Supply Base Report:

PT Mangole Timber Producers Main (Initial) Audit

Sustainable Biomass Program
sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 2.2 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

For further information on the SBP Framework and to view the full set of documentation see **www.sbp-cert.org**

Document history

Version 1.0	**Published 26 March 2015**
Version 2.0	Published 10 August 2023
Version 2.1	Published 15 April 2024
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Version 2.3	Published 14 August 2025

Table of contents

1 Overview

Producer name:	PT Mangole Timber Producers
Producer address:	KOMPLEK POHON PALA NO. 2, Desa/Kelurahan Stadion, Kec. Kota Ternate Tengah, Kota Ternate, Provinsi M, 97712 Ternate Tengah, Indonesia
SBP Certificate Code:	SBP-11-31
Geographic position:	-1.791757, 125.480394
Primary contact:	Dion Sarmahita Pratama Sitepu, +62 812 528 511 08 / +62 215 761 158, Dion.Pratama@sgmaluku.co.id
Company website:	
Date report finalised:	20 Oct 2025
SBR reporting period from:	01 Oct 2024
SBR reporting period to:	30 Sep 2025
Name of the Certification Body:	Control Union Certifications BV
Certification Body Approval date:	28 Jan 2026
SBP Standard(s) used:	SBP Standard 1: Feedstock Compliance v2.0, SBP Standard 2: Feedstock Verification v2.0, SBP Standard 4: Chain of Custody v2.0, SBP Standard 5: Collection and Communication of Data v2.0, Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1, Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413 v2.0
Feedstock origin (countries)	Indonesia (Kabupaten Kepulauan Sula)
Weblink to Standard(s) used:	https://sbp-cert.org/documents/standards-documents/standards

2 Description of the Biomass Producer and the Supply Base

2.1 Description of the company

PT Mangole Timber Producers (PT MTP) is a biomass producer located on Mangoli Island, North Maluku Province, Indonesia. The company manufactures wood pellets using jabon (*Anthocephalus* sp.) and sengon (*Paraserianthes falcataria*) sourced entirely from the industrial forest concessions of PT Kalpika Wanatama Unit I and Unit II. In addition to pellet production, MTP operates a plywood manufacturing facility within the same area, ensuring sustainable resource utilization by converting plywood residues such as veneer offcuts and log core (pith) into feedstock for pellet production. This integrated system optimizes material use, minimizes waste, and supports efficient biomass production.

All feedstock used by MTP is legally verified and sustainably sourced. The company and its suppliers are SVLK certified, confirming compliance with Indonesia's legal timber requirements, and all feedstock is also PEFC certified, demonstrating adherence to international sustainability standards. By 2025, MTP aims to achieve an annual wood pellet production capacity of 186,000 m³.

Products included in the scope of SBP Certification: *WB 1.1 Wood pellets*

Number of employees: *143*

Annual maximum production capacity (metric tonnes): *186000*

Number of direct feedstock suppliers: *2*

Approximate number of feedstock sub-suppliers: *0*

Description of the chain-of-custody and upstream supply chain:

PT MTP manages an integrated and traceable supply chain that encompasses all stages from raw material sourcing to biomass production. All raw materials are supplied in the form of log wood obtained from harvesting activities within industrial plantation forests managed by two licensed suppliers, PT Kalpika Wanatama Unit I and PT Kalpika Wanatama Unit II. These materials are legally harvested and sustainably managed, ensuring compliance with national forestry regulations and sustainable production principles.

Upon arrival at MTP's facility, the logs are inspected and sorted according to size and quality. Logs with higher value and suitable dimensions are allocated for plywood manufacturing, while smaller or lower-grade logs are processed into wood pellets. MTP conducts its own chipping process to prepare the feedstock for pellet production, maintaining full control over feedstock quality and traceability. Residues from plywood operations, such veneer offcuts and log core (pith) are also utilized as additional input for pellet manufacturing. Through this integrated production system, MTP ensures efficient raw material utilization, minimizes waste generation, and maintains transparency across the entire chain of custody from forest harvesting to biomass production.

2.2 Detailed description of the Supply Base

Guidance: Tables below have been generated automatically for each sourcing country based on the selection of 'Feedstock origin (countries)' in section 1 above.

Annex 1 is generated by the system if the SBP SBE is used without Regional Risk Assessment(s) (RRAs). In case RRA(s) is used, further details shall be given only in section 3 below.

Annex 2 is generated if EU RED SBE is in the scope for each country separately.

Country	Indonesia
Area/Region	Kabupaten Kepulauan Sula
Exclusions	
Feedstock types	Primary feedstock, Processing residues
Feedstock Product Groups	Forest feedstock (1A), Processing residues feedstock (4A)
Feedstock inputs	SBP Compliant feedstock
Is the forest managed to supply energy and non-energy markets?	Yes - Majority
For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling?	No
Risk assessment(s)	Yes – Biomass Producer's own risk assessment used (SBE)
Provide a concise summary of why a SBE was determined to be required or not required here:	
SBE is required as advised by the Standard 2 Guidance Document.	
Feedstock types included in SBE:	Primary feedstock, Processing residues
Includes EU RED SBE:	Yes
Includes EU RED II SBE grandfathering	No
Includes EU RED TOF:	No
Includes EU RED II TOF grandfathering	No
Size of Supply Base area (million ha):	0.0230
Map(s) of the Supply Base area:	

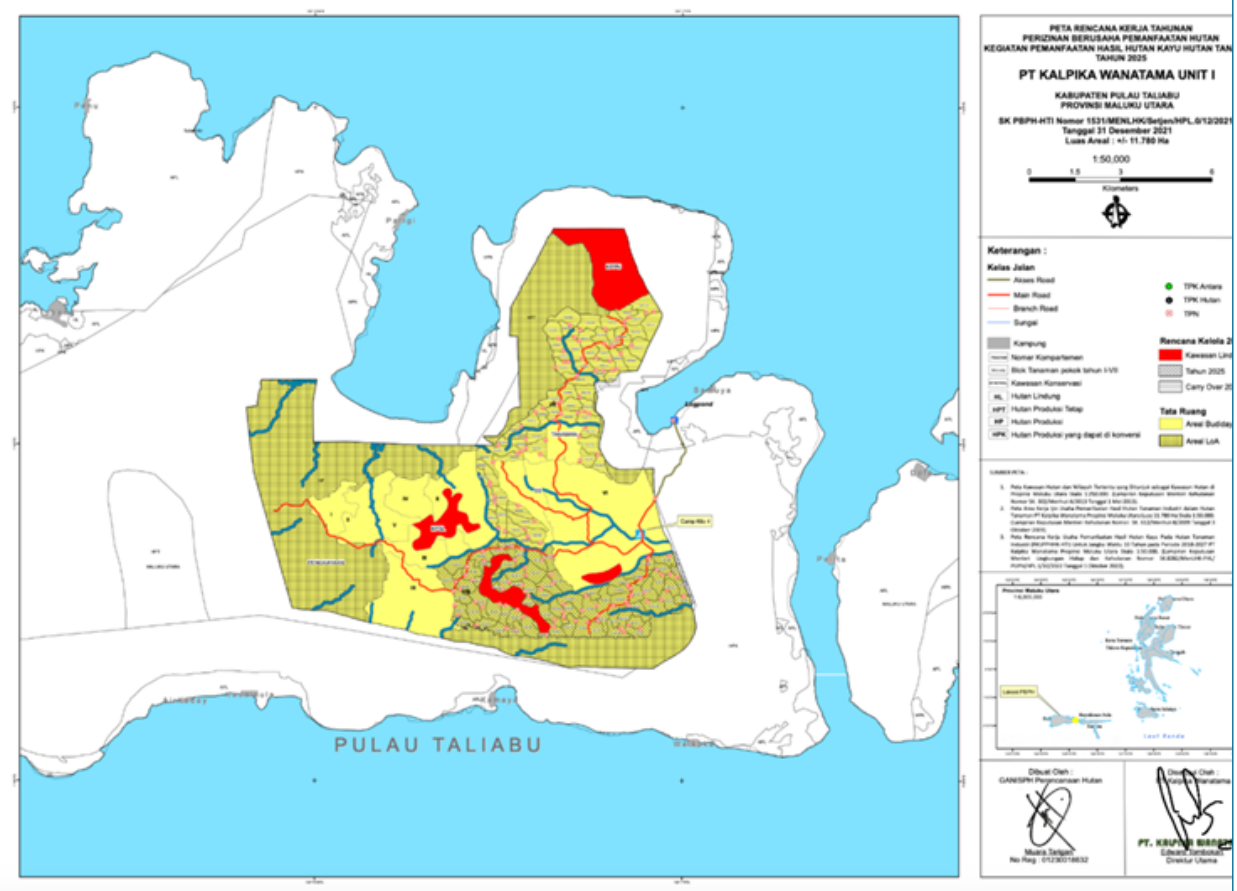

Figure 1. Maps of PT Kalpika Wanatama I in Taliabu Island, Northern Maluku Province.

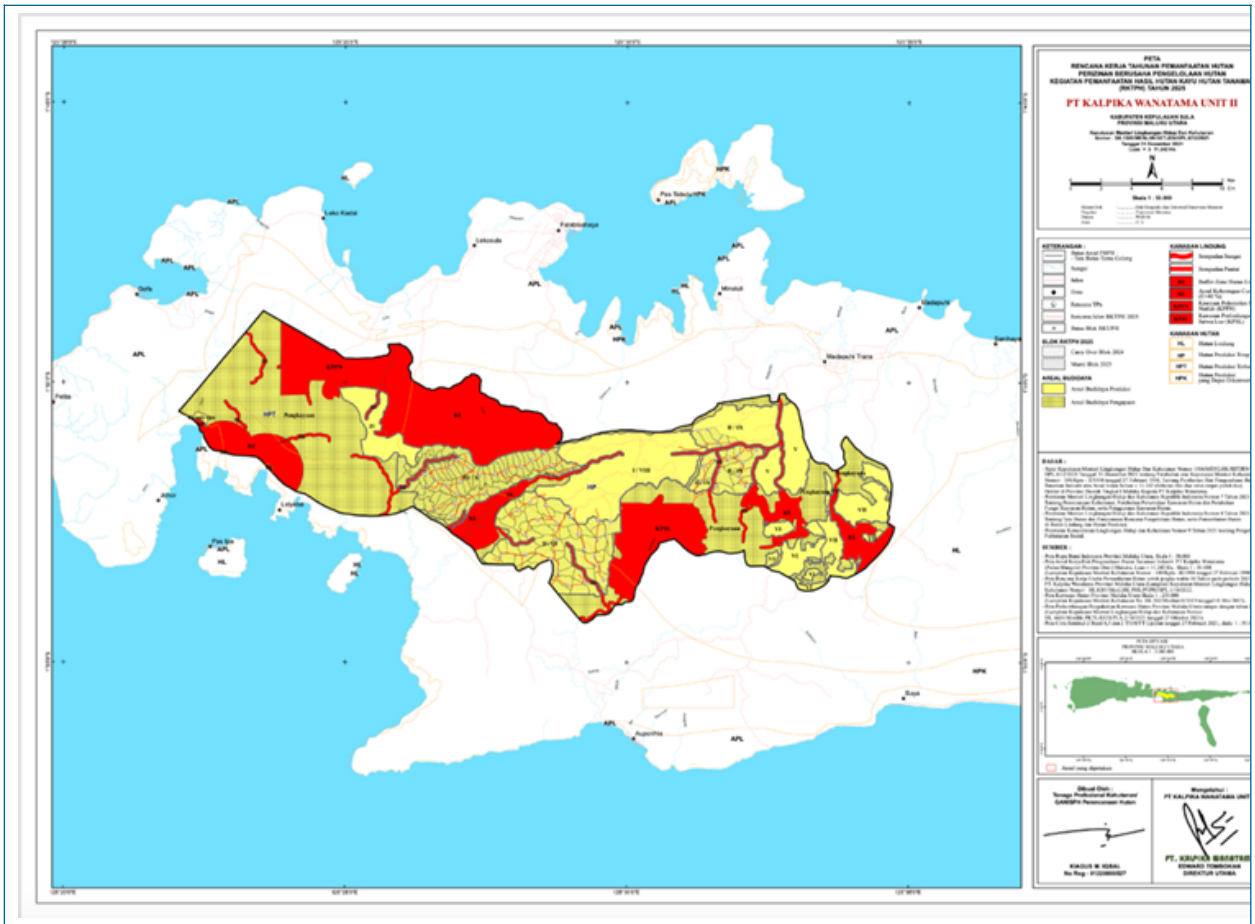

Figure 2 Maps of PT Kalpika Wanatama II in Mangole Island, Northern Maluku Province.

2.3 Feedstock information

a. **Total volume of Feedstock:** 1-200,000 tonnes

b. **Volume of primary feedstock:** 1-200,000 tonnes

c. **List of all the species in primary feedstock, including scientific name:**

Falcataria falcata	Sengon
Neolamarckia macrophylla	Jabon merah
Neolamarckia cadamba	Jabon putih
Octomeles sumatrana	Binuang
Ficus variegata	Gondal
Cananga odorata	Kenanga
Macaranga hypoleuca	Mahang
Spondias pinnata	Kedondong hutan
Syzygium lineatum	Jambu-jambu
Duabanga moluccana	Duabanga
Vitex cofassus	Gufasa
Artocarpus altilis	Sukun hutan
Croton argyratus	Merong
Shorea beccariana	Meranti merah
Intsia bijuga	Merbau
Terminalia catappa	Ketapang

d. **Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation?** No

Explanation: The feedstock is categorised as low grade stem wood sourced from the supply base. They're not resulted from salvage cutting but instead a clear-felling operation.

e. **Hardwood (i.e. broadleaf trees): specify proportion of feedstock from (%)**: 100.00

f. **Softwood (i.e. coniferous trees): specify proportion of feedstock from (%):** 0.00

g. **Proportion of feedstock composed of or derived from saw logs by weight (%):** 100.00

h. **Indicate how you determine the proportion of saw log:** Specification used by the sawmill closest to where the wood was grown.

i. **Roundwood from fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 0.00

j. **Select forest type(s) where the primary feedstock was sourced from:** Planted Forest

k. **Select the main harvesting system(s) used for the sourced primary feedstock:** Clearcutting

l. **Volume of primary feedstock from primary forest:** 0

m. **Volume of processing residues feedstock:** 1-200,000 tonnes
Physical form of the feedstock: Chips, Sawdust, Offcuts

n. **Share of SBP-recognised system claim for processing residues:**

100.00 % PEFC

o. **Volume of post-consumer feedstock:** 0
Physical form of the feedstock: Chips, Sawdust, Offcuts

p. **Estimated amount of EU RED-compliant sustainable feedstock that could be collected annually by the BP:** 0 tonnes

q. **What is the estimated amount of EU RED-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated):** 0.00 tonnes

Explanation: Supply base information: 1. PT Kalpika Wanatama I Total concession area: 11,780 ha Cultivation area: 6,200 ha HCV, HCS, LOA: 5,580 ha 2. PT Kalpika Wanatama II Total concession area: 11,242 ha Cultivation area: 4,341 ha HCV, HCS, LOA: 6,901 ha Secondary feedstock from processing residues (resulted from the plywood processing facilities at PT. Mangole Timber Producers) is also sourced from PT Kalpika Wanatama I & II.

3 Supply Base Risk Assessments and Risk Management Measures

Guidance: Biomass Producers shall demonstrate that any specified risks of sourcing feedstock not in compliance with SBP Standard 1 have been adequately reduced to low risk, following Standard 2 requirements. Following section applies to Biomass Producer's implementing SBP Supply Base Evaluation (SBP RRA or company own risk assessment). EU RED Supply Base Evaluation details are reported in Annex 2.

☐ **Not Applicable – Supply Base Evaluation not implemented**

3.1 Summary of the Supply Base Evaluation

The supply base evaluation was conducted from May to August 2025 by the SBE committee, which consists of representatives from various departments of PT. MTP (a biomass producer), each with their respective areas of expertise. The compliance of business operations within the supply base was evaluated in accordance with a total of 42 indicators outlined in Standard 1. Most indicators were assessed as low risk, as the supply base was able to demonstrate compliance with the standard. However, specified risks were identified in the following indicators: 2.2.6, 2.2.9, 2.2.10, and 3.2.1.

3.2 Conflicts with applicable national and sub-national legislation

Based on our assessments and available records, we have no conflicts with any relevant national & sub-national legislation in the region.

3.3 Risk Management Measures

Guidance: Please provide more details about specified risk indicators in each supply country and describe mitigation measures taken to address all specified risks associated with indicators.

Country: Indonesia	
Area/sub-scope:	
Risk Assessment used:	
	☐SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment

Indicator with specified risk:
2.2.6 Air emissions shall comply with national legislation or in the absence of national legislation with industry best practice.
Description of the specific risk:

English

Indonesia has established regulations that define ambient air quality standards and environmental impact monitoring. These include:

- PermenLHK No. 14 Tahun 2020 on the Air Pollution Standard Index (ISPU)
- PermenLHK No. 4 Tahun 2021 on mandatory environmental assessment and reporting (AMDAL/UKL-UPL/RKL-RPL)
- SVLK and PEFC IFCC standards, which require companies to address air quality risks as part of responsible forest management.

