



SGS QUALIFOR
(Associated Document)

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1 of 20

Approved by:

Gerrit Marais

FOREST MANAGEMENT

CONTROLLED WOOD CERTIFICATION REPORT

SECTION A: PUBLIC SUMMARY

| | | | |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------|
| Project Nr: | 9459-CD | | |
| Client: | SIFORCO | | |
| Web Page: | N/a | | |
| Address: | Maluku – BP 8434 Kinshasa | | |
| Country: | Democratic Republic of Congo | | |
| Certificate Nr. | SGS-CW/FM-008062 | Certificate Type: | Single FMU |
| Date of Issue | 22 Sept 2010 | Date of expiry: | 21 Sept 2015 |
| Forest Zone: | Tropical | | |
| Total Certified Area | 523340 ha | | |
| Scope: | Forest Management for controlled wood of 523340 ha of tropical forests in the Equateur and Orientale provinces of Democratic Republic of Congo for the production of hardwood. Concession No 028/CAB/MIN/ECN-T/27/JEB/08 and No 023/CAB/MIN/ECN-T/27/JEB/10 (K8) | | |
| Evaluation Standard | SGS Standard for FSC Controlled Wood (AD54-B version 03): 15 May 2009 | | |
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| Evaluation dates: | | | |
| Main Evaluation | 29 July to 04 August 2010 | | |
| Surveillance 1 | | | |
| Surveillance 2 | | | |
| Surveillance 3 | | | |
| Surveillance 4 | | | |

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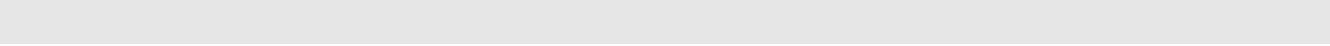


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- 9. Wood harvested from genetically modified (GM) trees.....

ASSOCIATED DOCUMENTS (not part of the Public Summary)

| | |
|--------|----------------------------|
| AD 20: | Evaluation Itinerary |
| AD 21: | Attendance Record |
| AD 26: | Corrective Action Requests |

| | |
|--|---------------------------------------|
| | Evaluation team CV's |
| | List of stakeholders contacted |

Complaints and Disputes

Procedures for submitting complaints, appeals and disputes, and the SGS processing of such are published on www.sgs.com/forestry. This information is also available on request – refer contact details on the first page.

INTRODUCTION

The purpose of the evaluation was to evaluate the operations of SIFORCO against the requirements of the QUALIFOR Programme Controlled Wood Standard, as determined by the SGS Group's forest certification programme accredited by Forest Stewardship Council.

1. SCOPE OF CERTIFICATE

The scope of the certificate falls within the Tropical Forest Zone and includes 1 Forest Management Unit (FMU) as described below.

| Description of FMUs: | | | | |
|----------------------------------------------------------------------------------------|-----------|-----------|---------------|----------------|
| Name of the FMU(s) | Ownership | Area (ha) | Longitude E/W | Latitude N/S |
| K8: Concession No 028/CAB/MIN/ECN-T/27/JEB/08 and No 023/CAB/MIN/ECN-T/27/JEB/10 | STATE | 523340 | 23deg 00min E | 2 deg 45 min N |

| Size of FMUs: | | |
|----------------------------|------------|-----------|
| | Nr of FMUs | Area (ha) |
| SLIMF | | |
| Less than 100ha | | |
| 100 to 1000 ha in area | | |
| 1001 to 10000 ha in area | | |
| More than 10000 ha in area | 1 | 523340 |
| Total | | |

| List of Timber and non-Timber Forest Products included in the scope | | |
|---------------------------------------------------------------------|-----------------------|-----------|
| Species (botanical name) | Species (common name) | Area (ha) |
| 4c Afzelia bipindensis | (Doussie) | 523340 |
| 134. Entandrophragma angolense | (Tiami) | |
| 135. Entandrophragma candollei | (Kosipo) | |
| 136. Entandrophragma cylindricum | (Sapelli) | |
| 137. Entandrophragma utile | (Sipo) | |
| 230. Milicia excelsa | (Iroko) | |
| 197b Khaya. Anthotheca | (Acajou) | |
| 168a Guarea cedrata | (Bosse claire) | |
| 213. Lova trichilioides | (Dibetou) | |
| 281. Pterocarpus soyauxii | (Padouk) | |
| 141. Erythrophleum ivorense | (Tali) | |
| 240. Nauclea diderrichii | (Bilinga) | |

