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AUDIT REPORT

Audited Organization

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Certificate

Certificate type	Single		
Issue date	11 july 2018	Expire date	10 july 2023
FSC FM/COC certificate number	GFA-FM/COC-002384		
FSC License Code	FSC-C109614		
FSC National Forest Stewardship Standard / Interim National Standard for	Country		Version
Generic GFA Standard, adapted for FM in	Country	Cambodia	Version 1.1
Further standards	Requirements for the use of FSC-Trademarks FSC-STD-50-001 V2.0		

Date, Audit Type, Auditor/s

Audit type	Surveillance Audit
Audit date	From 10/04/2019 to 12/04/2019
Report date	23/04/2019
Lead auditor	Nicolas PERTHUISOT Qualification: forest engineer - GFA FM/COC Lead Auditor since 2016
Other auditors /experts	Nith CHHIN Qualification: translator/local expert

Disclaimer:

This report is confidential and will only be given to the respective audit team, to the contact person of the customer and the GFA office in Hamburg. According to FSC accreditation requirements, GFA is obliged to pass on reports upon requests to FSC Global Development GmbH and Accreditation Services International GmbH.

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1 SCOPE OF CERTIFICATION

Geographic location:	Latitude:	S 104 ° 08'		
	Longitude	E 11 ° 31'		
Forest zone:	boreal	temperate	subtropical	tropical
	X			
Forest Type:	Natural	Plantation	Semi-natural and mixed plantation & natural forest	
	X			
Tenure management:	Public/State	Community	Private	Concession
	X			
Tenure ownership:	Public/State	Community	Private	
	X			
Other characteristics of organization	Indigenous	Community	Concession	
	X			
	Small producer (SLIMF)		Low intensity management of forests (SLIMF)	
	X			
Certified forest area:	Total area in ha:		Total number of FMUs :	
	7,896.11		1 FMU for 7,896.11ha	
FMU numbers per size class:	<100 ha	100-1000 ha	1000-10.000 ha	> 10.000 ha
	FMUs	FMUs	1 FMUs	FMUs
Number of group members per size class:	<100 ha	100-1000 ha	1000-10.000 ha	> 10.000 ha
	FMUs	FMUs	FMUs	FMUs
AAF Class	Natural forest - Boreal:	ha	Plantations:	6597,18 ha
	SLIMF Boreal:	ha	SLIMF Plantations:	ha
	Natural forest - Conservation:	1298,93 ha	Natural forest - Temperate:	ha
	SLIMF Conservation:	ha	SLIMF Temperate:	ha
	Natural forest - Community:	ha	Natural forest - Tropical:	ha
	SLIMF Community:	ha	SLIMF Tropical:	ha
Scope of certification:				
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%	<i>Tectona grandis</i> <i>Eucalyptus Europhylla & camadulensis</i> <i>Acacia mangium & auriculaformis</i> <i>Khaya senegalensis</i>
2				
3				

2 CHANGES SINCE LAST EVALUATION

2.1 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):

Not main change in the scope.

- The rhythm of reforestation remains fairly strong (59 ha of Teak, 112 ha of Acacia, 44 ha of Eucalyptus and 38 ha of Mahogany planted in 2018)
- 535 ha burned after uncontrolled fires which are fired by villagers for cleaning their parcels (improve grass production) or for hunting (trapping animals with tight nets).

2.2 Accidents in forest work since the last audit

No serious/ fatal accidents occurred.

2.3 Use of pesticides since the last audit (if applicable)

Name of pesticide	Active ingredient	Reason for application	Applied quantity (in kg/ha or l/ha)	Frequency of use
Glyphosate	C ₃ H ₈ NO ₅ P	herbicide treatment to limit herbaceous competition at the start of the plantation	311,13 ha (3.75L/ha)	occasional
Imidacloprid	C ₉ H ₁₀ ClN ₅ O ₂	Insecticide against the Teak Skeletonizer, <i>Eutectona machaeralis</i>	736,4 ha (5.26L/ha)	occasional

NB : The iminacloprid is in FSC® List of 'highly hazardous' pesticides FSC-STD-30-001a EN Last updated: 3 April 2017 BUT in bold, italic and green that currently "do not require a valid derogation for their use".