In compliance with these requirements, the supply base conducts air quality and noise monitoring with assistance from third-party and reported through its RKL–RPL reports, published every six months. The assessments include ambient air, dust, and noise sampling at multiple sites (i.e, nearby villages, harvesting areas, and worker basecamps).
The latest RKL-RPL reports for PT Kalpika Wanatama I & II confirm that all air quality and noise levels were within the permissible limits set by Indonesian standards. However, the supply base hasn't calculated GHG emissions generated from the cultivation, extraction, and transportation process of the harvested logs. This indicator is classified as **Specified Risk.**

Bahasa Indonesia

Indonesia memiliki beberapa regulasi yang mengatur tolok ukur kualitas udara ambien, antara lain:

- *PermenLHK No. 14 tahun 2020 tentang tentang Indeks Standar Pencemar Udara yang mengatur Indeks Standar Pencemar Udara atau ISPU (angka yang tidak mempunyai satuan yang menggambarkan kondisi mutu udara).*
- *PermenLHK No. 4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup. Regulasi ini mengatur dokumen laporan uji lingkungan wajib yang harus disampaikan kepada institusi pemerintah yang berwenang, dalam konteks ini Supply Base wajib melaksanakan RKL-RPL setiap 6 bulan sekali.*

Selain itu, standar SVLK dan IFCC PEFC yang sudah dipenuhi oleh Supply Base juga mensyaratkan kegiatan bisnis harus mempertimbangkan risiko pencemaran udara.
Saat ini, laporan RKL-RPL yang dirilis oleh Supply Base tiap 6 bulan sekali memuat beberapa hasil uji kualitas lingkungan, termasuk pengukuran udara ambien dan debu di area operasional PT Kalpika Wanatama I & II oleh pihak ketiga (eksternal). Pengujian kualitas udara yang diambil oleh pihak ketiga meliputk: udara ambien, debu, dan kebisingan. Pengujian ini dilakukan pada beberapa lokasi yang diduga akan terdampak adanya kegiatan pemanfaatan hutan seperti di beberapa desa terdekat dengan perusahaan, areal pemanfaatan kayu, dan basecamp pekerja.
Dari laporan RKL-RPL versi terbaru, diketahui bahwa hasil pengujian menunjukkan tidak ada indikator lingkungan yang melebihi baku mutu baik dari kualitas udara dan kebisingan pada area yang dijadikan sampel di PT. Kalpika Wanatama Unit maupun Unit II. Namun, basis pasokan belum melakukan perhitungan terhadap emisi yang ditimbulkan dari kegiatan penanaman, pemanenan, hingga transportasi pengangkutan log.

Mitigation measure:
The supply base will develop and implement a GHG inventory and accounting that includes Scope 1 and Scope 2 emissions from cultivation, harvesting, extraction, and transportation activities.
Monitoring and outcomes:
The calculation process is currently ongoing, guided by the 2006 IPCC LULUCF Guidelines and Indonesia's 2nd Forest Reference Emission Level. The data used is sourced from land cover image analysis of the supply base and records from field operational activities. The calculation is scheduled to be completed by the end of October 2025.

Country: Indonesia	
Area/sub-scope:	
Risk Assessment used:	
	☐SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
2.2.9 Harvesting levels shall be justified as to how they can be sustained with reference to inventory and growth data for the Supply Base.	
Description of the specific risk:	
English The supply base manages jabon and sengon plantations with a 7-year rotation cycle. The total planting area within PT. KW Unit I & II is 10,281 hectares. Field monitoring data collected over three years of operation indicate that the mean annual increment (MAI) is 18.6 m³/ha/year. The ratio between average harvesting volume and Net Annual Increment (NAI) during the 2023–2025 period is 0.39, which demonstrates that current harvesting levels are within sustainable limits and compliant with SBP requirements. However, the total area planted to date remains smaller than the total area harvested over a single rotation cycle. This imbalance suggests a potential long-term risk in ensuring sustained yields if planting activities are not accelerated to match or exceed harvested areas. Therefore, while the harvesting ratio indicates compliance, the overall risk is classified as **Specified Risk.**	

Bahasa Indonesia

Supply base telah menyusun rencana penanaman kembali (lihat lampiran) yang mencakup strategi teknis untuk memitigasi risiko yang terkait dengan rendahnya tingkat replanting. Rencana ini mencakup peningkatan produksi bibit dan nursery, antisipasi kondisi cuaca yang didominasi kemarau basah, penyediaan tenaga kerja dan fasilitas transportasi yang memadai ke lokasi penanaman, peningkatan riap pertumbuhan, serta integrasi sistem monitoring dan pelaporan. Dalam rencana tersebut juga ditetapkan timeline yang jelas untuk pemenuhan setiap langkah mitigasi agar tingkat penanaman dapat seimbang dengan aktivitas pemanenan.

Mitigation measure:

The supply base shall strengthen its replanting program to ensure that the total planted area aligns with or exceeds the harvested area in each rotation cycle. This includes establishing clear annual planting targets, prioritising replanting in recently harvested blocks, and ensuring that planting materials (jabon and sengon seedlings) are available in sufficient quantity and quality. In addition, the company should integrate results from soil and site-class assessments into planting strategies to optimise growth rates.

Monitoring and outcomes:

The supply base has developed a comprehensive **replanting plan** (see attachment) which outlines the technical strategies to mitigate risks associated with low replanting levels. These include addressing suboptimal nursery and seedling production, climate conditions dominated by wet–dry patterns, limited manpower and transportation facilities to planting sites, suboptimal growth increment, and unintegrated monitoring and reporting systems. The plan also sets a clear timeline for fulfilling each mitigation measure to ensure that planting levels align with harvesting activities.

Country: Indonesia

Area/sub-scope:

Risk Assessment used:

☐SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
☐SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
☐SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
☐SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
☐SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim
☐SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed
☐SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed
☐SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed
☐SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
☐SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim
☐SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim
☐SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim
☐SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim
☐SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim
☒ Biomass Producer's own risk assessment

Indicator with specified risk:

3.2.1 All feedstock sourcing shall be consistent with either of these two options: Option A. Feedstock may be sourced from Supply Bases where an assessment of the Supply Base shows that the forest carbon stocks are stable or increasing, or Option B. Feedstock may be sourced, if the assessment shows that the forest carbon stocks are declining in the Supply Base, provided that the decline is due to natural processes (fire, pests etc.), and sourcing of feedstock has the aim to recover feedstock that would otherwise be lost or to assist regeneration.

Description of the specific risk:

English

Carbon stock assessment was carried out using Sentinel-2A satellite imagery analysis (2023 - 2025) covering PT KW I & II concessions. There are 7 land cover types identified: Secondary Dryland Forest, Plantation Forest, Old Shrub, Young Shrub, Plantation, Open Land, and Water Body.

From 2023 to 2025, the average carbon stock in the protected areas of PT KW I and PT KW II was recorded at 1,174,502.17 tons CO_2e and 1,465,322.39 tons CO_2e, respectively. This indicates an increase in carbon stock compared to the initial condition at the start of intensive operations in 2023. The full analysis results are available in the Land Cover and GHG Emissions Analysis Report (attached). However, this calculation does not yet include other emission sources (fuel, fertilizer, pesticide use, waste, etc.), hence insufficient to demonstrate compliance with Indicator 3.2.1.

Bahasa Indonesia

Penilaian stok karbon dilakukan menggunakan analisis citra satelit Sentinel-2A (2023–2025) yang mencakup area konsesi PT Kalpika Wanatama I & II. Terdapat tujuh (7) tipe tutupan lahan yang teridentifikasi, yaitu: Hutan Lahan Kering Sekunder, Hutan Tanaman, Semak Tua, Semak Muda, Tanaman, Lahan Terbuka, dan Tubuh Air.

Selama periode 2023–2025, rata-rata stok karbon di kawasan lindung PT KW I dan PT KW II masing-masing tercatat sebesar 1.465.322,39 ton CO_2e dan 1.174.502,17 ton CO_2e. Nilai ini menunjukkan peningkatan dibandingkan kondisi awal saat dimulainya kegiatan operasional intensif pada tahun 2023, yang mengindikasikan bahwa stok karbon hutan stabil atau meningkat. Namun demikian, perhitungan ini belum mencakup sumber emisi lain seperti penggunaan bahan bakar, pupuk, pestisida, dan limbah. Oleh karena itu, perhitungan ini masih belum sepenuhnya menunjukkan pemenuhan terhadap ketentuan Indicator 3.2.1.

Mitigation measure:

the supply base will expand its carbon accounting framework to include all relevant emission and removal sources, such as fuel consumption, fertilizer and pesticide use, and waste management from cultivation and harvesting activities. This will ensure a more comprehensive understanding of total carbon dynamics across the operational landscape.

Monitoring and outcomes:

The supply base has issued a GHG emission report for LULUCF sector with mitigation and action plan enclosed.

Periodic monitoring of land cover and biomass through satellite imagery and field verification will continue to be conducted annually to track carbon stock changes and ensure that forest carbon levels remain stable or increasing.

Country: Indonesia	
Area/sub-scope:	
Risk Assessment used:	
	☐SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
2.2.10 Harvested areas shall be regenerated	
Description of the specific risk:	

English

In Indonesia, all holders of Forest Utilization Business Permit (PBPH) are legally required to replant harvested areas. In addition, the IFCC PEFC ST 1001:2021 standard indicator 7.4.5 also emphasises the company's obligation to carry out regeneration using an appropriate silvicultural system. Replanting and other operational activities (e.g. protection of HCV areas, pest & diseases management, support for local communities) are governed by long- and short-term management plans (RKUPH and RKTPH).

The supply base has submitted and implemented RKUPH and RKTPH, and established operational procedures for seedling production, site preparation, and plantation establishment. Seedling Production Plans are available until December 2025, supported by 3 nursery units under PT KW I & II. However, production capacity is currently below 100% due to infrastructure constraints and gradual development.

Challenges include:

- Incomplete nursery infrastructure (e.g. seeding beds)
- Limited transport fleet for seedling delivery
- High rainfall in Sula Islands, damaging forest road access, especially to several compartments with steep slopes.

This indicator is classified as **Specified Risk**, requiring mitigation and close monitoring.

Bahasa Indonesia

Seluruh pemegang surat keputusan perizinan bisnis pemanfaatan hutan (PBPH) di Indonesia diwajibkan untuk melakukan penanaman kembali pada areal bekas tebangan. Selain itu, standar IFCC PEFC ST 1001:2021 indikator 7.4.5 juga menekankan kewajiban perusahaan untuk melakukan regenerasi menggunakan sistem silvikultur yang tepat.

Rencana penebangan dan penanaman beserta aktivitas operasional lainnya (seperti pengelolaan kawasan lindung, dukungan terhadap sosial budaya masyarakat setempat) diatur dalam RKUPH dan RKTPH. Kami telah mereview RKUPH dan RKTPH supply base, serta prosedur kerja kegiatan pendukung seperti untuk pembibitan, penyiapan lahan, pembangunan hutan tanaman. Selain itu, supply base menyediakan laporan rencana produksi bibit siap tanam (BST) untuk memenuhi kebutuhan penanaman hingga Desember 2025.

Terdapat 3 unit persemaian yang memproduksi BST, namun kapasitas produksinya belum mencapai 100% karena masih dalam pembangunan secara bertahap, seperti kondisi bedeng tabur yang masih belum optimal dan juga keterbatasan armada angkutan untuk melangsir BST ke petak penanaman. Selain itu, faktor curah hujan yang tinggi di Kepulauan Sula memperburuk kondisi infrastruktur jalan di kawasan hutan supply base, sehingga akses ke beberapa petak penanaman dengan kontur yang curam sangat sulit.

Mitigation measure:

The supply base shall strengthen its replanting program to ensure that the total planted area aligns with or exceeds the harvested area in each rotation cycle. This includes establishing clear annual planting targets, prioritising replanting in recently harvested blocks, and ensuring that planting materials (jabon and sengon seedlings) are available in sufficient quantity and quality. In addition, the company should integrate results from soil and site-class assessments into planting strategies to optimise growth rates.

Monitoring and outcomes:

The supply base has developed a comprehensive **replanting plan** (see attachment) which outlines the technical strategies to mitigate risks associated with low replanting levels. These include addressing suboptimal nursery and seedling production, climate conditions dominated by wet–dry patterns, limited manpower and transportation facilities to planting sites, suboptimal growth increment, and unintegrated monitoring and reporting systems. The plan also sets a clear timeline for fulfilling each mitigation measure to ensure that planting levels align with harvesting activities.

4 Stakeholder engagement

4.1 General description

Biomass Producer's stakeholder engagement start date: 20 Sep 2025

Biomass Producer's stakeholder engagement end date: 20 Oct 2025

Total number of stakeholders contacted: 29

Give a general description of the process of Stakeholders Engagement, including stakeholders contacted, method of communication and a summary of the comments received:

MTP has a Standard Operating Procedure (MTP-217) on stakeholder engagement, which serves as a guideline for conducting stakeholder engagement in the context of SBP certification. The first step involves identifying all relevant parties that need to be contacted, categorised into the following groups: economic interests, social interests, environmental interests, certification bodies, regional and national forestry institutions, and academics. We then analysed the stakeholders based on their expertise, influence, impact, perspectives, capacity, trust, and location. Based on the average score, those who scored ≥50% were contacted. The communication methods used included email (sustainability@sgmaluku.co.id), in-person meetings, and phone/WhatsApp (as the most popular communication channel in the region and Indonesia in general), depending on the characteristics of each stakeholder. All stakeholder inputs are documented, and we respond to each accordingly and take necessary actions as appropriate.

4.2 Response to stakeholder comments

Stakeholder description: Deden Muslimin (PT. Intishar Sadira Eshan)

Stakeholder comment: Sebelumnya kami sampaikan ucapan terimakasih kepada PT Mangole Timber Producers yang masih mempercayakan proses sertifikasi CoC PEFC Kepada PT Intishar Sadira Eshan, dan semoga dalam proses sertifikasi Sustainable Biomass Program (SBP) standard V2.0 dapat berjalan lancar. Beberapa hal yang perlu kami sampaikan terkait dengan pelaksanaan sertifikasi CoC PEFC, yang harus diperhatikan oleh unit manajemen PT MTP adalah sebagai berikut : 1. Informasi publik terkait Kebijakan Manajemen dalam implementasi standar SFM IFCC maupun CoC PEFC agar dapat disampaikan melalui website yang dimiliki oleh PT MTP agar dapat diakses oleh publik terutama pemasok dan atau pelanggan. 2. Terkait Internal Audit yang sudah diimplementasikan oleh PT MTP terhadap proses CoC PEFC, agar dapat menggambarkan seluruh pengawasan, agar dapat dibuatkan laporan/resume hasil internal audit, sehingga dapat dijadikan acuan dalam proses Tinjauan Manajemen, hal ini tentunya akan sangat berguna bagi skema sertifikasi lain yang dikembangkan oleh PT MTP jika relevan. 3. PT MTP telah menerapkan Penandaan berupa Informasi bahan baku bersertifikat, namun demikian pada beberapa areal penandaan ini tidak ditemukan (kemungkinan rusak terbentur oleh kayu – contoh kasus pada area log handling), hal ini sangat perlu dilakukan terutama jika sumber bahan baku dimasa yang akan datang bersumber dari bahan baku pada skema lain sehingga tergolong dalam controlled source (setelah melalui proses lulus uji tuntas/DDS). Demikian hal-hal yang dapat disampikan semoga menjadi perhatian oleh PT MTP, harapan kami dengan diterapkannya skema sertifikasi SBP dapat memperkuat keberlanjutan basis pasokan sumber bahan baku yang digunakan dalam produk biomassa kayu.

Response to the stakeholder: Dear Pak Deden, Terima kasih atas kesediaannya memberikan masukan terhadap operasional bisnis kami dan juga kerja samanya dalam kegiatan sertifikasi PEFC CoC di PT. MTP yang masih terus berjalan hingga saat ini. Berikut kami sampaikan tanggapan terhadap masukan dari PT. ISE: Kami telah memperbarui website PT. Sumber Graha Maluku yang memuat informasi kedua lini bisnis, baik pabrik PT. MTP (Industri - PT Sumber Graha Maluku) dan juga hutan tanaman industri (Hutan Tanaman Industri - PT Sumber Graha Maluku). Informasi mengenai kebijakan yang diterapkan untuk memastikan kesesuaian dengan standar sertifikasi nasional (i.e, SVLK) dan internasional (e.g, IFCC PEFC CoC/FM) dalam website tersebut dapat diakses oleh publik. Kami menyadari pentingnya dokumentasi hasil internal audit sebagai bagian dari sistem pengawasan yang komprehensif. Sebagai tindak lanjut, PT MTP akan menyusun laporan atau resume hasil internal audit secara ringkas dan sistematis, yang akan digunakan

sebagai bahan dalam proses Tinjauan Manajemen serta dapat diadaptasi untuk skema sertifikasi lainnya yang relevan. Terkait penandaan bahan baku bersertifikat, kami akan melakukan evaluasi terhadap metode penandaan yang digunakan, khususnya di area log handling (logpond). Perbaikan akan difokuskan pada penggunaan material penandaan yang lebih tahan lama serta peningkatan pengawasan di lapangan, guna memastikan keterlacakan bahan baku. Demikian yang dapat kami sampaikan untuk saat ini. PT MTP berkomitmen untuk terus melakukan perbaikan dalam penerapan sistem sertifikasi dan pengelolaan supply chain yang bertanggung jawab. Atas perhatian dan kerja samanya, kami ucapkan terima kasih.