| List of Timber and non-Timber Forest Products included in the scope | | |
|---------------------------------------------------------------------|-----------------------|-----------|
| Species (botanical name) | Species (common name) | Area (ha) |
| 30. <i>Autranella congolensis</i> | (Mukulungu) | |
| 156. <i>Gilbertiodendron dewevrei</i> | (Limbali) | |
| 211. <i>Lophira alata</i> Banks | (Azobé) | |
| 163. <i>Gossweilerodendron balsamiferum</i> | (Tola) | |
| 134. <i>Entandrophragma angolense</i> | (Tiama) | |
| 255. <i>Oxystigma oxyphyllum</i> | (Tchitola) | |
| N/A. <i>Staudtia Kamerunensis</i> | (Niové) | |
| Totals area of production | | 523340 |

| List of Timber Product Categories | |
|-----------------------------------|---------------------------------------------------------------------|
| Product | Notes |
| Round wood | All round wood is internally transferred as saw logs or veneer logs |
| Totals | |

1. COMPANY BACKGROUND

1.1 Ownership

SIFORCO is a DanzerGroup company, 100% subsidiary of Danzer Congolese Timber AG. The major shareholder is Danzer Anlagen und Beteiligungsgesellschaft GmbH.

1.2 Forests not included in the scope of certification

SIFORCO has other forest concessions under its management that are not included in the scope of certification as SIFORCO is currently not harvesting in these forest concessions.

| Name Concession permit | Area (ha) | Location / Country |
|-----------------------------------|-----------|--------------------|
| K2 Bolombo- 007/CAB/MIN/ECNT95 | 292 486 | Bolombo, DRC |
| K3 Bolobo- 018/CAB/MIN/AFF/EDT/00 | 160 000 | Bolobo, DRC |
| K7 Mentole- 079/CAB/MIN/ECN-EF/05 | 249 050 | Mentole, DRC |
| K7 Mentole- 080/CAB/MIN/ECN-EF/05 | 181 980 | Mentole, DRC |
| K9 Bolila- 028/CAB/MIN/ECN-EF/04 | 114 180 | Bolila, DRC |
| K9 Bolila- 029/CAB/MIN/ECN-EF/04 | 192 950 | Bolila, DRC |
| K9 Bolila- 030/CAB/MIN/ECN-EF/04 | 213 740 | Bolila, DRC |

2. FOREST MANAGEMENT SYSTEM

The following documents were made available for the evaluation process:

- Stakeholder lists
- Company policies, procedures and work instructions
- Tax certificates
- Harvesting permits

2.1 Bio-physical setting

Geography:

The concessions are located within the Congo-Basin, along the Congo river, with a plain topography and small undulating areas which an altitude between 400 and 500 m.

Most of the area consists of the alluvium of the Congo river. The relief consists of a vast area of plains which altitude does not exceed 400 m.

Ecology:

The climate is equatorial, warm and humid, with a high rainfall of 1600 to 1700 mm/year in K8.

The climate is characterised by a dry season of about 3 months from mid-November until mid-February and a small dry season in July / August. Mid August until mid November has the highest rainfall (large wet season).

The most important forest type in K8, according to the Yangambi classification, is 'dense humid evergreen forests' of the 'guinea-congolese region' and, along the rivers, closed forests under the principal influence of the soil: permanently inundated wetlands and periodically inundated wetland forest. A small part of the forest area consists of mono-dominant Limbali forest (*Gilbertiodendron dewevrei*).

Soils:

A predominant soil type is ferralitic, strongly desaturated and impoverished soil. Under a coarse litter, there is a low humus horizon, that is sandy. There is no accumulation horizon, but a gradual increase in the clay content in the profile itself.

Part of the soils are associated with alluvium and are often sandy white clay but the most important feature is the hydrology: soils that are subject to hydromorphic features but not permanently (Gley soils) or soil with partial hydromorphic features (soils with Gley at depth, pseudo-Gley soils with mottles and concretions).

Sandy soils are present associated with old and new terraces that originated from the Congo Basin rivers.

2.2 Planning process

Annual permits are obtained following the legal requirements.

It includes the results of the detailed forest harvest inventory (100% inventory of trees to be harvested and protected), annual allowable cut in volume and number of trees per species and harvest planning.

