FSC CERTIFICATION SYSTEM
PUBLIC CERTIFICATION REPORT
FOREST MANAGEMENT CERTIFICATION

Date of last update: 21st August 2014

PALLISCO and Partners

FMUs 10 030, 10 031, 10 039, 10 041, 10 042 and 10 044
Location of the forest(s): Cameroon - East Region
Manager’s address: 478 rue des Cocotiers
Postal code: P.O. Box 394 - Town: Douala - Country: Cameroon
Contact person: Marie Cecile NGOUE (certification@pallisco-cifm.com)

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Date of renewal audit: 10-17 June 2013
Certificate number: BV-FM/COC-832214 - Date of recertification: 08 October 2013
Date of first certification: 09 October 2008
Lead auditor and author of the report: Jean Paul Grandjean
Reference document: PR130702CM version 1.0
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1 - Description of the applicant forest entity

1.1 - General description and identification

Name of the forest management agency/managers: PALLISCO

Address: 478 rue des Cocotiers
Postal code: P.O. Box 394
Town: Douala
Country: Cameroon
Legal form: Limited Liability Company
Legal identification code: Registered with the TPPCR of Douala under No. 10-783
Telephone: + 237 33 43 36 98; 99 68 14 21; 77 70 74 17
Fax: + 237 33 43 31 53
E-mail: info@pallisco-cifm.com
Website: www.pallisco-cifm.com

Workforce: 300 people
Annual turnover: CFA 8 878 000 000 (2012)

Manager of the forest management agency: Mr. Vincent PASQUET
Director of the forest management agency: Mr. Michel ROUGERON
Contact person and custodian of the FSC trademark use: Ms Marie Cécile NGOUE

Activity:
Type of activity: management and logging, log exporter.
Detailed activity:
PALLISCO is a logging company. It manages and operates 6 FMUs (Forest Management Units):
- FMUs 10 030 and 10 031 assigned to Pallisco,
- FMU 10 039 assigned to La Forestière de Mbalmayo (LFM), a partner of Pallisco,
- FMUs 10 041, 10 042 and 10 044, assigned to Sodetran-Cam, a partner of Pallisco.

PALLISCO (SARL) is established in Cameroon since 1972 in the East Region, where it has a logging site and sawmill in the Eboumetoum village (Messamena Council, Upper Nyong Division). The company has been a subsidiary of PASQUET Group since 1972.

Name of the forest owner: Cameroon government

Address: Ministry of Forestry and Wildlife (MINFOF)
Postal code: n.a
Town: YAOUNDE
Country: CAMEROON
Legal status: n.a
Legal identification code: n.a
1.2 - Description of the forest stand

Description of the forest(s)

Forest type: tropical

List of major timber species, especially those traded, and of other species included in the scope of certification (botanical and common name):

The commercial species mainly exploited by the audited entity are the following:

<table>
<thead>
<tr>
<th>Code</th>
<th>FSC Ref.</th>
<th>Commercial name</th>
<th>Scientific name</th>
<th>Other name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1103</td>
<td>197a</td>
<td>Mahogany</td>
<td>Khaya ivorensis</td>
<td>Ngollon</td>
</tr>
<tr>
<td>1104</td>
<td>265</td>
<td>Assamela</td>
<td>Pericopsis elata</td>
<td>Afrormosia</td>
</tr>
<tr>
<td>1211</td>
<td>342</td>
<td>Ayous</td>
<td>Triplochiton scleroxylon</td>
<td>Obeche / Samba</td>
</tr>
<tr>
<td>1106</td>
<td>223</td>
<td>Bété</td>
<td>Mansonia altissima</td>
<td>Mansonia</td>
</tr>
<tr>
<td>1318</td>
<td>240</td>
<td>Bilinga</td>
<td>Nauclea diderrickii</td>
<td></td>
</tr>
<tr>
<td>1107</td>
<td>168a</td>
<td>Clear Bosse</td>
<td>Guarea cedrata</td>
<td></td>
</tr>
<tr>
<td>1214</td>
<td>271</td>
<td>Dabéma</td>
<td>Piptadeniastrum africanum</td>
<td></td>
</tr>
<tr>
<td>1111</td>
<td>213</td>
<td>Dibétoou</td>
<td>Lovoa trichilioides</td>
<td>Bibolo</td>
</tr>
<tr>
<td>1113</td>
<td>4c</td>
<td>Red Doussie</td>
<td>Afzelia bipindensis</td>
<td></td>
</tr>
<tr>
<td>1218</td>
<td>*</td>
<td>Eyong</td>
<td>Eribroma oblongum</td>
<td></td>
</tr>
<tr>
<td>1220</td>
<td>337</td>
<td>Frake</td>
<td>Terminalia superba</td>
<td>Limba</td>
</tr>
<tr>
<td>1345</td>
<td>*</td>
<td>Iatandza</td>
<td>Albizia ferruginea</td>
<td>Evouvouss</td>
</tr>
<tr>
<td>1116</td>
<td>230</td>
<td>Iroko</td>
<td>Milicia excelsa</td>
<td></td>
</tr>
<tr>
<td>1118</td>
<td>135</td>
<td>Kosipo</td>
<td>Entandrophragma candollei</td>
<td></td>
</tr>
<tr>
<td>1119</td>
<td>244</td>
<td>Kotibe</td>
<td>Nesogordonia papaverifera</td>
<td></td>
</tr>
<tr>
<td>1351</td>
<td>13</td>
<td>Lati</td>
<td>Amphimas ferrugineus</td>
<td></td>
</tr>
<tr>
<td>1121</td>
<td>34</td>
<td>Moabi</td>
<td>Baillonella toxisperma</td>
<td></td>
</tr>
<tr>
<td>1124</td>
<td>101</td>
<td>Okan</td>
<td>Cylcodiscus gabenensis</td>
<td>Adoum</td>
</tr>
<tr>
<td>1127</td>
<td>281</td>
<td>Red Padauk</td>
<td>Pterocarpus soyauxii</td>
<td></td>
</tr>
<tr>
<td>1365</td>
<td>326</td>
<td>Pao rosa</td>
<td>Swartzia fistuloides</td>
<td></td>
</tr>
<tr>
<td>1129</td>
<td>136</td>
<td>Sapelli</td>
<td>Entandrophragma cylindricum</td>
<td></td>
</tr>
<tr>
<td>1130</td>
<td>137</td>
<td>Sipo</td>
<td>Entandrophragma utile</td>
<td></td>
</tr>
<tr>
<td>1131</td>
<td>141</td>
<td>Tali</td>
<td>Erythrophleum ivorensae</td>
<td></td>
</tr>
<tr>
<td>1135</td>
<td>134</td>
<td>Tiama</td>
<td>Entandrophragma angolense</td>
<td></td>
</tr>
</tbody>
</table>

Dominant composition of the forest stand: dense humid evergreen forest.

Location of the forest:
- Latitude E/W: between 13°5320’ and 14°2930’ East
- Longitude N/S: between 3° and 3°45’ North

Total audited forest area: 341 708 ha, of which:
- under private management: 341 708 ha
- under public management: 0 ha
- community forest: 0 ha
- production forest: 334 997 ha
  - classified as "plantation" 0 ha
  - area regenerated mainly by planting or by a combination of planting and coppice of the trees planted: 0 ha
  - mainly regenerated through natural regeneration or through a combination of natural regeneration and coppice shoots of naturally regenerated trees: 334 997 ha
- forest area or other protected from commercial logging and managed primarily for
  - a conservation purpose: 6 711 ha, of which:
    - FMU 10-039: 870 ha
    - FMUs 10030-10031: 2 293 ha
    - FMUs 10041-10042-10044: 3 548 ha
  - production of non-timber products or other services: 0 ha
  - forest classified as "High Conservation Value Forest" : 341 708 ha (in compliance with the precautionary principle for some types of HCVs identified within the massif).

List of high conservation values:
An evaluation of the presence of high conservation value forests was made by Nature+ (June 2008) within the forest concessions of PALLISCO. The elements corresponding to each category of HCVF were first identified and located. This identification was based on the various studies conducted in all the forest concessions managed by PALLISCO and its partners by the management unit as well as NGOs and research organizations/institutions. The main threats posed to those HCVFs were identified and the necessary measures for their conservation evaluated.

The outcomes of those studies can be summed up as follows:

HCV 1:
HCV 1.1: Protected areas.
Forest concessions under PALLISCO management are not adjoining to protected areas of the Congo Basin. The map (in PALLISCO’s HCV document) showing the location of PALLISCO’s FMUs in relation to the protected areas of the Congo Basin indicates that the HCV 1.1 category is not present on the reviewed concessions.

HCV 1.2: Concentrations of vulnerable, threatened or endangered species.
The results of inventories and various studies on FMUs under PALLISCO management concerning fauna and flora showed the presence of globally, regionally or nationally important species.

HCV 1.3: Concentrations of endemic species
As concerns flora, all the FMUs are located in the ecoregion of the North West of the Congo Basin (AT 0126) as defined by WWF. It emerges from the analysis of potentially marketable species identified during management inventories on the six concessions and their distribution (according to the phytochories of White) that only three species were considered as lower Guineans (Alep, Mambode (Amouk) and Moabi). In the sense of criterion 1.3, these species are
to be considered as vulnerable. The analysis of the geographical distribution of
the other species identified during management inventories leads to conclude to
the absence of restricted endemism. None of the identified species is limited
exclusively to Cameroon or to a portion of its territory. This low level of
restricted endemism coupled with a stand rich in long-living heliophilous species
(Ayous, Assamela, Frake, Iroko, Tali) allows to conclude that the forest under
review is an old secondary forest of the continental Guinean lowland type.