5 Report updates and approval

This document is: New Supply Base Report (Assessments/reassessments)

Summary of changes: N/A

Name	Irwan
Title	Management representative
Date of report approval	20 Oct 2025

Annex 1: Detailed findings for Supply Base Evaluation indicators

Indonesia Kabupaten Kepulauan Sula	Indicator
1.1.1	Operations related to feedstock sourcing and biomass production shall comply with all existing applicable laws and regulations.
Supply Base Verifiers	**Regulatory framework** a. PP 23 tahun 2021 tentang Penyelenggaraan Kehutanan b. PP No. 22 tahun 2021 tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup c. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi d. PermenLHK No.4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Mengenai Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup e. Peraturan Pemerintah (PP) Nomor 5 Tahun 2021 tentang Penyelenggaraan Perizinan Berusaha Berbasis Risiko f. Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 11 Tahun 2022 tentang Profesi Dan Kompetensi Tenaga Teknis Pengelolaan Hutan g. Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 32 Tahun 2016 tentang Pengendalian Kebakaran Hutan dan Lahan h. Sistem Verifikasi Legalitas Kelestarian (SVLK) i. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of verifications (MoV)** a. SK IUPHHK – HT PT. Kalpika Wanatama I No. 612/Menhut-II/2009 b. SK IUPHHK – HT PT. Kalpika Wanatama II No. 189/Kpts-II/1998 c. SK PBPH PT. Kalpika Wanatama I No: SK.1531/MENLHK/SETJEN/HPL.0/12/2021 & peta lampirannya d. SK PBPH PT. Kalpika Wanatama II No: SK.1506/MENLHK/SETJEN/HPL.0/12/2021 & peta lampirannya e. RKUPH PT. Kalpika Wanatama I tahun 2018 – 2027 & SK.8282/MenLHK-PHL/PUPH/HPL.1/10/2022 f. RKUPH PT. Kalpika Wanatama II tahun 2023 – 2032 & SK.8283/MenLHK-PHL/PUPH/HPL.1/10/2022 g. SK Penetapan Areal Kerja PT. Kalpika Wanatama I No. 247 tahun 2024 dan peta lampirannya h. SK Penetapan Areal Kerja PT. Kalpika Wanatama II No. 695 tahun 2024 dan peta lampirannya i. Daftar peraturan perundang-undangan dan evaluasinya j. Kebijakan Feedstock Biomass PT Kalpika Wanatama I & PT Kalpika

	Wanatama II k. NIB: 9120203781304 l. NPWP: 01.528.430.0-942.000 m. Sertifikat PHL & IFCC PEFC KW I & II n. List SOP PT. KW I & II o. Prosedur Kepatuhan Terhadap Peraturan dan Perundangan (PL-PK-009) p. AMDAL q. Laporan internal audit IFCC PT. KW I & II r. Records pelatihan staff terkait legal compliance dan implementasi Best Practices. s. Bukti sosialisasi prosedur kerja kepada kontraktor dan pekerjanya
Risk Rating justification	Harvesting activities in the supply base were initially conducted between 1992 and the early 2000s. Operations were temporarily paused due to a major earthquake that affected the region. Activities resumed in 2022 with full legal compliance. The company has obtained SVLK certification as required by the Government of Indonesia since 2023, demonstrating the legality of timber sourcing. In addition, PT KW I and PT KW II were awarded PEFC/IFCC certification in 2023 and 2024, respectively, reinforcing their commitment to responsible forest management. Key operational documents, including the *Rencana Kerja Usaha Pemanfaatan Hasil Hutan* (RKUPH, updated every 10 years) and the *Rencana Kerja Tahunan* (RKT, updated every 5 years), have been approved by the relevant forestry authority. Each supply base has created list of regulations and the compliance according to the applicable law in Indonesia as well as regular monitoring to ensure that the SOPs are up to date and communicated to the contractors/operators. This confirms that forest operations are carried out in accordance with Indonesian laws and regulations specific to the forestry sector. Implementations • The company has created a list of standar operating procedures and evaluation of their compliance with the regulations related to SBP and other forestry sustainability certifications (i.e., SVLK and PEFC) and updates it periodically at least once a year. • SBP and PEFC standard trainings for staff and management. Oversight framework • Internal audit • Annual surveillance audit SVLK & IFCC PEFC (external) • Periodic monitoring and evaluation based on CARs The probability of non-compliance with this indicator is assessed as **low** (score: 1) due to the existing certifications, approvals, and documented procedures. However, the severity is high (score: 3), as any proven violation could result in the revocation of operational licenses.

	Based on a final risk score of and in accordance with Section 3.10 of the *Guidance for SBP Standard 2*, this indicator is classified as **Low Risk**.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
1.1.2	Legal ownership of land and resource use rights shall be respected.
Supply Base Verifiers	**Regulatory framework** a. Peraturan Pemerintah No. 23 Tahun 2021 tentang Penyelenggaraan Kehutanan b. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 SVLK **MoV** a. Prosedur penandaan tata batas partisipatif (FP-PK-011) b. SK IUPHHK-HT c. SK PBPH d. Dokumen RKUPH dan RKTPH lengkap dengan peta lampirannya e. Kebijakan Feedstock Biomass PT Kalpika Wanatama I & PT Kalpika Wanatama II f. Berita Acara Pelaksanaan Tata Batas Temu Gelang dan Penetapan Areal Kerja tahun 2022 g. Laporan Pemeliharaan Pal Batas Konsesi tahun 2025 h. Prosedur Penataan Areal Kerja (PL-IK-002) i. Prosedur Pengelolaan Konflik (FP-PK-002) j. Prosedur PADIATAPA (FP-PK-006)
Risk Rating justification	The regulatory framework in Indonesia governing this indicator includes: • Government Regulation No. 23/2021 on the Implementation of Forestry. • Ministry of Environment and Forestry (MoEF) Regulation No. 8/2021 on forest zoning, forest management planning, and forest utilization in protection and production forests. These regulations define the legal requirements for forest business licensing, planning, and mapping. We have full access to all legal documents related to the operational legality of the supply base, including the concession permit *Surat Keputusan Perizinan Berusaha Pemanfaatan Hutan* (SK PBPH) — along with its official map attachments. Additionally, both the Rencana Kerja Usaha Pemanfaatan Hasil Hutan (RKUPH, a 10-year forest management plan) and the Rencana Kerja Tahunan Pemanfaatan Hutan (RKTPH, the annual operational plan) have been approved by the competent forestry authorities. The availability and validity of these documents confirm that operations within the supply base are in compliance with Indonesian legal requirements, and

	that the boundaries and areas of operation are clearly defined and recognised by the government, and that there are no land disputes or conflicts over boundaries and resource use within the supply base. FPIC processes had took place prior to the commencement of business operations. Implementations • Conducted boundary demarcation and work area delineation in 2024. • Performed regular maintenance and verification of boundary markers. • Managed conflict resolution related to community access overlapping with the supply base area. • Implemented participatory boundary marking procedures. Oversight Framework • Internal audit • Annual surveillance audit SVLK & IFCC PEFC (external) • Consultation with the locals
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
1.1.3	Feedstock shall be legally harvested, supplied and produced, including in compliance with CITES, EUTR and other applicable legal trade requirements.
Supply Base Verifiers	**Regulatory framework** a. Daftar Appendix CITES b. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi c. PermenLHK No. 20 tahun 2022 Peredaran Hasil Hutan Kayu Yang Tercantum Dalam Apendiks CITES. d. EUTR No. 995/2010 e. Perjanjian Kemitraan Sukarela antara Uni Eropa dan Republik Indonesia pada Penegakan Hukum Kehutanan, Tata Kelola dan Perdagangan di Timber Products ke Uni Eropa (FLEGT-VPA) f. Permendag No. 74 tahun 2020 tentang Ketentuan Ekspor Produk Industri Kehutanan g. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 h. SVLK **MoV** a. Kebijakan Feedstock Biomass PT Kalpika Wanatama I & PT Kalpika Wanatama II b. Dokumen RKUPH dan RKTPH c. Rekapitulasi Laporan Hasil Penebangan (LHP) (dalam dokumen 'Rekap PSDH DR KW 1 & KW 2 Tahun 2025')
Risk Rating justification	In Indonesia, the regulatory framework supporting this indicator is reinforced by several key instruments, including the MoEF Regulation No. 8/2021 on

	forest planning and utilization in protection and production forests, and MoEF Regulation No. 20/2022 concerning the circulation of CITES-listed timber species. It is further supported by the FLEGT–VPA Agreement between the EU and Indonesia on legal timber trade, Ministry of Trade Regulation No. 74/2020 on the export of forestry products, and the SVLK system, which functions as the national timber legality assurance mechanism. All feedstock sourced from PT KW I & II originates from supply bases that are certified under both SVLK (Sistem Verifikasi Legalitas Kelestarian) and PEFC (Programme for the Endorsement of Forest Certification). These certification systems require compliance with internationally recognised principles, including legality and sustainable forest management, and are aligned with the obligations under CITES, EU Timber Regulation (EUTR), and other relevant international trade instruments. The dual certification ensures that timber is harvested legally, that its origin can be traced, and that it complies with international trade controls, including restrictions on protected species and export requirements (e.g., Indonesia's Environment and Forestry Ministerial Decree No. 20 of 2022 concerning the Distribution of Timber Forest Products Listed in the CITES Appendix). Implementations • Raw materials are sourced from supply bases certified under SVLK and PEFC, aligning with the principles of CITES, EUTR, and other applicable forest product trade regulations. Wood traceability is verifiable down to the compartment level. Oversight framework • Internal audit • Annual surveillance audit SVLK & IFCC PEFC (external) The probability of non-compliance with this indicator is rated low (score: 1) due to the existing certification mechanisms and third-party audits. The severity is moderate (score: 3), as violations could lead to restrictions on international trade or reputational damage, particularly in regulated markets. This indicator is therefore classified as **Low Risk**.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
1.1.4	Payments for harvest rights and feedstock, including duties, relevant royalties and taxes related to timber harvesting shall be complete and up-to-date.
Supply Base Verifiers	**Regulatory frameworks** a. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi b. Permendag Nomor 11 tahun 2024 tentang Perubahan Atas Peraturan Menteri Perdagangan nomor 23 tahun 2023 tentang Kebijakan dan

	Ketentuan Ekspor c. Peraturan Menteri LHK Nomor P.71/MenLHK/Setjen/HPL.3/8/2016 tentang Tata Cara Pengenaan, Pemungutan dan Penyetoran Provisi Sumber Daya Hutan, Dana Reboisasi, Ganti Rugi Tegakan, Denda Pelanggaran Eksploitasi Hutan dan Iuran Izin Usaha Pemanfataan Hutan d. Peraturan Menteri Kehutanan Nomor 2 Tahun 2025 tentang Harga Patokan Hasil Hutan Kayu dan Hasil Hutan Bukan Kayu untuk Penghitungan Penerimaan Negara Bukan Pajak e. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 f. KepmenLHK no. SK.1179/MENLHK/PHPL/HPL.3/11/2021 tentang penetapan tanda SVLK **MoV** a. Dokumen Rekapitulasi pengiriman kayu dari petak (sesuai dengan pembayaran PSDH) hingga mill b. Dokumen RKUPH dan RKTPH c. Rekapitulasi pembayaran/billing PSDH DR PT. KW I & II Tahun 2025 d. NPWP: 01.528.430.0-942.000
Risk Rating justification	Compliance with fiscal obligations, including the payment of forests resources provision (*Provisi Sumber Daya Hutan or PSDH)* for harvested timber, is a key requirement in Indonesia's forest governance system. This obligation is embedded in MoEF Regulation No. 8/2021, which governs forest planning and utilization in protection and production forests, and further supported by Ministry of Trade Regulation No. 11/2024 concerning export policies and requirements. The company has fulfilled all fiscal obligations related to harvested timber, including PSDH payments, as evidenced by official receipts and verification during audits. Compliance with PSDH is also a requirement under SVLK, which the company holds. Implementations • In accordance with Indonesian regulations, the company conducts a Pre-Harvest Stand Inventory (ITSP) as the basis for the Annual Work Plan. Results are documented in the Stand Inventory Report (LHC). Harvest outcomes are recorded in the Harvest Report (LHP) and submitted through the SIPUHH system. The LHP serves as the basis for calculating forest resource royalties (PSDH-DR). • Payment receipts are archived for verification during audits. Oversight framework • Internal audit • Annual surveillance audit SVLK & IFCC PEFC (external) The probability of non-compliance is low (score: 1) due to government oversight and certification audits. The severity is high (score: 3) as non-compliance could lead to legal or financial sanctions. This finding indicates **Low Risk**.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
1.1.5	There shall be adequate protection of the Supply Base from unauthorised and illegal activities, such as illegal logging, mining, and encroachment.
Supply Base Verifiers	**Regulatory frameworks** a. Peraturan Pemerintah No. 23 Tahun 2021 tentang Penyelenggaraan Kehutanan b. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 d. SVLK **MoV** a. Kebijakan Feedstock Biomass PT Kalpika Wanatama I & PT Kalpika Wanatama II b. Prosedur Pengelolaan Konflik FP-PK-002 c. Dokumen identifikasi konflik d. Laporan pemetaan & resolusi konflik e. Naskah kerja sama perusahaan dengan desa f. Prosedur Patroli Pengamanan Hutan (FP-IK-009) g. Laporan Monev perlindungan dan pengamanan hutan
Risk Rating justification	MoEF Regulation No. 8/2021 on Forest Zoning, Planning, and Utilization, along with Government Regulation (PP) No. 23/2021 on Forestry Administration requires license holders to monitor and report on environmental and social conditions, including land tenure and potential threats. SVLK system also requires business operators to demonstrate compliance with laws regarding forest protection, including mechanisms for monitoring illegal activities. The supply base is located in Kepulauan Sula Regency, comprising two main islands: Mangole (east) and Taliabu (west). Currently, only PT Kalpika Wanatama I and II (the supply base) and our company, PT Mangole Timber Producers (as the biomass producer), are actively operating on these islands. The supply base concessions border directly with local community lands. Access to the district is limited to air and sea routes. Therefore, the risk of illegal logging, mining, or land encroachment originates only from actors residing within the two islands. Since the resumption of supply base operations, no encroachment incidents have been reported. Regular social monitoring and engagement by the field staffs at each supply base play an important role in maintaining community relations and preventing illegal activities. We have reviewed and verified field reports documenting regular patrols to prevent forest fires, illegal logging, poaching, and encroachment. The remote and localised nature of the islands further reduces external threats. Implementations • Conducted regular monitoring, evaluation, and social management

	activities. • Fostered partnerships and capacity building with local communities around the supply base concession. • Installed boundary markers and warning signs in areas prone to unauthorized access. • Carried out forest security patrols in accordance with procedures, including monthly monitoring checklists in conflict-prone areas. Oversight framework • Internal audit • Annual surveillance audit SVLK & IFCC PEFC (external) • Laporan monitoring dan evaluasi perlindungan dan pengamanan hutan The probability of non-compliance is low (score: 1) due to ongoing field patrols, documented monitoring, and the relatively isolated location of the supply base. The severity is high (score: 3) as unmanaged risks may result in environmental harm, social conflict, or legal consequences. This indicator is classified as **Low Risk**.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.1.1	Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be identified.
Supply Base Verifiers	**Regulatory frameworks** a. Daftar appendix CITES b. PermenLHK No. 20 tahun 2022 tentang Peredaran Hasil Hutan Kayu Yang Tercantum Dalam Apendiks CITES c. PermenLHK No. P.20/MENLHK/SETJEN/KUM.1/6/2018 tentang Jenis Tumbuhan dan Satwa Yang Dilindungi d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 e. SVLK **MoV** a. Laporan penilaian nilai konservasi tinggi (NKT) b. Laporan pengelolaan kawasan lindung tahun 2021 – 2024 c. Kebijakan Lingkungan PT Kalpika Wanatama d. Berita Acara Sosialisasi Kawasan Lindung ke kontraktor
Risk Rating justification	The Supply Base is situated in the North Maluku Islands, one of Indonesia's key biodiversity hotspots. The region is located east of the Wallace Line, making it a transitional zone where the flora and fauna exhibit characteristics from both Asian and Australian biogeographic regions. Both supply bases have conducted High Conservation Value (HCV) assessments as part of responsible forest management. However, the risk of illegal wildlife poaching still exists, particularly if routine monitoring and

	patrolling are not consistently carried out. Harvesting operations may also alter forest ecosystems, potentially affecting the habitats of endemic flora and fauna. Therefore, regular biodiversity monitoring and integration of HCV management into operational planning are crucial. Based on field surveys and HCV studies in PT Kalpika Wanatama unit I & II, three plant species listed as Critically Endangered by the IUCN Red List have been identified: *Shorea selanica*, *Shorea assamica* subsp. *koordersii*, and *Shorea montigena*. In terms of fauna, species such as the Timor Deer (*Rusa timorensis*), Halmahera Blossom Bat (*Syconycteris carolinae*), Grey Imperial Pigeon (*Ducula pickeringii*), and Sula Scrubfowl (*Megapodius bernsteinii*) are classified as Vulnerable. The supply base has released annual reports (2021 - 2024) detailing the results of biodiversity monitoring and management activities, including flora and fauna observations, conservation area planting, and conservation area supervision. This shows a structured and transparent approach to biodiversity protection. However, we still need to review the 2025 report at the end of this year. Implementations • Socialisation of protected areas was conducted with surrounding communities and existing contractors/operators, accompanied by regular forest protection patrols by the Conservation and Forest Protection Team within the PT Kalpika Wanatama I & II concession areas. Oversight framework • Internal audit • Annual surveillance audit VLHH & IFCC PEFC (external) The probability of biodiversity-related risk is moderate (score: 2) due to the ecological sensitivity of the area and the need for consistent field supervision. The severity is also moderate (score: 3) because although risks are real, proper controls and planning can prevent long-term biodiversity loss. This indicator is classified as **Low Risk**.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.1.2	Threats to and impacts on the identified key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be identified and evaluated.
Supply Base Verifiers	**Regulatory frameworks** a. Daftar appendix CITES b. PermenLHK No. 20 tahun 2022 tentang Peredaran Hasil Hutan Kayu Yang Tercantum Dalam Apendiks CITES c. PermenLHK No. P.20/MENLHK/SETJEN/KUM.1/6/2018 tentang Jenis

