



AUDIT REPORT

Audited Organization

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Certificate

Certificate type	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multiple FMU	<input type="checkbox"/> Group	<input type="checkbox"/> SLIMF Group
Issue date	11. July 2013		Expire date	10. July 2018
FSC FM/COC certificate number	GFA-FM/COC-002384			
FSC License Code	FSC-C109614			
National FSC FM Standard for	Country		Version	
Generic GFA Standard, adapted for FM in	Country	Cambodia	Version	1.0
Further standards	Requirements for the use of FSC-Trademarks FSC-STD-50-001 V1-2			

Audit

Audit type	Pre-evaluation, Main Audit, Surveillance Audit, Re-Certification, Extra Audit
Audit date	01.– 02.06.2016
Report date	19.07.2016
Lead auditor	Martin Opitz
Qualification	M.Sc. Forestry, GFA FM/COC Lead Auditor since 2011

Table of contents

1.	SCOPE OF CERTIFICATION.....	4
2.	DESCRIPTION OF THE AREA INCLUDED IN THE SCOPE OF CERTIFICATION	4
3.	FOREST OPERATION	4
4.	CHANGES SINCE LAST EVALUATION	5
4.1	Changes of scope.....	5
4.2	Accidents in forest work since the last audit.....	5
4.3	Use of pesticides since the last audit	5
5.	EVALUATION PROCESS (PRE-EVALUATION)	5
6.	EVALUATION PROCESS (MAIN EVALUATION)	5
7.	EVALUATION PROCESS (SURVEILLANCE AUDITS)	5
7.1	Standards used.....	5
7.2	Sampling and Field Audit.....	6
7.2.1	List of FMUs selected for evaluation	6
7.2.2	Overall schedule with dates (for each FMU).....	6
7.2.3	Total of man-days required for the audit.....	7
7.2.4	Surveillance audit plan for the Forest Management Enterprise	7
7.3	Consultation with stakeholders / comments / complaints.....	7
8.	RESULTS OF THE PRE-EVALUATION.....	8
9.	RESULTS OF THE AUDIT	8
9.1	Findings by Principle and Criteria of FSC (Surveillance Audits)	8
9.2	Occurred difficulties during assessment.....	23
9.3	Chain of Custody	23
9.3.1	Integrated processing or trading activities	23
9.3.2	Tracking, tracing and identification of certified products	23
9.3.3	Balance of sold FSC products	23
9.3.4	Invoicing for FSC certified products.....	24
9.4	FSC trademark use	24
9.5	Forest enterprise strength and weaknesses	24
10.	IDENTIFIED NON-COMPLIANCES (PRE-EVALUATION)	24
11.	CORRECTIVE ACTION REQUESTS (CARS)	25
11.1	CARs from previous audits	25
11.2	CARs identified during the evaluation	27
11.2.1	Major CARs	28
11.2.2	Minor CARs	28
	Former Minor CAR 2016-01 was replaced by Observation 2016-03.....	28
11.2.3	Observations	29
12.	SUMMARY AND FURTHER PROCEDURE (PRE-EVALUATION)	30
13.	CERTIFICATION DECISION	30
13.1	Summary of audit.....	30
13.2	Certification recommendation by the auditor(s).....	30
14.	AGREEMENTS.....	30

15. ANNEX..... 30

1. Scope of Certification

Geographic location:	Latitude:	N/S	104 ° 08'		
	Longitude	E/W	11 ° 31'		
Forest zone:	boreal	temperate	subtropical	tropical	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Forest Type:	Natural	Plantation	Semi-natural and mixed plantation & natural forest		
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Tenure management:	Concession	Community	Private	Public	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Tenure ownership	Government	Community	Private	Public	Indigenous
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certified forest area:	Total area in ha:		Total number of FMUs :		
	7,896.11				
FMU numbers per size class:	<100 ha	100-1000 ha	1000-10.000 ha	> 10.000 ha	
	FMUs	FMUs	FMUs	1 FMUs	
Number of group members per size class:	<100 ha	100-1000 ha	1000-10.000 ha	> 10.000 ha	
	FMUs	FMUs	FMUs	1 FMUs	
AAF Class	Natural forest - Boreal:	ha	Plantations:	7,896.11 ha	
	SLIMF Boreal:	ha	SLIMF Plantations:		
	Natural forest - Community:	ha	Natural forest - Temperate:	ha	
	SLIMF Community:	ha	SLIMF Temperate:	ha	
	Natural forest - Conservation:	xxxxx ha	Natural forest - Tropical:	ha	
	SLIMF Conservation:	xxxxx ha	SLIMF Tropical:	ha	

Scope of certification	<i>Include Translation into local language, second row shall stay ...!</i>			
Scope of certification:	Forest management and trade of	Roundwood (logs)		
Nr.	Product type(s)*	Level*	Main output category	Species (Scientific names)
1	Roundwood (logs)	W1.1	FSC 100%	Tectona grandis
* Acc. to FSC Product Classification (FSC-STD-40-004 a)				

2. Description of the area included in the scope of certification

Not applicable in surveillance audit reports.

3. Forest operation

Not applicable in surveillance audit reports.

4. Changes since last evaluation

4.1 Changes of scope

Description of changes since last audit in accordance to FSC-STD-20-007-a (Chapters “Scope of Certification”, “Description of the area under the scope of certification” and Forest operation in main evaluation audit report):

The CEO has changed, no Nico Strydom is in charge instead of Wayne Burton

No changes since the last audit.

4.2 Accidents in forest work since the last audit

No serious/ fatal accidents occurred.

4.3 Use of pesticides since the last audit

No pesticides used.

Name of pesticide	Reason for application	Applied quantity	Frequency of use
Isopropylamine salt of glyphosate	Herbicide	9,215 l	<input checked="" type="checkbox"/> permanent <input type="checkbox"/> occasional
Acetic acid [(3,5,6-trichloro-2-pyridyl)Oxy]-2-butoxyethyl ester	Herbicide	250 ml	<input type="checkbox"/> permanent <input checked="" type="checkbox"/> occasional
Copper Oxichloride	Fungicide	1.1 kg	<input type="checkbox"/> permanent <input checked="" type="checkbox"/> occasional
Chlorpyrifos Ethyl 530g, Cypermethrin 55g	Insecticide	5.4 l	<input type="checkbox"/> permanent <input checked="" type="checkbox"/> occasional

Major CAR 2016-02:

Three HHPs (Acetic acid [(3,5,6-trichloro-2-pyridyl)Oxy]-2-butoxyethyl ester, Copper Oxichloride, Cypermethrin) have been applied without derogation. Three HHPs (Acetic acid [(3,5,6-trichloro-2-pyridyl)Oxy]-2-butoxyethyl ester, Copper Oxichloride, Cypermethrin) have been applied without derogation. The application was immediately stopped respective evidence provided.

Action has to be taken to prevent future incompliances in regards to highly hazardous pesticides.

If further application is wanted, derogation procedures in compliance with the standard have to be started.

5. Evaluation process (Pre-evaluation)

Not applicable in surveillance audit reports.