The evaluation of the endemism of animal species covered the same areas as
that of vegetation. It emerges from the results of analyses made on fauna
(Mathot 2003a, mathot2003b, Julve 2005, PNC 2003, Horizon vert GIE 2005,
Etoga 2002) that six animal species were identified as presenting a degree of
endemism peculiar to the lower Guinea region. According to Kingdon (1997)
and Gauthier – Hion et al. (1999), these species are the white-collared
mangabey (Cercocerbus Quotatus), the gray cheek mangabey (Lophocebus
albigenia), the striped funiciure (Finisciurus Lemniscatus), the Gorilla (Gorilla
gorilla), the Moustac (Cercopithecus sephus) and the Northern talapoin
(Miopithecus Ogouensis). These six species are considered as potentially
vulnerable in the sense of criterion 1.3.

HCV 1.4: Seasonal concentrations of species

Two sites that probably harbor seasonal concentrations of species were
identified in FMUs 10-030/031 and were presented as special sites (see figure
47 of HCVF document). The first site bordering the Boumba River is
characterized by a network of humid grassland linked by shrubbery vegetation
corridors. Many signs indicating the presence of wildlife were recorded. In
addition to this richness in wildlife, plants and floristic characteristics are quite
peculiar (Phillipart et al, 2007). The second site is a small plateau clearing of
60 m diameter south of FMU 10-030. These two sites were identified as type
1.4 HCV for the peculiarity of their environment harboring huge fauna species,
with a marked seasonal importance.

HCV 2:
The forestry entity (grouping all the forest concessions managed by PALLISCO)
is considered as type 2 HCV because it is less fragmented and rich in floristic
and faunistic species. However, its size and proximity to protected areas ensure
the viability of wild species and natural densities.

HCV 3:
It emerges from the results of the analysis of forest stratification in all the six
FMUs that forest formations present therein are fairly well represented in the
region and in the Dja reserve which was set up nearby and contributes in
maintaining this vegetation. The forest massif is not considered as type 3-HCV,
for it does not harbor threatened, rare or endangered ecosystems.

HCV 4:
HCV 4.1: Watershed Protection
No part of the river system was identified as having an outstanding importance
in connection with this criterion. However, given the high density of the river
network and the scale of forest concessions managed by PALLISCO, and in
viex of the precautionary principle, all these FMUs were considered as type 4.1
HCVs.
HCV 4.2: Erosion control
The topographic study of the FMUs' area revealed that the highest values of the slopes do not exceed 20% and remain highly localized, with a height difference of 10 to 35 m (PALLISCO and Nature+ 2003, 2004a, 2004b, 2008). No part of the FMU was therefore identified as having an erosion protection role.

HCV 4.3: Fire fighting
All the forests of the concession are moist forests with high humidity throughout the year and particularly during the rainy season. So this criterion is not applicable to the case of PALLISCO's FMUs.

HCV 5:
The various studies carried out at the level of the forest concessions (Nkolong 2003, 2004a, 2004b, Horizon vert 2007, Djéteu 2007 and Kapchouang 2008) enabled the identification of the uses (agriculture, hunting, fishing, livestock, harvesting of forest products...) made by the local population bordering PALLISCO’s FMUs. Among all the species harvested by the local population, the most highly collected species are moabi (Bailollna Toxisperma) and Andok or bush mango. On the concessions belonging to PALLISCO and its partners, it was estimated (Doucet and Phillipart 2008) that with a MED of 100 cm and a regular fruiting diameter of 70 cm, logging would cut by 43% the population of moabi at fruition age within thirty years (the calculation does not take into account trees in agro-forestry zones). On this basis and given the available resource, logging will not prevent the local population from carrying out their activities with regard to this species throughout the next rotation.

In general, it is undeniable that the people living in and around forest concessions harvest forest products in those areas. Some studies were conducted to determine the extent of the relevant lands and locate areas of collection (Julve and Vermeulen 2006, Repas 2004). By way of precaution, all the FMUs can be considered as type 5-HCV.

HCV 6:
Socio-cultural studies helped identify all the sites holding a cultural value for the local communities. These sites are considered as type 6-HCV.

List of chemical pesticides used within the forest area, and the reason for their use:
The audit team noted no use of chemical products within the forest surface area. However, logs are treated on the Mindourou timber yard by PALLISCO staff, and the lodgings are treated with disinfectants. Also, CIFM (Centre Industriel et forestier de Mindourou - the processing plant) treats processed products by steeping. The products used are in compliance with FSC requirements and the instructions for use and safety are consistent and enforced.

The list of chemicals used on the Mindourou site is maintained and specifies unauthorized products.

