SIPH Group Zero Deforestation Policy
March 2021

HCV (« High Conservation Value »)

High Conservation Values (HCVs) are important biological, ecological, social and cultural characteristics of our environment, such as endangered species, river banks or archaeological sites. The HCV approach is a three-step process in which HCVs are identified, managed and monitored to ensure their maintenance over time.

The following are the 6 HCV:

<table>
<thead>
<tr>
<th>HCV</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>HCV1: Species diversity</td>
<td>Concentrations of biological diversity, including endemic species and species rare, threatened or endangered, important globally, regionally or national.</td>
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<tr>
<td>HCV2: Landscape Scale Ecosystems and Mosaics</td>
<td>Vast ecosystems and the landscape scale mosaics, of global, regional or national importance, and which naturally support most species viable populations according to a natural pattern of distribution and abundance.</td>
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<tr>
<td>HCV3: Ecosystems and habitats</td>
<td>Rare, threatened ecosystems, habitats or refuges or endangered species</td>
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<tr>
<td>HCV4: Ecosystem services</td>
<td>Basic ecosystem services in critical situations, including protection of watersheds and soil erosion control and fragile slopes</td>
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<tr>
<td>HCV5: Need of communities</td>
<td>Fundamental resources and sites that satisfy basic needs of local communities or indigenous populations (for example livelihoods, health, nutrition, water, etc.), identified through a commitment with these communities or indigenous populations</td>
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<tr>
<td>HCV6: Cultural values</td>
<td>Sites, resources, habitats and landscapes of cultural, archaeological or historical at a global or national level, and / or of cultural, economic or religious importance / sacred for local communities or indigenous populations, identified through a commitment to these local communities or indigenous people.</td>
</tr>
</tbody>
</table>
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HCS (« High Carbon Stock »)

The HCS approach is a methodology used to distinguish forest areas that deserve protection from degraded areas that can be converted. The HCS approach uses a vegetation threshold between natural forest and degraded land based on six vegetation classifications:

1. High density forest
2. Medium density forest
3. Low density forest
4. Young forest in regeneration
5. Brushwood
6. Cleared land

These classifications are identified using remote sensing data and field measurements. A combination of scientific conservation factors are used to analyze the plots to define “viable forest areas”.

SIPH is committed to using both approaches before any decision to develop new land, by carrying out studies by independent consultants to identify HCV conservation areas and HCS forests. This also applies to all suppliers.

When HCV and HCS zones are present on our sites, we implement the following measures:

• The formulation of a management plan to manage and protect the HCV areas identified during the studies;
• For areas identified as HCV 1-4, the support includes an assessment of flora and fauna, and protective measures, in order to prevent illegal activities such as poaching, logging of forest trees, and bush fires.
• In areas of historic degradation, we undertake restoration activities to enhance the identified conservation values.