The company's Master Plan describes pest management in detail as also the POLICY 9005 – "Integrated Weed, Pest & Disease Management V 1-4-2013" and SOP 3019 - Pest and Disease Attack (06-06-2017)

2.4 Changes of group structure (only groups)

Not applicable

3 EVALUATION PROCESS (MAIN EVALUATION)

Not applicable in surveillance audit reports.

4 EVALUATION PROCESS (SURVEILLANCE AUDITS)

4.1 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

4.2 Sampling and Field Audit

4.2.1 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: Not applicable, single FMU

4.2.2 Overall schedule with dates (for each FMU)

Date	Location	Thematic priorities of on-site audits	Remarks/Participants
10/04/2019	Travel from Phnom Penh to Grandis Timber field office		
	Grandis Timber field office	<ul style="list-style-type: none"> Opening meeting Audit schedule and logistic organization- Detail field visit organization Document review and analysis of response for Closing of CARs 2018 	<ul style="list-style-type: none"> Eugene Kraam Winkel : CEO Grandis Timber Lina Hong : Sustainability officer Neak Phearoom: Government and community relations manager (GCRM) Ros Phoura; developpement for-ester Cheat Vichet : Management for-ester Nith Chhin : Local Auditor Nicolas Perthuisot : Lead Auditor
	Mechanical workshop (P6)	<ul style="list-style-type: none"> Mechanical workshop, fuel station and tanks, Storage of spare parts and small equipment. Oil separator Safety equipment storage and management Environmental management and pollution control, waste management (P6). 	<ul style="list-style-type: none"> Manager staff
	Worker camp (P4)	<ul style="list-style-type: none"> Grandis Timber infirmary living conditions (functioning of the canteen, water supply, electrification, health kinder care center 	<ul style="list-style-type: none"> Manager staff
	Nursery	<ul style="list-style-type: none"> Nursery management and monitoring Chemical product use (P10) Water supply (P6) 	

	Forest plantation activities (P6 and P10)	<ul style="list-style-type: none"> • Security check point • Road construction, bridge and water crossing building (Spien Daek bridge, O'chhenteal bridge) and C2301 road • Plots +- destroyed by fire and new fire brake red organization (ex: B0301) • Native plantation of 2019 (B0301 part) • Teak plantation of 2019 (B0107) • Pruning activity in course (C0701) 	<ul style="list-style-type: none"> • PRON Sarith : excavator driver • HUON kon : Pruning worker • HONG Seng : Pruning worker • BUN Horn : Supervisor pruning team
11/04/2018	Meeting with environmental administration (P1 and P6)	<ul style="list-style-type: none"> • Compliance with environmental law and regulations • Relationship with the organization • Evaluation of EIA 2019 	<ul style="list-style-type: none"> • Sokhom EM Director of Provincial Department of Kampong Speu
	Meeting with local communities (P4)	<ul style="list-style-type: none"> • Social impact, conditions for the workers and relationship with company. • Conflict and complaints • Fire situation in 2019 • Permit system put in place by the organization in 2019 	<ul style="list-style-type: none"> • SUOS Thourn : Head of Prey Totuong Village • LY Lim : Head of Kraing Kor Village • BO Bouern : Deputy head of Prey Thom Village
	Grandis Timber field office	<ul style="list-style-type: none"> • Document review • Internal Audit team meeting 	•
	Travel To Phnom Penh		
12/4/2018	Grandis timber Phnom Penh office	<ul style="list-style-type: none"> • Complementary document review and analysis. • Observation 2018 evaluation • Internal Audit team meeting • Drawing conclusions of the audit. • Closing meeting 	<ul style="list-style-type: none"> • Eugene Kraam Winkel : CEO Grandis Timber • Lina Hong : Sustainability officer • Common comun • Prou Theory (corporate service) • Mea Malenka (Finance manager) • Nith Chhin : Local Auditor • Nicolas Perthuisot : Lead Auditor