An annual operational plan is developed based on the detailed harvesting maps.

A forest management plan is in preparation: the socio-economic study is almost finalised and the forest and wildlife inventory will start in due course.

2.3 Harvest and regeneration

Silvicultural system and regeneration (Système sylvicole et régénération)

The silvicultural system used by SIFORCO is a selective logging system with a reconstitution of the forest based on growth of juvenile trees, advanced regeneration and natural regeneration. No silvicultural treatments (pruning or row thinning) are applied due to the complex structure of the natural forest composition and the fact that areas are left to recover and closed for a period of 25 to 30 years after harvesting.

Forest harvesting inventory (Inventaire d'exploitation)

A forest harvesting inventory takes place with a 100% sample of trees to be harvested, trees left due to poor quality and trees to be protected.

The inventory takes place as from a diameter corresponding with the minimum harvesting diameter and one or two diameter. Harvestable trees are measured, numbered on the base of the trunk and they are marked on maps that are calibrated through GPS points. The precise harvesting inventory provides the basis for the whole harvesting chain, the chain of custody and allows for application of Reduced Impact Logging.

The trunk volume and number of trees per species that are to be harvested, including only the trees of sufficient quality and excluding the trees that are to be protected, are used for the logging permits issued by the forest administration.

Road building and maintenance (Construction de routes et entretien)

Based on the forest map and satellite images, corrected by the annual harvesting inventory and the density of trees, a road network plan is compiled that minimizes impact on the environment. In particular, roads are positioned to follow the water divide, preventing passing too close to wetlands, rivers, sources, lakes and other sensitive areas. A road will only cross rivers or wetlands by a dike and bridges where other access is not possible.

The road planning team implements the road network plan in the field and corrects, wherever necessary, the theoretical location to adapt to the local conditions in the field.

Roads are constructed by bulldozers (CAT D6, D7) and adjacent trees are logged to allow drying by the sun. The legal maximum road width is complied with for main roads, while for secondary roads a smaller road width is being used. Roads are closed after use and regrowth takes place. Especially for secondary roads, after a few years, the difference with the remaining forest can only be distinguished by the tree species, due to presence of pioneer trees like *Musanga cecropioides* or *Macaranga spp.*

Road maintenance consists mainly of levelling by a grader and application of gravel layer. In order to obtain gravel, quarries are made at regular intervals alongside the roads, where such gravel is available.

Harvesting and transport (Exploitation et transport)

The trees marked on the harvest plan are harvested. After harvesting, the tree is left for a week or more in order for the foliage to assist with the drying of the wood. Thereafter, crosscutting takes place in the forest to remove the crown.

Skidding takes place in two phases or in one phase directly by the skidders. The small bulldozers (CAT D6) opens up the skid trail marked by the planning team with a cut line, that has been pre-planned according to a fish-bone layout and avoiding sensitive areas. The CAT D6 must free up the log and position it for the wheeled skidder. The wheeled skidder (CAT 530 or 545) extracts the logs to the landing. Often, skidding is done directly by the wheeled skidder. The landings are prepared along the road, at the entrance of the main skid trails, with a size that is adjusted according to the amount of volume to be taken out.

At the landing, logs are crosscut and where necessary unusable parts are removed.

Logs are loaded on trucks by a loader (CAT 56) and transported from the forest to the logyard ("beach", port) along at the Congo river (Engengelé). Logs are transported on the Congo river by barges (for heavy timber species) or by log rafts for floating timber species, to Maluku, the main industrial site of SIFORCO, situated 80 km north of Kinshasa.

In Maluku, the wood is transformed in the sawmill or prepared for export as logs. Lumber and logs for export are transported by truck to Matadi, the main port of DRC.

2.4 Monitoring processes

SIFORCO has a monitoring programme in place for forest harvesting activities, as well as social and environmental aspects.

The forest management unit is mainly responsible for monitoring of forest harvesting activities. Monitoring is being done by the forest manager, and by special teams for Monitoring "Suivi-évaluation". The following activities are being monitored:

- Harvesting inventory: precision in positioning of trees, diameter measurement, % of trees unintentionally left behind;
- Logging techniques and harvesting rate: systematic control of stump and log numbering, trees left for reason of quality; quality of application of Reduced Impact Logging techniques;
- Skid trail planning: sample control in the field, quality of planning and paint marking. GPS control still to be implemented.
- Skidding: sample control on quality of skid trail, impact of skidding. GPS control still to be implemented.
- Road construction: control on maximum road width, quality of road system;
- Forest landings: control of maximum size;
- Use of Safety equipment and waste collection;
- Post harvesting monitoring: possible waste, removal of temporary culverts.