6. Evaluation process (Main evaluation)

Not applicable in surveillance audit reports.

7. Evaluation process (Surveillance audits)

7.1 Standards used

See Chapter „Scope of Certification“.

Explanation of any relevant modifications of the FSC Standard used in previous evaluations:

No changes since the last audit

7.2 Sampling and Field Audit

7.2.1 List of FMUs selected for evaluation

According to the procedures for sampling as stated in the GFA Auditors Handbook and according to FSC-STD-20-007 the following FMUs were selected for field visits:

List of selected FMUs:

All Not all, see below

n.a.

Justification for selection:

n.a.

7.2.2 Overall schedule with dates (for each FMU)

Date	Location	Thematic priorities on-site-audits	Remarks/Participants
01.06.2016	Field Office, Grandis Timber Concession Area	Opening meeting Presentation of auditors and GT key management staff Detailed planning of surveillance audit, check of documents Closing of CARs	Lina Hong, Sustainability officer Nico Strydom, CEO Grandis Timber Naek Phaerom, GLR manager Philipp Degens, Operation Manager Nith Chin, Local Auditor Martin Opitz, Lead Auditor
	Kraing Duong vialle, Raksmeay commune, Orail district	Interview with former kiln owners that agreed on destroying their charcoal kilns within the conservation area of Grandis Timber. Parts of the persons interviewed work at Grandis Timber as seasonal workers.	Nith Chin, Local Auditor Martin Opitz, Lead Auditor Major CAR 2016-02 HHPs applied.
	Nursery 2	Visit of nursery 2, Check of PPE and application of Chemicals, Check of new water treatment plant	Minor CAR 2016-03 Incomplete implementation of the monitoring schedule/system
02.06.2016	Plot: D1404	Teak clone trial 2012, poor development,	Participants, see above; Observation 2016-03 Due to poor development of Teak combined with repeated outbreaks of Hyblaea puera (teak defoliator) and unsuitable result of a soil examination and in the light of a better development of Acacia and Eucalypt, the man-
	C2002	Teak clone 2013, moderate development due to better soil conditions	
	C0204	Teak clone 2014, moderate development	
	C0302	Teak from seedlings, poor development	
	C0102	Acacia mangium hybrid, good development	
	C1105	Teak clone 2015, planted at the beginning of rainy season, promising development	

	C1201	Eucalypt 2015, good development	agement plan regarding species compositions is questioned.
	C2009	Acacia 2013, good development,	
	Grandis Timber office in Phnom Penh	Auditor meeting – drawing conclusions of the audit Closing meeting – CARs and observations	Lina Hong, Sustainability officer Nico Strydom, CEO Grandis Timber Naek Phaerom, GLR manager Nith Chin, Local Auditor Martin Opitz, Lead Auditor

7.2.3 Total of man-days required for the audit

	Pre-evaluation	Main audit	Surveillance audit
Stakeholder consultation	-	0.75	-
Document review	-	0.5	-
Field Audit	6	8	6
Report preparation	1.75	2	1.75
TOTAL (in working days)	7.75	9.25	7.75

7.2.4 Surveillance audit plan for the Forest Management Enterprise

Audit type	Date of evaluation	Audit duration in days	Sites/member FMU	Main focus
Pre- audit	2012 / June	4,25	all	Scoping document and field check of compliance of forest management operations with applicable FSC standards
Main audit	2013 / April	11,00	all	Detailed document and field check of compliance of forest management operations with applicable FSC standards
Surveillance 1	2014 / May	7,75	all	Contractors, environmental issues with teak plantations, performance of teak plantations, forest management practices (in particular pruning), work conditions of field workers
Surveillance 2	2015 / August	7,75	all	Performance of teak plantations, forest management practices work conditions of field worker, development strategy for conservation areas
Surveillance 3	2016 / June	7,75	all	Focus on following issues: Contractors, performance of teak plantations, development strategy for conservation areas
Surveillance 4	2017 / May	7,75	all	Species composition, handling of chemicals

7.3 Consultation with stakeholders / comments / complaints

There were neither comments nor complaints from stakeholders since the last audit.

During the audit, stakeholders may also be contacted and interviewed by the audit team. The auditors interviewed the following stakeholders:

- 3 households whose charcoal kilns have been destroyed within the conservation area.

The interviewed stakeholders did not submit comments requiring a formal reply within the framework of this audit report.

Principles & Criteria	Stakeholder Comments	Answers
Principle 1	-	-
Principle 2	-	-
Principle 3	-	-
Principle 4	-	-
Principle 5	-	-
Principle 6	-	-
Principle 7	-	-
Principle 8	-	-
Principle 9	-	-
Principle 10	-	-

8. Results of the pre-evaluation

Not applicable in surveillance audit reports.

9. Results of the audit

9.1 Findings by Principle and Criteria of FSC (Surveillance Audits)

The evaluation of forest management enterprises are based on indicators. Each identified non-compliance results in a Corrective Action Request (See also chapter "Corrective Action Requests (CARs)").

A detailed listing of the findings of the audit and field visits can be found in the overview below.

In case of group certification, the bellow listed findings refer to all evaluated FMUs unless otherwise specified.

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FM Audit Report



Principles and Criteria	Findings	CARs / Observations
Principle #1: Compliance with laws and FSC Principles		
1.1 Forest management shall respect all national and local laws and administrative requirements.	<p>Grandis Timber Ltd. is in full compliance with Cambodian Law and administrative requirements. Key areas of focus are Investment Law (Commercial Code), Labor Law, Land Law and Environmental Law.</p> <p>The management personnel interviewed during the audit demonstrated awareness of the legal context Grandis Timber Ltd. operates within.</p> <p>No conflicts between national laws and FSC P& C could be identified during the audit.</p>	
1.2 All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.	Not part of the audit	
1.3 The provisions of all binding international agreements such as CITES and Convention on Biological Diversity, shall be respected.	Grandis Timber Ltd. forest managers respect CITIES provisions, ITTA and the Convention on Biological Diversity.	
1.4 Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and the involved or affected parties.	<p>The persons interviewed did not notify of any contravention.</p> <p>No conflicts between national legislation and FSC P&C have been identified so far.</p>	
1.5 Forest management areas should be protected from illegal harvesting, settlement and other unauthorized activities.	<p>The company has a security policy ('Security Policy 9002') in place. This policy describes the company's position related to security within the concession area in general terms.</p> <p>Grandis Timber staff was trained with respect to security and is well aware of the company's policy. This could be sustained via interviews held during the onsite visit.</p> <p>Grandis Timber Ltd. has established checkpoints at the entrance roads to the forest concession. All visitors have to register and explain why they want to enter the area.</p>	