	Tumbuhan dan Satwa Yang Dilindungi d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 e. SVLK **MoV** a. Laporan penilaian nilai konservasi tinggi (NKT) b. Prosedur kerja pengelolaan areal konservasi FS-PK-001 c. Prosedur kerja pemantauan dan pengelolaan flora dan fauna FS-IK-002
Risk Rating justification	The supply base implements periodic field monitoring and patrolling as part of its management strategy to protect natural resources. These activities are part of the strategy "Management and Monitoring Matrix for HCV Areas" conducted by the supply base's environmental and social teams and are documented in monitoring reports. Monitoring covers forest conditions, signs of encroachment, wildlife presence, and the condition of conservation areas. These observations are used to adjust management plans and prevent environmental degradation. Furthermore, harvesting activities conducted by the supply base do not involve any tree species listed as protected, as regulated under the MoEF regulation No. 20 of 2022 concerning timber listed in the CITES Appendices, and MoEF regulaton No. P.20/MENLHK/SETJEN/KUM.1/6/2018 concerning protected plant and animal species. Implementations • Socialisation of protected areas was conducted with surrounding communities, accompanied by regular forest protection patrols by the Conservation and Forest Protection Team within the PT Kalpika Wanatama I & II concession areas. • Matrix Pengelolaan dan Pemantauan HCV/NKT Oversight framework • Internal audit • Annual surveillance audit SVLK & IFCC PEFC (external) The probability of unmanaged natural resource impacts is low (score: 1) because of ongoing monitoring and management. The severity is high (score: 3) due to the scale and localised nature of potential risks. this indicator is classified as **Low Risk**.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.1.3	Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.
Supply Base Verifiers	**Regulatory framework** a. Daftar appendix CITES b. PermenLHK No. 20 tahun 2022 tentang Peredaran Hasil Hutan Kayu Yang Tercantum Dalam Apendiks CITES

	c. PermenLHK No. P.20/MENLHK/SETJEN/KUM.1/6/2018 tentang Jenis Tumbuhan dan Satwa Yang Dilindungi d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 e. SVLK **Means of Verification** a. Laporan Rencana Kelola Lingkungan & Rencana Pemantauan Lingkungan (RKL-RPL) b. Laporan penilaian nilai konservasi tinggi (NKT) c. Prosedur kerja pengelolaan areal konservasi FS-PK-001 d. Prosedur kerja pemantauan dan pengelolaan flora dan fauna FS-IK-002
Risk Rating justification	HCV areas (HCV 1 – 6) have been mapped, and protection and monitoring activities are integrated into the supply base's forest management plans. Based on the 2019 Forest Function Map of North Maluku Province, the concession area of PT. Kalpika Wanatama I does not overlap with designated Conservation Areas (*kawasan konservasi*) such as national parks or nature reserves. Approximately 80.06% of the area is Permanent Production Forest (h*utan produksi tetap*), with the remainder being Limited Production Forest (*hutan produksi terbatas*) located in Northern East Taliabu. Meanwhile, the concession of PT. Kalpika Wanatama II contains HCV 1.1 areas, specifically the buffer zone of Gunung Buya Protection Forest and Mangrove Forest Buffer Zone, which provide important ecosystem functions and biodiversity refuge. The concession of PT. KW II contains HCV 1.1 areas, specifically the buffer zone of Gunung Buya Protection Forest and Mangrove Forest buffer zone, which provide important ecosystem functions and biodiversity refuge. The probability of serious negative impact is low (score: 1) due to mapped protection plans and ongoing monitoring. The severity is high (score: 3) because impacts to HCV areas would have significant ecological consequences. This indicator is classified as **Low Risk.** **Implementation** - Pemetaan/identifikasi kawasan nilai konservasi tinggi di tahun 2021 - Monitoring dan patroli hutan secara berkala **Oversight framework** - Penyusunan dan pelaksanaan RKL-RPL - Internal audit - Annual surveillance audit VLHH & IFCC PEFC (external)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.2.1	Feedstock shall not be sourced from land that had one of the following statuses in January 2008 and no longer has that status due to land conversion: a. Forests b. Wetlands c. Peatlands d. Highly biodiverse grasslands.
Supply Base Verifiers	**Regulatory framework** SBP Standards V2 **MoV**

	a. Studi Konversi Hutan PT Kalpika Wanatama I & II b. Kajian Social Impact Assessment (SIA) oleh konsultan IDEAS tahun 2021 c. Laporan penilaian nilai konservasi tinggi (NKT)
Risk Rating justification	Based on the **Forest Conversion Study** conducted for PT KW I & II, initial land development and plantation activities started in **1992**, which included land clearing for infrastructure, seedling preparation, and planting. Harvesting was implemented using a clear-cutting with artificial regeneration (*tebang habis permudaan buata*n) system. From 2012 to 2018, operational activities were temporarily paused due to internal restructuring and capital consolidation. The operations resumed in 2019, preceded by feasibility surveys conducted by consultants to identify previously developed areas for further use. Satellite imagery analysis, HTI development progress data, and other supporting documents confirm that land conversion activities by PT KW I and PT KW II took place between 1992–1999, covering 6,625 ha and 7,192 ha respectively. These dates **precede the SBP cut-off date of January 2008**. The probability of non-compliance with this indicator is very low (score: 1) due to clear historical documentation and spatial analysis. The severity is high (score: 3) because sourcing from non-compliant land would compromise sustainability claims. This indicator is marked as **Low Risk.** Implementations • Studi Konversi Hutan PT Kalpika Wanatama I & II Oversight framework • Internal audit
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.2.2	Ecosystems, their health, vitality, functions and services in the Supply Base shall be maintained or enhanced.
Supply Base Verifiers	**Regulatory frameworks** a. Peraturan Pemerintah No. 23 Tahun 2021 tentang Penyelenggaraan Kehutanan b. PermenLHK No.4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Mengenai Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup c. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 e. SVLK

	<u>MoV</u> a. Prosedur Kerja Pengelolaan Area Konservasi FS-PK-001 b. Laporan Pengelolaan Kawasan Lindung c. Laporan Pengelolaan Stok Karbon Tinggi (High Carbon Stock) d. Laporan Pelaksanaan RKL – RPL PT Kalpika Wanatama II tahun 2024 - 2025 e. AMDAL PT Kalpika Wanatama I
Risk Rating justification	The supply base has demonstrated compliance with this indicator by preparing and implementing key environmental protection documents, including: • Protected Area Management Report (*Laporan Pengelolaan Kawasan Lindung*) • High Carbon Stock (HCS) Report • Environmental Management and Monitoring Implementation Report (*Laporan Pelaksanaan RKL-RPL*) for PT Kalpika Wanatama II (2024) • Environmental Impact Assessment (*AMDAL*) for PT Kalpika Wanatama I These documents show that the company has identified and actively managed key ecosystem components, including conservation buffers, high carbon stock forests, and critical habitat zones. Monitoring and reporting mechanisms are in place to track ecosystem health and services. Implementation • Pengelolaan Kawasan Lindung • Pengelolaan SKT/HCS • Pelaksanaan RKL-RPL Oversight framework • Internal audit • Annual surveillance audit SVLK& IFCC PEFC (external) The probability of negative impact to ecosystem vitality is low (score: 1) due to clear planning, routine monitoring, and regulatory compliance. The severity is medium (score: 3) as damage to ecosystem services would have long-term effects. This indicator is classified as **Low Risk.**
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.2.3	Soil quality in the Supply Base shall be maintained or enhanced
Supply Base Verifiers	**<u>Regulatory frameworks</u>** a. PermenLH No.7 tahun 2006 tentang Tata Cara Pengukuran Kriteria Baku Kerusakan Tanah Untuk Produksi Biomassa b. PermenLHK No.4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib

	Memiliki Analisis Mengenai Dampak Mengenai Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup c. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi **MoV** a. Prosedur Kerja Pengelolaan Area Konservasi FS-PK-001 b. Prosedur Kerja Pemantauan Kualitas Tanah dan Air FS-PK-007 c. Prosedur Kerja Reduce Impact Logging HV—PK-003 d. Laporan pemantauan erosi tanah tahun 2021 – 2025 e. Laporan kualitas tanah dan air f. Laporan pelaksanaan RKL-RPL g. Analisis Dampak Ekologis Penggunaan Pupuk dan Pestisida PT. KW
Risk Rating justification	The supply base has implemented soil management practices designed to minimise erosion and degradation, including maintaining vegetation cover, buffer zones, and controlled harvesting systems. These practices are embedded in the company's forest management plans and monitored through periodic reporting. Soil condition is monitored using two main methods: **erosion plots** and **erosion measurement boxes (*bak erosi)***, which are installed in selected monitoring sites to quantify soil loss and observe erosion trends over time. Monitoring reports have shown that no significant soil degradation or erosion hotspots have been identified during recent assessments. Field inspections confirm the presence of vegetation cover and erosion control features, especially on sloped areas. The company already has harvesting and reduced impact logging (RIL) procedures that require twig and leaf litter to be left in the logged area as a source of natural fertiliser that increases the organic matter content in the topsoil. In accordance with Minister of Environment Regulation No. 7 of 2006 on Procedures for Measuring Soil Damage Criteria for Biomass Production, an ecological impact assessment of fertilizer and pesticide use was conducted to evaluate effects on forest soil and water. Results indicate that soil quality within the supply base area remains in good condition. The probability of negative impact to soil quality is moderate (score: 2) as soil erosion may occur if best practices are not maintained. The severity is also moderate (score: 2) due to potential long-term site productivity loss. This indicator is classified as **Low Risk.**
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
2.2.4	Where the removal of harvest forest residues and/or stumps occurs, this shall not lead to irreversible negative impacts to the ecosystem.

Supply Base Verifiers	**Regulatory framework** a. Peraturan Pemerintah No. 23 Tahun 2021 tentang Penyelenggaraan Kehutanan b. PermenLHK No.4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Mengenai Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup c. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi d. PermenLHK No. P.67/MENLHK/SETJEN/KUM.1/10/2019 tentang Penataan Hasil Hutan Kayu yang Berasal Dari Hutan Tanaman Pada Hutan Produksi **MoV** a. Prosedur Kerja Reduce Impact Logging HV-PK-003 b. Prosedur Kerja Pemanenan HV-PK-001 c. Prosedur Kerja Penanaman PT-PK-001 d. Berita Acara Serah Terima Areal (Handover Area/HOA) dari Kegiatan Persiapan Lahan ke Plantation PT KW I & II Tahun 2024 – 2025 dengan lampiran form Pre-HOA
Risk Rating justification	The supply base confirms that tree stumps and root systems are not uprooted from harvested areas. In cases where a stump is located exactly on a planting line or planting point, the planting point is slightly shifted to avoid disturbing the stump. After harvesting, the site is assessed for replanting eligibility using the Pre-Handover Area (PHOA) form, which includes 9 assessment items. Final approval is issued via the Handover of Area (HOA) report, based on 6 parameters. These documented procedures ensure that residue and stump management does not cause irreversible ecosystem damage and that operational impacts are recorded before land preparation. Probability is low (1) since stumps are not removed. Severity is moderate (2) due to the ecological significance of root systems. Contractors who operate harvesting activities have been verified by the supply base. Final score indicates **Low Risk.** **Implementation** Penilaian areal pasca penebangan dengan form PHOA dan BA serah terima areal HOA. **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Low Risk

Indonesia	**Indicator**

Kabupaten Kepulauan Sula	
2.2.5	Quality and quantity of ground water, surface water and water downstream shall be maintained or enhanced.
Supply Base Verifiers	**Regulatory framework** a. Peraturan Pemerintah Nomor 22 Tahun 2021 tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup b. PermenLHK No.4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Mengenai Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup c. KepmenLHK No. SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 tentang Standar dan Pedoman Pelaksanaan Sistem Verifikasi Legalitas dan Kelestarian d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. Pemantauan Kualitas Air Sungai FS-PK-002 b. Pemantauan Kualitas Tanah dan Air FS-PK-007 c. Laporan debit air sungai d. Laporan kualitas air sungai e. Laporan kualitas tanah & air f. Laporan RKL – RPL g. MUTU-4128N.FM (1-1) Laporan Penilaian S1_PHL-IFCC_PT KW-1-2024
Risk Rating justification	The supply base demonstrates general compliance with environmental regulations and certification standards. Water quality (surface and groundwater) is monitored regularly and reported every six months through the Environmental Management and Monitoring Plan (RKL–RPL). Relevant regulations include: - PermenLHK No. 4 Tahun 2021 – on business activities requiring environmental impact assessments (AMDAL, UKL-UPL, or SPPL) - KepmenLHK No. SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 – SVLK implementation standards - PEFC IFCC ST 1001:2021 – which mandates management of negative environmental impacts, including on soil and water. The probability of negative impact is moderate to (score: 2) due to the current gap in fertiliser impact assessment. The severity is moderate (score: 2), as the effects may be cumulative and affect downstream water ecosystems if not addressed. This indicator is classified as **Low Risk.** **Implementation** Pemantauan laju erosi dengan hasil uji tercantum dalam laporan RKL-RPL. Telah dilakukan analisa dampak ekologis penggunaan pupuk terhadap kualitas tanah dan air di Supply Base. **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
2.2.6	Air emissions shall comply with national legislation or in the absence of national legislation with industry best practice.
Supply Base Verifiers	**Regulatory framework** a. PermenLHK No. 14 tahun 2020 tentang tentang Indeks Standar Pencemar Udara b. PermenLHK No. 4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup c. KepmenLHK No. SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 tentang Standar dan Pedoman Pelaksanaan Sistem Verifikasi Legalitas dan Kelestarian d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** Prosedur Pemantauan dan Mitigasi Gas Rumah Kaca FS-PK-009 Laporan RKL - RPL
Risk Rating justification	Indonesia has established regulations that define ambient air quality standards and environmental impact monitoring. These include: - PermenLHK No. 14 Tahun 2020 on the Air Pollution Standard Index (ISPU) - PermenLHK No. 4 Tahun 2021 on mandatory environmental assessment and reporting (AMDAL/UKL-UPL/RKL-RPL) - SVLK and PEFC IFCC standards, which require companies to address air quality risks as part of responsible forest management. In compliance with these requirements, the supply base conducts air quality and noise monitoring with assisstance from third-party and reported through its RKL–RPL reports, published every six months. The assessments include ambient air, dust, and noise sampling at multiple sites (i.e, nearby villages, harvesting areas, and worker basecamps). The latest RKL-RPL reports for PT Kalpika Wanatama I & II confirm that all air quality and noise levels were within the permissible limits set by Indonesian standards. However, the supply base haven't calculate GHG emissions generated from the cultivation, extraction, and transportation process of the harvested logs. This indicator is classified as **Specified Risk.** **Implementation** Pelaksanaan uji udara ambien, debu, dan kebisingan dengan hasil uji tercantum dalam laporan RKL-RPL. **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Specified Risk

Indonesia Kabupaten Kepulauan Sula	Indicator

2.2.7	Pesticides shall only be used as part of an Integrated Pest Management (IPM) plan in compliance with national legislation, chemical safety data sheets and industry best practice. Banned pesticides shall not be used.
Supply Base Verifiers	**Regulatory framework** a. Peraturan Menteri Pertanian Nomor 43 Tahun 2019 tentang Pendaftaran Pestisida b. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 appendix 7 c. Rotterdam Convention appendix III d. Pesticides listed as World Health Organisation (WHO) class 1A ("Extremely hazardous") and 1B ("Highly hazardous") e. Stockholm Convention on Persistent Organic Pollutants f. Montreal Protocol on Substances that Deplete the Ozone Layer **Means of Verification** a. Kebijakan Penggunaan Zat Kimia Aktif b. Komitmen Terhadap Pelaksanaan Konservasi Plasma Nutfah c. Pengelolaan Pestisida RD-PK-00 d. Daftar penggunaan pestisida Januari 2025 e. Integrated Pests Management (IPM) tanaman jabon dan sengon di PT. KW I & II
Risk Rating justification	The supply base has adopted an Integrated Pest Management (IPM) approach as part of its operational planning, supported by a Policy on the Use of Active Chemicals. This policy regulates the controlled and justified use of pesticides and fertilisers, prioritizing preventive and biological methods before chemical intervention. The supply base also demonstrates a Commitment to Germplasm Conservation, including efforts to maximise the use of biological agents for fertilization and pest control. If biological or manual methods prove insufficient, pesticides listed in the official pesticide use document are applied as a last resort. The supply base is certified under IFCC PEFC, which includes Annex 7 listing restricted/prohibited substances. All pesticide use is recorded, including active ingredient, CAS number, and purpose. All substances used comply with: - Permentan No. 43 Tahun 2019 (Pesticide Registration) - Annex 7 of IFCC PEFC ST 1001:2021 - Annex III of the Rotterdam Convention Probability of non-compliance is low (score: 1) due to clear commitment, regulation, and recordkeeping. Severity is high (score: 3) as banned pesticide use can have serious impacts on health and the environment. This indicator is classified as **Low Risk**. **Implementation** Pencatatan pestisida dan pupuk yang digunakan **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
2.2.8	Waste shall be disposed of in an environmentally appropriate manner.
Supply Base Verifiers	**Regulatory framework** a. PermenLHK No. 4 tahun 2021 Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup b. PermenLHK No.9 tahun 2024 tentang Pengelolaan Sampah Yang Mengandung Bahan Berbahaya Dan Beracun Dan Limbah Bahan Berbahaya Dan Beracun c. KepmenLHK No. SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 tentang Standar dan Pedoman Pelaksanaan Sistem Verifikasi Legalitas dan Kelestarian d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. Prosedur Kerja Pengelolaan Camp dan Sampah GA-PK-001 b. Prosedur Kerja Pengelolaan Bahan Berbahaya Beracun K3-PK-003 c. MUTU-4128N.FM (1-1) Laporan Penilaian S1_PHL-IFCC_PT KW-1-2024 d. Laporan LB3 PT. KW I & II e. BA pemasangan alarm keadaan bahaya dan timbangan digital untuk LB3
Risk Rating justification	Waste management at the supply base complies with PermenLHK No. 9/2024 on hazardous and toxic waste (B3), which also requires businesses to report waste handling in their environmental impact documents. For forestry operations, this is reflected in the RKL-RPL reports that are submitted every six months. The IFCC PEFC sustainable forest management standard (principle 7.2.7) also regulates the use and management of hazardous substances. The supply base has established a compartment for B3 waste to ensure compliance with this standard. Representative from the HSE Department of the biomass producer will schedule regular visit at least once a year to make sure the waste disposal of the supply base is aligned with the applicable laws & regulations. Probability of non-conformance is low (score: 1), but severity is high (score: 3) as B3 spills can harm soil and water if not handled properly. As the evidence shows the compliance measure, procedure, and monitoring in place, we mark this indicator as Low Risk. **Implementation** Pengelolaan limbah B3 sesuai dengan prosedur kerja K3-PK-003 **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Low Risk