In terms of Social aspects, amongst others, the following aspects are being monitored by the social unit of SIFORCO:

- Health and hospital, such as: the number of visits, main diseases that occur, birth control, child births, laboratory analyses done.
- Number of requests and disputes and the quality of resolving such disputes;
- Progress with the construction of social infrastructures;
- Number of meetings with the local communities
- Demography of the workers camp (and one time sampling census of the communities in the concession).

Monitoring takes place on a regular basis by the Danzer Group Environmental Coordinators in order to assess the correct implementation of good forest management.

2.5 Social aspects

A population census of the FMU is ongoing. The population up to date estimated is as follows:

- 250 employées and their family and a total of 6000 people living on the forest camp of "Kpengé";
- preliminary, 33.000 people half been observed on half of the FMU.

In the FMU rural areas, human settlements are mainly present along the public (administrative) roads. The nearby town of Bumba has about 200.000 inhabitants.

Three ethno-linguistic groups can be found in the FMU: the Kibudza in the west ("Province de l'Equateur"), the Kibati in the East (Province Orientale) and the Kibenza in the north ("Province Equateur et Orientale").

There are no indigenous people (Pygmees) in the FMU.

The rural population of the FMU is young with 54% of the population under 18 years old. Gender study shows a balance between genders with a disparity in rural areas in favour of women (26%) compared to men (21%).

Sources of revenues

The rural economy of the FMU is being studied in the socio-economic and social impact study that is ongoing and should be finalised by end 2010.

Forest activities: Direct employment induced by SIFORCO in the FMU and the main site along the Congo river represents 440 employees and their family.

Though, for example in the forest base "Kpengbé" where 250 employees and their families are living, the 6000 inhabitants directly or indirectly profit from the presence of SIFORCO.

The **agriculture sector** is one of the economic pillars of the region with as main crops manioc, maïs, rice, peanuts and plantain. Farming in the region is mainly done by women, while the men cut the trees in slash and burn agriculture.

Small village Palm-tree plantations from local farmers, who manually produce palm oil and sell it in the villages or in the cities of Bumba and Aketi.

Fishing is one of the most practiced traditional activities. It is concentrated along the rivers like Tchimbi, Kpengbé, Loéka, etc.

Hunting is the most practiced traditional activity in the region. It represents the an important source of animal proteins.

Animal breeding is limited and is essentially a man activity. It generally concerns stock breeding on smallholding (poultry, sheep and goats).

Despite this sector being in its infancy there are numerous **crafters** that can be found. The most dynamics one are the stone cutters, brick makers, basket makers, sculptors, furniture makers, tailors and charcoal makers.

The use of **Non-forest timber products (NTFP)** within the FMU is, as everywhere in the Congo basin, very numerous and diversified. Harvested products are use both for self-consumption and for trading in order to generate additional incomes.

Trading:

A number of private enterprises trade in the region but are mainly based in the nearby cities of Bumba and Aketi.

Retailing is informal and very prosperous in region and provides livelihood for thousands of people. Small retailers are very numerous across the department, even in the most remote areas.

2.6 Environmental aspects

Biodiversity in the FMU is linked to presence of natural forest. The FMU has a lower conservation value due to the high population pressure. Large and protected species such as elephant, chimpanzee, forest buffalo, panther, etc. have disappeared or are very rare in the FMU. In addition, the agricultural area is increasing due to a high human population.

The implementation of reduced impact logging techniques aims to mitigate the environmental impact, in addition the low harvesting intensity means that the area affected by harvesting is only about 5 to 10%. Most of the affected species can regenerate after harvesting.

3. CHANGES IN MANAGEMENT, HARVESTING, SILVICULTURE AND MONITORING

The following table shows significant changes that took place in the management, monitoring, harvesting and regeneration practices of the certificate holder over the certificate period.

| Description of Change | Notes |
|-----------------------|-------|
| SURVEILLANCE 1 | |
| | |
| | |
| SURVEILLANCE 2 | |
| | |
| | |
| SURVEILLANCE 3 | |
| | |
| | |
| SURVEILLANCE 4 | |
| | |
| | |

4. PREPARATION FOR THE EVALUATION

4.1 Schedule

The Evaluation was preceded by a pre-evaluation by SGS QUALIFOR during September 2009. This examined the management systems and identified any gaps that might preclude certification. Information gathered was used to plan the main evaluation. Key stakeholders were identified.