FM Audit Report



	<p>The boundaries between the land concession of Grandis Timber Ltd. and neighboring smallholder farmers are clearly marked.</p> <p>As consequence of the 2nd surveillance audit, 4 people were employed to patrol the conservation area and to identify any violation. The conservation staff was trained in the application of the Spatial Monitoring And Reporting Tool (SMART) by conservation international.</p> <p>All mentioned measures could be sustained during the onsite visit.</p>	
1.6 Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.	Not part of the audit	
Principle #2: Tenure and use rights and responsibilities		
2.1 Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or lease agreements) shall be demonstrated.	Grandis Timber Ltd. owns a 50-year contract for a land concession called 'Contract on the investment of Teak Tree Plantation' signed between the company and the Cambodian Ministry of Agriculture, Forestry and Fisheries. Thus, the land is property of the Cambodian State.	
2.2 Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.	<p>Grandis Timber Ltd. has conducted an 'Environmental and Social Impact Analysis' in the context of that there has been evaluated if there are any legal or customary tenure or use rights.</p> <p>Within the boundaries of the FMU there are farms occupied by villagers. As detailed in Grandis Timber's Land Tenure Policy 9008, persons who were occupying land when Grandis Timber took possession of the FMU, have not been relocated. These villagers have no legal title of enforceable rights to the land.</p> <p>At present the Government of Cambodia is conducted a survey across the land, commonly known as the "students-survey" assessing legal or customary tenure and developing a respective cadaster. The study is not yet officially accomplished. Grandis Timber support the study on its land, granting land use rights for the farmers claiming tenure rights. This was sustained via interviews with all stakeholders consulted during the onsite visit (see also Section 7.2.2).</p>	
2.3 Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights.	<p>See comments on P&C 2.2.</p> <p>A dispute resolution process is in place (Reference SOP 5022 Community Dispute Resolution Process). This process is focused on the resolution of land tenure related disputes, because they are the most frequent type of disputes in Cambodia. The process engages the village authorities. There are no serious disputes with the local community left. This was sustained via interviews with all stakeholders consulted during the onsite visit (see also Section 7.2).</p>	



Principle #3: Indigenous peoples' rights		
3.1 Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.	There are no communities of indigenous people or ethnic minorities within or near the land concession. The nearest community of Suoy ethnic minority, with a total national population of 1,833 persons is far away from the concession area (References: HCVF Identification Study).	
3.2 Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.	See comment to P&C 3.1.	
3.3 Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers.	See comment to P&C 3.1.	
3.4 Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations.	See comment to P&C 3.1.	
Principle #4: Community relations and worker's rights		
4.1 The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.	<p>Local people present the major part of the forest workers force. The company ensures that they have equal access to employment and training.</p> <p>Grandis Timber Ltd. provides a 6-week training program to all permanent staff entering from local communities, in particular forest workers. This was sustained via records (several records for the months February to July) checked onsite as well as via interviews (see section 7.2.2) during onsite visit.</p> <p>Grandis Timber Ltd. supports local communities in the context of a 'friendly and supportive neighborhood'. Support has been granted to local religious events, schools (materials) and maintenance of road infrastructure.</p>	

FM Audit Report



	<p>Recently a Sustainability Officer was employed whose scope of duties include the development of a rural development plan with emphasis of improving and strengthening the relationship to the adjacent communities respectively their livelihood. Future audits will have to assess the effectiveness of the program to be developed.</p> <p>Contractors are obliged to pay a fair wage, which exceed all legal requirements. Respective contracts are available.</p>	
<p>4.2 Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.</p>	<p>The company's managers are aware of national and international (ILO) guidelines regarding health and safety of staff.</p> <p>The company has developed a labor policy ('Labor Policy 9007') which is applied in practice.</p> <p>The risks of all work employed in the context of teak reforestation and management is analyzed and protective measures are described in different procedures ('Labor Policy 9007, SOP 4013 Occupational Health and Safety – Risk Quantifying').</p> <p>All permanent staff receives safety training for the task to fulfill, before entering into the job and after that at a regular period maintaining and improving related skills. This was sustained via interviews (see section 7.2.2) during onsite visit. All workers are provided with safety equipment as demanded by ILO and national regulations.</p> <p>Employees' payment (wage) continues also in the case of severe accidents, which do not allow employees to continue working, this was sustained via interviews held with workers onsite.</p> <p>During onsite visit workers the nursery was controlled and the Personal Protection Equipment of the application of Chemicals controlled. Health and safety standards are fulfilled.</p>	
<p>4.3 The rights of workers to organize and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labor Organization (ILO).</p>	<p>In regard to its employees, Grandis Timber Ltd. acts in full compliance with Cambodian Labor Law and the ILO Conventions.</p> <p>Workers can contact their next superior to express their concerns or any other manager. They are also permitted to express their concerns in written form.</p> <p>The procedure SOP 5001 'Grievance Procedure' regulates how to handle grievance and disputes.</p> <p>All employees of Grandis Timber Ltd. sign written contracts (permanent staff) or are employed as seasonal workers without written contracts.</p>	
<p>4.4 Management planning and operations shall incorporate the results of evaluations of social impact.</p>	<p>At the local level, the company has established regular meetings with the village chiefs and neighboring smallholder farmers. This could be confirmed via various interviews during the last onsite visits.</p>	
<p>4.5 Appropriate mechanisms shall be employed for resolving grievances</p>	<p>Community issues are resolved through the process defined in a particular procedure (SOP 5022 Community Dispute Resolution Process). The application of the SOP 5022 could be confirmed onsite.</p>	

FM Audit Report



<p>and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples.</p>	<p>Neighboring communities have been informed and provided with a physical copy of the procedure and the complaints process has been explained to them. This could be confirmed via various interviews during the last visits (see also section 7.2.2).</p>	
<p>Principle #5: Benefits from the forest</p>		
<p>5.1 Forest management (FM) should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.</p>	<p>Grandis Timber Ltd. is a large-scale forestry investment, financed by Capricorn Forest Fund. Capricorn Forest Fund has contractually committed approximately US\$ 32 million investment into the project. There is an investment plan and a work plan for each year in place. The annual budget details all costs related to the investment. For the next years there will be no income as the project is within its investing phase. The investment plan and work plan were checked during the onsite visit.</p>	
<p>5.2 FM and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.</p>	<p>The company is at the establishment phase of a forestry plantation. At present, there are no products, which are harvested. At the earliest, in 10 years (2021) will be the first thinning, which will provide products.</p>	
<p>5.3 FM should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.</p>	<p>At present, there is no harvesting, as the company is at the implementation phase of a forestry plantation. At the earliest, in 10 years (2021) there will be the first thinning, which will provide products.</p>	
<p>5.4 FM should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.</p>	<p>Not part of the audit</p>	
<p>5.5 FM operations shall recognize, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.</p>	<p>Due to the topography (nearly flat terrain) of the FMU, there is minimal watershed impact. There are guidelines in place on how to protect watercourses (conservation areas), avoid erosion and minimize soil degradation (Reference: 'Master Plan'). Enhancement of the values of the forest plantation is supposed to occur through a series of measures (use of clones, pruning, thinning).</p>	