The products used for wood treatment are the following:
- Sarpalo AF200T (CIFM),
- Sarpagrum AF200T (Pallisco),
- Phosphinon (CIFM).
List of product categories included in the scope of FM/COC certificate and thus available for sale as FSC-certified products:

The option chosen by the entity in its approach towards FSC certification is the separation of FM/CoC certificates for PALLISCO and CoC for CIFM. The list of products included in the scope of PALLISCO's certificate is therefore:

FSC pure logs (or 100%), sold either to CIFM, or to external customers (locally in Cameroon or through export)

1.3 - Description of the Forest management system and plan

1.3.1 - Summary of the legal ownership of the applicant organization

The forests concerned belong to the State of Cameroon, which entrusts the management and exploitation to PALLISCO and partners.

PALLISCO has exploitation rights over the permanent forest lands of the following concessions:

- Forest concession No. 1054 included in the perimeter of FMU 10-030 with an area of 76,850 ha, under the provisional operating agreement No.0865 CPE/MINEF/CAB of 22/10/2001,

- Forest concession No. 1041 included in the perimeter of FMU 10-031 with a surface area of 41,202 ha, under the provisional operating agreement N° 0141/CPE/MINFOF/SG/DF of 21 October 2010, previously assigned to SODETRAN-CAM.

PALLISCO has two logging partnerships, namely La Forestière de Mbalmayo (LFM) and SODETRAN-CAM. PALLISCO is responsible for the full management and operation of FMUs allocated to its partners. La Forestière de Mbalmayo (LFM) has operating rights over the permanent forest lands of the following concessions:

- Forest concession No. 1044 included in the perimeter of FMU 10-039 with a surface area of 47,585 ha, under the provisional operating agreement N° 0146/CPE/MINEF/CAB of 27 May 2013.

SODETRAN-CAM has operating rights over the permanent forest lands of the following concessions:

- Forest concession No. 1019 included in the perimeter of FMU 10-041 with an area of 64,961 ha, under the provisional operating agreement No. 0964/L/MINFOF/SG/DF/SD/AF of 11/04/11.

- Forest concession No. 1055 included in the perimeter of FMU 10-042 with a surface area of 44 249 ha, under the provisional operating agreement No. 0840/CPE/MINEF/CAB of 5 October 2001.

- Forest concession No. 1056 included in the perimeter of FMU 10-044 with a surface area of 66,861 ha, under the provisional operating agreement N° 1297/CPE/MINEF/CAB of 2 October 2001.
The temporary agreements signed by PALLISCO and its partners with the forestry authority had a three-year duration. These agreements governed forest exploitation on state-owned land. Throughout that period, each concessionaire was obliged to draw up a development plan, a five-year management plan and the first annual operation plan. These requirements were complied with and the FMU development plans were approved by the forestry administration.

The provisional agreements have now come to an end. While waiting for the signature of final 15-year renewal agreements, and the completion of FMU classification procedures through a decree, Government has called on PALLISCO to carry out forest exploitation works in accordance with the development plans, i.e. by respecting the division into blocks and the minimum exploitable diameters set. To date, PALLISCO has been complying with this requirement.

In August 2012, PALLISCO was notified that they were granted FMU 10-047b (47,241 ha) located in the Dja (42,200 ha) and Messamena (5,041 ha) subdivisions. However, this FMU remains out of the scope of the current FSC renewal audit.

The timber supply of PALLISCO and CIFM is focused exclusively on the forest permits (FMU) directly issued to PALLISCO and its partners. The table below shows the list of forest areas for which PALLISCO is responsible.

<table>
<thead>
<tr>
<th>Forest concession</th>
<th>Certificate holder</th>
<th>Issuance</th>
<th>Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMU 10-030</td>
<td>PALLISCO</td>
<td>2001</td>
<td>76 850</td>
</tr>
<tr>
<td>FMU 10-031</td>
<td>PALLISCO</td>
<td>2010</td>
<td>41 202</td>
</tr>
<tr>
<td>FMU 10-039</td>
<td>LFM (previously Assene Nkou)</td>
<td>2013</td>
<td>47 585</td>
</tr>
<tr>
<td>FMU 10-041</td>
<td>SODETRAN-CAM</td>
<td>2010</td>
<td>64 961</td>
</tr>
<tr>
<td>FMU 10-042</td>
<td>SODETRAN-CAM</td>
<td>2001</td>
<td>44 249</td>
</tr>
<tr>
<td>FMU 10-044</td>
<td>SODETRAN-CAM</td>
<td>2010</td>
<td>66 861</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>341 708</strong></td>
</tr>
</tbody>
</table>

Comment: FMU 10 039 hitherto granted to partner Ets ASSENE NKOU was transferred to La Forestière de Mbalmayo (LFM) in January 2013 through a transfer notification. However, the forestry department is still to endorse that decision (through a ministerial decree).