4.2 Team

The table below shows the team that conducted the main evaluation and the independent specialist(s) that were selected to review the main evaluation report before certification is considered.

| Evaluation Team | Notes |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Team Leader | Michal Brink is a Professor of Forest Science, has a PhD in forestry and an MBA, 28 years experience in forestry internationally, >200 days FSC auditing. Speaks English and Afrikaans. |
| Local Specialist | Florian Terriere has a Masters Degree in Forest Engineering, 8 years experience in forestry internationally – 7 of these years in the Congo basin. |
| Local Specialist | Francis Nkoumbele has a Masters Degree in Anthropology, 16 years experience in forestry and management of natural resources regionally. |

4.3 Stakeholder notification and interviews

A wide range of stakeholders were contacted 4 weeks before the planned evaluation to inform them of the evaluation and ask for their views on relevant forest management issues, These included environmental interest groups, local government agencies and forestry authorities, forest user groups, and workers' unions. Responses received and comments from interviews are recorded under paragraph 10 of this Public Summary.

Meetings or telephone interviews were held with stakeholders as determined by the responses to notification letters and SGS discretion as to key stakeholders that should be interviewed. These aimed to:

- clarify any issues raised and the company's responses to them;
- obtain additional information where necessary; and
- obtain the views of key stakeholders that did not respond to the written invitation sent out before the evaluation.

| Nr of Stakeholders contacted | Nr of Interviews with | | |
|------------------------------|-----------------------|------------|-------|
| | NGOs | Government | Other |
| MAIN EVALUATION | | | |
| 49 | 1 | 2 | 41 |
| SURVEILLANCE 1 | | | |
| | | | |
| SURVEILLANCE 2 | | | |
| | | | |
| SURVEILLANCE 3 | | | |
| | | | |
| SURVEILLANCE 4 | | | |
| | | | |

Responses received and comments from interviews are recorded under paragraph 10 of this Public Summary.

5. THE EVALUATION

The Main Evaluation was conducted in the steps outlined below.

5.1 Opening meeting

An opening meeting was held at Maluku sawmill. The scope of the evaluation was explained and schedules were determined. Record was kept of all persons that attended this meeting.

5.2 Document review

A review of the main forest management documentation was conducted to evaluate the adequacy of coverage of the QUALIFOR Programme requirements. This involved examination of policies, management plans, systems, procedures, instructions and controls.

5.3 Sampling and Evaluation Approach

| | Mandays | Sampling Methodology and Rationale |
|-----------------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Main Evaluation | 19 | <p>A pre-evaluation audit was done in September 2009.</p> <p>For the main assessment, the audit team consisted of a social specialist, a local forestry specialist and an FSC lead auditor/forestry specialist. The audit covered the concession area in Bumba.</p> <p>The audit included a sample of past and present harvesting activities of the concession area, as well as the living areas of workers. Furthermore elaborate stakeholder consultation was conducted with local communities and with workers.</p> <p>The team was mostly divided between visits to confirm the status of social issues, those pertaining to legal issues and, lastly, forestry and conservation issues were audited simultaneously.</p> |
| Surveillance 1 | | |
| Surveillance 2 | | |
| Surveillance 3 | | |
| Surveillance 4 | | |

The following FMUs were included in the sample used for the evaluation.

| Name of FMU or Group Member | Main Evaluation | Surveillance 01 | Surveillance 02 | Surveillance 03 | Surveillance 04 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| K8 | X | | | | |