FM Audit Report



<p>5.6 The rate of harvest of forest products shall not exceed levels which can be permanently sustained.</p>	<p>All future prospects for the forestry investment are clearly stated within the 'Master Plan'. It is still too early to predict harvesting levels now (establishment phase of investment). See also Observation 2016-03.</p>	
<p>Principle #6: Environmental impact</p>		
<p>6.1 Assessment of environmental impacts shall be completed -- appropriate to the scale, intensity of FM and the uniqueness of the affected resources -- and adequately integrated into management systems.</p>	<p>Grandis Timber Ltd. has conducted an extensive 'Environmental Social Impact Assessment - ESIA' embracing all relevant aspects related to environmental dimensions. The planning in the context of the company's 'Master Plan' and operational work plans (yearly), are based on the findings and conclusions of the ESIA.</p>	
<p>6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g., nesting and feeding areas). Conservation zones and protection areas shall be established.</p>	<p>All potentially rare, endangered or threatened species and their habitats have been identified. In 2010 Grandis Timber Ltd. carried out a profound environmental and social impact study. At present, there are no rare, threatened and endangered species within the FMU (Reference: HCVF Area Identification Report and ESIA). Nonetheless, Grandis Timber Ltd. has signed a Memorandum of Understanding with the environmental NGO 'Conservation International – CI'. A total of 2,259 hectares, not including the riparian zones (686 ha of the area under the management of Grandis Timber Ltd. under the Concession Agreement) is set-aside as conservation area. Hunting and fishing is prohibited. Procedure SOP 7003 'Hunting, Grazing, Fishing and Gathering' is in place.</p>	
<p>6.3 Ecological functions and values shall be maintained intact, enhanced, or restored, including Forest regeneration and succession, Genetic, species, and ecosystem diversity, Natural cycles that affect the productivity of the forest ecosystem.</p>	<p>According to research results presented by Grandis Timber Ltd, teak seems to be appropriate to the natural conditions (soils, rainfall regime, climate) found in the area where the forest plantation is being established. Nevertheless the general suitability of teak for the natural conditions needs to be questioned. The performance of the teak planted is below expectation. According to the interviews held this is mainly due to the poor soil conditions and the lack of sufficient precipitation. A substantial soil examination that took place last year showed that 41% of the area is not suitable for teak. Although a second survey came to a more moderate result teak as main species needs to be questioned (See also Observation 2016-03) The harvesting system is not defined yet, as the project is still in its establishment phase. The establishment of teak, acacia and also eucalypt plantations varies in terms of compartment size. Compartments planted with teak also include small conservation areas (rocky areas, wet areas, riparian conservation zones,</p>	



	<p>small hills). There are also several trial plantations with a number of native and exotic species: Swietenia macrophylla, Khaya senegalensis, Afzelia xylocarpa, Dalbergia cochinchinensis, Terminalia alata and Pterocarpus macrocarpus.</p> <p>See also P&C 10.5.</p>	
6.4	<p>Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps.</p> <p>Samples of existing ecosystems within the concession area are maintained, as for instance:</p> <ul style="list-style-type: none"> • Riparian zones along water courses • Wet areas • Rocky areas <p>Small hills</p>	
6.5	<p>Written guidelines shall be prepared and implemented to: control erosion; minimize forest damage during harvesting, road construction; and protect water resources.</p> <p>No harvesting activities at present and for the next 10 years (thinning). Roads are being constructed during land clearing. Appropriate machinery is used (excavator, grader and roller). Road design is simple and appropriate. Procedure SOP 3031 'Road Construction and Maintenance' specifies all details regarding road construction and maintenance. Buffer zones (riparian zones) are established as conservation areas along watercourses (small rivers and creeks). There are two guidelines referring to the handling of oil spillages: The procedures SOP 3026 'Clearing, Burning and Plowing' and SOP 4011 'Hazardous Materials and Biological Waste'.</p>	
6.6	<p>Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides.</p> <p>Major CAR 2016-02: Three HHPs (Acetic acid [(3,5,6-trichloro-2-pyridyl)Oxy]-2-butoxyethyl ester, Copper Oxichloride, Cypermethrin) have been applied without derogation. The application shall immediately be stopped and, if further application is wanted, derogation procedures in compliance with the standard be started.</p> <p>Observation 2016-01: Chemicals (including trials) that are planned to be applied and whose active ingredients are listed in FSC-STD-30-001a EN FSC List of 'highly hazardous' pesticides are not allowed to be applied without derogation. During the onsite visit the PPE for chemical application was checked and found to comply with ILO standards.</p>	<p>Major CAR 2016-02 Observation 2016-01</p>
6.7	<p>Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in</p> <p>The procedure SOP 4011 'Hazardous Materials and Biological Waste' describes in detail how to handle chemicals, containers and other kinds of wastes.</p>	

FM Audit Report



<p>an environmentally appropriate manner.</p>	<p>There is responsible staff named for waste disposal. All stores of fuel and lubricant disposal are well designed in order to protect soils and water from pollution. They own extinguishers, oil-binding material (sand) and have a border at the entrance to avoid oil-runoff. This could be observed during the onsite visit.</p>	
<p>6.8 Use of biological control agents shall be documented, minimized, monitored and strictly controlled in accordance with national laws and internationally accepted scientific protocols. Use of genetically modified organisms shall be prohibited.</p>	<p>There are no biological control agents used. Grandis Timber Ltd. does not use genetically modified organisms.</p>	
<p>6.9 The use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts.</p>	<p>Not part of the audit</p>	
<p>6.10 Forest conversion to plantations or non-forest land uses shall not occur, except if it entails a very limited portion of the forest management unit; and does not occur on high conservation value forest areas; and will enable clear, substantial, additional, secure, long term conservation benefits across the forest management unit.</p>	<p>Not part of the audit</p>	
<p>Principle #7: Management plan</p>		
<p>7.1 The management plan and supporting documents shall provide a) Management objectives. b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands. c) Description of silvicultural and/or</p>	<p>Not part of the audit.</p>	



<p>other management system, based on the ecology of the forest in question and information gathered through resource inventories. d) Rationale for rate of annual harvest and species selection. e) Provisions for monitoring of forest growth and dynamics. f) Environmental safeguards based on environmental assessments. g) Plans for the identification and protection of rare, threatened and endangered species. h) Maps describing the forest resource base including protected areas, planned management activities and land ownership. i) Description and justification of harvesting techniques and equipment to be used.</p>		
<p>7.2 The management plan shall be periodically revised to incorporate the results of monitoring or new scientific information.</p>	<p>There is an annual review of the management plan for operational planning for the next year. There are also monthly operational plans.</p> <p>There is also a procedure describing the revision and adaptation process of the company's 'Standard Operating Procedures (SOP)'. At present a revision of the SOPs and the corresponding monitoring and system/scheme is taking place.</p>	
<p>7.3 Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plan.</p>	<p>All Grandis Timber Ltd. staff, including workers, are trained in basic ecological and technical aspects of the forest management task they fulfill. There is an initial 6-week training for new workers, which could be sustained via records (several records for the months January to May) checked onsite as well as via interviews (see section 7.2.2) during onsite visit.</p> <p>To special tasks, like herbicide use, workers are introduced by particular training (respective documentation was presented during the onsite visit).</p> <p>Each worker group has an assigned supervisor who controls permanently the work quality.</p> <p>Forest managers at a superior level control periodically supervisors and workers.</p> <p>The frequency of control is appropriate to the tasks – supervisors control forest workers at daily intervals.</p>	