4.2.3 Total of man-days required for the audit (delete for PS)

	Pre-evaluation	Main audit	Surveillance audit
Stakeholder consultation		0.75	0.40
Document review		0.75	0.50
Field Audit		9	9
Report preparation		1.75	1.25
TOTAL (in working days)		12.25	11.15

4.2.4 Surveillance audit plan for the Forest Management Enterprise (delete for PS)

Audit type	Date of evaluation	Audit duration in days	Sites/member FMU	Main focus
Pre-audit	2018/ 04	12.25	1/1	Detailed document and field check of compliance of forest management operations with applicable FSC standards
Main audit	2019/ 04	11.15	1/1	P4, P6 and P10
Surveillance 1	20 / Month			
Surveillance 2	20 / Month			
Surveillance 3	20 / Month			

Audit type	Date of evaluation	Audit duration in days	Sites/member FMU	Main focus
Surveillance 4	20 / Month			

4.3 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:

- Head of Prey Totuong Village
- Head of Kraing Kor Village
- Deputy head of Prey Thom Village
- Director of Provincial Department of Kampong Speu
- K-WON Security Guard company's members

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	No comments	/
Principle 2	No comments	/
Principle 3	No comments	/
Principle 4	No comments	/
Principle 5	No comments	/
Principle 6	No comments	/
Principle 7	No comments	/
Principle 8	No comments	/
Principle 9	No comments	/
Principle 10	No comments	/

5 RESULTS OF THE AUDIT

5.1 Findings based on the Principles and Criteria of FSC

The evaluation of forest management enterprises is based on indicators. Each identified non-compliance results in a Corrective Action Request (See also chapter “Corrective Action Requests (CARs)”). The table below presents the summarized findings by FSC Criteria and an indication whether or not the observed level of performance on the level of criteria is considered to comply with the requirements of the standards.

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

A detailed listing of the findings of the audit and field visits on indicator level can be found in the check-list(s) associated to the report (not part of the publicly available summary of the audit report available at www.info.fsc.org).

Version 4.0 of FSC Principles and Criteria

Principle #1: Compliance with Laws		Result / CARs
1.1	Forest management shall respect all national and local laws and administrative requirements.	Pass
1.2	All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.	Pass
1.3	The provisions of all binding international agreements such as CITES and Convention on Biological Diversity, shall be respected.	Pass
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.	Pass
1.5	Forest management areas should be protected from illegal harvesting, settlement and other unauthorized activities.	Pass
1.6	Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.	Pass
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.	Pass
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.	Pass
2.3	Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights.	Pass
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.	Pass
3.2	Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.	Pass
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.	Pass

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.	Pass
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.	Pass
4.2	Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.	Pass Minor CAR 2019-01
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).	Pass
4.4	Management planning and operations shall incorporate the results of evaluations of social impact.	Pass
4.5	Appropriate mechanisms shall be employed for resolving grievances 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.	Pass
Principle #5: Benefits from the forest		
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.	Pass
5.2	FM and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.	Pass
5.3	FM should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.	Pass
5.4	FM should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.	Pass
5.5	FM operations shall recognize, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.	Pass
5.6	The rate of harvest of forest products shall not exceed levels which can be permanently sustained.	Pass
Principle #6: Environmental impact		
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.	Pass
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.	Pass
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.	Pass
6.4	Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps.	Pass