The field sites visited during the evaluation were as follows:

| Site Name | Description | Ongoing | Completed | Other |
|------------------------|------------------------------------------------------------------------------------------|---------|-----------|-------|
| MAIN EVALUATION | | | | |
| Maluku sawmill site | Worker accommodation Tracing of logs back to their origin Meeting with trade Union | X | | X |
| Blocks GG 50; GG55 | Felling operations Skidding operations | X | | |

| Site Name | Description | Ongoing | Completed | Other |
|-----------------------------|---------------------------------------------------------------------|---------|-----------|-------|
| | Protection of water bodies First aid and safety equipment | | | |
| Blocks DD55, FF55 and GG55 | Tracing of logs back to their stumps of origin. | | X | |
| Yabia | Checked old conversion areas from forest to subsistence agriculture | | X | |
| Kpengbe | Stakeholder consultation Clinic Workers camp | | | X |
| Yapembe | Stakeholder consultation | | | X |
| Main office site- Engengele | Visit to village: Economat, clinic, worker's camp | | | X |
| Bopa | Stakeholder consultation | | | X |
| SURVEILLANCE 1 | | | | |
| | | | | |
| | | | | |
| SURVEILLANCE 2 | | | | |
| | | | | |
| | | | | |
| SURVEILLANCE 3 | | | | |
| | | | | |
| | | | | |
| SURVEILLANCE 4 | | | | |
| | | | | |
| | | | | |

5.4 Field assessments

Field assessments aimed to determine how closely activities in the field complied with documented management systems and QUALIFOR Programme requirements. Interviews with staff, operators and contractors were conducted to determine their familiarity with and their application of policies, procedures and practices that are relevant to their activities. A carefully selected sample of sites was visited to evaluate whether practices met the required performance levels.

5.5 Summing up and closing meeting

At the conclusion of the field evaluation, findings were presented to company management at a closing meeting. Any areas of non-conformance with the QUALIFOR Programme were raised as one of two types of Corrective Action Request (CAR):

- Major CARs - which must be addressed and re-assessed before certification can proceed
- Minor CARs - which do not preclude certification, but must be addressed within an agreed time frame, and will be checked at the first surveillance visit

A record was kept of persons that attended this meeting.

6. CERTIFICATION DECISION

SGS considers that SIFORCO's forest management of SIFORCO's forests, DRC can be certified as:

- i. There are no outstanding Major Corrective Action Requests
- ii. No issues were exceptionally difficult to assess, as the company was well prepared for the audit. However, issues in the Congo basin are always complex. This was considered during the time allocation for the audit and the number of stakeholders consulted during the audit.
- iii. The management system, 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;
- iv. The certificate holder has demonstrated, subject to the specified corrective actions, that the described system of management is being implemented consistently over the whole forest area covered by the scope of the certificate.

7. MAINTENANCE OF CERTIFICATION

During the surveillance evaluation, it is assessed if there is continuing compliance with the requirements of the Qualifor Programme. Any areas of non-conformance with the QUALIFOR Programme are raised as a Corrective Action Request (CARs) and for controlled wood evaluations, these will always be categorised as "Major". CARs must be closed out before certification can proceed and CARs raised during a surveillance evaluation will lead to immediate suspension of the certificate.

The full record of CARs raised over the certification period is listed under section 8 below.

The table below provides a progressive summary of findings for each surveillance. A complete record of observations demonstrating compliance or non-compliance with each criterion of the Forest Stewardship Standard is contained in a separate document that does not form part of the public summary.

| SURVEILLANCE 1 | |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issues that were hard to assess | Identify and discuss issues that were hard to assess, for example because of divergent stakeholder opinions, or difficulty in interpreting the standard. |
| Number of CARs raised | __ Outstanding CARs were closed. |
| Recommendation | The forest management of the forests of SIFORCO to remain certified as: <ul style="list-style-type: none"> ▪ The management system 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; and ▪ The certificate holder has demonstrated, subject to the specified corrective actions, that the described system of management is being implemented consistently over the whole forest area covered by the scope of the certificate. |
| SURVEILLANCE 2 | |
| Issues that were hard to assess | |
| Number of CARs raised | |
| Recommendation | |
| SURVEILLANCE 3 | |
| Issues that were hard to assess | |
| Number of CARs raised | |
| Recommendation | |
| SURVEILLANCE 4 | |
| Issues that were hard to | |

| | |
|------------------------------|--|
| assess | |
| Number of CARs raised | |
| Recommendation | |

