the end of 2022, we have successfully onboarded and trained a total of 161 personnel. A significant percentage of our workforce is derived from five villages in close proximity to our factory, thereby making a substantial contribution to the local employment landscape.

I am also pleased to announce that our company has successfully maintained our Forest Stewardship Council (FSC) certification following our third surveillance audit in October 2022. Simultaneously, we underwent an audit to attain FSC Chain of Custody (CoC) certification for our recently constructed factory, which we successfully secured. We have also achieved a 99% compliance rate with the International Finance Corporation Performance Standards (IFC PS). We are continuously conducting internal audits to monitor plantation and site-specific procedures, water quality, and incident and accident reporting. We ensure that our employees receive annual training and are well-versed in industry best practices.

On October 14, 2022, MTP proudly granted full scholarships to four talented high school students, enabling them to pursue their academic aspirations in forestry, wood processing and environmental sciences. This initiative has been a long-standing goal of our leadership team, and I am thrilled to announce that we have effectively launched this programme. Our MTP staff provides active counselling to students, ensuring their successful integration into university life. Indeed, a few of them are presently engaged in generating funds and promoting awareness for aspiring scholars who lack the financial resources to pursue their education.



A look into the future...

As testimony to our dedication towards environmental improvement, MTP is set to transform a once seasonally inundated region, previously planted with commercial species, into a conservation area. The restoration project will act as a pilot for the potential implementation of a larger-scale restoration programme. Our pilot project aims to restore around 320 hectares of these seasonally inundated areas, in Nonghoy Village, Hinboun District, Khammouan Province.

The involvement of the local community in the development of the restoration programme is crucial for its positive impact and overall success. At MTP, we are fully dedicated to incorporating community engagement and Free, Prior, and Informed Consent (FPIC) principles throughout our project design and implementation process. Our goal is to create positive impacts within the community, which may include employment opportunities, enhanced food security and land use rights, and increased awareness and knowledge in related fields.

Our company is committed to enhancing our Integrated Pest Management Plan and exploring strategies to minimise herbicide usage. As a company, we are committed to reducing our reliance on glyphosate and aim to completely replace its usage with more environmentally friendly herbicides by 2026. In 2023, we will conduct operational trials utilising drone technology to optimise herbicide usage and streamline application processes, ultimately reducing labour requirements and exposure of people to potentially harmful chemicals.

I cordially invite and encourage you to provide us with your valuable feedback on our sustainability and operational endeavours. Please feel free to reach out to us via our website and contact page at www.mekongtimberplantations.com. We trust that you will find this report to be informative and engaging and will appreciate your honest feedback.

I would like to extend my sincere gratitude to our management team for their unwavering support of our very dynamic and professional Sustainability Department, helping us to be a successful company.

Nico Strydom
General Manager
Mekong Timber Plantations Co., Ltd



COMPANY OVERVIEW

Mekong Timber Plantations Company Limited (MTP) is a tropical hardwood plantation company responsible for a 24,000 hectare estate in central Laos, mainly in Bolikhamxay and Khammouane provinces. The company is jointly owned by the New Forests Tropical Asia Forest Fund and the Government of Laos. MTP currently manages more than 18,000 hectares of planted eucalyptus and acacia trees with regional offices in Paksan and Songhong. The main office is located in Vientiane.

The company aims to be a leading sustainable plantation forestry business in Asia, with a focus on higher value timber production for regional markets. Mekong Timber Plantations works with development and improvement of silvicultural methods and ensures the business meets international best practices for responsible forest management.

Key Figures

Concession Land	23,948 ha
Planted and TUP Area	16,497 ha
No. of Employees	296 individuals
No. of Communities Involved	134 villages
Factory Installed Capacity	150,000 cubic metre/year intake
No. of Smallholder and Area Planted by Smallholders	298 families and 340 ha





MTP Processing Mill

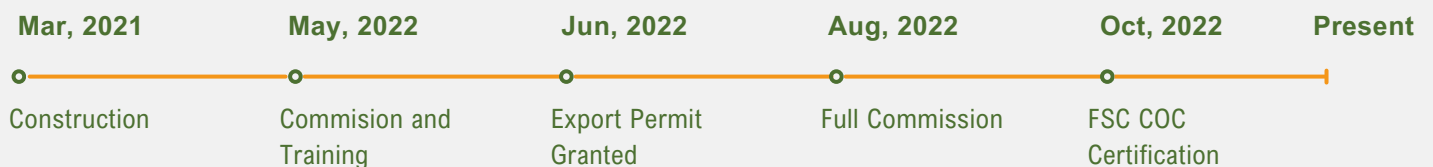
The completion of MTP Processing Mill marks a key milestone on MTP's achievement in 2022. The mill is targeting 150,000 m3 of volume intake annually into the following end products:

- ▶ Veneer – approximately 50,000 m3 of veneer product;
- ▶ Sawn logs – approximately 10,000 m3 of sawn timber;
- ▶ Woodchips – approximately 25,000 bone dry metric tonnes of woodchips.

Our veneers, sawn logs and wood chips are produced using logs sourced from MTP's sustainably managed forests. Since our mill was commissioned in May 2022, MTP has quickly managed to develop a wide range of domestic and regional clients, to whom we regularly supply our rotary peeled core veneer and sawn lumber. The mill is CoC certified according to FSC's Principles and Criteria, allowing us to sell sustainable wood products with raw material from our own FSC FM certified plantations.



MTP Processing Mill Project Development Timeline



SUSTAINABILITY IS AT OUR CORE

We believe the success of our business strategy depends on achieving positive outcomes for the environment and people. We have a strong commitment to developing a company strategy that integrates long-term viability, value creation, and sustainable financial success.

Highest Ethical Standards, Respect for People, Health and Safety, and Environmental Protection are the pillars of MTP's commitment to sustainable business practices. These Sustainability Core Values guide every decision about our operations, our products, and our impact.

Highest Ethical Practice



We conduct our business in accordance with the highest ethical standards, and in compliance with all applicable laws.

Respect for People



We promote an atmosphere where everyone can participate, develop, and thrive by treating employees and all of our partners with dignity, and respect.

Health and Safety



We are committed to safeguarding the health and safety of all, especially our employees, our contractors and the people in the communities where we operate.

Protecting the Environment



We manage our operations in a way that protects the environment and preserves natural resources for both the present and the future.



Contribution to the United Nations Sustainable Development Goals

MTP believes that businesses can play a vital role in driving sustainable development and contributing to a more equitable and resilient future. Hence, we are strongly committed to the United Nations Sustainable Development Goals (SDGs) to effect positive change and play a part in solving challenges including poverty, inequality, climate change, environmental degradation, and social injustice. By continuously reviewing our company's goals and initiatives, we ensure that these are aligned with the SDG priorities that are relevant for us, including:

SDG 1: No Poverty	<ul style="list-style-type: none"> • Providing employment opportunities for local communities by offering fair wages, safe working conditions, and skills development programmes. • Investing in community development initiatives to uplift marginalized communities and contribute to poverty reduction. • Working together with local communities, NGOs, and government agencies to identify the specific needs and challenges of the communities and design targeted interventions that address the root causes of poverty.
SDG 2: Zero Hunger	<ul style="list-style-type: none"> • Ensuring that our business provides fair wages to workers, including those directly employed and those working in the supply chain, aiming to reduce hunger, enhance food security, and improve nutrition for local communities. • Supporting income diversification efforts among workers and local communities.
SDG 3: Good Health and Well-being	<ul style="list-style-type: none"> • Implementing robust occupational health and safety measures. Provide proper training, protective equipment, and regular health check-ups to prevent work-related injuries and illnesses. • Promoting safety and health awareness and preventive measures among workers and communities. • Creating a work environment that promotes physical and mental well-being. • Ensuring the responsible use of agrochemicals and pesticides in our plantation operations. Following best practices, guidelines, and safety protocols to minimize health risks for workers and neighbouring communities.
SDG 4: Quality Education	<ul style="list-style-type: none"> • Establishing scholarship programmes for high-school graduates from local communities. • Partnering with educational institutions, universities, and research centers to foster knowledge sharing and innovation.
SDG 5: Gender Equality	<ul style="list-style-type: none"> • Ensuring equal employment opportunities for both men and women. • Creating a supportive and inclusive work environment through developing policies addressing sexual harassment, maternity leave, flexible working arrangements, and work-life balance. • Integrating gender considerations into community programmes and initiatives. • Providing training and capacity-building programmes that promote gender equality and women's empowerment.



SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> • Providing fair wages, safe working conditions, and respecting workers' rights. • Investing in skills development and training programmes for our employees. Offering opportunities for professional growth, career advancement, and continuous learning. • Prioritizing local sourcing whenever possible, supporting local businesses and stimulating economic growth in the region. • Contributing to the social and economic development of local communities by supporting community initiatives and development projects.
SDG 9: Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> • Supporting research and development initiatives related to sustainable plantation and wood processing practices. • Collaborating with research institutions, universities, and industry experts to drive innovation in field of plantation and wood processing and find solutions to environmental and social challenges.
SDG 10: Reduced Inequalities	<ul style="list-style-type: none"> • Ensuring fair and ethical employment practices . Promoting equal opportunities, non-discrimination, and diversity in hiring, promotions, and pay. Treating all employees with respect and providing a safe and inclusive work environment. • Engaging with local communities, including marginalized groups, to understand their needs and concerns. Involving them in decision-making processes and incorporating their perspectives into our activities. Fostering inclusivity and empowering marginalized communities to participate in and benefit from our operations. • Establishing a transparent and accessible grievance mechanism for employees and local communities. Providing a platform for them to raise concerns, provide feedback, and seek resolution for any issues related to inequalities or unfair treatment.
SDG 12: Responsible Consumption and Production	<ul style="list-style-type: none"> • Upholding our commitments and compliance with FSC and IFC PS, striving towards sustainable procurement and production • Raising awareness and consumer preference for products from sustainably managed and certified forests.
SDG 13: Climate Action	<ul style="list-style-type: none"> • Implementing sustainable land management practices such as reforestation and afforestation,, which help sequester carbon dioxide from the atmosphere and mitigate climate change. • Collaborating with other stakeholders, including local communities, governments, and NGOs, to collectively address climate change challenges. Engaging in partnerships and initiatives that promote climate action, knowledge sharing, and technology transfer. • Raising awareness among employees, local communities, and stakeholders about the importance of climate action. Providing training and educational programmes on climate change mitigation and adaptation.
SDG 15: Life on Land	<ul style="list-style-type: none"> • Adopting sustainable forest management practices that minimize the negative impacts on ecosystems and habitats. • Maintaining and restoring natural habitats. • Implementing integrated pest management strategies to minimize the use of harmful pesticides and herbicides.
SDG 16: Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> • Respecting and upholding human rights principles and principles of integrity, transparency, and accountability in all aspects of our operations. • Engaging with local communities and stakeholders in a transparent and participatory manner. • Establishing effective grievance mechanisms that allow individuals and communities to raise concerns, report grievances, and seek resolution.
SDG 17: Partnerships for the Goals	<ul style="list-style-type: none"> • Fostering partnerships with various stakeholders, including the government, NGOs, local communities, and other businesses to collaborate on projects and initiatives that promote sustainable development, biodiversity conservation, and responsible land management. • Pooling resources, knowledge, and expertise to address common challenges and leverage collective impact.
SDG 18: Lives Safe From UXO	<ul style="list-style-type: none"> • MTP UXO contamination survey and clearance programme contributing to remove the UXO obstacle to human development in Lao PDR. • Providing training and awareness programmes to our employees and contractors and surrounding communities about the risks of UXO and appropriate safety measures.



LAO FOREST STRATEGIC PLAN



Laos has a great variety of tropical forest ecosystems distributed over mountains, plateaus and plains. Laos designates three main forest categories which are owned by the State and under the Ministry of Agriculture and Forestry's (MAF) mandate. These are Production Forest Areas, Conservation Forest Areas, and Protection Forest Areas.

At the first National Forestry Conference in May 1989, a commitment was made to achieve a forest cover target of 70 percent of the total land area in the country by the year 2020. Due to socio-economic development, and the associated infrastructure development, land clearing for projects such as roadways, dams, railways, and mines led to increased deforestation. Additionally, poor people living in rural areas continue to clear forested areas for agricultural production and subsistence farming. Meanwhile, illegal logging and cross-border timber trade remain a chronic problem, with organized groups of illegal loggers smuggling timber to neighbouring countries due to high demand. The implementation of forestry statutes, regulations, and management systems has not always been effective.

In November 2022, the Lao government's officials have held a meeting with the Japan International Cooperation Agency (JICA) to discuss sustainable forest management and carry out a plan to restore forest coverage to 70% in 2035 as the new goal.

As one of the leading forestry companies in Laos, Mekong Timber Plantations Co., Ltd (MTP) strives to contribute to the National Forestry Action Plan.

MTP is committed to meeting international best practices for responsible forest management, including ensuring that human rights are respected and that the company operates in a manner that is environmentally and socially responsible.

MTP's Environmental and Social (E&S) commitments are enshrined in the company's Environmental & Social Management System (ESMS), which supports the business and provides guidance and operational controls for management of material E&S issues throughout MTP's activities. The ESMS encompasses legal requirements as well as voluntary commitments such as the FCS Principles and Criteria and IFC PS.

The [MTP Forest Management Plan](#) defines long-term strategies and objectives for the sustainable management and utilisation of a forested area.

Ethical Practice

MTP has a strong commitment to preventing and combating bribery and corruption within and surrounding our operations. We have An Anti-Bribery and Anti-Corruption Policy in place which sets out our expectations and guidelines for our employees, contractors, and business partners regarding ethical behaviour, and provides a framework for identifying, preventing, and reporting instances of bribery and corruption.



Strict standards of conduct are upheld and monitored throughout MTP operations to guarantee that all of our business actions are always carried out with the utmost professionalism and integrity, devoid of any type of corrupt or unethical behavior. This ethical code applies to all interactions with all parties, including our business partners, vendors, contractors, customers, and authorities.

MTP Business Ethics and Compliance

MTP continues to provide training programmes and guidance on our corporate policies including the Code of Conduct, Anti-Bribery and Anti-Corruption Policy, and Whistle Blower Policy – all of which have been reviewed and approved by the Board of Directors.

MTP's Whistle Blower Policy is integrated as a section of MTP's Anti-Bribery, Anti-Corruption and Ethical Conduct Policy. It provides a platform for employees and external parties with business or commercial contacts with MTP to submit concerns or instances of corporate improprieties in confidence through our Grievance Mechanism (MTP Sustainability Hotline and Red-Box Channels) without fear of retaliation. The procedure also establishes an inquiry and verification process, which is followed by a decision on the next course of action.

In 2022, over 1,000 executive and non-executive employees and indirectly hired workers received relevant training. Refresher trainings are conducted every year to update and reinforce the knowledge, skills, and best practices.

To further ensure our commitment, MTP has installed Village Notice Boards to inform residents of MTP's community-related policies. These include MTP Whistle Blower Policy and Grievances, Complaints and Communications Mechanism for any community members to report concerns.