6.5	Written guidelines shall be prepared and implemented to: control erosion; minimize forest damage during harvesting, road construction; and protect water resources.	Pass
6.6	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.	Pass
6.7	Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner.	Pass
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.	Pass
6.9	The use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts.	Pass
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.	Pass
Principle #7: Management plan		
7.1	The management plan and supporting documents shall provide <ul style="list-style-type: none"> 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 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. 	Pass
7.2	The management plan shall be periodically revised to incorporate the results of monitoring or new scientific information.	Pass
7.3	Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plan.	Pass
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	Pass
Principle #8: Monitoring and assessment		
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.	Pass
8.2	FM should include the research and data collection needed to monitor, at a minimum, the following indicators: <ul style="list-style-type: none"> a) Yield of all forest products harvested. b) Growth rates, regeneration and condition of the forest. c) Composition and observed changes in the flora and fauna. 	Pass

	<p>d) Environmental and social impacts of harvesting and other operations. e) Costs, productivity, and efficiency of forest management.</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."	Pass
8.4	The results of monitoring shall be incorporated into the implementation and revision of the management plan.	Pass
8.5	While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators.	Pass
Principle #9: Maintenance of high conservation value forests (HCV)		
9.1	Assessment to determine the presence of the attributes consistent with HCV will be completed.	Pass
9.2	The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof.	Pass
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.	Pass
9.4	Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.	Pass
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.	Pass
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.	Pass
10.3	Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability.	Pass
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.	Pass
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.	Pass
10.6	Measures shall be taken to maintain or improve soil structure, fertility, and biological activity.	Pass
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.	Pass
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.	Pass
10.9	Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification.	Pass

5.2 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 identified

5.3 Chain of Custody

5.3.1 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:

NO

5.3.2 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").

No harvesting activity, no sale of FSC certified wood

5.3.3 Balance of sold FSC products

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

5.3.4 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-xxxxxx): Yes / No, see "Corrective Action Requests".

FSC 100% claim: Yes / No, see "Corrective Action Requests".

5.4 FSC trademark use

The company shall submit any planned FSC trademark use to GFA via the GFA Customer Service Portal available at www.gfa-cert.com for approval prior to publishing, printing and distribution. The FSC trademarks are used for

	Segregation
	Invoices, delivery documents
	Stationary
	Business cards
X	Web page
	Others:

Segregation

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

5.5 Forest enterprise strength and weaknesses

As main strength points for the forest enterprise are recognized:

- Good capacity to dominate the core activity (management of plantation).
- Very good technical capacity of staff (young, motivation and good will, competency, solidarity...)
- Very good aptitude of adaptation in front of external events as an intensive forest fire activity in 2019 (organization of new red of fire brakes, specific monitoring system developed, sensitization campaign among villagers, search for a solution to accompany them when they are firing to clean their land parcels...)
- Very good relationships with forest administration and local communities
- Very good end detailed monitoring system and quality control process
- Continuous will for improvement of workers' living conditions (quality housing, opening of a kinder care center and primary school on site, rebuilding of the infirmary, construction of a training room...)

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

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

6 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.

6.1 CARs from previous audits

CAR #	2018-01		
Short Title	Environmental assessment.		
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 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:	6.1.1
Requirement acc. standard	A system assessing environmental impacts appropriate to the scale and intensity of forest management, and the uniqueness of the affected resources is being implemented and documented prior to the start of any operation		
Description of identified non-conformity	<p>The system assessing environmental impact was not properly applied in certain situations</p> <ul style="list-style-type: none"> • For the new road construction (northern part on concession B101, B301, B401) – the Environmental Risk Quantifying (SOP 4019) has not be fully implemented • The SOP 3031 – “Road Construction and Maintenance” does not consider bridge construction and water crossing; • The company can’t prove that she had implemented all the mitigation measures (avoiding and reduction) to limit impacts <p>The CAR remains minor because Grandis Timber Ltd has a good experience and competence for road building and water crossing (a lot of example of very well done water crossing had been seen during 2017 and 2018 field visit). Moreover the visible impacts on site was minimized.</p>		
Timeframe	<input checked="" type="checkbox"/> Until next audit, not later than 26/04/2019 (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	Heads of department do not clearly understand the full extent of the standard operating procedure system and implementation		