The last three FMUs with common boundaries (FMUs 10-041, 10-042 and 10-044) were grouped to give just one concession with a single and common management plan. This grouping was approved by the Ministry of Forestry on 01/07/2003 and its management plan was approved on 26/11/2004.

At the end of 2004, the three management plans of the five FMUs were validated by the administration: all the forest concessions under PALLISCO management have been entirely exploited under a management plan since 1st January 2005.

FMU 10-031 is a forest concession sharing boundaries with FMU 10-030. Granted to Pallisco partner SODETRAN-CAM in October 2006, it has a validated management plan (2004). The proposal to group these two FMUs was validated in March 2007 by the Ministry of Forestry. A revision of the
management plan of these two FMUs was carried out and submitted for approval to the Ministry of Forestry.

Location map of the FMUs owned by PALLISCO and its partners

Other partners:

In order to advance in the certification process, PALLISCO obtained multifarious technical support through partnerships so as to enhance activities that are not its core business:

- **Nature +**: an organization specialized in community forestry, technical assistance to logging operators and the management of non-timber forestry products. This partnership concerns technical support to PALLISCO management unit for the implementation of forest management plans.

- **FORTROP** (Tropical and Sub-tropical Forestry Laboratory of the Faculty of Agronomic Sciences of the University of Gembloux): establishment of a collaboration agreement in January 2006 for the provision of permanent expertise on sylvicultural arrangements and the reciprocal training of their staff, taking into account their common interests in teaching and scientific research on forestry management.

- **ZSL** (Zoological Society of London - United Kingdom): in April 2008, PALLISCO signed a Partnership Agreement with ZSL within the framework of the implementation of the “Wildlife Wood Project” in Cameroon. This collaboration was aimed at the monitoring of the animal population, the collaborative development of a wildlife management program, the capacity building of the local population and PALLISCO's personnel (training) and is piloted by Mr. Christian AZENUI ASANGA.
1.3.2 - Establishment and objectives of management arrangements

To better identify the entities characterized by a uniformity of treatment, three types of land uses were implemented on all the concessions. These are production series, conservation series and protection series. Each of these series includes peculiar objectives, characteristics and interventions.

Given the purpose of the forest concession, the main series represented is the production series. It is followed by the conservation series represented by raffia palm-grove swampy areas and permanently flooded areas, then by a protection series, an area where industrial logging activity is totally prohibited.

**Production series:**
The main objective is the provision of timber for the supply of processing units of the entity while maintaining the production capital.

The secondary objective of this series is to continue to provide local communities, particularly those outside the areas under exploitation, with the other forest products they need for their livelihoods (mostly non-timber forest products). Through the management principles advocated and implemented, it is also a matter of protecting the biodiversity and ensuring the sustainability of timber and non timber resources of the concessions on a medium and long term.

Activities carried out therein are logging activities, farming, hunting and harvesting of non-timber forest products by the populations, research activities conducted in partnerships with specialized institutes.

**Conservation series:**
The main objective is the maintenance of the biodiversity of the special and fragile ecosystems spread across concessions.

The secondary objective of this series is to continue to provide local communities, particularly those outside the areas under exploitation, with the other forest products they need for their livelihoods (especially non-timber forest products).

This series is especially circumscribed to raffia palm-grove swampy areas and permanently flooded areas along the rivers. Because of their complexity and the fragility of existing ecosystems, logging is prohibited in these areas.

Activities that are carried out therein are hunting and harvesting of non-timber forest products by the populations.

**Protection series:**
The main objective is the closing for protection of a portion of the concessions to ensure the full conservation of fauna and flora species. The protection series is defined based on the inventory outcomes which show areas of high concentration and high variety of fauna and flora, and thus a greater value for biodiversity conservation.

In terms of activities, this series is strictly reserved for personnel of the management unit and researchers of specialized institutions duly authorized by the concession holder.

1.3.3 - Management principle
Management plans are based on inventories carried out in accordance with national standards. Management inventories were made building on small diameter classes, in order to take into account future harvests. Distribution maps of the main commercial species are not provided in the documents, but can be drawn up by the Management unit.

The silvicultural system used is that of a cut above the minimum diameters. The Administration sets minimum diameters per species that are applicable throughout the country, and managers must set minimum diameters per species and FMU, greater than or equal to official MEDs. The choice of these MEDs by the manager should allow a sufficient regrowth of the stands at FMU's level.

The division into Management Units (MUs), each MU corresponding to five allowable annual cuts, was done based on the results of management inventory, using average volumes per forest layer. This assumes that a forest layer is homogeneous in its species composition, which is not the case most of the time in these forests. A division closer to reality, and allowing the company to really evaluate its future harvests, is possible using a Geographic Information System (GIS) and georeferenced inventory plots. The company’s objective is to contribute to traditional management practices through, on the one hand, a precise identification of production areas (GPS data) and the use of outcomes of 10-year phenological and dendrometrical surveys, on the other hand. It is desirable that PALLISCO resume this type of division during the next management plans revision and while developing the management plan of grouped FMUs 10-030 and 10-031 (recommendation).