<p>7.4 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1</p>	<p>Grandis Timber Ltd. provides the Master Plan on request as long as the company's website has not been established.</p>	
<p>Principle #8: Monitoring and assessment</p>		
<p>8.1 The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations as well as the relative complexity and fragility of the affected environment.</p>	<p>Grandis Timber Ltd. has identified several activities which require monitoring, for instance:</p> <ul style="list-style-type: none"> • Monitoring of seedlings produced in the nurseries. • Monitoring of planting. • Erosion monitoring system for identified areas and roadways. • Monitoring of contractors performance • Monitoring of tractor operations, Ripping and mounding • etc. <p>The internal monitoring schedule/system is not fully implemented as required. For the listed monitoring activities respective records could be presented only in parts, thus the implementation of the monitoring is incomplete. At present there is a revision of the SOPs/monitoring schedule/system ongoing (see also comment in 7.2).</p> <p>Minor CAR 2016-03: The current monitoring scheme/system is not fully implemented and at present under revision.</p> <p>Observation 2016-02: During the 4th surveillance audit the full implementation of the revised monitoring system shall be presented and discussed.</p>	<p>Minor CAR 2016-03 Observation 2016-02</p>
<p>8.2 FM should include the research and data collection needed to monitor, at a minimum, the following indicators: a) Yield of all forest products harvested. b) Growth rates, regeneration and condition of the forest. c) Composition and</p>	<p>No harvest at present.</p> <p>Standard growth models are applied for teak growth projections.</p> <p>The first teak plantation was established in 2010. This area is being monitored regarding plant health and vitality.</p>	

FM Audit Report



<p>observed changes in the flora and fauna. d) Environmental and social impacts of harvesting and other operations. e) Costs, productivity, and efficiency of forest management.</p>	<p>The conservation area is regularly (monthly) monitored by the companies security guards. Further the company has purchased a drone for monitoring (establishment of a baseline) as part of the new strategy for the enhancement of the conservation area.</p>	
<p>8.3 Documentation shall be provided by the forest manager to enable monitoring and certifying organizations to trace each forest product from its origin, a process known as the "chain of custody."</p>	<p>Currently no forest products. No use of the FSC trademark at present.</p>	
<p>8.4 The results of monitoring shall be incorporated into the implementation and revision of the management plan.</p>	<p>Observation 2016-03 At present there is an outbreak of Hyblaea puera, a teak defoliator that leads to a devastating loss of leaves. According to documents (Margules Groome/Boden and Associates/Paperbank Forestry Consulting) Grandis Timber is facing outbreaks since 2014 in a yearly routine with sometimes two outbreaks per year. It was recognizable, that the teak clones, which show better growth than the seedlings, are more affected. Further it needs to be stressed, that the general development of teak is poor, beyond expectations and far less promising than of Acacia or Eucalypt. This apparent observation is confirmed by soil examination results (see documents/companies mentioned above). At time of the audit a final decision regarding a potential shift of species composition due to the weak performance of teak was not yet taken, nevertheless a respective step needs to be reflected in a revision of the management plan/Masterplan. In order to comply with national registration requirements, a revised Masterplan needs to be registered.</p>	<p>Observation 2016-03</p>
<p>8.5 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators.</p>	<p>Not part of the audit.</p>	
<p>Principle #9: Maintenance of high conservation value forests (HCV)</p>		
<p>9.1 Assessment to determine the presence of the attributes consistent with HCV will be completed.</p>	<p>Grandis Timber Ltd. has conducted an extensive assessment of all high conservation values. The assessment has been sent to major stakeholders. The outcome of the assessment is that there are no HCVF in the FMU.</p>	

FM Audit Report



	<p>The HCVF assessment is documented and sources of information are referred to.</p> <p>No HCV are present in the FMU.</p>	
9.2 The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof.	No HCVF identified.	
9.3 The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes consistent with the precautionary approach.	No HCVF identified.	
9.4 Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.	No HCVF identified.	
Principle #10: Plantations		
10.1 The management objectives of the plantation, including natural forest conservation and restoration objectives, shall be explicitly stated in the management plan.	<p>The Master Plan describes the objectives of plantation management in detail.</p> <p>An extensive conservation area is protected and planned to be restored.</p> <p>Other degraded sites are reforested with teak and other species.</p>	
10.2 The design and layout of plantations should promote the protection, restoration and conservation of natural forests, and not increase pressures on natural forests.	<p>The area for planting is clearly demarcated on maps and in the field. Natural forests covering the adjacent conservation areas are maintained by protection and restoration measures.</p> <p>The Master Plan embraces the following aspects:</p> <ul style="list-style-type: none"> • Description of plantation design (mosaic of plantation and conservation plots). • Rationale and description of conservation areas, including riparian zones with corridor function. 	

FM Audit Report



	<p>The landscape of the concession area consists of totally degraded remnants of natural forest (no longer being defined as forest), wild grazing areas and small agricultural plots.</p> <p>The plantation will restore the totally degraded site.</p>	
10.3 Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability.	<p>Teak plantation compartments are of different size and interwoven with smaller and bigger conservation zones.</p> <p>According to the masterplan, the enterprise does only work with teak for commercial forest plantation, nevertheless Acacia as well as Eucalyptus is planted (see also Observation 2016-03).</p> <p>Other tree species will be planted in the conservation zones.</p>	
10.4 The selection of species for planting shall be based on their overall suitability for the site and their appropriateness to the management objectives.	<p>At present there is an outbreak of Hyblaea puera, a teak defoliator that leads to a devastating loss of leaves. It was recognizable, that the teak clones, which show better growth than the seedlings, are more affected. According to documents (Margules Groome/Boden and Associates/Paperbank Forestry Consulting) Grandis Timber is facing outbreaks since 2014 in a yearly routine with sometimes two outbreaks per year.</p> <p>Further it needs to be stressed, that the general development of teak is poor, beyond expectations and far less promising than of Acacia or Eucalypt. This apparent observation is confirmed by soil examination results (see documents mentioned above).</p> <p>See also Observation 2016-01</p>	
10.5 A proportion of the overall forest management area, appropriate to the scale of the plantation and to be determined in regional standards, shall be managed so as to restore the site to a natural forest cover.	<p>2,559 ha are managed primarily for conservation objectives.</p> <p>Grandis Timber Ltd. describes in the Master Plan the mechanisms for restoring the degraded parts of the conservation area.</p> <p>As result of the 2nd surveillance audit the company presented a documented strategy for the restoration of the conservation area. The strategy includes amongst others the employment of conservation staff, the regular patrolling in the conservation area, the mapping of charcoal kilns and the destruction of charcoal kilns in consent with its owners (see section 7.2.2) and the elaboration of a baseline based on areal pictures. For the areal pictures a drone was purchased and presented during the onsite visit.</p>	
10.6 Measures shall be taken to maintain or improve soil structure, fertility, and biological activity.	<p>Soils on the FMU are primarily of sandy composition and susceptible to nutrient leaching. This factor has been illustrated in the change of forest cover over the past 30 years on the site, in a large part due to regular (typically annual) fires, which results in a high loss rate of nitrogen stored in plant biomass during the combustion process, and the remaining nutrients are left in a highly stock soluble state (ash), which is very susceptible to leaching.</p> <p>Details of soils management plan are provided in the 'Master Plan'.</p> <p>Degraded land is planted with trees.</p>	