FM AUDIT REPORT



Corrective Actions	<ul style="list-style-type: none"> • Presentation about system was conducted for department heads include HSE flow chart, document control register and document control procedure (Annex A- HSE flow chart, Annex B- document control register & Annex C- document control procedure). • SOP 3031 "Road Construction and Maintenance" and "Environmental risk quantifying assessment form" have been revised as well as establishment QC of "Road and water crossing construction and maintenance" (Annex D- SOP 3031 Road and Water Crossing Construction and Maintenance, Annex E- Environmental risk quantifying assessment form, Annex F- QC Road and Water Crossing Construction and Maintenance).
Preventive Actions	Annual internal audit to determine the effectiveness of documentation storage on the document management system. The documentation will check for currency and accuracy of document control and conformance with review frequency. Furthermore, the audit will take into account effectiveness of employees who implement or execute the procedures.
Evaluation of Corrective Action (by GFA Certification)	
Status	<input checked="" 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	<ul style="list-style-type: none"> • The SOP 3031 has been revised (last updated 12/02/2019) to include especially water crossing construction and maintenance (see § "stream crossing design and Stream crossing specification" and a specific attention is observed and monitored with FORM 3031 "Road and crossing Quality Check". • The shape of bridges or culverts, the diameter of the buzzard is calculated on the basis of the watershed surface analysis (application of the Talbot calculation table), the shape of the watercourse and the type of soil. • See during the field visit the better erosion situation of the 2 bridges observed in 2018 and the ecological restoration process put in place (ex: Planting lemon grass to hold soil, installing different retention systems in roadside ditches to correct erosion). To be efficient and proactive the organization had also developed production of lemon grass in nursery. • See during field visit water crossing in construction with few ecological impact and very good technical method. • Discussion with managers (development forester / management forester) demonstrate a very good understanding and awareness. • See 3 examples Environmental Risk Assessment Template '(FORM 4019) fulfilled after operational analysis (bridge on O'Sampea river 27/03/2019 / installation of a new dam for nursery close to stream O'Da 12/02/2019 / water crossing Road A06 16/03/2019)

CAR #	2018-02		
Short Title	Monitoring process		
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 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:	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	<p>The company does not have a general procedure to reinforce the reporting of the monitoring system to allow comparison of results and assessment of change</p> <p>he company shares a very efficient operational monitoring system (POLICY, SOP and register) but</p> <ul style="list-style-type: none"> • From all the data generated by the system, the Company does not identify the most relevant information's/parameters/indicators to be monitored and to be analyzed in order to give information to General Direction (dashboard) or to the 		

FM AUDIT REPORT



	<p>public (to provide a better public summary of monitoring) regarding the forest management, ecological and social (internal/external) aspects.</p> <ul style="list-style-type: none"> Monitoring system does not consider a “master monitoring procedure” Company cannot provide fluently historical data / information in order to evaluate evolutions and tendencies. <p>The CAR remains minor because Quality control mechanism and monitoring is efficient and ensure the control of field quality operation and the compliance with FSC requirement. Elsewhere, the Data base exists, and it is more a question of validation and formal presentation.</p>
Timeframe	<input checked="" type="checkbox"/> Until next audit, not later than 26/04/2019 (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	Monitoring system is in place, however the monitoring solely on financial performance does not seem to be adequate
Corrective Actions	monitoring and inspection register has recently developed to identify relevant information, parameter in Health, Safety and Environmental (HSE) system to be monitored. The register includes the monitoring frequency and communicating information (Annex A- HSE Monitoring and Inspection register)
Preventive Actions	The monitoring and inspection register will be communicating to responsible persons and make sure the tasks will be done according to timeframe
Evaluation of Corrective Action (by GFA Certification)	
Status	<input checked="" 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	<ul style="list-style-type: none"> See the Excel File “HSE Monitoring and Inspection register V1” including 51 indicators to be monitored and constituting the base of the global dashboard. The organization had defined the most relevant and efficient information to be monitored. The set of indicators is dealing with numerous thematic (Water quality, Biodiversity, legal obligation registration, stakeholder dialogue, social engagement, social data...) An important work in IT and database management is still in progress to automate the collection and processing of information. This Excel File must be considered as a complementary tools of (1) the monitoring system of operational activities (updated Excel table for monitoring of forest forests actions - planting, mechanical and chemical treatment ... by dates, plots and surface) and (2) the tool for monitoring annual expenditures and budget forecasts