8. RECORD OF CORRECTIVE ACTION REQUESTS (CARS)

| CAR # | Indicator | CAR Detail | | | | | |
|-------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------|---------------------------------|------------------------|------------|
| 01 | 2.2 | Date Recorded> | 04.08.2010 | Due Date> | 1 st surveillance | Date Closed> | 26.08.2010 |
| | | Non-Conformance: | | | | | |
| | | Records are not available to confirm that all stakeholders have been invited to participate in consultation with at least two weeks prior notice of such consultation. | | | | | |
| | | Objective Evidence: | | | | | |
| | | Records of meetings confirming the participation of stakeholders are available. Evidence during the audit showed that formal meetings, arranged ahead of time, take place at least two weeks prior to notification. Most meetings are held impromptu on request from communities and such meetings are not formally recorded. However, records of invitation of stakeholders to formal meetings were not on record. as this is done verbally. Procedures do not make reference to this requirement – CAR 01 is raised. | | | | | |
| | | Close-out evidence: | | | | | |
| | | Received adapted procedures from SIFORCO, as well as an instruction of compliance to all staff, signed by the Managing Director of SIFORCO. CAR is closed | | | | | |
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| | | Close-out evidence: | | | | | |
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| | | Date Recorded> | | Due Date> | | Date Closed> | dd mmm yy |
| | | Non-Conformance: | | | | | |
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| | | Objective Evidence: | | | | | |
| | | | | | | | |
| | | Close-out evidence: | | | | | |
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9. RECORD OF OBSERVATIONS

| OBS # | Indicator | Observation Detail | | | |
|-------|-----------|----------------------------|-----------|--------------|-----------|
| | | Date Recorded> | dd MMM yy | Date Closed> | dd MMM yy |
| | | Observation: | | | |
| | | | | | |
| | | Follow-up evidence: | | | |
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10. RECORD OF STAKEHOLDER COMMENTS AND INTERVIEWS

| Nr | Comment | Response |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Main Evaluation | | |
| 1 | <p>Siforco's K8 zone is composed of logging permits GA 002/89 and GA 025/04. The latter is located in Equateur Province .</p> <p>SEDAF SPRL's K10 zone is composed of permit GA 002/98, located in Equateur Province.</p> <p>On 3 July 2010 the Governor of Equateur Province banned the removal of "all wood cut in Equateur Province ," with immediate effect. Could you please indicate whether this measure invalidates SGS Legality of Production statement SGS-TLTV/LP-VLC-0005?</p> | <p>Consultation with the Central Government in Kinshasa revealed the Arrete issued by the Governor, was done so illegally.</p> <p>Notwithstanding this, no logs have been exported from the province without the consent of the Governor.</p> <p>SIFORCO no longer harvests in K10 and this FMU is also being removed from the scope of their certificate.</p> <p>SIFORCO is compliant with legal requirements.</p> |
| 2 | <p>In February 2010, Siforco had a serious problem with the local population in the territory de Bumba, which led to the arrest of 15 village persons. The communicated reasons were that the village people wanted to renegotiate parts of the cahier de charge, during which the discussions heated more and more up. Please have a close look on what happened, what is the status, and how did Siforco deal with the problem. Is the problem resolved in a satisfactory way now?</p> | <p>This incident refers to the village Yamuha. During the audit the "Chef de Secteur" was interviewed, with other community members. The situation has been resolved amicably and the community does not have complaints at the present time.</p> |
| 3 | <p>Local organization ASADHO (Association Africaine des Droits de l'Homme en RD Congo) published recently a report pointing out violations of the rights of the workers employed with Siforco. While we can't judge how well funded the accusations are and how worrying compared to the general situation in the DRC, we believe it is necessary to address the accusations in the evaluation and get Siforco improve the accusations that are well funded.</p> | <p>A written answer by the workers representatives was given to the NGO, denying those allegations.</p> <p>Furthermore, no documented evidence could be found that substantiates any of the allegations in the report. IFO is compliant.</p> |
| 4 | <p>Siforco had problems with a local organization (Voix Sans Voix). It seems that the problem has been addressed recently and an agreement is about to be found, but it would also be interesting if the current situation and the development are looked at, how the conflict resolution processes of Siforco worked and if the conflict could be really resolved in a satisfactory way for both sides.</p> | <p>Although a court case was initially started by SIFORCO, but after negotiations, the court case has been withdrawn by SIFORCO and during the last meeting a settlement has been reached. The final details still need to be resolved.</p> |
| 5 | <p>There is a general lack of commitment by companies to transition from Controlled Wood to full FSC certification.</p> | <p>SIFORCO has already made a commitment to move towards full FSC certification and the relevant documentation in this regard was viewed by the audit team during the audit.</p> |
| 6 | <p>Stakeholders of the FSC process have expressed serious concerns that the implementation of the Controlled Wood standard is undermining the credibility of FSC overall. The Controlled Wood policy and standard is not working, due to poor performance of CBs, such as in the evaluation of risk and in the transparency of the process.</p> | <p>SGS has closely followed all requirements related to its accreditation requirements for controlled wood certification, including, but not limited to, stakeholder consultation on a broad scale - prior to the main assessment and during the audit process. SIFORCO conducted stakeholder consultation, as specified in the controlled wood standard, including requirements related to HCVF and consultation with local communities. Minor CAR 01 was raised related to consultation with local communities, where SIFORCO was not compliant to the requirements of the standard.</p> <p>Furthermore audit time and samples taken during the audit by the SGS audit team was based on the risk of non compliance by SIFORCO. SGS is compliant with regard to the questions raised.</p> |