Indonesia	Indicator

Kabupaten Kepulauan Sula	
2.2.9	Harvesting levels shall be justified as to how they can be sustained with reference to inventory and growth data for the Supply Base.
Supply Base Verifiers	**Regulatory framework** a. Peraturan Pemerintah No. 23 Tahun 2021 tentang Penyelenggaraan Kehutanan b. KepmenLHK No. SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 tentang Standar dan Pedoman Pelaksanaan Sistem Verifikasi Legalitas dan Kelestarian c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** Data tebang vs tanam PT KW I & II (aktual & forecast)
Risk Rating justification	The supply base manages jabon and sengon plantations with a 7-year rotation cycle. The total planting area within PT. KW Unit I & II is 10,281 hectares. Field monitoring data collected over three years of operation indicate that the mean annual increment (MAI) is 18.6 m³/ha/year. The ratio between average harvesting volume and Net Annual Increment (NAI) during the 2023–2025 period is 0.39, which demonstrates that current harvesting levels are within sustainable limits and compliant with SBP requirements. However, the total area planted to date remains smaller than the total area harvested over a single rotation cycle. This imbalance suggests a potential long-term risk in ensuring sustained yields if planting activities are not accelerated to match or exceed harvested areas. Therefore, while the harvesting ratio indicates compliance, the overall risk is classified as **Specified Risk**. **Implementation** The supply base has developed a comprehensive replanting plan (see attachment) which outlines the technical strategies to mitigate risks associated with low replanting levels. These include addressing suboptimal nursery and seedling production, climate conditions dominated by wet–dry patterns, limited manpower and transportation facilities to planting sites, suboptimal growth increment, and unintegrated monitoring and reporting systems. The plan also sets a clear timeline for fulfilling each mitigation measure to ensure that planting levels align with harvesting activities. **Oversight framework** Monitoring report from the nursery and R&D department.
Risk Rating	Specified Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
2.2.10	Harvested areas shall be regenerated
Supply Base Verifiers	**Regulatory framework** a. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung

	dan Hutan Produksi b. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. Prosedur Kerja Pembibitan (Nursery) NS-PK-001 b. Prosedur Kerja Penyiapan Lahan PT-PK-001 c. Prosedur Kerja Pembangunan Hutan Tanaman PT-PK-002 d. Dokumen RKU e. Dokumen RKT f. Nursery Report: Produksi BST untuk Pemenuhan Target Tanam 2025
Risk Rating justification	In Indonesia, all holders of Forest Utilization Business Permit (PBPH) are legally required to replant harvested areas. In addition, the IFCC PEFC ST 1001:2021 standard indicator 7.4.5 also emphasises the company's obligation to carry out regeneration using an appropriate silvicultural system. Replanting and other operational activities (e.g. protection of HCV areas, pest & diseases management, support for local communities) are governed by long- and short-term management plans (RKUPH and RKTPH). The supply base has submitted and implemented RKUPH and RKTPH, and established operational procedures for seedling production, site preparation, and plantation establishment. Seedling Production Plans are available until December 2025, supported by 3 nursery units under PT KW I & II. However, production capacity is currently below 100% due to infrastructure constraints and gradual development. Challenges include: - Incomplete nursery infrastructure (e.g. seeding beds) - Limited transport fleet for seedling delivery - High rainfall in Sula Islands, damaging forest road access, especially to several compartments with steep slopes. By the end of 2025, seedling production is expected to support around 80% of the planting target, while the remaining will depend on infrastructure improvement, production acceleration, and seedling procurement from external parties. The R&D department of both KW I & II has released a nursery report outlining the existing conditions and their strategic planning to overcome seedlings shortage by the end of 2025. Probability of underachievement is high (score: 3), given ongoing obstacles. Severity is moderate (score: 2), as delayed regeneration may affect forest structure and certification commitments. This indicator is classified as **Specified Risk**, requiring mitigation and close monitoring. **Implementation** Kegiatan produksi BST dari persemaian PT KW I & II dan penanaman sesuai dengan target di RKTPH. **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Specified Risk

Indonesia	Indicator

Kabupaten Kepulauan Sula	
2.2.11	The impacts of natural processes such as fires, pests and diseases shall be managed.
Supply Base Verifiers	**Regulatory framework** a. Peraturan Pemerintah No. 23 Tahun 2021 tentang Penyelenggaraan Kehutanan b. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 c. Peraturan Pemerintah Nomor 22 Tahun 2021 tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup **Means of Verification** a. RKUPH b. RKTPH 2025 c. Laporan RnD HPT Nursery & Plantation periode 2024 – 2025 d. Laporan Kegiatan Bulanan Monitoring dan Evaluasi Perlindungan dan Pengamanan Hutan Tahun 2024 – 2025 e. BA Training Fire Drill 2025 f. BA Training Fire Basec 2025 g. BA Safety Talk APAR 2025
Risk Rating justification	The protection of forest areas from fire, pests, and diseases is one of the important aspects emphasised by the Government of Indonesia to all forestry business operators. The supply base has incorporated forest protection components into the RKUPH and RKTPH, with implementation proven through regular patrols, monthly and periodic monitoring, and evaluation. The R&D team regularly issues Plant Pest and Disease (HPT) reports summarizing prevention and control in nurseries and planting blocks for each cultivated species (sengon & jabon). Until July 2025, no pest or disease outbreak has occurred. For sengon, the most common pests are white mealybugs (Planococcus sp.), followed by stem borers, termites, and root pathogens such as Fusarium sp., with severity levels below the 10% threshold. For jabon, the most common are leaf caterpillars (Hyblaea puera) and red root rot (Rigidoporus lignosus). Staff and field workers have received training on fire control, an essential competency to support forest ecosystem protection. The latest monitoring in July 2025 found no incidents of fire, encroachment, illegal logging, illegal mining, land claims, wildlife trade, firearm use, wildlife hunting, illegal settlements, or livestock grazing in the supply base. Probability is very unlikely (1) as shown by monitoring records and preventive measures. Severity moderate (2) if it ever occurs. Marked as low risk. **Implementation** - Implementasi rangkaian prosedur pencegahan & pengendalian karhutla, pemadaman karhutla,penanganan pasca karhutla - Monev HPT di persemaian dan petak RKT budidaya - Pelatihan pengendalian kebakaran untuk staff lapangan **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external) - Monev bulanan untuk perlindungan dan pengamanan hutan
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
2.2.12	Genetically modified trees shall not be used.
Supply Base Verifiers	**Regulatory framework** a. PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi b. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** Sertifikat hasil pengujian No. 5380/LB.070/H.6/08/2025 yang dikeluarkan oleh Balai Besar Perakitan dan Modernisasi Bioteknologi dan Sumber Daya Genetik Pertanian, Kementerian Pertanian (BRMP Biogen).
Risk Rating justification	The sengon trees used as raw material for wood pellets by the supply base are cultivated from seeds of various provenances, and the jabon trees are native to Mangoli, indicating local and natural genetic sources. The supply base can provide proof that the sengon and jabon seeds used in BST production are not genetically modified (non-GMO). This is supported by a non-GMO test certificate (No. 5380/LB.070/H.6/08/2025) issued by BRMP Biogen Laboratory, under the Ministry of Agriculture of the Republic of Indonesia. The test used PCR method with 35S primers. Results showed no DNA sequence amplification of the 35S promoter, confirming that the samples do not contain GMO material. The detection threshold and accuracy of the method are reliable. Probability is very unlikely (1), as proven by test results and procedures, severity moderate (2), if it ever occurs it could affect the species composition and ecological dynamic of the supply base. The test was conducted on 5 samples: - Jabon Merah (Anthocephalus macrophyllus) from Mangoli - Jabon Putih (Anthocephalus cadamba) from Mangoli - Sengon (Paraserianthes falcataria) from plus-tree in Mangoli - Sengon from West Java - Sengon from East Java **Implementation** Uji non-GMO metode PCR dengan primer 35S. **Oversight framework** - Internal audit - Annual surveillance audit SVLK & IFCC PEFC (external)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
3.1.1	LULUCF emissions shall be accounted for through one of the following routes: Route A Feedstock may be sourced from a country of origin which is party to the Paris Agreement, and which has submitted a Nationally Determined Contribution to the

	United Nations Framework Convention on Climate Change (UNFCCC) covering carbon emissions and removals from agriculture, forestry and land use which ensure the changes in carbon stock associated with biomass harvest are counted towards the country's commitment to reduce or limit greenhouse gas emissions, or Route B Feedstock may be sourced from a country of origin which is party to the Paris Agreement and has national or sub-national laws in place (developed in accordance with Article 5 of the Paris Agreement and applicable in the area of harvest), to conserve and enhance carbon stocks and sinks, and provided there is evidence that reported LULUCF-sector emissions do not exceed removals, or Route C Feedstock may be sourced from a Supply Base where an assessment demonstrates that both the carbon stock is stable, and the forests' capacity to act as a carbon sink is stable or increasing over the long term.
Supply Base Verifiers	**Regulatory framework** a. UNFCCC Paris Agreement b. SBP Standard V2 c. Pepres No. 98 Tahun 2021 tentang Penyelenggaraan Nilai Ekonomi Karbon untuk Pencapaian Target Kontribusi yang Ditetapkan Secara Nasional dan Pengendalian Emisi Gas Rumah Kaca dalam Pembangunan Nasional d. Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 12 Tahun 2024 tentang Penyelenggaraan Kontribusi yang Ditetapkan Secara Nasional dalam Penanganan Perubahan Iklim **MoV** Laporan Perhitungan Emisi GRK Sektor LULUCF di PT Kalpika Wanatama
Risk Rating justification	The supply base is located in Indonesia, one of the countries that has ratified the Paris Agreement and has developed its Nationally Determined Contribution (NDC). The supply base has conducted LULUCF (Land Use, Land-Use Change, and Forestry) emissions calculations based on the 2006 IPCC Guidelines (Volume 4) and Indonesia's 2nd Forest Reference Emission Level (FREL). The baseline period used is 1994–2003, as it is the closest to the SBP-recommended baseline period of 2000–2009. During the years 2004–2013, there was damage to the Landsat satellite, which made it impossible to identify land cover in the supply base area using satellite imagery. The calculation results show that the average carbon emissions in PT KW I & II (both in protected and cultivation areas) during the baseline period were 36,648 tons CO_2e and 36,030 tons CO_2e, respectively. Meanwhile, the average emissions for the years 2023–2025 in PT KW I & II increased to 63,972.84 tons CO_2e and 53,093.67 tons CO_2e, respectively. The complete analysis results can be found in the Land Cover and GHG Emissions Analysis Report (attached). **Implementation** Identification of emission sources and calculation of GHG emissions in the supply base area. **Oversight framework** Conduct periodic or annual monitoring of emissions data.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
3.2.1	All feedstock sourcing shall be consistent with either of these two options: Option A. Feedstock may be sourced from Supply Bases where an assessment of the Supply Base shows that the forest carbon stocks are stable or increasing, or Option B. Feedstock may be sourced, if the assessment shows that the forest carbon stocks are declining in the Supply Base, provided that the decline is due to natural processes (fire, pests etc.), and sourcing of feedstock has the aim to recover feedstock that would otherwise be lost or to assist regeneration.
Supply Base Verifiers	**Regulatory framework** a. SBP Standards V2 b. Pepres No. 98 Tahun 2021 tentang Penyelenggaraan Nilai Ekonomi Karbon untuk Pencapaian Target Kontribusi yang Ditetapkan Secara Nasional dan Pengendalian Emisi Gas Rumah Kaca dalam Pembangunan Nasional c. Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 12 Tahun 2024 tentang Penyelenggaraan Kontribusi yang Ditetapkan Secara Nasional dalam Penanganan Perubahan Iklim **Means of Verification** a. Laporan Pengelolaan Stok Karbon Tinggi (High Carbon Stock) b. Laporan pengelolaan HCS c. Laporan Emisi Gas Rumah Kaca Sektor LULUCF PT. KW
Risk Rating justification	Carbon stock assessment was carried out using Sentinel-2A satellite imagery analysis (2023 - 2025) covering PT KW I & II concessions. There are 7 land cover types identified: Secondary Dryland Forest, Plantation Forest, Old Shrub, Young Shrub, Plantation, Open Land, and Water Body. From 2023 to 2025, the average carbon stock in the protected areas of PT KW I and PT KW II was recorded at 1,174,502.17 tons CO_2e and 1,465,322.39 tons CO_2e, respectively. This indicates an increase in carbon stock compared to the initial condition at the start of intensive operations in 2023. The full analysis results are available in the Land Cover and GHG Emissions Analysis Report (attached). However, this calculation does not yet include other emission sources (fuel, fertilizer, pesticide use, waste, etc.), hence insufficient to demonstrate compliance with Indicator 3.2.1. The Supply Base reported that they are developing a more comprehensive GHG inventory. Probability: 2 as risk exists due to incomplete data, but mitigation is ongoing. Severity: 3 (high) – incomplete emissions reporting poses significant risk to compliance with carbon stock criteria. **Specified Risk.** **Implementation** - Pemetaan areal dengan stok karbon hutan tinggi (HCS) bersama dengan konsultan pihak ketiga di bulan Juli – September 2023 dengan output berupa High Carbon Stock Report PT KW I & II. - Penghitungan emisi PT. KW I & II dengan analisis citra satelit tahun 2023 – 2025. **Oversight framework** - Audit internal - Audit SVLK & PEFC (eksternal)

	- Laporan pengelolaan HCS
Risk Rating	Specified Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
3.2.2	Primary feedstock shall not be sourced from forest areas where site productivity is low and, according to local definitions or norms, the areas are classified as low-productive or difficult to regenerate.
Supply Base Verifiers	**Regulatory framework** PP 23 tahun 2021 tentang Penyelenggaraan Kehutanan **Means of Verification** Kajian Kesesuaian Pertumbuhan Jabon dan Sengon di PT. KW I & KW II
Risk Rating justification	Based on interviews, the Supply Base does not have any cultivation areas classified as low-productive or difficult to regenerate. Supporting studies, such as the Suitability Assessment for Jabon and Sengon Growth within PT. KW I & II, demonstrate that edaphic and climatic conditions in the Supply Base are highly favorable for adaptability, optimal growth, and natural regeneration potential of jabon and sengon. The current mean annual increment stands at 18.6 m3/ha/year. Furthermore, the company is currently conducting soil sampling tests across various RKT cultivation blocks to determine site class (site productivity classification), which is targeted to be completed by the end of 2025. This proactive approach ensures that feedstock sourcing avoids low-productive sites and aligns with the principles of sustainable forest management as required under Government Regulation No. 23/2021 on Forestry Implementation. **Implementation** Pelaksanaan desk study untuk kajian kesesuaian pertumbuhan jabon dan sengon serta pengujian sampel tanah dari blok RKT budidaya. **Oversight framework** Monev plantation quality assessment (PQA).
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
3.2.3	feedstock shall not be sourced from forest areas in the Supply Base which, according to local definitions or norms, are classified as having combined attributes of high carbon stocks and high conservation value (HCV).
Supply Base Verifiers	**Regulatory framework** PermenLHK No. 8 tahun 2021 tentang Tata Hutan Dan Penyusunan Rencana Pengelolaan Hutan, Serta Pemanfaatan Hutan di Hutan Lindung dan Hutan Produksi **Means of Verification** a. RKUPH & RKTPH

	b. Laporan penilaian nilai konservasi tinggi (HCV) & stok karbon tinggi (HCS) c. Penataan Areal Kerja (PL-IK-002) d. Penandaaan Batas Area Konservasi (FS-IK-001) e. Penanaman Area Konservasi (FS-IK-003) f. Prosedur Pengelolaan Area Nilai Konservasi Tinggi (FS-PK-001) g. Prosedur Pemantauan Area dengan Stok Karbon Tinggi (FS-PK-009) h. Laporan kegiatan monev microplanning PT. KW I & II
Risk Rating justification	The supply base has identified no-go areas where harvesting is prohibited. They also develop a tailored work plan for each individual compartment, called “microplanning”. Harvesting and replanting of jabon and sengon only take place within the cultivation area (Area Budidaya). HCV studies conducted in 2021 identified 3,536 ha of no-go areas within PT. KW I & II, and the supply base has issued a work instruction (FS-IK-001) for enrichment planting in conservation areas. HCS studies in 2023 resulted in an HCS Action Plan with periodic actions, which are used as a management basis by the Forest Sustainability team. he total identified area with high carbon stock in PT KW I and PT KW II is 2,856.79 hectares and 2,498.35 hectares, respectively. Reports on HCS management for 2023, 2024, and 2025 are available with no sign of damage or disruption observed. The risk of sourcing feedstock from HCV-HCS areas is Low because: (i) No-go areas are clearly mapped, (ii) Field operations are limited to designated cultivation areas, (iii) Specific work instructions and periodic HCS management actions are implemented, and (iv) Monitoring reports are consistently documented. **Implementation** - Penataan areal kerja untuk setiap RKT tahun berjalan, termasuk pemasangan papan nama/larangan/himbauan di area konservasi. - Pengelolaan kawasan konservasi (HCV & HCS) sesuai instruksi kerja FS-PK-001 dan FS-PK-009 dengan hasil berupa BA pelaksanaan lengkap beserta lampiran tally sheet hasil pengamatan flora dan fauna. Selain itu, pengayaan jenis di area konservasi diatur melalui instruksi kerja FS-IK-003. **Oversight framework** - Audit internal - Audit SVLK & PEFC (eksternal) - Laporan monitoring area konservasi
Risk Rating	Low Risk