FM Audit Report



	The reforestation of the degraded land will improve the water retention capacity of the soils.	
10.7 Measures shall be taken to prevent and minimize outbreaks of pests, diseases, fire and invasive plant introductions. Integrated pest management shall form an essential part of the management plan, with primary reliance on prevention and biological control methods rather than chemical pesticides and fertilizers.	<p>Teak has limited susceptibility to diseases and pest. The primary issue is defoliants in the nursery environment.</p> <p>The company's Master Plan describes pest management in detail and there is also a Policy in place (9005).</p> <p>Fire is primarily controlled through regular disc plowing (annually during first 2 years) between the tree rows. Vines and other competitive plants are manually weeded as required.</p> <p>Observation 2016-04</p> <p>The integrated pest management shall be discussed in the light of the ongoing outbreaks of Hyblaea puera, a teak defoliator that leads to a devastating loss of leaves.</p>	Observation 2016-04
10.8 Monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts, in addition to those elements addressed in principles 8, 6 and 4. No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive, and do not have significant negative ecological impacts on other ecosystems.	Not part of the audit	
10.9 Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification.	Grandis Timber Ltd. has purchased the concession in 2009 and thus is not responsible for natural forest degradation and transformation in the past.	

n.a. = not applicable, criterion not applicable for evaluation.

9.2 Occurred difficulties during assessment

Description of issues that were hard to assess, for example, because of contradictory evidence or difficulty in interpreting the standard(s) in the field, and explanation of the conclusion reached:

No issues

9.3 Chain of Custody

9.3.1 Integrated processing or trading activities

Integrated processing or trading associated with the forest management enterprise must be inspected for compliance with the appropriate COC standard with a separate report required.

Integrated processing facilities or trading activities of wood from other sources are included in the scope:

Yes, see separate COC report in Annex.

No

9.3.2 Tracking, tracing and identification of certified products

A description of the internal chain-of-custody (COC) is necessary, since timber is sold from specific landings and/ or transported over longer distances, where a mix with products from non-certified sources might be possible. This applies especially in cases, where not all the forest areas in which the certificate holder is involved are included in the scope of certification (see Chapter Description of the area included in the scope of certification“).

The following applied control system ensures from the start that there is no risk of confusion between non- and certified activities:

Grandis Timber Ltd. is at the very beginning of its reforestation activities. Teak (*Tectona grandis*) is a relatively slow growing species. First thinning operations through which a product will be harvested that should be tracked through an internal CoC, will not be carried out before 2021 (10 years after having planted the first plots).

Thus, at this stage of forest plantation management it is not necessary to have an internal CoC system in place.

9.3.3 Balance of sold FSC products

Products sold with FSC Claim (only recertification and surveillance audits):

Yes No

An annual volume balance of sold products specifying product type, species and quantity has been provided by the forest management enterprise. In case of group certification the volumes are specified for each member:

Yes No, see “Corrective Action Requests”.

Overview on products sold as FSC certified since the last audit

Product Type (Nr.)*	Species (scientific name)	Amount in m ³	Comments
No sale of FSC certified wood (establishment stage of teak plantation)			

9.3.4 Invoicing for FSC certified products

The following elements are included in all trading documents having to do with FSC certified material sold as FSC certified and thus in compliance with the applicable FSC COC requirements:

Certificate registration code (GFA-FM/COC-002384):

Yes No, see "Corrective Action Requests".

"FSC 100%" claim:

Yes No, see "Corrective Action Requests".

9.4 FSC trademark use

The company shall submit any planned FSC trademark use to GFA (Email to logo@gfa-cert.com) for approval prior to publishing, printing and distribution.

The FSC trademark is not used.

The FSC trademark is used:

Segregation

Invoices, delivery documents

Stationary

Business cards

Web page

Others:

All FSC trademark use complies with FSC trademark standards and all GFA trademark approvals are obtained and documented:

Yes No, see "Corrective Action Requests".

9.5 Forest enterprise strength and weaknesses

As main strength points for the forest enterprise / the group are recognized:

- Well established and documented (e. g. Standard Operating Procedures) management system.
- Well qualified and experienced staff (Plantation Management Partners Pty Ltd.).
- Integration of FSC P&C into the Master Plan for forest management operations.
- A considerable area is designated for conservation purposes and planned to be enhanced by enrichment planting of native tree seedlings.
- Strong commitment to social responsibility related to the adjacent populations.
- Strong emphasis on training and improving skills and performance of not experiences forest workers.

As main weaknesses for the forest enterprise / the group are recognized:

See chapter "Corrective Action Requests (CARs)" / "Identified non-compliances".

10. Identified non-compliances (Pre-evaluation)

Not applicable in surveillance audit reports.

11. Corrective Action Requests (CARs)

According to the importance of the non-compliances with respect to scale and intensity of the forest operation, the corrective action requests are classified as Minor or Major.

„**Major Corrective Action Requests**“ (**Major CARs**) result from fundamental failures to achieve the objective of the relevant FSC requirements. Adequate corrective action needs to be implemented by the organization before a certificate can be issued or re-issued. If Major CARs are not complied with within the timeframe existing certificates shall be suspended according to the accredited FSC system.

„**Minor Corrective Action Requests**“ (**Minor CARs**) result from failures to achieve the objective of the relevant FSC requirements which are not considered to be fundamental. They do not inhibit the issuing or re-issuing of the certificate but adequate corrective actions needs to be implemented until the next surveillance audit. Otherwise Minor CARs are upgraded to Major CARs automatically. Repeated disregard leads to a suspension of the certificate

“**Observations**” do not influence the status of the certificate but identify the early stages of a problem which does not of itself constitute a non-compliance, but which may lead to a future non-compliance if not addressed by the client.

In the case of Major CARs the organization has to send evidence of both corrective and preventive actions to the GFA certification department within the given timeframe. In addition the organization shall keep the evidence available on site for the next audit. In the case of Minor CARs the organization has to keep evidence of corrective actions available on site for the next audit.