| Nr | Comment | Response |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Main Evaluation | | |
| 7 | <p>"K8" is not a term used by the DRC government to designate Siforco's forest management units. We assume you are referring to GA 002/89 and to GA 025/04 (timber supply guarantees, garanties 'approvisionnement) but the surface areas you indicate (431,697 ha and 523,340 ha, administrative data and GIS data respectively) do not correspond with the official surface areas (523,340 ha administrative data and 596,922 ha GIS) published for these titles by the DRC government in February 2009.</p> <p>Greater accuracy would have been appropriate.</p> | <p>It is correct that K8 is not the official term for the concession, and although local people know this term better than the official concession title of GA 002/89 and GA 025/04, it is acknowledged that these two concession titles should have been added to the stakeholder consultation process. SGS takes note of the recommendation where future consultation letters are distributed.</p> <p>The surfaces in the stakeholder consultation letter are in fact correct, as the table distinguishes between production area and conservation area. The deficit is made up by community land.</p> |
| 8 | <p>In September 2006 SGS awarded Siforco a TLTV legality of production certificate for the totality of the wood it markets. It was clear at that point in time that Siforco was trading timber from third party suppliers (eg. Sicobois) who were not in legal compliance.</p> | <p>Even though this issue is not directed to the present situation in SIFORCO and its compliance to the FSC CW standard in this audit, SGS is responding once again to clarify the situation.</p> <p>At the time of issuing the TLTV certificate, SIFORCO was compliant with the requirements of the standard – also regarding SICOBOIS supplies. On 17.12.2007, SGS responded to the particular stakeholder in detail, explaining the situation regarding the history of the non conformance of SICOBOIS: SGS issued a major CAR to SIFORCO on 12.07.2007. After correcting the problem by SIFORCO, the CAR was closed on 21.08.2007.</p> |
| 9 | <p>Siforco should wait until it signs a concession contract with the DRC Government. The recent legal review deemed 65 logging titles 'convertible' (including all of Siforco's) but companies whose titles were approved need to comply with a number of legal requirements before contract signature.</p> | <p>The forest code (LOI no 011/2002 of 29 August 2002) explains the implementation requirements to legally obtain a concession.</p> <p>The following Acts explain how the concession contract and the cahier de charges are to be developed.</p> <p>Arrete Ministeriel No 028/CAB/MIN/ECN-T/27/JEB/08, dated 27.02.2008, and</p> <p>Arrete Ministeriel No 023/CAB/MIN/ECN-T/27/JEB/10, dated 07.06.2010</p> <p>Once the above two acts have been completed (no time frame has been set by law to complete this), the concessionaire has 4 years to complete the management plan.</p> <p>SIFORCO's titles were deemed convertible by the Government, and declared as such in 2009. They have thus embarked on the process described above.</p> <p>Currently, SIFORCO can only harvest, with approved logging permits, which have been obtained on an ongoing basis and to which SIFORCO is compliant.</p> |
| Surveillance 1 | | |
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| Surveillance 2 | | |
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| Surveillance 3 | | |
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| Surveillance 4 | | |
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11. RECORD OF COMPLAINTS

| Nr | Detail | | |
|----|------------------------------|-----------------|-----------|
| | Complaint: | Date Recorded > | dd MMM yy |
| | No complaints | | |
| | Objective evidence obtained: | | |
| | | | |
| | Close-out information: | Date Closed > | dd MMM yy |
| | | | |

End of Public Summary