CAR #	2018-03		
Short Title	Monitoring process		
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 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:	10.5.2
Requirement acc. standard	A documented strategy (as part of the management plan) for the area to be restored to a natural forest is available and being implemented.		
Description of identified non-conformity	<p>Documented strategy relative to natural species plantation and restoration in not available. The company does not have a medium long term program for native species plantation that incorporates, for example, objectives in terms of area planted per year, a prioritization of areas of action, monitoring and evaluation rules and a budget.</p> <p>The CAR remains minor because the process/dynamic of natural species production in nursery is yet engaged and first experience is in capitalisation process</p> <p>There is more than 15% of natural forest within the Concession.</p>		
Timeframe	<input checked="" type="checkbox"/> Until next audit, not later than 26/04/2019 (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	Rehabilitation never a plan action but it was done on ad-hoc basis as and when needed
Corrective Actions	Draw up a new SOP on the management of conservation area within the concession (Annex A- SOP 4012- Rehabilitation Management of ELC conservation area)
Preventive Actions	All personnel needs to be trained on SOP and full compliance measured and monitored
Evaluation of Corrective Action (by GFA Certification)	
Status	<input checked="" 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	<ul style="list-style-type: none"> • The organization had clearly define in new SOP 4012 “rehabilitation management” (Version from 26/12/2018 last updated 21/02/2019) with information about <ul style="list-style-type: none"> - Method of identification / mapping of the area to be planted (definition of priorities) - Methodology of plantation - Environmental risk assessment of the rehabilitation process by native species plantation - Performance indicators • The goal of the organization is to plant 3 to 5 ha/years function of the identification of area with technical potentiality/feasibility and interest for rehabilitation. • 1.19 Ha planted in 2018 and 1.1 ha yet planted in 2019 and 7 ha are planned to be planted before end of year. • See the availability of native species plant in nursery (majority of rosewood)

6.2 CARs identified during the evaluation

6.2.1 Major CARs

Not applicable, no major CARs identified during the audit.

6.2.2 Minor CARs

CAR #	2019-01		
Short Title	Legal requirement of contractors.		
Type	Minor CAR		
Scope of CAR	X	Forest Management Enterprise, resp. Group Entity	
		Group member(s):	
Normative reference		Nationaler Forest Stewardship Standard (NFSS) / Interim National Standard (INS)	Indicator: 4.2.9
	X	GFA Interim Standard	
		FSC-STD-30-005, V.1.1	
		Other:	
Requirement acc. standard	Contractors not complying with all above mentioned indicators are excluded from forest operations.		