Human Resources

Empower our people to thrive

Our people are our most valuable asset, and our ability to remain a sustainable forest manager and wood processor is highly dependent on them. To MTP, human resource management is essential to long-term business success. Engaged employees are the heart of our sustainability initiatives. Our outcomes and impact are driven by our employees' contributions in an inclusive environment. At MTP, our colleagues have the opportunity to make a difference and grow professionally. We have a strong commitment to create a work environment where our employees can be and perform at their best. We pursue initiatives that enhance the health and well-being of our employees and continue to improve our inclusive culture, where everyone feels safe to be authentic and is valued for their unique abilities.



OVER 90%
of MTP full-time employees are from local communities



Locals-First Hiring Priority



People-Oriented Management System



Safety and Well-being



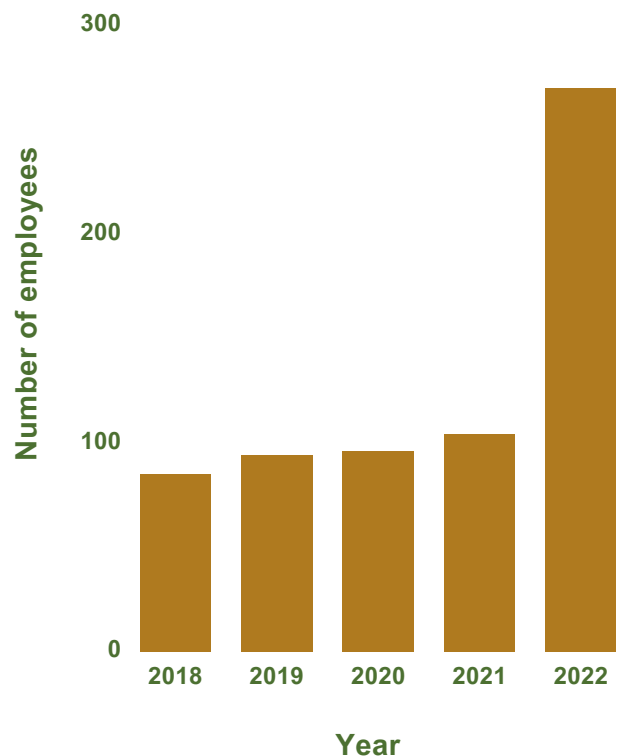
Capacity Building and Development

2022 highlights

2022 marked an extraordinary milestone for MTP Human Resources. As of December 2022, MTP Processing Mill provided employment for over 161 people, contributing to a total of 296 direct jobs. We prioritise our neighbours for recruitment as part of the Shared Value strategy, where over 90% of MTP employees are from local communities. This resulted in an over 160% increase in the number of job opportunities compared to 2021.

Operating in rural areas means that the majority of new hires had no forestry experience, hence we conducted on-the-job training and upskilling, as well as OHS training sessions. By doing so, we not only created employment opportunities but also empowered the local workforce with valuable skills and knowledge.

Employee well-being, fair labour practices, and workers' rights are also part of our sustainability commitments. Furthermore, we aim to foster a safe working environment, empower women and promote a culture of diversity.



Equal Employment Opportunities

Fostering a working environment in which everyone is respected, feels accepted and driven

56%

of Workers in
MTP Processing Mill are
Women

296
employees

Working Full-Time at MTP
Operations



Women in the workforce

In many countries, including Laos, many women face difficulties from a social and economic standpoint. At MTP, one of our top priorities is to build a supportive and inclusive working environment for our female employees.

Through our longstanding commitment to gender equality, MTP places diversity, parity, and supporting women's talent at the heart of our corporate culture and initiatives. We have further promoted greater gender equality in our business through:

1. Leadership representation: MTP encourages greater representation of women in leadership positions, including senior executives, managers and supervisors.
2. Wage equality: We promote transparent wage practices by taking steps to close the gender pay gap, ensuring that women are paid the same as men for the same work and providing equal opportunities for career development and advancement.
3. Work-life balance: MTP supports work-life balance by offering flexible work arrangements, particularly at our Processing Mill. We continue to provide family-friendly policies such as paid parental leave to enable our talented women and promote greater diversity and inclusion at MTP.
4. Career development: MTP provides opportunities for career development and training for women, such as mentorship and leadership development programmes, which we believe can assist to build the skills and confidence needed to thrive in leadership roles and advance in their professions.



One of our primary commitments is to respect, support, and protect the fundamental human rights of individuals in and around MTP operations.

We believe that businesses that respect human rights can help establish a more stable and predictable working environment, develop trust with stakeholders and mitigate legal and reputational risks. Respecting human rights can also lead to a more motivated and effective workforce, which in turn leads to better business outcomes.

HUMAN RIGHTS

FSC Core Labour Requirements

MTP, as an FSC certificate holder, must demonstrate compliance with the FSC core labour requirements. These are based on the International Labour Organisation's (ILO) Core Conventions and the ILO Declaration on Fundamental Principles and Rights at work (1998), and include the effective abolition of child labour, the elimination of all forms of forced or compulsory labour, the elimination of discrimination in relation to employment and occupation, the respect of freedom of association and the effective recognition of the right to collective bargaining.

Therefore, MTP has adopted corresponding policy statements that encompass the FSC core labour requirements and implemented these requirements in all our operations.



Understanding Your Rights

MTP believes that worker rights awareness raising is an essential aspect of ensuring fair and ethical treatment within the workplace. We created a leaflet called "Understanding Your Rights" to help our directly and indirectly hired workers protect their rights.

The leaflet includes an explanation of rights in relation to remuneration, health and safety and safe working spaces, anti-bullying, anti-harassment and no discrimination. We also keep employees informed about any changes or updates to their rights and relevant policies, and regularly remind them about their rights through pre-shift briefing tool-box talks.

LIVING WAGE, LIVING INCOME, ACCESS TO BASIC SERVICES

MTP recognizes living wage as a crucial concept that indicates the basic level of salary or family income that is required to live a decent life.



In many countries including Laos, the official minimum wage is insufficient for a family to sustain a decent life. While minimum wage is a legal requirement, a living wage goes beyond legal obligations and the calculation of living wage takes into account local cost of living, family size, and the specific needs and circumstances of employees and workers.

In 2021, MTP did an internal living wage assessment using the Global Anker Methodology which requires the calculation of the cost of a basket of products and services, thoroughly taking into account essential factors such as housing costs, food prices, healthcare expenses, education costs, social protection and other essential items, and translating it into an equivalent income.

In 2022, MTP updated the living wage (using CPI as suggested by the Anker Methodology) to reflect changes in the cost of living, inflation rates, and economic conditions. This ensures that MTP living wage remains relevant and accurate over time and that we continue to provide fair compensation to our people for them to meet their basic needs and have a decent quality of life.

MTP will continue to review and update the living wage calculation as required to ensure that we keep enhancing our workers' quality of life, increase job satisfaction and productivity, and contribute to sustainable economic development.

DIVERSITY, EQUITY AND INCLUSION

IN 2022,

Our commitment to diversity, equity, inclusion, and belonging has extended beyond our employees' experiences and is embedded into our products, platforms, and how we show up in our communities.

TO PROMOTE A DIVERSE, EQUITABLE, AND INCLUSIVE COMMUNITY THAT FOSTERS A SENSE OF BELONGING, AT MTP WE:

- Encourage our staff members to use inclusive language and practices.
- Ensure that every member of the community feels welcomed, valued, and valuable regardless of how they look and whatever their race, gender, age, or class is.
- Develop, update and enforce our non-discrimination policies that explicitly prohibit discrimination based on race, ethnicity, gender, religion, sexual orientation, or any other characteristic.
- Ensure that these policies are communicated clearly to community organisations.
- Create safe spaces where people feel empowered and secure enough to engage, provide feedback and raise their concerns in honest, critical, and challenging conversations about sensitive issues without fear of harm.