Indonesia **Kabupaten Kepulauan Sula**	**Indicator**
3.3.1	Feedstock sourcing shall be in compliance with the principles of cascading use, high quality stem wood shall not be used as feedstock if it is in substantial demand for long-lived products in the Supply Base.
Supply Base Verifiers	**Regulatory framework** SBP Standard V2 **MoV** a. Kajian Kesesuaian Jabon Sebagai Bahan Baku Wood Pellet

	b. Kajian Kesesuaian Sengon Sebagai Bahan Baku Wood Pellet c. Rekapitulasi Laporan Hasil Penebangan (LHP) (dalam dokumen 'Rekap PSDH DR KW 1 & KW 2 Tahun 2025')
Risk Rating justification	PT. MTP utilises jabon and sengon as primary feedstock for wood pellet production, both in the form of logwood and residues (e.g., offcuts, trimmings, and rejected pieces) generated from plywood processing. Although the Supply Base (as per RKUPH) also harvests mixed hardwood species such as binuang, kenanga, kedondong hutan, mahang, gondal, merong, meranti merah, jambu-jambu, ketapang, and sukun hutan. These species are primarily allocated for plywood production due to their higher density and longer lifespan characteristics suitable for furniture and construction materials. The residues generated from binuang plywood processing are then used as secondary feedstock for wood pellet production, ensuring efficient use of all harvested materials and minimising waste. In practice, a visual quality selection is conducted during logwood reception by the TUK (Tata Usaha Kayu) team. Logs with small diameters (<20 cm), cracked or broken stems, or lengths not suitable for plywood production are segregated. Such materials—whether originating from jabon, sengon, or other harvested species under KW I and KW II classifications—are redirected for biomass (wood pellet) production instead of plywood manufacturing and marked as "low grade stemwood". This selection process ensures optimal material allocation according to quality specifications, supporting efficiency and sustainability within the production chain. **Implementation** Supply base melaksanakan kajian literatur mengenai kesesuaian kayu jabon dan sengon untuk produksi biomassa. Output berupa dokumen "Kajian Kesesuaian Jabon Putih dan Jabon Merah Sebagai Bahan Baku Wood Pellet" dan "Kajian Kesesuaian Sengon Sebagai Bahan Baku Wood Pellet". **Oversight framework** - Audit internal - Audit SVLK & PEFC (eksternal) - Dokumen keterlacakan kayu dari petak tebangan hingga ke pabrik
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.1.1	Freedom of association and the right to collective bargaining shall be respected in the workplace.
Supply Base Verifiers	**Regulatory frameworks** a. Undang-Undang No.21 tahun 2000 tentang Serikat Pekerja/Serikat Buruh b. Undang-Undang no.13 tahun 2003 tentang Ketenagakerjaan c. ILO Convention No.87 concerning Freedom of Association and Protection of the Right to Organise. **MoV** a. Peraturan Perusahaan PT Kalpika Wanatama periode 2025 - 2027

	b. Laporan Wajib Lapor Ketenagakerjaan di Perusahaan (WLKP) No. 97793.20240926.0001 c. Komitmen Terhadap Penepatan Konvensi ILO Laporan Keluhan Karyawan tahun 2025
Risk Rating justification	Law No. 21 of 2000 in Indonesia stipulates that "…in order to realize freedom of association, workers have the right to establish and develop trade/labor unions that are free, open, independent, democratic, and responsible." Globally, workers' freedom of association is guaranteed by ILO Conventions. At present, no labor union has been formed at the Supply Base. However, the company has committed to respecting ILO Conventions. Interviews with the HRD Division confirmed that employees have never been restricted from forming unions, although no initiative has yet been taken. The Company Regulations of PT Kalpika Wanatama (Chapter V) set out employees' rights and obligations, but do not specifically address freedom of association. For grievances and industrial relations disputes, the HRD Division facilitates settlement; if no agreement is reached, the process will continue in accordance with Indonesian labor regulations. **Implementation** Pembuatan Peraturan Perusahaan (masa berlaku 1 April 2025 – 31 Maret 2027) yang telah dilaporkan dan disahkan oleh Dinas Tenaga Kerja dan Transmigrasi Sofifi pada bulan April 2025. Pengesahan didokumentasikan melalui Keputusan Kepala Dinas Tenaga Kerja dan Transmigrasi Provinsi Maluku Utara No.560/256/DTT-MU/IV/2025. **Oversight framework** - Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan. - Audit SVLK & PEFC (eksternal) dan laporan ketidaksesuaian (CARs)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.1.2	Forced or compulsory labour shall not be used.
Supply Base Verifiers	**Regulatory frameworks** a. ILO Conventions 29 and 105 (Forced and Bonded Labour) b. Undang-Undang no.13 tahun 2003 tentang Ketenagakerjaan c. Undang-Undang no. 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja Menjadi Undang-Undang **MoV** a. Laporan Keluhan Karyawan tahun 2025 b. Peraturan Perusahaan PT Kalpika Wanatama periode 2025 - 2027 c. Laporan Wajib Lapor Ketenagakerjaan di Perusahaan (WLKP) No. 97793.20240926.0001 c. Komitmen Terhadap Penepatan Konvensi ILO
Risk Rating justification	Employers must understand the risks and dangers of forced labour. ILO

	Conventions No. 19 and 105 specifically regulate forced labour and bonded labour (slavery to pay debts). Indonesia ratified these conventions through Law No. 19 of 1999. The Company Regulations of PT Kalpika Wanatama provide detailed arrangements on: • Rights and obligations of employees • Wages • Welfare and social security • Working hours and rules • Rest time and annual leave. Checks on internal audit reports and employee grievance records found no cases of forced labour. News monitoring also showed no violations throughout the Supply Base chain. It can be concluded that the Supply Base respects employee welfare and guarantees their rights and freedoms. **Implementation** Pemberlakuan peraturan perusahaan. **Oversight Framework** - Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan. - Audit SVLK & PEFC (eksternal) dan laporan ketidaksesuaian (CARs)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.1.3	Child labour shall not be used.
Supply Base Verifiers	**Regulatory frameworks** a. Undang-Undang no.13 tahun 2003 tentang Ketenagakerjaan b. ILO Convention No.138 Concerning Minimum Age For Admission To Employment **MoV** a. Peraturan Perusahaan PT Kalpika Wanatama periode 2025 – 2027 b. Prosedur Recruitment HR 02-01 PT Kalpika Wanatama c. Prosedur Seleksi HR 02-02 PT Kalpika Wanatama d. Laporan Wajib Lapor Ketenagakerjaan di Perusahaan (WLKP) No. 97793.20240926.0001 e. Komitmen Terhadap Penepatan Konvensi ILO f. Laporan Keluhan Karyawan tahun 2025
Risk Rating justification	Indonesian Manpower Act No. 13 of 2003 (Article 68) stipulates that employers are prohibited from employing children, defined as individuals under 18 years of age. This differs from ILO Conventions, which permit employment for children above 15 years in non-hazardous work. According to the General Requirements for Employee Recruitment in the Company Regulations, the Supply Base does not employ workers under 18. Proof of age is verified through the submission of identity cards (KTP) and other personal data during recruitment. Interviews with the HRD Division confirmed compliance with this requirement. This marked as **Low Risk** since recruitment procedures strictly verify the minimum age requirement. **Implementation** Pelaksanaan rekrutmen karyawan mengacu pada Peraturan Perusahaan dan prosedur Recruitment HR-02-01.

	Oversight Framework - Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan. - Audit SVLK & PEFC (eksternal) dan laporan ketidaksesuaian (CARs)
Risk Rating	Low Risk

Indonesia **Kabupaten Kepulauan Sula**	**Indicator**
4.1.4	Workers shall not be discriminated in hiring, remuneration, access to training, promotion, termination or retirement.
Supply Base Verifiers	**Regulatory Framework** a. Undang-Undang no.13 tahun 2003 tentang Ketenagakerjaan b. Undang-Undang no. 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja Menjadi Undang-Undang **MoV** a. Peraturan Perusahaan PT Kalpika Wanatama periode 2025 – 2027 b. Laporan Wajib Lapor Ketenagakerjaan di Perusahaan (WLKP) No. 97793.20240926.0001 c. Komitmen Terhadap Anti Diskriminasi d. Komitmen Terhadap Penepatan Konvensi ILO e. Slip gaji karyawan lokal dan non-lokal, pria dan wanita (pada jabatan yang sama)
Risk Rating justification	Supply Base has issued a Commitment Againts Discrimination. The Company Regulations also explicitly prohibit discrimination in all aspects of employment: 1. Article 6 point 2 ensures equal opportunity in recruitment regardless of status, group, ethnicity, religion, gender, belief, or origin. 2. Article 11 point 3a ensures equal opportunities for career development, promotion, and grade advancement. 3. Article 14 point 1 guarantees fair wages and benefits. 4. Article 14 point 2 ensures equal training and development opportunities. 5. Article 14 point 9 explicitly prohibits discrimination based on ethnicity, religion, race, or gender. Payroll evidence from both local and non-local employees, as well as male and female workers in the same roles, shows equal treatment. **Implementation** - Pemberlakuan peraturan perusahaan - Penandatanganan Surat Perjanjian Kerja Karyawan **Oversight Framework** - Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan. - Audit SVLK & PEFC (eksternal) dan laporan ketidaksesuaian (CARs)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
4.1.5	Wages paid to workers shall meet or exceed the legal minimum wage or where there is no statutory minimum wage industry norms shall be met or exceeded
Supply Base Verifiers	**Regulatory Framework** Keputusan Gubernur Maluku Utara No. 626/KPTS/Mu/2024 tentang Penetapan Besaran Upah Minimum Provinsi (UMP) Provinsi Maluku Utara Tahun 2025 **MoV** a. Peraturan Perusahaan PT Kalpika Wanatama periode 2025 - 2027 b. Daftar slip gaji Karyawan c. SPK PKWT dan PKWTT
Risk Rating justification	Minimum wages in Indonesia are determined through provincial (UMP) and district/city (UMK) regulations. As the Supply Base is located in North Maluku Province, the applicable regulation is the North Maluku Governor's Decree No. 626/KPTS/Mu/2024 on the 2025 Provincial Minimum Wage (UMP), which is set at IDR 3,408,000 based on the Decent Living Needs (KHL) calculation. Payroll samples from both local and non-local workers, representing both genders, confirm that wages paid to employees—whether hired directly or through outsourcing—comply with or exceed the prevailing UMP. This commitment is also stated in the Company Regulation, Chapter VIII Article 20 point 4: "The lowest wage is set not less than the Minimum Wage stipulated by the Government of the Republic of Indonesia." Probability is very low (1) because compliance with minimum wage is well-documented through payroll records and aligned with provincial regulation and company policy. Severity is high (3) because if wages fall below the legal minimum, it would directly violate labor laws and create serious reputational, legal, and certification risks. **Implementation** Pengupahan pekerja minimum sesuai besaran UMP, yang dibuktikan melalui Surat Perjanjian Kerja (SPK) dan slip gaji. **Oversight framework** Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
4.1.6	Working hours shall comply with legal requirements.
Supply Base Verifiers	**Regulatory framework** a. Undang-Undang no. 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja Menjadi Undang-Undang b. Peraturan Pemerintah (PP) No. 35 Tahun 2021 **Means of Verification**

	a. Buku Peraturan Perusahaan periode 2025- 2027 b. Internal Memo Tata Tertib Jam Kerja SGM Operasional/Site tahun 2023 (masih berlaku)
Risk Rating justification	Working hours in Indonesia are regulated by Law No. 6 of 2023 on Job Creation, which specifies two schemes: - 7 working hours per day or 40 hours per week for a 6-day work week with 1 day off; - 8 working hours per day or 40 hours per week for a 5-day work week with 2 days off. The supply base has established company regulations in line with this law, stated in Chapter XI. In 2023, the HRGA division also issued an internal memo on Work Hours Regulations, which remains valid. Compliance with national law and internal company rules minimizes the likelihood of non-compliance (Probability 1). However, if violations occur, they may result in administrative sanctions or labor disputes, with moderate impact on operations and reputation (Severity 2). This indicator is marked as **Low Risk.** **Implementation** Pemberlakuan jam kerja karyawan dengan total waktu bekerja 40 jam seminggu dan 1 hari libur sesuai dengan dokumen berikut: - Peraturan Perusahaan Periode 2025 – 2027 - Internal Memo Tata Tertib Jam Kerja SGM Operasional/Site tahun 2023 (masih berlaku) **Oversight Framework** Ketidaksesuaian terhadap indikator ini dapat dipantau melalui Laporan Keluhan Karyawan.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.1.7	Workers shall have access to health care provisions, sickness benefits, retirement benefits, invalidity benefits, death benefits, and workers' compensation
Supply Base Verifiers	**Regulatory framework** a. Perpres Republik Indonesia no.82 tahun 2018 tentang Jaminan Kesehatan b. PP no. 49 tahun 2023 tentang Perubahan Kedua atas Peraturan Pemerintah no.44 tahun 2015 tentang Penyelenggaraan Program Jaminan Kecelakaan Kerja dan Jaminan Kematian **Means of Verification** a. Buku Peraturan Perusahaan periode 2025- 2027 b. Bukti kepesertaan BPJS Kesehatan, BPJS Ketenagakerjaan, dan bukti bayar iuran periode Juni dan Juli 2025
Risk Rating justification	Employers are obliged to register themselves and their workers with BPJS Kesehatan as mandated by Presidential Regulation No. 82 of 2018. In addition, Government Regulation No. 49 of 2023 regulates social security protection for participants who experience occupational risks. The Supply Base has complied with this requirement by registering all

	employees in BPJS Health and Employment schemes. Contributions are paid regularly, with payment evidence accessible up to June and July 2025. Company Regulations also set out detailed provisions on access to health care services, compensation in the event of contract termination or death, and benefits upon reaching retirement age **Implementation mechanism** - Pendaftaran keanggotaan BPJS Kesejatan dan Ketenagakerjaan serta pembayaran iuran secara tepat waktu. - Penandatanganan SPK PKWT dan PKWTT yang memuat hak karyawan terhadap jaminan sosial berupa BPJS Kesehatan dan BPJS Ketenagakerjaan. **Oversight framework** Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.1.8	Training shall be provided for all workers to allow them to implement the conditions set out in all elements of the SBP Standards relevant to their responsibilities.
Supply Base Verifiers	**Regulatory framework** SBP Standards V2.0 UU Ketenagakerjaan Nomor 13 Tahun 2003 tentang Ketenagakerjaan **Means of Verification** a. Sertifikat Awareness Training SBP Standard V2.0 (issued Maret 2025) b. Sertifikat Training GHG Inventory and Accounting (issued September 2025) c. Training Need Assessments PT. KW I & II tahun 2024 dan 2025 d. Prosedur Training HR-06-01
Risk Rating justification	The Supply Base conducted SBP training for its employees in **March 2025**. Each division nominated representatives to participate in the training, ensuring that operational adjustments relevant to their respective responsibilities can be implemented in line with SBP Standard V2.0. This approach facilitates cross-departmental awareness and capacity to comply with sustainability requirements. In addition to SBP training, the company also organised training on GHG inventory and accounting to support the calculation of greenhouse gas emissions and eventually set corporate-level emission reduction targets. For outsourced staff, not all vendors have yet received SBP training. This represents a remaining gap that will need to be addressed through future facilitation and capacity-building programs to ensure that all workers under the Supply Base, whether directly employed or outsourced, are trained consistently. Probability is medium (2) since internal staff have already been trained, but outsourced staff coverage is incomplete, creating potential inconsistencies in SBP implementation. Severity is medium (2) because while gaps exist, they

	are manageable through corrective actions and do not yet pose critical risks to compliance. **Implementation** - Divisi HR Supply Base memiliki prosedur HR-06-01 mengenai pelaksanaan training yang mengatur terkait analisis kebutuhan pelatihan bagi karyawan, tata cara pengajuan usulan training, hingga record riwayat pelatihan untuk setiap karyawan. - Training SBP dilakukan di bulan Maret 2025 dengan peserta yang tercatat dalam daftar hadir mewakili seluruh fungsi yang ada di perusahaan. Training GHG inventory and accounting diikuti oleh beberapa perwakilan dari Divisi Forest Environment, Planning, TUK, dan Corporate Sustainability. **Oversight Framework** Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.1.9	Mechanisms shall be in place for resolving grievances and disputes in the workplace.
Supply Base Verifiers	**Regulatory framework** ILO Examination of Grievances Recommendation, 1967 (No. 130) SBP Standard V2.0 **Means of Verification** a. Peraturan Perusahaan PT Kalpika Wanatama periode 2025 - 2027 b. Prosedur Penyelesaian Keluhan Internal Karyawan HR-01-01 PT Kalpika Wanatama c. Laporan Keluhan Karyawan tahun 2025
Risk Rating justification	Quoting the *Examination of Grievances Recommendation, 1967 (No. 130)*, the following general principles apply: (1) Every worker has the right to submit a grievance without suffering any prejudice as a result, and (2) any grievances should be examined through an effective procedure accessible to all workers. The Supply Base has developed a grievance and dispute resolution procedure (HR-01-01) since 2021. This procedure outlines how employee complaints are received, identified/clarified, and resolved. The Company Regulations (Chapter XIX) also specifically addresses the handling of complaints and disputes between employees/workers and the employer. The Human Resources Division (HRD) is designated as the responsible unit for ensuring fair and timely resolution of grievances. **Implementation** Penerapan sistem pelaporan keluhan/aduan karyawan melalui email, kotak saran dan juga secara langsung kepada Divisi HR. Keluhan /aduan akan diproses sesuai dengan alur yang ada pada Prosedur HR-01-01. **Oversight Framework** Pelaksanaan audit internal, laporan audit internal dan laporan keluhan karyawan.

Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	Indicator
4.1.10	Safeguards shall be put in place to protect the health and safety of workers by developing, communicating and implementing policies and procedures.
Supply Base Verifiers	**Regulatory Framework** a. UU Nomor 1 Tahun 1970 tentang Keselamatan Kerja b. UU Nomor 13 Tahun 2003 tentang Ketenagakerjaan **Means of Verification** a. Sistem Manajemen Keselamatan dan Kesehatan Kerja K3-PK-001 b. Health, Safety and Environment K3-PK-002 c. Investigasi Kecelakaan K3-PK-005 d. Penyediaan dan Pemeliharaan Alat Pelindung Diri K3-IK-001 e. Keselamatan dan Kesehatan Kerja K3-IK-002 f. Pelayanan Kesehatan Kerja K3-IK-003 g. Kesiapsiagaan Tanggap Darurat K3-IK-004 h. Komitmen terhadap Kesehatan dan keselamatan kerja i. Berita Acara HSE General Inspeksi kepada kontraktor
Risk Rating justification	The Supply Base has established a comprehensive set of procedures and work instructions to ensure Occupational Health and Safety (OHS) protection for its workers, including: OHS management system, accident investigation, provision and maintenance of PPE, etc. These procedures are aligned with and demonstrate compliance with Indonesian regulations, namely: Law No. 1/1970 on Occupational Safety and Law No. 13/2003 on Manpower. HIRADC based on the Law No. 1/1970 has been developed. Record of implementations of these procedures were also maintained. In 2024, there was an incident during harvesting in PT. KW II involving a logging truck, but no staff were injured. While in PT. KW I no incidents recorded since 2023. In addition, the Supply Base has issued a formal OHS commitment statement. We marked this indicator as **Low Risk.** **Implementation** - Pelaksanaan Safety Talk (safte briefing/induction) termasuk dengan kontraktor - Investigasi/inspeksi K3 - Penyediaan APD - pembentukan Panitiaa Pembina Keselamatan dan Kesehatan Kerja (P2K3). **Oversight Framework** - Berita Acara Safety Talk - HIRADC - SK Kepanitiaan P2K3 dan Laporan P2K3 - Laporan Inspeksi K3 - Laporan Pemberian APD kepada karyawan - Laporan Kecelakaan Kerja PT. KW II - Register Insiden PT. KW I

Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.2.1	Negative social and community impacts shall be identified and avoided.
Supply Base Verifiers	**Regulatory framework** a. PP 23 tahun 2021 tentang Penyelenggaraan Kehutanan b. KepmenLHK No. SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 tentang Standar dan Pedoman Pelaksanaan Sistem Verifikasi Legalitas dan Kelestarian c. Sistem Verifikasi Legalitas Kelestarian (SVLK) d. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. Studi Social Impact Assesment (SIA) b. Laporan Monev Kelola Sosial PT. KW I & II tahun 2024 – 2025 c. Laporan Monev Tahunan PADIATAPA d. Pelaksanaan PADIATAPA FP-PK-006 e. Kebijakan Terhadap Pelibatan Masyarakat f. Penangan Keluhan dari Para Pihak FP-IK-006
Risk Rating justification	Forestry business operations located in landscapes adjacent to villages and Indigenous communities have the potential to influence community relations with the surrounding forest ecosystem. Impacts may include positive effects, such as improved livelihoods through employment opportunities, but also negative effects, such as loss of land use rights, cultural heritage values, and environmental health. In 2021, the Supply Base conducted a Social Impact Assessment (SIA) to ensure environmental sustainability and community welfare. The SIA evaluated 5 components of social sustainability: (1) Human capital; (2) Natural capital; (3) Financial capital; (4) Social capital; and (5) Physical capital. The SIA report comprehensively addresses both positive and negative social impacts. Based on the findings, the Supply Base designed Social Management activities, which are monitored every 6 months to ensure negative impacts are mitigated. According to the 2024–2025 Social Management Monitoring and Evaluation (Monev) Report, activities realised include: (a) road repair assistance; (b) fuel support for ambulance services; and (c) donation of livestock for Eid al-Adha (Qurban). The Supply Base also has a policy regarding community engagement and procedures for handling complaints from parties (FP-IK-006), and conducted annual socialisation for RKT (annual business plan) along with FPIC process. **Implementation mechanism** Pelaksanaan kajian SIA, monitoring dan evaluasi Kelola Sosial tiap 6 bulan, dan apabila timbul keluhan dari para pihak maka akan ditangani sesuai **Oversight framework** Pelaksanaan audit internal, laporan audit internal dan laporan keluhan para pihak.

Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.2.2	Feedstock sourcing shall positively contribute to the local economy, including employment.
Supply Base Verifiers	**Regulatory framework** PP 23 tahun 2021 tentang Penyelenggaraan Kehutanan **Means of Verification** a. Perjanjian Kerjasama PT. KW II dengan Desa Leko Sula (No. 001/PK.KWII/XI/2023) b. Perjanjian Penjualan/ Penyediaan Logistik PT. KW I dengan Toko Ica Samuya tahun 2024
Risk Rating justification	Government Regulation No. 23 of 2021 on Forestry Administration states that forest utilization activities must aim to optimize forest products and services in a fair and sustainable manner for community welfare (Article 126). The regulation also requires business permit holders to cooperate with local cooperatives and establish partnerships with communities living in and around forests (Article 157). SVLK and PEFC IFCC standards also include specific indicators addressing the economic impacts of forestry business operations. Evidence of compliance with this indicator includes the Supply Base's cooperation with a community-based cocopeat producer in Leko Sula village for the supply of planting media for PT. KW II's nursery, which will also be extended to PT. KW I. At PT. KW I, cooperation has also been established with a local shop in Samuya village for logistics provision. In addition, in recruitment, local communities have equal opportunities with migrant workers, as stipulated in the recruitment procedure and Company Regulations. Thus we marked this indicator as **Low Risk.** **Implementation** Prosedur Rekrutmen yang menekankan kesetaraan kandidat yang berasal dari wilayah setempat (lokal) dan pendatang (non-lokal). Penandatanganan perjanjian kerjasama dengan usaha milik masyarakat lokal (i.e., cocopeat, penyediaan logistik). **Oversight framework** - Pelaksanaan audit internal, laporan audit internal dan monev Kelola Sosial tiap 6 bulan. - Audit SVLK & PEFC (eksternal)
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.2.3	Food, water supply or high conservation values (HCV) that are essential for the fulfilment of basic needs of communities shall be maintained or enhanced

Supply Base Verifiers	**Regulatory framework** a. PP 23 tahun 2021 tentang Penyelenggaraan Kehutanan b. Sistem Verifikasi Legalitas Kelestarian (SVLK) c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. Laporan penilaian nilai konservasi tinggi (NKT) b. Laporan pengelolaan kawasan lindung tahun 2021 – 2024 c. Prosedur Identifikasi dan Pemanfaatan Hasil Hutan Bukan Kayu FP-PK-008
Risk Rating justification	HCV areas have been identified through the HCV assessment conducted in 2021. Regular monitoring and evaluation activities are carried out as part of mitigation efforts to prevent disturbances to HCV areas, whether from natural factors or anthropogenic activities. The monitoring and management reports for conservation areas include: - Marking conservation areas, - Installation of boundary markers and signboards, - Monitoring and management of flora and fauna, - Rehabilitation planting within conservation areas, - Securing conservation areas, and - Conducting socialization for the local communities to raise awareness about conservation areas. Maintaining and enhancing these HCV areas is critical to safeguarding the availability of clean water, protecting soil fertility, ensuring food sources from forest ecosystems, and conserving biodiversity that supports community livelihoods. These efforts also preserve cultural values and local knowledge associated with forest resources, thereby directly supporting the fulfilment of basic needs for surrounding communities **Implementation** Pelaksanaan audit internal, laporan audit internal dan monev Kelola Sosial tiap 6 bulan. **Oversight Framework** Pengelolaan Kawasan Lindung dan laporan tahunannya.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.2.4	Legal, customary, and traditional tenure and use rights of Indigenous Peoples and local communities related to the Supply Base shall be identified, documented, and respected.
Supply Base Verifiers	**Regulatory framework** a. SBP Standard V2.0 b. Sistem Verifikasi Legalitas Kelestarian (SVLK) c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. Kajian SIA b. Komitmen Pengelolaan Hutan Lestari c. Kebijakan Pelibatan Masyarakat

Risk Rating justification	Based on document verification, the company has conducted a Social Impact Assessment (SIA). The assessment results confirmed that no Indigenous Peoples were identified within the Supply Base area. In addition, the company has established a policy commitment to sustainable forest management that explicitly recognizes and respects the rights of Indigenous Peoples and local communities. This includes a Community Engagement Policy that ensures meaningful participation and protection of tenure and use rights in alignment with national laws and international best practices. **Implementation** Kajian SIA **Oversight Framework** Monev Kelola Sosial dan laporannya secara periodic.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**
4.2.5	Mechanisms shall be in place for resolving grievances and disputes relating to tenure and use rights of the forest and other land management practices.
Supply Base Verifiers	**Regulatory framework** a. SBP Standard V2.0 b. Sistem Verifikasi Legalitas Kelestarian (SVLK) c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 **Means of Verification** a. SOP FP & Humas b. KWII_FP-IK-005 - Penyelesaian Konflik c. KWII_FP-IK-006 - Penanganan Keluhan dari para pihak d. KWII_FP-IK-010 - Mekanisme penyediaan informasi publik e. KWII_FP-PK-002 - Pengelolaan konflik f. KWII_FP-PK-009 - Pencegahan dan penanggulangan konflik Result
Risk Rating justification	The Supply Base has established mechanisms for handling grievances and conflicts related to tenure and land use rights. These mechanisms are supported by documented procedures and work instructions, covering community relations, prevention, and conflict management. This ensures that grievances are addressed fairly, transparently, and in accordance with applicable legal frameworks and company policies. **Implementation** Implementasi seluruh prosedur dan instruksi kerja yang tertera di atas. **Oversight framework** Summary keluhan para pihak.
Risk Rating	Low Risk

Indonesia Kabupaten Kepulauan Sula	**Indicator**

4.2.6	Where Indigenous Peoples' rights are identified in the Supply Base, and Free Prior and Informed Consent (FPIC) has not been achieved for the proposed and planned activities, a consultation and, if required, accommodation process shall be put in place.
Supply Base Verifiers	**Regulatory framework** a. SBP Standard V2.0 b. Sistem Verifikasi Legalitas Kelestarian (SVLK) c. Standar Pengelolaan Hutan Lestari PEFC IFCC ST 1001:2021 d. UN Declaration on the Rights of Indigenous Peoples (UNDRIP) **Means of Verification** a. Kajian SIA b. Laporan Monev PADIATAPA c. KWII_FP-PK-006 - PADIATAPA d. KWII_FP-PK-007 - Komunikasi e. SOP FP & Humas f. KWII_FP-IK-005 - Penyelesaian Konflik g. KWII_FP-IK-006 - Penanganan Keluhan dari para pihak h. KWII_FP-IK-010 - Mekanisme penyediaan informasi publik i. KWII_FP-PK-002 - Pengelolaan konflik j. KWII_FP-PK-009 - Pencegahan dan penanggulangan konflik
Risk Rating justification	Based on the Social Impact Assessment (SIA), no Indigenous Peoples have been identified within the Supply Base area. However, the company has already developed an FPIC framework as part of its commitment to sustainable forest management and community engagement. In addition, a conflict resolution mechanism is in place to mitigate potential disagreements and ensure that any consultation processes are conducted transparently, fairly, and in line with internationally recognized standards. **Implementation** Pelaksanaan kajian SIA. **Oversight Framework** Monev PADIATAPA dan Kelola Sosial.
Risk Rating	Low Risk

Indonesia **Kabupaten Kepulauan Sula**	**Indicator**
4.2.7	Designated cultural heritage sites shall be preserved.
Supply Base Verifiers	**Regulatory framework** SBP Standard V2.0 Undang-undang (UU) Nomor 11 Tahun 2010 tentang Cagar Budaya **Means of Verification** a. Laporan penilaian nilai konservasi tinggi (NKT) b. Kajian SIA
Risk Rating justification	Based on the SIA and HCV report, in the Supply Base area, no sites were found that have high cultural value, historical value, religious/sacred value, or that have been officially recognizsed by the national government and

	UNESCO. **Implementation:** N/A **Oversight framework:** N/A
Risk Rating	Low Risk

Annex 2: EU RED Supply Base Evaluation

Countries where EU RED Supply Base Evaluation is used	
Country	Indonesia
Area	Kabupaten Kepulauan Sula
Sustainable harvesting criteria 29(6)	
(i) The legality of harvesting operations	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	PT Mangole Timber Producers (PT MTP) are using two types of feedstocks for wood pellet production: **primary and secondary**. Both are derived from two fast-growing species—**jabon** (*Anthocephalus sp.*), **sengon** (*Albizia falcataria*), and mixed hardwood. The logs are entirely sourced from industrial forest concessions areas in Taliabu and Sula Islands Regency, which hold valid certification sustainable forest management and chain of custody from Indonesia's Timber Legality Assurance System and the Programme for the Endorsement of Forest Certification (PEFC CoC certificate number: ISE-PEFC-CoC-0002). In addition to producing wood pellets, PT MTP also manufactures plywood. The residue generated from this production process are utilised as secondary feedstock, optimizing resource use and minimizing waste. Harvesting operations within our supply base are conducted in accordance with a 10-year Business Work Plan (*Rencana Kerja Usaha* or RKU), complemented by Annual Work Plans (*Rencana Kerja Tahunan* or RKT), all of which are submitted to and approved by the Government of Indonesia. According to the available RKU documents, the two industrial forest concessions commenced operations at different times, with PT Kalpika Wanatama Unit I starting approximately five years earlier than Unit II. They also develop a tailored work plan for each individual compartment, called "microplanning". PT Kalpika Wanatama Unit I holds a Forest Timber Product Utilisation Business Permit for Plantation Forests (IUPHHK-HT). This permit is based on the Decree of the Minister of Forestry No. 268/Kpts-V/1992, which served as the foundation for granting the industrial plantation forest timber utilisation business license through Ministerial Decree No. SK.612/Menhut-II/2009. The permit was later updated by the Minister of Environment and Forestry Decree No. SK.1531/MENLHK/SETJEN/HPL.0/12/2021, dated December 31, 2021. The permit covers an area of 11,780 hectares located in Taliabu Island Regency, North Maluku Province. The forest boundary delineation in 2022 resulted in a definitive area of 11,792.75 hectares.

	PT Kalpika Wanatama Unit II holds a Forest Timber Product Utilisation Business Permit for Plantation Forests (IUPHHK-HT) based on the Decree of the Minister of Environment and Forestry No. 189/Kpts-II/1998, dated February 27, 1998. This license was subsequently renewed under the Business Licensing for Forest Utilisation (PBPH) Decree No. 1506/MENLHK/SETJEN/HPL.0/12/2021, covering an area of 11,242 hectares in the Sula Islands Regency, North Maluku Province. The forest boundary delineation in 2022 resulted in a definitive area of 10,904.37 hectares. The validity periods for the business work plans for each unit are as follows: 1. PT Kalpika Wanatama Unit I: 2018 until 2027 2. PT Kalpika Wanatama Unit II: 2023 until 2032 Forest management and business operations in Indonesia are governed by the Regulation of the Minister of Environment and Forestry Number 8 of 2021, which pertains to Forest Management, Forest Management Planning, and Forest Utilisation in both Protected and Production Forests. It applies to all forest management and business types across the country. As a result, the supply bases of PT MTP are seen as having the same risks and are treated as one scope (subscope is not applicable). Since 2013, Indonesia and the European Union (EU) have signed a Voluntary Partnership Agreement (VPA) as part of the Forest Law Enforcement, Governance, and Trade Action Plan (FLEGT).[1] This agreement ensures that the FLEGT license meets the requirements of the EU Timber Regulation (EU Regulation No. 995/2010). In November 2016, the Indonesian legal timber certification system known as SVLK was updated to become the FLEGT license. [2] The SVLK already includes a comprehensive due diligence process, which covers aspects such as information about the timber's origin, legality risk assessments, and mitigation measures for potential violations. The implementation of periodic audits by the Legality Verification Agency, along with the issuance of V-Legal documents, further supports the integrity of this process, ensuring that the traded timbers comply with EUTR requirements. PT MTP manages its supply base in strict adherence to standard operating procedures that emphasise: • Sustainable forest management, including soil protection and biodiversity conservation • Occupational health and safety for all workers • Mitigation of adverse social impacts, aligned with community and stakeholder engagement protocols These practices are subject to third-party audits as part of our ongoing certification commitments and internal assurance mechanisms, contributing to a fully traceable and legally verified biomass supply chain. [1] https://silk.menlhk.go.id/index.php/svlk/files/1/information-data

	[2] https://www.eeas.europa.eu/node/14827_en
(ii) Forest regeneration of harvested areas	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	As our feedstock is sourced from industrial forest plantations, forest regeneration does not occur naturally but is carried out through human intervention – systematic replanting. The harvesting cycle for both jabon (*Anthocephalus* sp.) and sengon (*Paraserianthes falcataria*) is approximately seven (7) years. All harvesting and replanting activities are carried out in accordance with the Annual Work Plan (Rencana Kerja Tahunan or RKT) approved by the Government of Indonesia. The designated harvesting method is clear felling (known as *Tebang Habis Permudaan Buatan* or THPB), followed by replanting under a fixed rotation cycle of about seven years for both tree species. For each harvested compartment, replanting is carried out in compliance with the Standard Operating Procedure (SOP) [document number: PT-IK-004], beginning with land preparation (no-burn approach is applied) prior to seedling planting. To ensure the availability of high-quality seedlings and successful regeneration, several nurseries have been established: with the following details: 1. PT Kalpika Wanatama Unit I - nursery A and B: 500,000 seedlings/year - nursery C: 1,500,000 seedlings/year 2. PT Kalpika Wanatama Unit II - temporary nursery: 300,000 seedlings/year - permanent nursery: 1,000,000 seedlings/year Post-planting maintenance includes fertilisation, manual weeding, and regular monitoring and control of pests and diseases, ensuring healthy and uniform plantation growth. Supply base has developed a Replanting Plan document which serves as a form of commitment from PT Kalpika Wanatama I & II to strengthen the sustainability of wood-based energy feedstock supply and support the achievement of SBP sustainability standards. This plan not only focuses on increasing seedling production capacity at the nursery level—projected to reach up to 2.6 million seedlings by the end of 2025—but also includes strengthening field planting systems, improving seedling growth rate and supporting infrastructure, and enhancing human resource competencies in the field of silviculture.
(iii) That areas designated by international or national law or by the relevant competent authority for nature protection purposes, including in wetlands, grasslands, heathland and peatlands, are protected with the aim of preserving biodiversity and preventing habitat destruction, unless evidence is provided that the harvesting of that raw material does not interfere with those nature protection purposes	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level

	☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The ecosystem types within our supply base consist of secondary dry forests (Indonesian: *hutan lahan kering sekunder*), with no wetlands or peatlands present. In 2022, we conducted a study to map High Conservation Value (HCV categories 1 to 6) areas within the supply base, including identification and categorisation of endemic flora and fauna in accordance with the following references: • Regulation of the Minister of Environment and Forestry No. P.106/2018 (Protected Plant and Animal Species) • CITES Appendices • IUCN Red List of Threatened Species The assessment of HCV areas 1 to 4 began with secondary data collection, followed by land cover mapping. To verify the accuracy of the maps, field verification was conducted using purposive sampling, allowing for re-interpretation where land cover differed from initial mapping results. The HCV 4 assessment was carried out by analysing spatial characteristics such as land use planning, land cover, topography, landscape features, and watersheds. Meanwhile, HCV 5 and 6 assessments were conducted through social and cultural surveys focusing on community dependence on natural resources in villages associated with the study area. The total areas of HCV identified for each supply base are as follows: 1. PT Kalpika Wanatama Unit I: 1,980.85 hectares, or 16.82% of the total concession area. 2. PT Kalpika Wanatama Unit II: 2,932.92 hectares, or 26.09% of the total concession area. We have attached maps of HCV areas in each supply base (see below), overlaid with the IUCN World Database on Protected Areas (WDPA). These maps show that our concession areas do not overlap with the WDPA. These designated HCV areas are protected from harvesting and other disruptive activities, in line with our commitment to responsible sourcing and nature protection objectives.