Description of identified non-conformity	<p>During field visit, at “cattle area check point” talking with the security guard of the KWON company, the following observations were made :</p> <ul style="list-style-type: none"> • The worker was in post since 12 hours and it was not foreseen to replace him before day after. This situation doesn't comply with labor law requirement. • 2 child to him were present at the guard post. This situation goes against the obligation contained in the service contract between the GRANDIS TIMBER LTD and K-WON security Guard Cambodia Co.LTD dated 31/10/20180 • The worker does not have drinkable water <p>Justification for grading:</p> <ul style="list-style-type: none"> • There is a specific contract with K-WON Security Guard which clearly explains the mission, the duration of presence (maximum 8 hours and at least 3 shifts per day) and the obligation for the contractor to respect the Grandis Timber Ltd's internal regulations (§ 6.1) • Grandis Timber LTD's had yet informed several time KWON Security Company of numerous non-compliance with contract conditions (see Email). • Only one observation was made. The situation is in conformity with the other guard posts – (no systemic situation- one time occurrence and limited temporal or spatial scale.) 	
	Timeframe	<p>X Within 12 months, latest till 12.04.2020 / till next audit (whatever applies first)</p> <p>Before certificate issue</p> <p>XX.XX.20XX</p>
Analysis and Actions (to be filled by the organization)		
Root Cause Analysis		
Corrective Actions		
Preventive Actions		
Evaluation of Corrective Action (by GFA Certification)		
Status		CAR closed: Root Cause Analysis and Actions are appropriate.
		CAR not closed: Root Cause Analysis and Actions are not appropriate.
Rationale and objective evidences revised		

6.2.3 Observations

Observations	Description
Observation 2019-1	The Safety Equipment stock management no correctly take in count the respect of expiry date and the risk of counterfeit product with the false CE logo. The coherence between alarm stock and real stock must be regularly checked.
Observation 2019-2	During audit filed visit, the organization can't give the total assurance that medical waste from infirmary are properly treated.
Observation 2019-3	The organization can't ensure at any time that there is a good cleaning and monitoring of the oil separator after the washing area
Observation 2019-4	The different methods tested in 2018 and 2019 to fight against erosion along main road was not properly evaluated (efficiency, cost, durability...). The creation of upstream flow at the top of the slope to evacuate runoff water has not been implemented.
Observation 2019-5	The SOP 3014 (Pruning activity) is not totally updated (not considers the anti-snake safety equipment, not considers a minimum distance between 2 workers, not considers the risk of being hurt/cut by the pruning saw stick
Observation 2019-6	The risk assessment table register from 24-10-2018 do not consider harvesting operation (not foreseen before 4/5 years) and present too large/global categories

7 CERTIFICATION DECISION

7.1 Summary of audit

In the context of the audit one (1) Minor CARs was identified and six (6) Observations were issued.

7.2 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:

X	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 summer 2020.

8 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.

9 ANNEX

Stakeholder List (obligatory as integral part of this file).

Clients Comments and GFA reply

Digital map of the FMUs

GFA dispute resolution procedure

NFSS/INS Checklist (obligatory as separate part of this report. The checklist shall be sent in as separate document in word and as pdf file).

Audit plan – to be sent as separate file with the report (all audits – mandatory)

List of contacted stakeholders) [*]

Administrations and institutions

- Ministry of Agriculture, Forestry and Fisheries (MAFF)
 - ELC review committee at MAFF
 - Dept of Agr planning & statistic
 - Provincial Dept. Agriculture Forestry and Fisheries
 - Forest Administration Cantonment
 - Forest Administration Division
 - Forest Administration Triage
- Ministry of Environment (MoE)
 - EIA Dept
 - KPS_Pro Dept of Envir
- Land Administration
- Deputy Provincial Governor
- District Governor
- Deputy District Governor
- District Police Chief

NGOs

- Conservation International
- WWF
- Wildlife Alliance
- Recoftc
- GIZ
- Save Cambodian Wildlife
- Cambodian Red Cross
- Flora and Fauna International