STAKEHOLDER ENGAGEMENT IN ACTION

Ongoing effective stakeholder engagement helps us to fulfil our purpose, achieve our goals, deliver our strategy, and provide positive outcomes that are beneficial to all parties involved.



For MTP, FPIC is a core concept guiding our social management programme and a primary part of our commitment to human and community rights. We seek FPIC for our plantation operations as part of our pre-operational risk assessment and community engagement processes. Observing FPIC principles entails ensuring that local communities make decisions about the implementation of our operations:

- **Free:** Without pressure and intimidation;
- **Prior:** Well before an activity that may impact the surrounding communities is carried out;
- **Informed:** With sufficient knowledge about the activity and its impacts on the surrounding communities;
- **Consent:** Seeking agreement with the proposed activity, or modifying/adapting the activity plan based on community feedback.

In 2022, MTP conducted **165** pre-operational risk assessment and community engagement meetings. The process strengthens our operations through proactively identifying and mitigating risks, build trust, and establish positive relationships with affected communities. We believe that this approach also promotes transparency, inclusivity, and sustainable development, while minimising potential negative impacts and fostering mutual benefits for both us and the communities.

Broad Community Support

We strive to conduct our business in a socially responsible way. By actively listening to stakeholder feedback, we gain valuable insights that help us manage sustainability risks, align our business processes with local and national priorities, needs and expectations, identify new business opportunities and maintain our social license to operate.

In addition to engaging concerned communities prior to starting field operations, our Broad Community Support (BCS) programme is an essential initiative for the company to better understand communities at large and individual household concerns, as well as raise awareness about MTP operations among stakeholders, build a relationship of trust, and enable the communities to participate in the development and improvement of MTP business management system.



COMMUNITY AWARENESS OF MTP E&S MANAGEMENT SYSTEM

One of the aims of the BCS programme is to hear from communities within the MTP project villages regarding their understanding of and satisfaction with MTP management system. In this programme, a community-engaged qualitative survey questionnaire was used to obtain information about various topics, including MTP employee and contractor behaviour, community socio-economic status after the establishment of MTP, benefits and challenges of MTP project, MTP social relations and community development, environmental management, management of plantations, nursery and factory operations, and land management.

A focus group discussion method was employed to encourage all community members, particularly vulnerable groups, to express their views in detail, voice their opinions in open communication and critical deliberation, and increase the their sense of ownership vis-à-vis MTP management system.

MTP FOCUS GROUP DISCUSSION AND SURVEY STRATEGIES



Participation

Having community members actively involved



Information gathering

Seeking out information on what is working / what is not working



Empowerment

Ensuring that the community is directing the process



Social Change

Ensuring that initiatives and actions are aimed at achieving the community's aspirations

Broad Community Support

By fostering meaningful engagement with our project communities through the BCS programme, we continue to improve our E&S management systems to ensure that MTP stays at the forefront of responsible business practices. Below are some example of the results:

MTP Notice Board

We include information on the company GCC Mechanism, Emergency Preparedness and Response measures, Emergency Contact number, Chance Find Procedure and the company's community-related policies such as pre-ops community engagement and consultation procedure, locals-first hire policy, community rights on MTP concession land etc.

Regular engagement of the company with project village

We maintain a consistent presence in the community which considerably assists in developing the relationship and building the trust of external stakeholders. Interacting with a familiar face who visits the community on a regular basis fosters an informal and more relaxed environment in which concerns or problems may be discussed and resolved in an understanding and constructive manner.

Contractor Capacity Development programme (CCDP)

We continue to strengthen contractors' capacity through the CCDP. The programme involves a series of training sessions including areas such as community consultation and engagement, community consent for operations, risks of MTP operations to communities (particularly harvesting and log-transportation operations), and other MTP community-related policies that contractors also need to take responsibility for.

Youth Development

We use data obtained from the baseline survey to design youth development programmes. One of the current programmes is providing long-term tertiary scholarships to local high school graduates. To ensure equal opportunities, MTP ran engagement activities to advertise the scholarship programme in 12 high schools located in the project villages.

Support Marginalised Households

We cooperated with District Authorities to obtain data on marginalised households located adjacent to MTP operations and created a support plan focusing on households with the most vulnerable socio-economic status.

Grievance, Complaint and Communication Mechanisms (GCCM)

We continue to disseminate information on MTP GCCM and encourage communities to use our GCCM to share their concerns freely, with the understanding of measures to ensure confidentiality, an option for complainants to submit anonymous grievances, safeguarding of personal data collected in relation to a complaint and a policy of non-retaliation where no retribution will be exacted for participation.

Land Management

- We continue the process of land re-demarcation of MTP concession boundaries.
- We raise awareness in project villages about the importance of buffer zones and biodiversity habitat retention within the plantation areas, in order to foster a sense of ownership for a community to jointly protect the environment.
- We continue the engagement, survey and finalise a plan to restore seasonally inundated areas into conservation/habitat restoration areas.

Chemical Use

We engage and cooperate with District Agriculture and Forestry Office to provide awareness sessions to project villagers to create a better understanding among villagers on the safe use of chemicals.

Fire prevention

We continue to engage with project villages on the importance of fire prevention and exercising caution when conducting local community practices that are potential causes of plantation fires. These include burning after crop harvest, campfires not properly extinguished by hunters after use, littering of cigarette buds, etc.



YOUTH INCLUSION PROGRAMME



YOUNG WORKERS

Providing job opportunities in MTP Nursery, Plantation and Processing Mill operations for young people aged between 15-17 to work in light and non-hazardous positions, under the close supervision of their line managers. These young workers are provided with the same benefits as adult employees.

YOUTH SOFT-SKILL TRAINING

Young workers are provided with with on-going soft-skills training, particularly focusing on skills expected to be developed at school including: leadership, communication, teamwork, public speaking, time management, computer literacy, problem-solving, critical thinking and etc.



INTERNSHIP PROGRAMME

MTP provides final-year college and university students the opportunity to explore career possibilities, gain hands-on experience and connect with professionals in their fields.



MAJOR GUIDING PROGRAMME

In collaboration with the Global Shapers Volunteer Group, MTP is promoting to high school students the importance of tertiary education for their future, as well as answering questions that they may have about tertiary educational opportunities and courses of study in Laos. We are providing information about different majors, career opportunities, tertiary education preparation, requirements for each programme application, and sharing information about scholarship opportunities for both secondary and tertiary education.

MTP visited 12 schools and reached an estimated 1,800 students.





Tertiary Education Scholarship Programme

MTP Youth Inclusion programme

As we believe that education is the key to enhance future livelihoods of the local communities, we established our own MPT Tertiary Education Scholarship programme to support formal education in disciplines related to MTP's core operations, with the aim to provide further employment opportunities for local people and strengthen the Laotian forestry sector.

In order to ensure MTP included all project communities in the scholarship scheme, engagement activities in schools located in affected communities were set up to advertise our scholarship programme and the application process.

MTP worked with local youth unions and district authorities to ensure transparency of the selection process and that we provided scholarships to the right candidates.



ABOUT MTP SCHOLARSHIPS

In 2022, the company provided tertiary education scholarships to four students from villages adjacent to MTP operations. These students showed particular promise in their respective fields of study, namely environmental management, land management, forestry and social development. The main benefits of the scholarship programme include:



Full Funding



Extracurricular Activities



Student Support

1

Fully Funded

Providing necessary funding for students including: tuition fees, stationary costs, monthly stipend and home travel allowance.