1.3.4 - Summary of management plans

Management plans (MPs) of FMUs 10-030, 10-039, 10-041, 10-042 and 10-044 were drafted by the "Management" unit of PALLISCO with the technical support of Asbl NATURE+ and approved by the Forest Administration. They were established for a 30-year period, corresponding to the rotation length. Each plan is accompanied with the first five-year management plan of the forest management unit.

The MP of FMU 10-039 was validated in 2004 and PALLISCO has been implementing it for the tenth year now. The MP of grouped FMUs 10-041, 10-042 and 10-044 was validated in 2004 and PALLISCO has been implementing it for the tenth year now. The MP of grouped FMUs 10-030 and 10-031 was validated in 2008 and PALLISCO has been implementing it for the fifth year now.

Management plans are drafted in accordance with national standards and include a description of forest resources to be managed, environmental constraints, ownership, land use as well as socio-economic conditions. Management objectives are specified. Planning includes long-term (30 years), medium term (5 years) and short-term (annual) levels. The calculation of harvesting rates of harvested species is justified. Maps show the distribution of resources, the protection and conservation series, and the felling sequence in the production series.

PALLISCO's forest developers used rebuilding approaches and growth, mortality and operating damage assumptions recommended at country level for the calculation of Management MEDs and the possible annual harvest.
Management plans meet the legal requirements, but FSC-related guidelines were developed to meet the sustainability requirements of the FSC standard.

1.3.5 - Management arrangements introduced by the certified institution

The company has a Management unit composed of staff with the required skills to implement all activities pertaining to their mission (Management specialist and an assistant, cartographer, social mediator, etc.). It is responsible for implementing the management plans. Monitoring and evaluation of activities is conducted by the Operations service comprising a monitoring-evaluation team headed by Mr. TIPI Yves (Deputy Chief of Operations). It is also responsible for training the workers and supervising them in order to ensure the correct implementation of the management plans.

There is an HSE officer (KAMENI Danielle) and a deputy HSE officer (BOKOBA Olivier) in charge of workers training/mentoring and of control-monitoring-evaluation of hygiene-safety-environment-related activities.

Training is managed by Mr. Jean-Christophe CARTRON (Administrative and Finance officer). Staff training guidelines were published. They specify the objectives of staff training, the development of a training plan, its evaluation and the role of the various stakeholders. The 2013 training plan was elaborated and implemented. The training themes are administration, forestry, industrial production, hygiene, safety and environment, mechanics, social and management.

1.3.6 - Summary of the monitoring and surveillance procedures of the certified institution

There are two types of monitoring: the short-term monitoring of forest operations and long-term monitoring which includes the monitoring of permanent research arrangements and wildlife.

Short-term monitoring:

The assistant to the head of the management unit is specifically responsible for the monitoring and evaluation of forest activities. A short-term monitoring methodology was drafted. There is a list of regular controls that need to be carried out during exploitation: opening of road, skidding trails, demarcation, logging inventory etc. Each type of control is documented in a control sheet listing various indicators. The outcomes of each type of control are integrated and used for the evaluation (evaluation sheets) of the superintendents and team leaders. In case of recurrent major noncompliance, queries/sanctions are addressed to the relevant leaders. The monitoring-evaluation team checks whether noncompliance is addressed.

Controls (systematic and through sampling) are made weekly. A control summary is prepared on a monthly basis. At the same time, a six-monthly monitoring of the implementation of the environmental management plan is conducted.

As concerns post-logging monitoring, a procedure for the closing of AACs was drafted. It reproduces in the form of a checklist the various controls carried out during operation, and includes final reporting requirements.

The Annual Forestry Intervention Report required by forestry regulations has been drafted.
Since 2005, the Certification officer carries out annual internal audits whose results are disseminated at the level of the Head Office.

The potential improvements of forestry operations that can be detected during this short-term monitoring and internal audits will be integrated in the annual operations plans and procedures, as well as during the review of management plans, although integration modalities for these improvements are yet to be completed (for example: management review, etc.).

Long-term monitoring:

PALLISCO collaborates with the University of Gembloux and Nature+ association on applied research activities (five-year collaboration agreement with FORTROP and three-year agreement with Nature+): Studies were initiated on the phenology and diametric growth of prioritized species in view their exploitation value and their reconstitution difficulties (presently Assamela, Ayous, Bete, Frake, Iroko, Tali to which the following will be added later on; Kosipo, Sipo Okan and Tiama) on the one hand, and the ecology of their reproduction and regeneration on the other hand. Test plantings of these priority species in the canopy gaps (including moabi) and the follow up of the natural regeneration in the gaps are underway. Nurseries were put in place at Mindourou and Makalaya. Analyses aimed at assessing the genetic diversity of some species (iroko, assamela, tali) have been initiated.