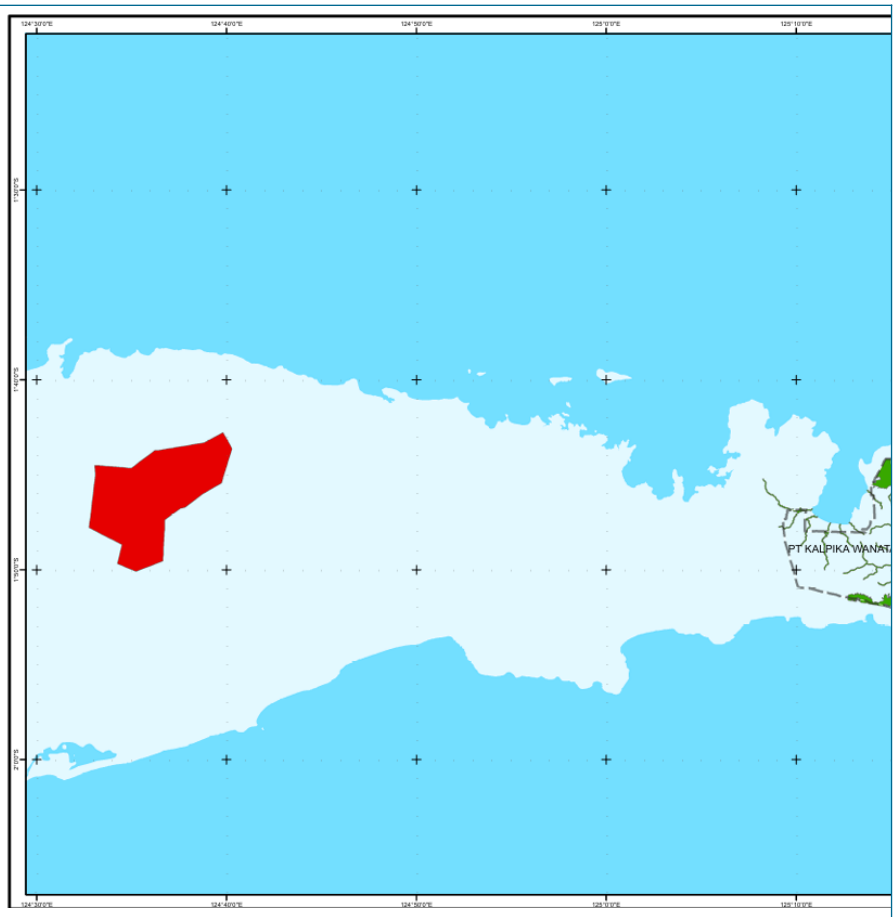

Figure 1. Map of HCV areas in PT Kalpika Wanatama Unit I overlaid with the IUCN World Database of Protected Areas (https://www.protectedplanet.net/country/IDN).

	 **Figure 2.** Map of HCV areas in PT Kalpika Wanatama Unit II overlaid with the IUCN World Database of Protected Areas (https://www.protectedplanet.net/country/IDN).
(iv) that harvesting is carried out considering the maintenance of soil quality and biodiversity in accordance with sustainable forest management principles, with the aim of preventing any adverse impact, in a way that avoids harvesting of stumps and roots, degradation of primary forests, and of old growth forests as defined in the country where the forest is located, or their conversion into plantation forests, and harvesting on vulnerable soils, that harvesting is carried out in compliance with maximum thresholds for large clear-cuts as defined in the country where the forest is located, and with locally and ecologically appropriate retention thresholds for deadwood extraction and that harvesting is carried out in compliance with requirements to use logging systems that minimise any adverse impact on soil quality, including soil compaction, and on biodiversity features and habitats	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	There are measures in place to ensure that soil quality and biodiversity within our supply base are protected. All harvesting operations are conducted in accordance with national regulations and environmental safeguards. We also ensure that the HCV protection areas in both supply bases (total area 4,913.77 hectares) will not be affected at all by any form of operational activities. The supply base enforces a Standard

	Operating Procedure on Reduced Impact Logging (RIL) [document number: HV-PK-003] to reduce the environmental impact of harvesting, ensuring that techniques used minimise soil disturbance and damage to residual vegetation. In planting activities, the supply base uses fertilisers and pesticides to support plant health and growth. An ecological impact analysis of the use of fertiliSers and pesticides containing various chemicals was then conducted to assess how soil and water in the forest ecosystem are affected. The results showed that fertilisation successfully increased pH and significantly reduced aluminium toxicity, as well as improved mineral content, base saturation, and organic matter, which collectively enhanced soil fertility and microbial activity. In aquatic environments, most water quality parameters in nearby rivers remained within the safe limits of Class II quality standards as stipulated in Government Regulation of the Republic of Indonesia No. 22 of 2021 concerning the Implementation of Environmental Protection and Management. In line with the Regulation of the Indonesian Minister of State for the Environment Number 45 of 2005, the supply base carried out biannual environmental monitoring through our Environmental Management and Monitoring Plans (RKL/RPL). These plans include: • Regular forest patrols • Monitoring of erosion, sedimentation, and soil fertility • Biodiversity tracking • Air quality and hazardous waste control • Detection of fire hotspots and other ecological risks These activities demonstrate the supply base's ongoing commitment to sustainable forest management and the continuous protection of forest ecosystems
(v) That harvesting maintains or improves the long-term production capacity of the forest.	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The supply base management practices adhere to Indonesia's national forestry regulations, Government Regulation No. 23 of 2021 about Forestry Management and its derivative regulation, namely the Regulation of the Minister of Environment and Forestry (MoEF) No. 8 of 2021 concerning Forest Administration, Preparation of Forest Management Plans, and Forest Utilisation in Protected Forests and Production Forests, as well as relevant sustainability standards, ensuring that forest productivity is sustained in the long run. The supply base manages jabon and sengon plantations with a 7-year rotation cycle. The total planting area within PT. KW Unit I & II is 10,281 hectares. Field monitoring data collected over three years of operation indicate that the mean annual increment (MAI) is 18.6 m³/ha/year. The

	ratio between average harvesting volume and Net Annual Increment (NAI) during the 2023–2025 period is 0.39, which demonstrates that current harvesting levels are within sustainable limits and compliant with SBP requirements. All harvesting activities are executed under a government-approved Annual Work Plan (RKT), which ensures a balanced approach between harvesting and replanting (annual allowable cut for [PT KW I & II is set out in each of their RKT). Although prolonged heavy rainfall caused delays in some areas, Replanting Plan is in place to catch up with remaining targets. In terrains with higher erosion risk—such as steep slopes—harvesting is carried out using modified techniques to minimise soil degradation, particularly during this year's extended wet season. The supply base conducted desk research on jabon and sengon, each highlighting the species' suitability with the site condition in their concession area (i.e., *Analisis Kesesuaian Pertumbuhan Jabon dan Sengon di PT KW I & II*). The supply base remains committed to accelerating replanting efforts and applying climate-resilient forestry practices to uphold the long-term productive capacity of our plantations and ensure the continuity of sustainable biomass supply.
(vi)[1] That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. *Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:* *(a)* ***primary forest*** *and other wooded land and* ***old growth forest,*** *namely forest and other wooded land of native species, where there is no clearly visible indication of human activity and the ecological processes are not significantly disturbed; and old growth forests as defined in the country where the forest is located. If there is no definition of* ***old growth forest*** *at the national level, then the following definition shall apply: A forest stand or area consisting of native tree species that have developed, predominantly through natural processes, structures and dynamics normally associated with late-seral developmental phases in primary or undisturbed forests of the same type. Signs of former human activities may be visible, but they are gradually disappearing or too limited to significantly disturb natural processes.*	
Type of Risk Assessment used	☐Level A – proof at national or sub-national level ☒Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Biomass is not sourced from lands converted from or located within the following restricted ecosystem types: primary forests, highly biodiverse forests, species-rich grasslands, heathlands, wetlands, and peatlands. Based on spatial analysis of land cover types, the supply base is predominantly composed of secondary dry forest and old shrubland. In the business work plan (RKU), the forest concession area is clearly divided into zones designated for cultivation and zones for conservation or protection (no-go areas, see table below). Biomass harvesting and wood extraction are strictly limited to the cultivation zones. Areas designated for protection (i.e.,HCV, HCS, logged over area/LoA) are actively managed through regular patrols and enrichment planting as part of assisted natural regeneration efforts.

	
(vi)[2] That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. *Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:* *(b) **highly biodiverse forest** and other wooded land which is species-rich and not degraded, and has been identified as being highly biodiverse by the relevant competent authority, unless evidence is provided that the production of that raw material did not interfere with those nature protection purposes.*	
Type of Risk Assessment used	☐Level A – proof at national or sub-national level ☒Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Biomass is not sourced from lands converted from or located within the following restricted ecosystem types: primary forests, highly biodiverse forests, species-rich grasslands, heathlands, wetlands, and peatlands. Based on spatial analysis of land cover types, the supply base is predominantly composed of secondary dry forest and old shrubland. In the business work plan (RKU), the forest concession area is clearly divided into zones designated for cultivation and zones for conservation or protection (no-go areas, see table below). Biomass harvesting and wood extraction are strictly limited to the cultivation zones. Areas designated for protection (i.e.,HCV, HCS, logged over area/LoA) are actively managed through regular patrols and enrichment planting as part of assisted natural regeneration efforts.
(vi)[3] That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. *Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:* *(d) **highly biodiverse grassland** spanning more than one hectare that is: (i) natural, namely grassland that would remain grassland in the absence of human intervention and that maintains the natural species composition and ecological characteristics and processes; or (ii) non-natural, namely grassland that would cease to be grassland in the absence of human intervention and that is species-rich and not degraded and has been identified as being highly biodiverse by the relevant competent authority, unless evidence is provided that the harvesting of the raw material is necessary to preserve its status as highly biodiverse grassland.*	
Type of Risk Assessment used	☐Level A – proof at national or sub-national level ☒Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Biomass is not sourced from lands converted from or located within the following restricted ecosystem types: primary forests, highly biodiverse forests, species-rich grasslands, heathlands, wetlands, and peatlands. Based on spatial analysis of land cover types, the supply base is predominantly composed of secondary dry forest and old shrubland. In the business work plan (RKU), the forest concession area is clearly divided into zones designated for cultivation and zones for conservation or protection (no-go areas, see table below). Biomass harvesting and wood extraction are strictly limited to the cultivation zones. Areas designated for protection (i.e.,HCV, HCS, logged over area/LoA) are actively managed through

	regular patrols and enrichment planting as part of assisted natural regeneration efforts.
(vi)[4] That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. *Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:* *(e)* ***heathland*** *- Biomass Producer shall use the official definition for Heathland used in the applicable feedstock origin country. In the absence of such a definition, then the following definition shall be applied: Vegetation with low and closed cover, dominated by bushes, shrubs, dwarf shrubs (heather, briars, broom, gorse, laburnum etc.) and herbaceous plants, forming a climax stage of development (Source: EU Copernicus).*	
Type of Risk Assessment used	☐Level A – proof at national or sub-national level ☒Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Biomass is not sourced from lands converted from or located within the following restricted ecosystem types: primary forests, highly biodiverse forests, species-rich grasslands, heathlands, wetlands, and peatlands. Based on spatial analysis of land cover types, the supply base is predominantly composed of secondary dry forest and old shrubland. In the business work plan (RKU), the forest concession area is clearly divided into zones designated for cultivation and zones for conservation or protection (no-go areas, see table below). Biomass harvesting and wood extraction are strictly limited to the cultivation zones. Areas designated for protection (i.e.,HCV, HCS, logged over area/LoA) are actively managed through regular patrols and enrichment planting as part of assisted natural regeneration efforts.
(vi)[5] That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. *Article 29 (4): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with high-carbon stock, namely land that had one of the following statuses in January 2008 and no longer has that status:* *(a)* ***wetlands,*** *namely land that is covered with or saturated by water permanently or for a significant part of the year (NOTE: Evidence of verification of wetlands should reflect seasonal changes within a year).*	
Type of Risk Assessment used	☐Level A – proof at national or sub-national level ☒Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Biomass is not sourced from lands converted from or located within the following restricted ecosystem types: primary forests, highly biodiverse forests, species-rich grasslands, heathlands, wetlands, and peatlands. Based on spatial analysis of land cover types, the supply base is predominantly composed of secondary dry forest and old shrubland. In the business work plan (RKU), the forest concession area is clearly divided into zones designated for cultivation and zones for conservation or protection (no-go areas, see table below). Biomass harvesting and wood extraction are strictly limited to the cultivation zones. Areas designated for protection (i.e.,HCV, HCS, logged over area/LoA) are actively managed through

	regular patrols and enrichment planting as part of assisted natural regeneration efforts.
(vi)[6] That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. *Article 29 (5): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land that was **peatland** in January 2008, unless evidence is provided that the cultivation and harvesting of that raw material does not involve drainage of previously undrained soil. For a peatland that was partially drained in January 2008, a subsequent deeper drainage, affecting soil that was not fully drained, would constitute a breach of the criterion.*	
Type of Risk Assessment used	☐Level A – proof at national or sub-national level ☒Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Biomass is not sourced from lands converted from or located within the following restricted ecosystem types: primary forests, highly biodiverse forests, species-rich grasslands, heathlands, wetlands, and peatlands. Based on spatial analysis of land cover types, the supply base is predominantly composed of secondary dry forest and old shrubland. In the business work plan (RKU), the forest concession area is clearly divided into zones designated for cultivation and zones for conservation or protection (no-go areas, see table below). Biomass harvesting and wood extraction are strictly limited to the cultivation zones. Areas designated for protection (i.e.,HCV, HCS, logged over area/LoA) are actively managed through regular patrols and enrichment planting as part of assisted natural regeneration efforts.
(vii) that installations producing biomass fuels from forest biomass, issue a statement of assurance, underpinned by company-level internal processes, for the purpose of the audits conducted pursuant to Article 30(3), that the forest biomass is not sourced from the lands referred to in point (vi).	
Type of Risk Assessment used	☒Level A – proof at national or sub-national level ☐Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	*Not applicable, requirement only applies to Level A*

LULUCF criteria 29(7)	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Indonesia is a signatory to the Paris Agreement and submitted its first Nationally Determined Contribution (NDC) in 2016. This document was later updated in 2022 as the Enhanced NDC, with unconditional and conditional emission reduction targets of 31.89% and 43.2%, respectively. The NDC covers emissions from five sectors, including Forestry and Other Land Uses (FOLU), which has the highest emission

	reduction targets—17.4% (unconditional) and 25.4% (conditional). To support these commitments, Indonesia launched the FOLU Net Sink 2030 roadmap in the same year. This initiative aims to achieve up to 60% of the unconditional NDC target through emission reductions in the FOLU sector, primarily by enhancing carbon sequestration and reducing forest degradation. The supply base operations are aligned with national climate policy and relevant regulatory frameworks, particularly the Regulation of the Minister of Environment and Forestry (MoEF) No. 8 of 2021, which governs forest administration, planning, and utilisation in protection and production forests. Compliance with this regulation, along with adherence to recognised sustainability standards, supports Indonesia's broader ambition to become a FOLU Net Sink by 2030. The supply base has also issued a GHG emission report specifically for LULUCF sector. hese efforts are further strengthened by the group-level commitment to sustainability, which provides strategic oversight and ensures alignment across all business units. As part of its long-term decarbonisation strategy, Samko Timber's Sustainability Vision 2030 sets out clear commitments to climate action, forest resilience, and circular production models. A key objective of this vision is to ensure that all group operations—including the production of wood pellets and engineered wood products—actively support the global transition to a low-carbon economy, while safeguarding the long-term productivity and ecological integrity of the forest supply base.

Annex 2a: EU RED II Supply Base Evaluation

Annex 3: SBP Processing residues and/or Post-consumer feedstock requirements

☐ Not Applicable (Processing Residues and/or post-consumer feedstock not used)

Verification and monitoring of suppliers

The verification process for the plywood production area has been conducted to ensure that all residues generated within the unit are properly identified, managed, and verified in accordance with the applicable sustainability requirements. The verification was carried out based on the “MTP-218 Procedure on Handling and Utilisation of Residues,” which establishes the steps and responsibilities for assessing the origin, type, and traceability of production residues. The results and self-declaration from the verification activities are documented in the “Laporan Verifikasi Pengolahan Residu.”

This verification was performed following the principles of SBP Standard 2 Annexe 1, ensuring that the evaluation covered legality, traceability, and sustainability aspects of the residue feedstock. The verification confirmed that the applied system meets the requirements for data accuracy, documentation, and evidence control as defined under the standard.

As part of the process, evidence from the field verification report on residue areas was reviewed and validated to confirm conformity in material handling and recordkeeping. The results verified that residues from the plywood production process are traceable and consistent with their defined sources. These residues (i.e., log core, log end, and veneer) are identified as by-products of plywood manufacturing and classified as eligible feedstock for biomass (wood pellet) production.

Feedstock inspection and classification upon receipt

Documentary evidence is maintained to demonstrate compliance, including *nota timbang* (weighbridge tickets). Since the processing residues originate internally from PT. MTP’s plywood operations, the material flow is documented through a formal statement of transfer without sale, supplemented by delivery and weighbridge records between the plywood and biomass production units.

Supplier audit for processing residues and post-consumer feedstock

The internal audit checklist covering compliance in the plywood production area has been completed (MTP-40105, see attachments). This internal audit ensures that the management system, operational procedures, and material handling processes in the plywood unit align with SBP requirements, particularly regarding the generation and transfer of processing residues. The results are documented and kept as part of the company’s due diligence system to demonstrate continuous conformity and preparedness for external verification.

The annual audit for the plywood production area is planned to take place simultaneously with the biomass production unit audit, with both scheduled once per year. This integrated approach ensures consistency in oversight and verification across units under the same company umbrella, while also streamlining the audit process for efficiency.

Annex 4: EU RED detailed findings for Trees Outside Forest (TOF) feedstock

NOTE: For "Trees outside forests (TOF) – Urban and landscape feedstock" no EU RED sustainability requirements apply, only the GHG savings criteria apply (SBP EU RED Bridging ID v2.0 Section 1.1). The land use category in this case is neither forest land nor agricultural land. For "Trees outside forests (TOF) – Agricultural land feedstock" the applicable criteria are Article 29 paragraphs (2)-(5).

Not Applicable (RED II TOF not included)

Annex 4a: RED II detailed findings for Trees Outside Forest (TOF) feedstock

NOTE: For "Trees outside forests (TOF) – Urban and landscape feedstock" no REDII sustainability requirements apply, only the GHG savings criteria apply (SBP REDII Bridging ID Section 4.2). The land use category in this case is neither forest land nor agricultural land. For "Trees outside forests (TOF) – Agricultural land feedstock" the applicable criteria are Article 29 paragraphs (2)-(5).