2

Extracurricular Activities

Scholarship holders earn experiences, widen their frame of reference and develop many new skills outside of the classroom, particularly through volunteering and networking events.

3

Student Support Services

Contributing to students' both academic and personal development, this includes consultation on academic skills development and specific support to students who may have difficulties learning or adapting to university life.



Mekong Smallholder Development programme (MSDP)

Integrating risk management

Community consultations

Ensuring gender inclusion

Focusing on smallholder benefits

Implementing best practices for FPIC and GCCM

Setting step-wise targets for new participants

Developing clusters to provide peer groups for smallholders and boost efficiency in scheme

As COVID-19 restrictions lifted, MTP continued to expand our MSDP by involving more smallholders into the programme, while empowering smallholders to improve their livelihoods, productivity, and resilience.

As of December 2022, MSDP participants reached 298 families with a total area of 340 Ha.

Province	2020-2021		2022		Total	
	Number of Smallholder (Family)	Area (Ha)	Number of Smallholder (Family)	Area (Ha)	Number of Smallholder (Family)	Area (Ha)
Bolikhmxay	1	25	-	-	1	25
Khammuan	160	186	137	129.4	297	315.4
Total	161	211	137	129.4	298	340.4

We continue to provide training and capacity-building activities to equip new and existing farmers with the necessary knowledge and skills to participate effectively in the MSDP. The training comprehensively provided by our MSDP manager aims to equip farmers with know-how and resources necessary to improve their silvicultural practices, increase productivity, and enhance their overall silvicultural capabilities.

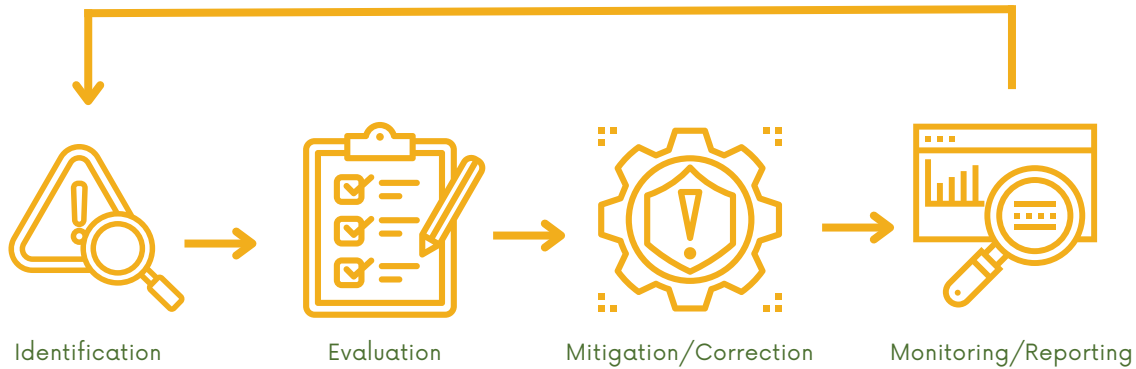
In 2023, MTP will continue to expand our MSDP programme by continuously adopting a slow and controlled approach, targeting 150 hectares/families. We believe this approach allows for careful management and ensures the sustainability of the programme. We will also continue to provide ongoing support and extension services to the participating farmers, including regular farm visits, technical advice, problem-solving assistance, and sharing of best practices to ensure both quantity and quality are met.



Risk Management



MTP Risk Management



The MTP Risk Management strategy aims to provide a holistic view of risks and ensure that our organisation proactively address potential threats while capitalizing on opportunities. It helps us to enhance our resilience, protect our assets, improve decision-making, and achieve our strategic objectives in an uncertain business environment.

In 2022, MTP further fostered a culture of continuous improvement in hazard and risk assessment. We encourage our employees to report hazards and suggest improvements related to all MTP operations. We include contractor workers and community members into the scope of risk and hazard identification.

All MTP employees and contractor workers are trained on the importance of risk management so that they play an important role in reporting or communicating their concerns on potential risks to jointly determine mitigation measures.

In all community engagement processes, our neighbours are clearly communicated how their concerns are important, being considered, and incorporated into MTP's risk assessment and risk management processes. We value local knowledge and expertise of community members and collaboratively explore potential control measures, emergency response plans, and ways to minimize potential impacts.

Moving forward, MTP will continue to conduct periodic risk assessments to identify new risks, regularly evaluate existing risks, and assess the effectiveness of mitigation strategies. We will also continue to refine our hazard and risk assessment processes based on lessons learned, feedback, and emerging best practices.



OHS and Safety

We need our people to comprehend the value of OHS and be aware of any hazards and potential risks. All year round in 2022, we undertook continual internal engagement programmes. Our communication campaigns targeted multiple stakeholders, including contractors. We also collaborated with the communities around our project areas and relevant district and provincial authorities to ensure their awareness on safety and preparedness in case of potential emergencies.

SAFETY SYSTEM

Employee safety is our priority. We have SOPs in place for all operations to ensure safety and occupational health within our organization. The SOPs define safe work practices for different tasks and operations and include step-by-step instructions, safety precautions, and best practices to minimize the risk of accidents or injuries.



FIRST AID TRAINING

We provide first aid training to all of our employees and contractors to ensure that our people have the necessary skills to respond to medical emergencies. Additionally, we continue to encourage a culture of safety within the organization by promoting ongoing safety training and awareness beyond first aid training alone.



EMERGENCY PREPAREDNESS AND RESPONSE

We conduct emergency preparedness and response training regularly every year to ensure that our members are well-prepared to effectively respond to emergencies and mitigate potential risks. We have organised training for full-time employees, contractors and in 2022, we involved local authorities as well. In addition, the emergency preparedness and response procedures have been disseminated to 134 concerned villages to help ensure community safety.



Monitoring Results

Internal E&S Monitoring

Implementing a monitoring plan as part of the Environmental and Social Management and Monitoring Plan (ESMMP) is critical in ensuring that the management measures established are successful and that any needed modifications or additional measures are discovered and implemented early on.

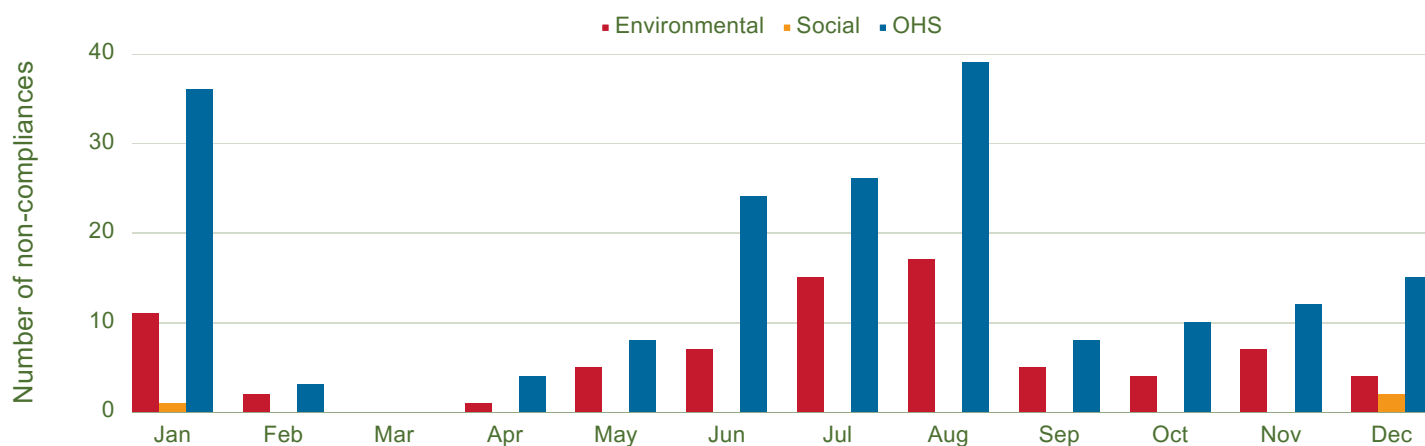
Internal E&S routine monitoring

MTP's routine Environmental and Social monitoring programme includes the following categories:

- Plantation operations monitoring, encompassing:
 - Plantation establishment
 - Plantation management
 - Post-operation site check
- Site-specific monitoring, including:
 - Office and staff housing inspection
 - Nursery operations inspection
 - Plantation operations inspection
 - Workcamps inspection
 - Processing Mill operations monitoring



Results of Non-Compliances by categories:



In 2022, MTP conducted 687 plantation operations and site-specific monitoring events. Non-compliances (statistics shown above) are classified into three categories, namely:

- Environmental non-compliance – challenges discovered include improper contractor workcamp waste management (littering/no trash bin in the camp area).
- Social non-compliances – very minor issues discovered in relation to expired copies of identity cards of casual labour and late submission of worker IDs.
- OHS non-compliances – the majority of non-compliances discovered are linked to SOP implementation, i.e. plantation contractor PPE use.

Incident and Accident Management and Reporting

MTP believes that effective OHS management requires a culture dedicated to the safety and well-being of all employees. This responsibility extends beyond our direct employees to also include contractor workers, guests, members of our project communities and other stakeholders.

We are dedicated to ensuring that all of our employees and contractor workers get home safely every day. Therefore, one of our primary goals has been to develop a strong safety organisational culture to create and maintain a safe work environment and prevent accidents and injuries.

SAFETY KEY PERFORMANCE INDICATORS

In 2022, MTP reported 33 work-related injuries encompassing 25 accidents classed as First Aid Injuries; 6 Medical Injuries and only 2 Lost Time Injuries (LTI). There were no work-related fatalities in this reporting period. All incidents and accidents were reported, examined, and corrective action plans were developed and executed to prevent recurrence.

MARCHING ON

MTP will continue to constantly work to improve our health and safety performance. We will keep providing comprehensive safety training and education programmes to all employees and contractors and ensure that they are trained on hazard identification, safe work practices, proper equipment usage, and emergency preparedness and response procedures.

To further prevent road accidents, vehicle tracking GPS will be placed in all of our vehicles. This is accompanied by a restricted speed limit and a prohibition on driving at night.

KPI	Number
Work Related Fatalities	0
Lost Time Injuries	2
First Aid Injuries	25
Medical Injuries	6
Total	33



ENVIRONMENTAL MONITORING



MTP also demonstrates our commitment to environmental stewardship, sustainability, and responsible plantation operations through developing and implementing an effective environmental monitoring programme.

Water Quality Monitoring

MTP's water quality monitoring programme takes a proactive approach to understanding and protecting water resources in and adjacent to MTP operations. We conduct regular monitoring and analysis to contribute to effective water resource management and the long-term viability of our operations. Our water monitoring quality programme includes:

- Conducting water quality testing on streams surrounding MTP's plantations that are likely to be affected by MTP activities.
- Testing water quality pre and post of high-risk operations such as chemical weeding and harvesting.
- Monitoring Nursery water quality as a result of fertilizer runoff.
- Monitoring streams immediately adjacent MTP Processing Mill during operational phases.

Noise Monitoring

We also have a noise monitoring programme for MTP Processing Mill to ensure the safety and well-being of workers, comply with regulations, and minimize the impact on the surrounding environment. We conduct periodic noise measurements in the identified locations, we record noise levels at different times and during various operations in the mill to capture variations.

Air Quality Monitoring

MTP established a routine air quality monitoring programme to ensure ongoing assessment and management of air pollutants that could impact the air quality in the nearby residential areas.

All monitoring findings were compared to the baseline survey conducted throughout the ESIA process, as well as both national and international standards indicated in the ESMMP.

Continuing our dedication to long-term sustainability, positive social impact, and responsible business practices

MTP continues to provide awareness-raising and training sessions to educate our people about potential water, noise and air pollutants, their effects on health, and preventive measures, particularly adherence to safe operating procedures to minimize pollution risks.

MTP also continues to engage the concerned communities regarding the monitoring results and processes to seek their input, address their concerns, and involve them in decision-making. We are committing to foster a collaborative approach to ensure that the community's interests are considered and that their well-being is prioritized.

Grievances, Complaints and Communications Mechanisms

We believe that an effective Grievances, Complaints and Communications Mechanism (GCCM) is important for promoting a positive work environment, ensuring fair treatment of employees, and maintaining open lines of communication. The same holds true for external parties, such as community members, relevant authorities, customers and suppliers.

Since 2018, MTP has developed a clear and comprehensive GCCM that caters to both internal and external stakeholders. The mechanism includes multiple communication channels to lodge grievances or communications from both internal and external stakeholders. These include dedicated online forms, hotlines, suggestion boxes, or in-person communication and meetings.

MTP appointed a dedicated committee who is responsible for handling grievances and communication from both internal and external stakeholders with impartiality to conduct investigations and facilitate resolutions. Our mechanism assures that grievances received will be treated with strict confidentiality and respect the reporters' privacy rights. We have the protocols to safeguard personal information and limit disclosure only to those individuals involved in the resolution process.

In 2022, the GCCM was used 20 times, as summarized in the table below:

Issue	Number Raised	Number Closed
Staff grievances	8	8
Staff suggestions	1	1
Requests for community development projects / funds	3	3
Community reports on land encroachment	2	2
Community grievances on MTP plantation operations	6	6
Total	20	20



The BSC programme engaged with community and other stakeholders to understand their needs, concerns, and expectations regarding the GCCM. This collaborative approach ensures that the mechanism is tailored to the community context.

Way Forward

MTP will continue to encourage the use of GCCM for both internal and external stakeholders and clearly explain how the mechanism works, its purpose, and the benefits of utilizing it to ensure that all stakeholders, particularly community members, feel empowered to raise their concerns and have them addressed effectively.

We believe that the process will create a culture of open communication, trust, and accountability as well as contribute to our long-term sustainability.



Internal IFC Audit

The IFC Environmental and Social Performance Standards (IFC PS) cover a wide range of environmental and social aspects, including biodiversity conservation, community engagement, labor rights, pollution prevention, and resource efficiency. Compliance with the IFC PS is a significant achievement that demonstrates MTP's commitment to responsible and sustainable practices. As of December 2022, our plantation and Processing Mill management is 99% compliant with the IFC PS based on the internal assessment by TAFF .

IFC Performance Standards	Score (%)	
	2021	2022
PS1 Risk Management and ESMS	98	99
PS2 Labour and Working Conditions	100	100
PS3 Resource Efficiency and Pollution Prevention	100	100
PS4 Community, Health, Safety and Security	100	100
PS5 Land Acquisition and Involuntary Resettlement	98	99
PS6 Biodiversity Conservation and Sustainable Management	99	100
PS7 Indigenous Peoples	92	96
PS8 Cultural Heritage	100	100
Total / Combined Average	98	99



External Monitoring

Forest Stewardship Council Forest Management Audit

FSC is a globally recognized organization that promotes responsible forest management, emphasizing social, environmental, and economic aspects. FSC certification demonstrates MTP's commitment to sustainable practices and responsible forest management. It provides assurance to stakeholders that our plantation operations meet the high standards set by the FSC. MTP successfully obtained FSC Forest Management Certification for our plantation management activities in 2019. In October 2022, the third surveillance audit was successfully conducted.