An amendment was signed to the specific collaboration agreement – Project to support the regeneration of forest species exploited by Pallisco (REFPA) – signed on 30 June 2011 between Pallisco and ASBL Nature+. That amendment was made within the framework of the Dynaffor project funded by the French Global Environment Facility (FFEM). This project is implemented by ATIBT, CIRAD, Gembloux Agro-Bio Tech (University of Liege) and Nature+, and aims to specify the dynamics of Central African forests stands (growth, mortality, recruitment) depending on their growing conditions (climate, land, etc.) and the intensity of forest exploitation. Several arrangements are being or have been put in place in 5 countries of the Congo Basin (Cameroon, Gabon, Congo, DRC and CAR).

Dynaffor project should make it possible to:
- Improve the knowledge of the dynamics of Central African forests,
- Assess the impact of forest exploitation on those dynamics,
- Improve the understanding of the impact of forest dynamics on carbon sequestration in tropical forests.

Pallisco adopted Dynaffor arrangements since 2012 in 2 locations within FMUs 10.030/10.031.

Large animals have also been the focus annual follow-up in grouped FMUs and FMU 10 039, based on transects. Follow up on grouped FMUs 10 030 and 10 031 is also envisaged. A five-year partnership between PALLISCO and Zoological Society of London was signed in 2008 to promote sound management of wildlife in PALLISCO’s FMUs. In 2012, a wildlife protection plan was signed between Pallisco and ZSL who renewed their framework agreement.

1.4 - Harvesting and production

Logs production in 2012 is as follows (in m³):
**Species** | **PALLISCO** | **SODETRAN-CAM** | **ASSENNE NKOU** | **Total**
--- | --- | --- | --- | ---
Mahogany | 113.380 | | 10.314 | 123.694
Assamela | 3 792.060 | | | 3 792.060
Ayous | 13 282.536 | 2 068.303 | 106.479 | 15 457.318
Blinga | 15.499 | 111.112 | 50.174 | 176.785
Clear Bosse | 632.887 | 568.510 | 97.643 | 1 299.040
Dabema | | 518.523 | | 518.523
Dibetou / Bibolo | 231.476 | 200.956 | 16.729 | 449.161
Red doussie | 854.622 | 498.760 | 157.045 | 1 510.427
Eyong | | 166.346 | | 166.346
Iломба | 246.797 | | 171.373 | 418.170
Frake | | 755.998 | | 755.998
Iatandza | | 177.308 | 124.580 | 301.888
Iroko | 272.219 | 936.263 | 130.905 | 1 339.387
Kosipo | 459.584 | 5 422.232 | 1 098.990 | 6 980.806
Kotibe | | 51.286 | 6.235 | 57.521
Moabi | | 1 914.444 | 1 140.091 | 3 054.535
Niobe | 54.592 | 159.982 | 20.623 | 235.197
Okan | 648.531 | 8 592.429 | 4 883.647 | 14 124.607
Padouk | 1 059.910 | 472.466 | 477.126 | 2 009.502
Pao rosa | | 91.987 | 36.210 | 128.197
Sapelli | 24 995.074 | 5 253.305 | 1 904.185 | 32 152.564
Sipo | 832.583 | 1 254.122 | 925.728 | 3 012.433
Tali | 7 752.129 | 8 471.616 | 1 719.573 | 17 943.318
Tiama | 7.249 | 653.888 | 148.935 | 810.072
Wamba | 147.174 | 1 592.996 | 407.135 | 2 147.305
**Total** | **55 151.505** | **40 179.629** | **13 633.720** | **108 964.854**

*Forest rolling for FY 2012 (i.e the volumes marketable at forest exit).

Estimated annual biological production (this is the difference in the feet volume using the MED and MED+ annual increase): 308,749 m³/year for 49 major species, including:
- FMU 10-039: 47,947 m³/year for 45 major species (all diameters inclusive)
- FMUs 100 30 - 100 31: 119,810 m³/year for 44 major species (all diameters inclusive)
- FMUs 100 41 - 100 42 - 100 44: 140,992 m³/year for 46 major species (all diameters inclusive)

Estimated volume to be harvested annually (annual allowable cut - AAC), calculated by dividing the total potential (volume> MMD) by the following rotation: 350,723 m³/year, including:
- FMU 10-039: 67,920 m³/year
- FMUs 10 030 - 10 031: 107,940 m$^3$/year
- FMUs 10 041 - 10 042 - 10 044: 174,864 m$^3$/year

Estimated annual harvest rate (AAC / available volume/total volume), calculated by establishing the ratio between the estimated annual harvests and the available exploitable potential (volume of feet above the MED): 2.87 %, (350,723 m$^3$ / 12,180,874 m$^3$) including:
- FMU 10-039: 67,920 / 2,451,106 = 2.77 %
- FMUs 10 030 - 10 031: 107,940 / 4,494,737 = 2.4 %
- FMUs 10 041 - 10 042 - 10 044: 174,864 / 5,235 031 = 3.34 %

Estimated annual marketable production for non-timber forest products integrated into the scope of the audit, per product type: no unit.