11.1 CARs from previous audits

Not applicable, no previous CARs open

Minor CAR 2015-01	
Scope of CAR :	<input type="checkbox"/> Forest Management Enterprise, resp. Group Entity <input type="checkbox"/> Group member(s):
FSC P & C	6.10 Conversion of natural forest into plantations or non-forest land uses within the forest management unit shall not occur, except in circumstances where conversion: <ol style="list-style-type: none"> entails a very limited portion of the forest management unit; and does not occur on high conservation value forest areas; and will enable clear, substantial, additional, secure, long term conservation benefits across the forest management unit.
Standard / Norm	GFA Generic FM Standard, adapted for Cambodia, version 1.0
Deviation / Explanation	In the conservation area, a clearing strip of 50 m width was conducted within the conservation area in order to connect future plantation area. Clear benefits for the conservation of the correspondent area could not be explained.
Corrective action	The company shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence. Evidence for implemented measures shall be sent to certification@gfa-group.de.
Timeframe	Till next audit, latest till 11.08.2016

Status:	fulfilled
Reason or next steps:	<p>Rout cause: Human failure</p> <p>Corrective action: The boundary demarcation strip of 50m width in the conservation area was left for natural regeneration. In the past five months the native vegetation has completely re-grown on the strip and is therefore not accessible by car as it used to be during 2015 FSC audit. Basic access to the area is now provided by a trail of minimal width (approximately 2m) which can be followed by motorbike. This trail is now used by Grandis security guards patrolling the conservation area</p> <p>Preventive action: The applicable procedure (SOP 3020 Bulldozer & Excavator Operation) has been updated to include FSC Criteria 6.10. Personnel involved have been retrained in regards to FSC Criteria 6.10.</p>

Minor CAR 2015-02	
Scope of CAR :	<input type="checkbox"/> Forest Management Enterprise, resp. Group Entity <input type="checkbox"/> Group member(s):
FSC P & C	10.5.2 A documented strategy (as part of the management plan) for the area to be restored to a natural forest is available and being implemented.
Standard / Norm	GFA Generic FM Standard, adapted for Cambodia, version 1.0
Deviation / Explanation	At present, no documented strategy for the restoration of the conservation area (management plan) is in place.
Corrective action	<p>The company shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</p> <p>Evidence for implemented measures shall be sent to certification@gfa-group.de.</p>
Timeframe	Till next audit, latest till 11.08.2016
Status:	fulfilled
Reason or next steps:	<p>Rout cause: Human failure</p> <p>Corrective action: A documented strategy for the conservation area was elaborated, presented and discussed during the onsite visit. The strategy includes amongst others the employment of conservation staff, the regular patrolling in the conservation area, the mapping of charcoal kilns and the destruction of charcoal kilns in consent with its owners (see section 7.2.2) and the elaboration of a baseline based on areal pictures. For the areal pictures a drone was purchased and presented during the onsite visit.</p> <p>Preventive action: N.a. a documented strategy is elaborated, future audits have to ensure the proper implementation.</p>

Minor CAR 2015-03	
Scope of CAR :	<input type="checkbox"/> Forest Management Enterprise, resp. Group Entity <input type="checkbox"/> Group member(s):
FSC P & C	1.5.2 Appropriate protective measures (e.g. signs, special personnel) to avoid occurrence of unauthorized activities are in place and implemented.
Standard / Norm	GFA Generic FM Standard, adapted for Cambodia, version 1.0
Deviation / Explanation	Within the protection area, illegal charcoal kilns could be detected. These could be observed along the road that leads through the protection area and that was cleared of vegetation (see also Minor CAR 2015-01). At present the kilns were recorded but no mitigation action was yet taken.
Corrective action	<p>The company shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</p> <p>Evidence for implemented measures shall be sent to certification@gfa-group.de.</p>
Timeframe	Till next audit, latest till 11.08.2016
Status:	fulfilled
Reason or next steps:	<p>Rout cause: Human failure</p> <p>Corrective action: Kilns have been located, mapped and in consensus with its owner destroyed. An anti-charcoal kiln agreement was created to ensure that a kiln owner agree before destruction of its kiln. These contracts are signed with people whenever new kilns are observed. No more new kilns are allowed on the concession and conservation areas. In addition, the conservation management plan (see also Minor CAR 2015-02) is in process of being implemented.</p> <p>Preventive action: Constant patrolling and monitoring of the conservation area; Constructive, consensus-based cooperation with the villagers in the area.</p>

11.2 CARs identified during the evaluation

Not applicable, no CARs identified.

11.2.1 Major CARs

CAR #	2016-02		
Short Title	Application of highly hazardous pesticides (HHP)		
Grade	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
Scope of CAR:	<input checked="" type="checkbox"/> FM: Forest Management Enterprise, resp. Group Entity		
	<input type="checkbox"/> FM: Group member(s):	--	
Normative Reference	<input checked="" type="checkbox"/> GFA Interim Standard for FM <input type="checkbox"/> National FSC FM Standard <input type="checkbox"/> FSC-STD-30-005, V.1.0 <input type="checkbox"/> Other: _____	Clause:	6.6.4
Requirement acc. standard	Prohibited pesticides are not used except where pesticides derogation has been obtained from the FSC Secretariat or an emergency exemption has been authorized by GFA prior to use.		
Description of identified non-conformity	Three HHPs (Acetic acid [(3,5,6-trichloro-2-pyridyl)Oxy]-2-butoxyethyl) ester, Copper Oxichloride, Cypermethrin) have been applied without derogation. The application was immediately stopped respective evidence provided. Action has to be taken to prevent future incompliances in regards to highly hazardous pesticides. If further application is wanted, derogation procedures in compliance with the standard have to be started.		
Timeframe	<input type="checkbox"/>	Until next audit, not later than XX.XX.2017 (3 months after the last audit day)	
	<input type="checkbox"/>	Before certificate issue	
	<input checked="" type="checkbox"/>	02.09.2016	
Analysis and Actions (to be filled by the organization)			
Root Cause Analysis			
Corrective Actions			
Preventive Actions			
Evaluation of Corrective Action (by GFA Certification)			
Status	<input type="checkbox"/> CAR closed: Root Cause Analysis and Actions are appropriate.		
	<input type="checkbox"/> CAR not closed: Root Cause Analysis and Actions are not appropriate.		
Rationale and objective evidences revised			

11.2.2 Minor CARs

Former Minor CAR 2016-01 was replaced by Observation 2016-03.

CAR #	2016-03		
Short Title	Implementation of revised monitoring system/scheme		
Grade	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	
Scope of CAR:	<input checked="" type="checkbox"/> FM: Forest Management Enterprise, resp. Group Entity		
	<input type="checkbox"/> FM: Group member(s):	TEXT	

Normative Reference	<input type="checkbox"/> GFA Interim Standard for FM <input type="checkbox"/> National FSC FM Standard <input type="checkbox"/> FSC-STD-30-005, V.1.0 <input type="checkbox"/> Other: _____	Clause:	8.1.2
Requirement acc. standard	A plan and design, based upon consistent and replicable procedures exists and is implemented for periodic monitoring and reporting.		
Description of identified non-conformity	The current monitoring scheme/system is not fully implemented and at present under revision. See also Obs. 2016-02		
Timeframe	<input checked="" type="checkbox"/>	Until next audit, not later than 02.06.2017 (12 months after the last audit day)	
	<input type="checkbox"/>	Before certificate issue	
	<input type="checkbox"/>	XX.XX.20XX	
Analysis and Actions (to be filled by the organization)			
Root Cause Analysis			
Corrective Actions			
Preventive Actions			
Evaluation of Corrective Action (by GFA Certification)			
Status	<input type="checkbox"/> CAR closed: Root Cause Analysis and Actions are appropriate.		
	<input type="checkbox"/> CAR not closed: Root Cause Analysis and Actions are not appropriate.		
Rationale and objective evidences revised			

11.2.3 Observations

Not applicable, no observations.