FSC FM Corrective Action Requests	2019	2020	2021	2022
Protection/conservation areas	-	-	Minor	-
Buffer zones map delimitation	-	-	Minor	-
Conditions for accommodation and nutrition	Minor	-	Minor	-
PPE non-compliance	Minor	-	-	-
Chainsaw condition	Minor	-	-	-
Chemical/hazmat management	Minor	-	Minor	-
Monitoring record/results	-	-	Minor	-
Slash and burning	-	-	Minor	-
Skidding trails for harvesting operations	-	-	-	Minor
Log cutting techniques	-	-	-	Minor

Forest Stewardship Council Chain of Custody audit

The FSC Chain of Custody (CoC) certification is a system that ensures the traceability of responsibly sourced forest products throughout the supply chain. It provides assurance to customers and consumers that the products they purchase come from well-managed forests and meet the social and environmental standards set by FSC. The FSC CoC certification verifies that companies handling FSC-certified materials or products have implemented effective systems and procedures to track and control the flow of these materials from the forest to the final product.

MTP demonstrated our commitment to responsible sourcing and providing assurance to our customers that the products they purchase come from well-managed forests by successfully obtaining FSC CoC certification for our Processing Mill operations in 2022. The main audit reported only **one (1) minor CAR** on occupational health and safety.





ORGANIZATIONAL DEVELOPMENT AND CAPACITY BUILDING

Organizational development and capacity building lie at the core of our sustainability initiatives. MTP trusts and has a strong commitment that human resource capacity development strengthens our ability to integrate sustainability into MTP core operations, improves our work performance, and drives positive changes in the organization.

In 2022, we provided 32 formal training sessions to our full-time and part-time employees, seasonal workers, contractors and contractor workers both in plantations and the mill including:

- Occupational Health and Safety (first aid, firefighting, emergency and preparedness response);
- Environment and Social Management and Monitoring;
- Child Rights and Youth Inclusion;
- Contractor Capacity Development;
- Chemical Use;
- Safe Chainsaw Operating; and
- MTP Internal Rules of Work.



Contractor Capacity Development Programme



At every point along the value chain, MTP places a constant priority on the protection and respect of human rights. This is a crucial component of acting ethically and practicing good corporate governance. Beyond our own operations, we consider our supply chain, as well as the supply chains of our partners, as part of our comprehensive approach to upholding human rights.

Our objective is to identify any human rights abuses that occur anywhere in our value chain as immediately as possible and to responsibly minimize identified risks, towards the ultimate aspiration of preventing such occurrences.

In order to effectively uphold our commitment, we have created and put into place policies and procedures that give human rights priority in all facets of our business chain. These include:

- **Identifying potential human rights risks:** We conduct a human rights impact assessment of our tier one supply chain (contractors) to identify potential human rights risks and impacts, including issues such as forced labour, child labour, discrimination, and environmental degradation.

- **Developing a code of conduct:** MTP developed a code of conduct for our suppliers and business partners that outlines our expectations for human rights performance. This includes provisions on labour rights, human trafficking, child labour, environmental protection, and anti-corruption.
- **Engaging with suppliers and partners:** We engage with our suppliers and business partners to discuss our expectations for human rights performance and the steps we are taking to address any human rights risks or impacts.
- **Monitoring and assessing supplier performance:** We continuously monitor and assess supplier performance on human rights issues. This includes conducting audits to ensure that our suppliers are complying with our code of conduct.
- **Providing support and capacity building:** We provide support and capacity building to our contractors and partners to help them improve their human rights performance, include training, technical assistance, and access to resources and tools for best practices.



Forest Restoration

To rise to the environmental challenges and make a significant contribution to creating a more sustainable world, MTP is committed to the protection of biodiversity and ecosystems. In 2022, we have made biodiversity conservation a key pillar of our sustainability strategy.

Forests act as carbon sinks, meaning that their protection is paramount. They also support the removal of carbon from the atmosphere, which helps to mitigate climate change. To support forest ecosystems and safeguard their protection, MTP strives to develop new solutions and support innovative projects, such as the Forest Restoration programme.

Restoration, Regeneration and Conservation

MTP will establish and maintain a forested area comprised of planted Dry Dipterocarp Forest / Dry Deciduous Forest species in a 320-ha pilot restoration area. The initiative aligns with MTP's objective of enhancing the health of forests, the company's long-term goal of restoring at least 2500 ha of seasonally inundated areas to natural habitats, and implementing strategies that boost forests' capability to benefit the climate, enhance biodiversity and support communities.

Besides restoring seasonally inundated lands within MTP's concession areas into natural forests, our initiative to fight climate change extends beyond our footprint. MTP aims to protect the resources provided by forests, save wildlife habitats, and create long-term social value by conserving natural forests adjacent to MTP concession land. Through initial engagement, MTP received positive feedback from target communities to conduct a forest ordination process to include adjacent limestone forests into the restoration project area. The process seeks to build a spiritual commitment to protect and sustainably manage these forests.



Our Strategies

- Encourage participatory governance by actively including stakeholders, especially vulnerable groups, in planning and decision-making.
- Restore ecological functions by enhancing productive land uses, protecting against erosion and flooding, boosting resilience to climate change and other disturbances, and incorporating forest functions into land-use management plans to encourage the conservation and sustainable use of forest resources.
- Utilize a range of restoration strategies, integrating appropriate technical measures, such as agroforestry, natural regeneration, and various tree planting techniques.
- Stop deforestation and ecosystem degradation to preserve and improve natural ecosystems. Promote the recovery and preservation of remaining forests.
- Adapt strategies to the social, cultural, economic features, and ecological values and demands of the local context.
- Restore the supply of a range of ecosystem products and services that are advantageous to several stakeholder groups: improved soil fertility, decreased erosion, shade, wood and non-wood forest products, carbon sequestration, and better downstream water availability and quality are just a few of the goods and services on this list.
- As restoration continues, incorporate data and knowledge from monitoring activities, research, and stakeholder input into plans and decisions.

2023 Project Plan

01

Land-Use Assessment

- Identify and map stakeholders and their needs and interests.
- Identify the underlying causes of landscape degradation and restoration potential.
- Identify ecological and socio-economic goals of forest landscape restoration in the area.

02

Land Demarcation

Engage concerned communities to jointly determine land area to be included in the pilot project.

03

Site Survey

Identify native tree species suited to the condition of MTP seasonally inundated area for conservation purposes.

04

Benefit Sharing

- Develop a fair cost and benefit-sharing mechanism.
- Design a monitoring, evaluation and communication system.
- Discuss roles and responsibilities of each stakeholder.

05

Cooperation Agreement

- Jointly develop a comprehensive strategy and agreement on cooperating in the restoration programme.
- Create a plan that outlines interventions, costs, timing and responsibilities.

06

Tree Seed Sourcing

Working with the NUOL to source tree seed and seedlings based on the result of the site survey, considering species that seedlings can be cultivated from at the nursery and potentially can provide a high survival rate.

