



## **Sustainable Forest Partnership Program Policy**

003/OAK/CL/2025

### **1. Program Overview**

The Sustainable Forest Partnership Program (“**SFPP**”) is a key component of PT. OAK Alam Kreasi (“**OAK**”)’s Sustainability Strategy, designed to ensure that materials used in OAK’s products are sourced from certified legal and sustainable forests implementing best practices. The program aims to promote and encourage best practices in Sustainable Forest Management (SFM) among forest partners and suppliers, including reaching the equivalent of voluntary international SFM standards.

The SFPP encourages better land use that balances sustainable timber production with conservation and access for community livelihoods:

- The SFPP reduces emissions from deforestation and degradation through the adoption of High Conservation Value Approach (HVCA), Reduced Impact Logging (RIL), and by adhering to OAK’s No Deforestation, No Peat, and No Exploitation (NDPE) Commitment. The SFPP is designed to improve local livelihoods by promoting Free, Prior, and Informed Consent (FPIC), including access to forest livelihoods, fair benefit-sharing agreements, and through commitments to gender equality.

A long-term objective of the SFPP is to increase the number of qualified Suppliers participating in the program and, over time, to prioritize and scale sourcing of raw materials from SFPP partners as a core part of OAK’s Sustainable Source policy.

### **2. Program Management**

#### **2.1 Program Owners**

- The program is owned and managed by the OAK’s ESG Unit and implemented together with cross-functional teams from Supply Chain, Log Procurement, and Natural Forest Management.

#### **2.2 Oversight and Support**

- The program will be supported and overseen by the OAK’s Governance, including the ESG Committee and Sustainable Source Sub-Committee.

### **3. Key Components**

#### **3.1 Verification and Approval**

- All SFPP suppliers must undergo an annual verification process to qualify as OAK’s Certified SFPP Suppliers.



- Verification will be completed by the Log Procurement team based on compliance with and performance against key SFM criteria. 100% compliance with SVLK and PHPL certification is mandatory.

### **3.2 Required Documentation**

- Forest partners and suppliers must submit the following documents for assessment and verification:
  - Concession license
  - SFM certificates (Mandatory Indonesian SFM standard "PHPL" or Voluntary FSC or PEFC standard if available) and Audit Result
  - Timber legality certification (SVLK)
  - GIS Shapefiles
  - High Conservation Value (HCV) assessment
  - List of local communities and engagement

### **3.3 Implementation**

- Suppliers will be categorized into four onboarding tracks based on their existing sustainability initiatives and readiness, with each track receiving tailored support and timelines to meet SFPP objectives.
- OAK and its partners will provide Technical Assistance (TA) support to suppliers based on their assigned track, with a focus on capacity building in HCV, RIL, FPIC, and gender inclusivity.
- Standard Operating Procedures (SOPs) and monitoring frameworks for HCV, RIL, and social safeguards are currently under development and will be shared progressively with suppliers participating in the SFPP.
- SFPP participation will include periodic field verification and ongoing Monitoring, Reporting, and Verification (MRV) to assess supplier progress against SFPP KPIs and OAK's NDPE commitment.
- Non-compliance with SFPP obligations or failure to make sufficient progress may result in temporary suspension or removal from the program, subject to review by the SFPP committee.
- Suppliers demonstrating strong adherence to RIL practices may be eligible to participate in future RIL-C initiatives, with potential access to carbon finance.
- Participation in the SFPP may enhance supplier eligibility for impact-aligned financing mechanisms supported by OAK and its strategic partners.
- The SFPP will be implemented in phases with biannual onboarding rounds and progressive verification milestones to track supplier alignment with program standards.



#### **4. Traceability and Transparency**

- The program ensures strong traceability and transparency across OAK's supply chain.
- Stakeholders will have access to information on the environmental impact and benefits of OAK's material acquisition from certified forests.
- All timber procured must align with OAK's NDPE Commitment. OAK will conduct monitoring and reporting of NDPE implementation.
- Metrics will include the number of hectares conserved, highlighting high conservation value areas and biodiversity conservation efforts, local communities engaged and processes entered into, etc.
- Spatial analyses and visualization of land cover, HCV areas, and near-real time deforestation alerts (i.e., RADD, GLAD, etc.) and forest fire alerts (i.e., FIRMS).

#### **5. Stakeholder Engagement**

- OAK will engage with stakeholders to enhance understanding and visualization of the sustainable impact of material acquisition.
- Stakeholders will be informed about the conservation of fragile ecosystems and biodiversity through responsible timber sourcing.
- OAK will work to ensure stakeholders implement proper engagement with indigenous people and local communities living in and around their work area, including (but not limited to) obtaining Free, Prior, and Informed Consent, clear benefit sharing (per Governor's regulations), participatory mapping, etc.
- OAK will work with stakeholders to develop and implement a grievance mechanism with transparent processes for filing grievances, mitigation, and mediation.

#### **6. Technical Support**

- OAK has developed and is seeking partnerships with development finance institutions, international NGOs, or donors to support the program.
- Blended financing models will be explored to assist forest partners in achieving best SFM practices, including HCV assessments, RIL-implementation, and FPIC programs, through capacity building and training programs.

#### **7. Reporting and Monitoring**

- OAK commits to transparent monitoring and reporting on the program's progress.
- Regular reports will be shared with stakeholders, providing insights into the impact of the SFPP.



## **8. Collaboration Opportunities**

- OAK invites collaboration with partners to contribute to the framework, certifications, and transparent monitoring & reporting of the SFPP.

## **9. Continuous Improvement**

- The SFPP will undergo regular reviews and updates to align with evolving sustainability standards and best practices.

## **10. Implementation Timeline**

- The SFPP will be implemented immediately upon approval, with continuous improvement integrated into the program's structure.

By launching and implementing the Sustainable Forest Partnership Program, OAK Group aims to foster sustainable forest management practices, support conservation efforts, and ensure transparency across its supply chain, promoting a positive impact on the environment and society.

This regulation has been established by the Management of OAK as a guideline to be followed by all relevant parties. It may be reviewed and updated as necessary, in accordance with developments and conditions in the field. Therefore, it is issued to be properly understood and implemented.

On behalf of OAK Management  
**Andrew Sunarko**