Observations	Description
Observation 2016-1:	Chemicals (including trials) that are planned to be applied and whose active ingredients are listed in FSC-STD-30-001a EN FSC List of 'highly hazardous' pesticides are not allowed to be applied without derogation.
Observation 2016-2:	During the 4th surveillance audit the full implementation of the revised monitoring system shall be presented and discussed.
Observation 2016-3:	<p>At present there is an outbreak of <i>Hyblaea puera</i>, a teak defoliator that leads to a devastating loss of leaves. According to documents (Margules Groome/Boden and Associates/Paperbank Forestry Consulting) Grandis Timber is facing outbreaks since 2014 in a yearly routine with sometimes two outbreaks per year. It was recognizable, that the teak clones, which show better growth than the seedlings, are more affected.</p> <p>Further it needs to be stressed, that the general development of teak is poor, beyond expectations and far less promising than of <i>Acacia</i> or <i>Eucalypt</i>. This apparent observation is confirmed by soil examination results.</p> <p>At time of the audit a final decision regarding a potential shift of species composition due to the weak performance of teak was not yet taken, nevertheless a respective step needs to be reflected in a revision of the management plan/Masterplan. In order to comply with national registration requirements, a revised Masterplan needs to be registered.</p>
Observation 2016-4:	The integrated pest management shall be discussed in the light of the ongoing outbreaks of <i>Hyblaea puera</i> , a teak defoliator that leads to a devastating loss of leaves.

12. Summary and further procedure (Pre-evaluation)

Not applicable in surveillance audit reports.

13. Certification decision

13.1 Summary of audit

In the context of the audit three (3) Minor CARs were closed, one (1) Major CAR and two (2) Minor CARs were identified and three (3) Observations was issued.

13.2 Certification recommendation by the auditor(s)

The certificate holder's system of management, if implemented as described, is capable of ensuring that all of the requirements of the applicable standard(s) are met over the whole forest area covered by the scope of the evaluation:

- A certificate can be issued/reissued/maintained under the condition that the "Corrective Action Requests" mentioned above will be completely fulfilled in the indicated timeframe.
- A certificate can only be issued when all identified Major CARs mentioned above are closed due to implemented corrective actions.
- The FM system of the evaluated enterprise does not comply with the provisions and standards of FSC and those of GFA Certification GmbH. Due to the number of identified major non-conformities the auditors recommend the immediate suspension of the certificate after finalization of the report.

The next surveillance audit is preliminarily planned for spring 2017.

14. Agreements

Between GFA and the client it is hereby agreed, that the report will be sent to the client for review and comments. If the client does not send a comment within 21 days (date of post stamp), GFA will assume, that no comments will be made and that the client agrees to the report.

If any non-conformity (CAR) has been noticed during the audit, the identified root cause(s) and selected corrective and preventive action as well as objective evidences for their implementation for each CAR shall be documented by utilization of the separate GFA CAR response form. The form shall only be submitted as digital file via email to GFA (info@gfa-cert.com if the next audit is not carried out within the timeframe of the CAR (applicable to all Major CARs and due Minor CARs). Objective evidence for each of the implemented actions shall be submitted as attachment.

If the audit is carried out within the timeframe of the CARs, the CAR response form and all attachments can be submitted directly to the assigned GFA lead auditor in the preparation phase of the audit.

15. Annex

- GFA dispute resolution procedure
- Comments of the client and respond of GFA

GFA Dispute Resolution Procedure

In order to increase the public accountability of the certification process stakeholders and certificate holders have access to GFA's dispute resolution procedure (DRP).

All concerns related to GFA's certification decision can be addressed to the GFA headquarter. Concerns NOT addressed to GFA headquarters, GFA staff or GFA affiliates are not accepted. Anonymous disputes, complaints and appeals will be rejected. Further mass mailings and mass emailing to GFA addressing the same or similar issues will be rejected.

The DRP provides procedures that allow the aggrieved party the opportunity to present his/her case to GFA staff. GFA provides an initial response, including an outline of GFA proposed course of action to follow up on the complaint or appeal, within two (2) weeks of receiving a complaint or appeal. GFA keeps the complainant(s) informed of progress in evaluating the complaint/appeal, and has investigated the allegations and specified all its proposed actions in response to the complaint or appeal within three (3) months of receiving the complaint or appeal, extendable to twelve (12) months. Full implementation of actions and confirmation of implementation (e.g. correction and closing out of non-compliances that may have been identified as a result of the complaint or appeal) are completed in compliance with FSC requirements and standards.

Please note: Disputes, complaints and appeals can only be considered valid if related to issues under the authority of GFA and related to Forest Stewardship Council standards.

Client comments and GFA reply

Stakeholders Comments	GFA reply
<p>We recently moved office, and our new address is N°38D, Street 494 Sangkat Phsar Doeum Thkov Khan Chamkamorn Phnom Penh, CAMBODIA Office Tel: +855 (0) 23 222 173 Telefax: none</p> <p>At the time of the audit, we were still at our old address, so I am not too sure if you want to update for this report or not.</p>	<p>At the time of the audit, the companies address was still the old address, thus no adaptation required.</p> <p>It is recommended to communicate the new address to GFA by means of an official letter to ensure that the transfer of the contractual obligations, respectively the adaptation of the FSC database is recorded accordingly.</p>
<p>2.1 – The report states that Grandis Timber owns a 70 year contract – this should be changed to 50.</p>	<p>The report was revised accordingly.</p>
<p>It seems there is a typo in principle 6.2 – the total areas for the conservation area is 2,259 hectares and not 2,559 as stated.</p>	<p>The report was revised accordingly.</p>
<p>Principle 5.1, Minor CAR 2016-01. This was stated as an observation by the auditor during the closing meeting. In the draft report it has been upgraded to a minor CAR. The question regarding the species composition in my mind is not a CAR, but should stay an observation.</p> <p>This is also noted in Observation 2016-03. Can we please keep Observation 2016-03 as the only point regarding species composition and remove Minor CAR 2016-01?</p>	<p>In compliance with the comments of the client, the former Minor CAR 2016-01 was replaced by Observation 2016-03.</p>

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<p>Major CAR 2016-02 is accepted, but it also covers Observation 2016-01.</p> <p>My suggestion would be to keep Major CAR 2016-02 and remove Observation 2016-01</p>	<p>Observation 2016-01 was identified in order to rise awareness regarding the FSC requirements in terms of HHPs and thus to ensure that no incompliances will occur in the future.</p>