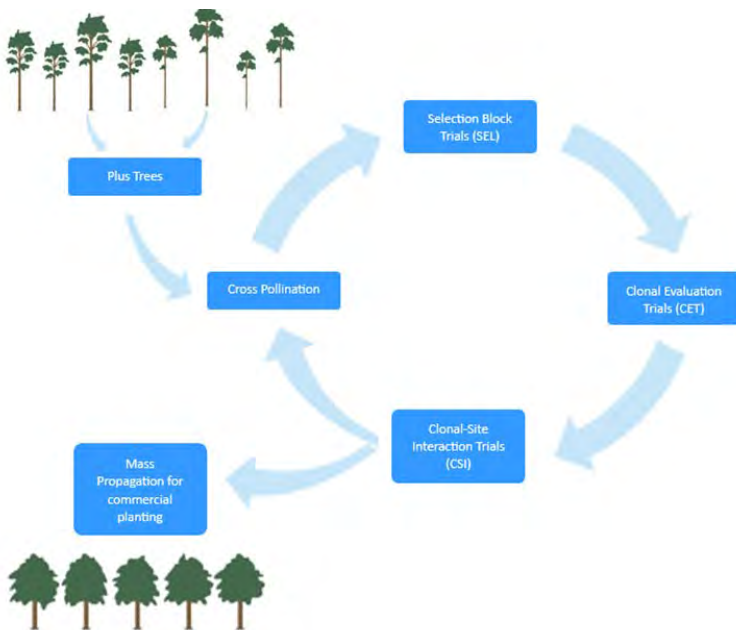
Forest Resource

Research and Development

MTP operates an in-house research and development initiative established to provide the knowledge, resources, and technology required to sustainably manage our forests and carry out efficient silviculture operations across our plantation estate.

Tree Improvement and Forest Health

MTP follows a robust and iterative tree improvement programme (TIP). The objective is to produce more valuable trees through improved silvicultural practices and genetics. Secondary objectives include pest and disease resistance, diversity in the breeding population, and a reliable clonal selection programme.



MTP's Tree Improvement Cycle



The R&D team makes approximately 100 new crossings annually between identified plus trees. These crossings generally produce enough seed to establish approximately 8000 untested individuals. These individuals are then established in Selection Block trials to measure their performance annually. At the age of three years, the top 100 trees are selected in terms of volume growth and tree characteristics. The top 100 trees are then established in Clonal Evaluation Trials (CET), where their performance is measured relative to each other. After another three years, the top 10 hybrids are selected to be planted in the final round of trials called Clonal Site Interaction Trials. The top three hybrids are selected from the CSI trails to be planted in commercial Demonstration Blocks.

CP10-1, MTP's current best-performing commercial clone, was planted as a control in the CET trials and is ranked 27th in terms of volume growth. MTP is excited about its new unencumbered clones, which will be commercially planted within the next 4-5 years.

Drone Technology

Forestry projects are challenging and often difficult to map and monitor on the ground. The application of drone technology can assist MTP in increasing the efficacy of plantation operations. Drone data combined with field mapping improves the accuracy of ground-based estimations of forest resource qualities and provides a reliable and cost-effective solution. A clever and autonomous algorithm employed in drone forestry surveys determines forestry data in a thorough and practical manner, demonstrates a better degree of detail and precision, and reduces sampling and coverage errors.

MTP currently uses drone technology for:

- **Increased Mapping Accuracy:** through surveying topography, boundaries and 3D mapping of land.
- **Crop Health Evaluation:** staying updated on the health of our trees by looking closely for signs of disease or infestation in a timely manner, and indicating which field areas require attention.
- **Land Suitability Analysis:** assisting in evaluating the suitability of the land for plantation establishment through consideration of factors such as soil fertility, drainage patterns, slope, and sunlight exposure, thus helping determine feasibility and optimal layout of the plantation.
- **Wildfire Monitoring:** creating detailed maps that assist in understanding fires' extent, shape, and progression. These maps aid in planning firefighting strategies, evacuation routes, and resource deployment.
- **Post-Fire Assessment:** assessing the extent of the damage, evaluating the impact on the ecosystem, assisting in identifying areas of intense burn, estimating the burned area, and planning for post-fire rehabilitation and restoration.





Integrated Pest Management (IPM)

Managing our activities in accordance with responsible forest management principles is the one of the primary objectives for MTP in order to minimize chemical and pesticide consumption and thereby lessen impacts on the natural environment.

MTP has a strong commitment to IPM and continuously works to reduce the use of hazardous herbicides. Through adhering to relevant international standards, our continual improvement has resulted in minimising the usage of Glyphosate by 60%.

In 2022, we conducted trials with the following selective herbicides as a replacement for Glyphosate:

- **Metazachlor** – for broadleaves
- **Flumo** – for grasses

Unfortunately, the Metazachlor was found to have a negative effect on MTP clones, as it suppressed the growth rate of the Eucalyptus. Another trial will be conducted in 2023 with Metazachlor in order to confirm our findings.

To further our commitment, new chemicals will be tested on a larger scale in 2023, including:

- **Indaziflam** – as a pre-emergent that controls the seedbed in the soil. Earlier trials indicated a weed free environment of 3 months, which is critical during period 0 in order to promote vigorous growth.
- **Triclopyr Butoxy Ethyl Ester** – as replacement for Glyphosate to use during spot spray application during period 0 and period 1.

Using drone technology as a new approach to combat weeds

In 2023, MTP aims to enhance the safety of our employees by involving drones in the application of herbicides, which is a promising alternative to manual spraying. With drone pesticide application, operators can control the drone remotely from a safe distance, reducing the risk of exposure to potentially harmful pesticides. Drones are also equipped with specialized spraying systems and can precisely target specific areas or individual plants, reducing the risk of herbicide drift and minimizing environmental contamination.

However, to ensure the safe use of drone herbicide application, MTP will start by conducting intensive field trials to develop the right formulations and master the appropriate application techniques.

MTP will ensure that the drone operator is properly trained and certified to operate the device and handle the herbicides safely. Training will cover topics such as drone operation, herbicide handling and storage, emergency procedures, and understanding relevant regulations and guidelines.



HERBICIDE- AND PESTICIDE-FREE NURSERY

The MTP Nursery is a cornerstone of the company's sustainable forest resource management. At the nursery, we continue to make improvements to produce healthier, more resilient, and higher-value seedlings. Producing high-quality tree seedlings improves their chances of survival and successful establishment when transplanted into field settings, ultimately contributing to the overall success of our plantation establishment and minimising maintenance requirements.

Apart from focusing on growing high-quality seedlings, we also continuously improve our IPM systems. MTP has been focusing on reducing the use of chemical pesticides and embracing organic alternatives in order to create a nursery that is environmentally friendly whilst providing healthy seedlings to our plantations. We are now proud to say that our nursery is herbicide- and pesticide-free, and we will continue to strengthen our quality performance while maintaining our environmental management programme.

In order to improve our nursery production quality, MTP continues to ensure that our nursery staff members are knowledgeable about sustainable and organic practices. We provide ongoing training and education on topics such as IPM, plant health, and alternative pest control methods.



Partnerships and Collaborations for Sustainability



In line with SDG 17

MTP sees partnerships as a key to sustainable development and business success. We partner in a variety of ways with a very diverse set of stakeholders. Our partnership regimes bring together governments, communities, civil society, private sectors, academia, and other entities.

By exchanging knowledge and information with our stakeholder groups and forming innovative partnerships, engagement brings value to all parties. It assists us in enhancing business operations and minimizing both internal and external risks.

Engagement with associations and organizations

- Lao Government
- Transformative Land Investment (TLI) programme
- UNDP Laos
- The Centre for Child Rights and Business' Child Rights in Business (CRIB) Working Group
- GIZ - Responsible Agricultural Investment (RAI)
- Australian Chamber of Commerce
- European Chamber of Commerce
- Global Shapers Vientiane Hub
- Zero Waste Laos
- Lao Youth Union
- Econox Laos