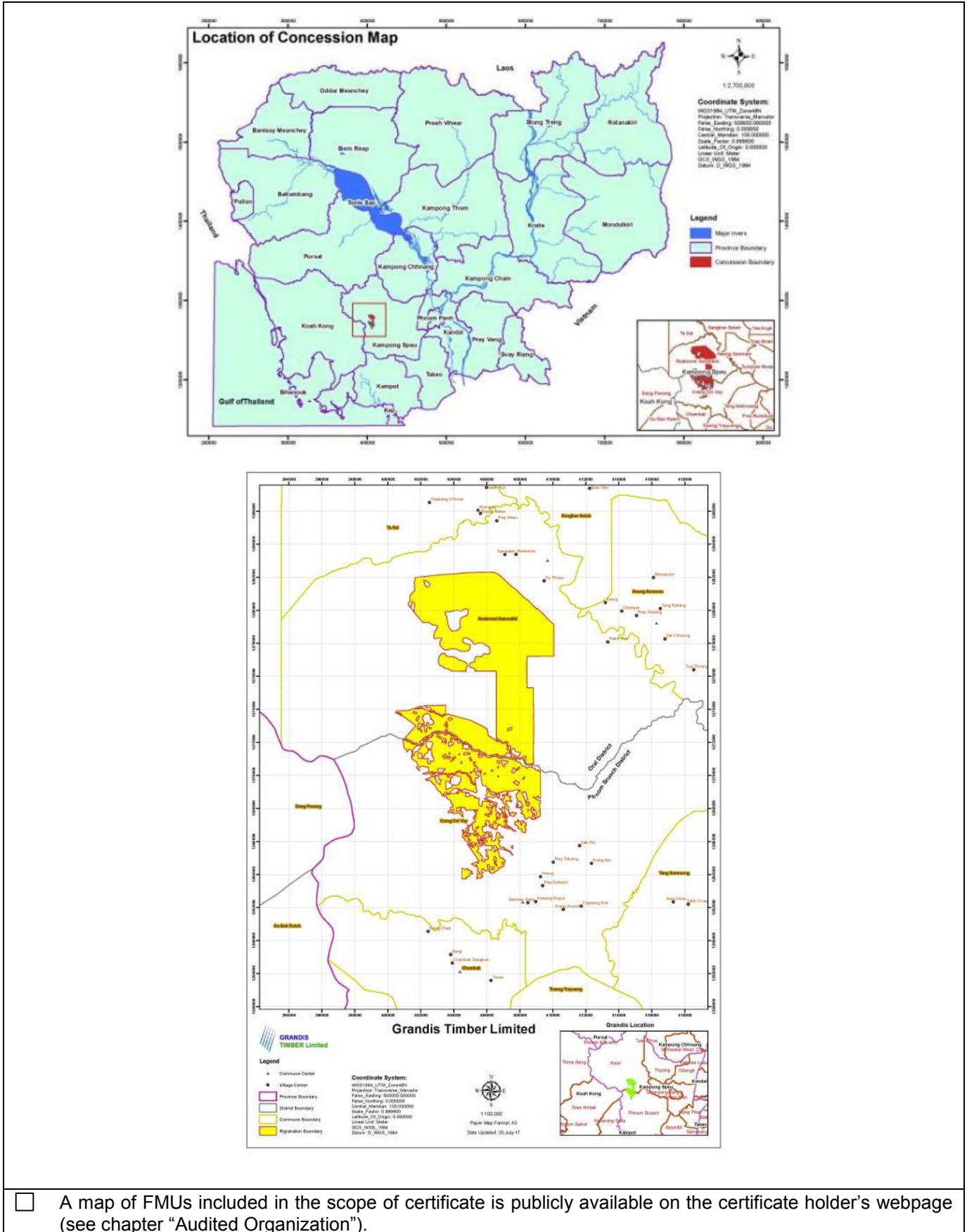
Subcontractor and partners

- Phnom Penh Sugar Cane
- RDI (Lab for water testing))
- Institut Pasteur du Cambodge
- Scaroni and Assoc (Legal advisors))
- ATA
- Price Waterhouse Coopers (Finanical Auditor)
- BUN & Associate (lawyer)
- Sambath Contractor (Contractor government relations)

Commune/Village (*Krang Dey Way, Chambock, Ramsey Samaki*)

- Village Chief
- Dep Village chief
- Commune Chief
- Commune Deputy

Location of the FMUs include in the scope of certification [*]



A map of FMUs included in the scope of certificate is publicly available on the certificate holder's webpage (see chapter "Audited Organization").

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.