Comment:
The company recovers part of the shorts of FMUS 10 041, 10 042 and 10 044 in the forest, which are then hauled to the Mindourou site and sawned with a Lucas Mil’ type mobile saw (installed at the industrial site) to later on be included in the set of processed products solely meant for internal use. This activity is directly managed by the company but remains very limited.

1.5 - Type of certification application

Type of certificate: Several UGFs.
Normal.

Total number of UGFs integrated in the scope of the certificate: 06
Total number of UGFs and forest area integrated in the scope of the certificate that are:

less than 100 ha: 0 UGF representing 000 ha;
from 100 to 1,000 ha: 0 UGF representing 000 ha;
between 1000 and 10,000 ha: 0 UGF representing 000 ha;
more than 10,000 ha: 6 UGF covering 341,708 ha.
meeting SLIMF eligibility requirements: 0 UGF covering 000 ha.

2 - Legal, administrative and land use background

2.1 - Forest laws and regulations

The laws and regulations that apply to PALLISCO’s activities are (i) all national laws applicable to the Cameroonian forestry sector: the forest law and its implementing instruments, environmental laws and implementing instruments, the land law, tax laws (general and forest-specific taxation), the labor law and collective agreements, etc.), (ii) all international conventions ratified by Cameroon, (iii) some specific ILO conventions adopted by the FSC as having links with forest management practices.
a) Summary of the forest management regulatory framework in Cameroon:

Forest management in Cameroon is primarily regulated by Law No. 94/01 of 20 January 1994 on Forestry, Wildlife and Fisheries and the implementation Decree No. 95/531/PM of 23 August 1995 to lay down conditions for the implementation of the forestry regulations.

The zoning of southern Cameroon is also guided by the Zoning Plan of Southern Cameroon under Decree No. 95/678/PM of 18 December 1995 establishing an indicative framework for land use in the southern forest zone.

The document titled "Organization of production forests of southern Cameroon, General Report" (MINEF, 1995) subdivides production forests proposed in the zoning plan into FMUs, giving a more detailed description of same.

Decision No. 0108/D/MINEF of 9 February 1998 concerning the implementation of operating standards in Cameroon forest areas regulates logging practices and measures to be taken to protect the environment.

Order No. 0222/A/MINEF of 23 May 2001 (under revision) sets the procedures for the preparation, approval, monitoring and control of the implementation of management plans for production forests of the permanent forest estate. An FMU (forest management unit) is a forest dedicated to the timber production and should be managed in an ecologically, economically and socially acceptable and sustainable manner. It is initially granted to a concession holder on a three-year provisional agreement. During that period, the concession holder should develop a 30-year management plan, indicating what activities will be carried out in the FMU. After the Forest Administration approves the plan, a 15-year renewable operating agreement is signed between the concession holder and MINEF.

A management plan is developed for state forests defining, in accordance with conditions laid down by decree, the management objectives and rules for each forest, the means needed to achieve the said objectives, as well as the conditions under which the local population may exercise their user rights, in line with the provisions of the classification instrument (Article 29.1) of the 1994 Forest Law).

The management plan is a document whose main objective is the establishment of forest exploitation activity on permanent blocks, through space and time programming of cuts and tree-planting activities aiming at a balanced and sustained harvest.

It includes the following items:
- Description of the natural environment of the forest concession;
- Mapping data;
- Management-related forest Inventory;
- Land allocation and user rights.
- Calculation of the allowable cut.

For each of the forest concessions, a Provisional Agreement and Specifications are signed between the company granted the forest and the State of Cameroon which is the owner of the said forest. According to Cameroon forest legislation, a three-year period is left to the operator to develop a management plan and have it validated by the forestry administration. Subsequently, a Final Agreement is signed between the grantee and the State for a 15-year renewable period, with attended specifications, subject to the prior classification
of the FMU by the State (final specification of boundaries and permanent designation of the area as a production forest).

b) Summary of land tenure (right of ownership) and international conventions:

There are two systems of ownership in Cameroon: ownership under customary law and ownership under modern law.

The customary law system refers to all laws and regulations governing land policy in Cameroon. Customary law existed before the land law of 1974 governing land tenure and state lands in Cameroon. This system exists mainly in the villages. It is a natural law system; the laws are unwritten and transmitted from generation to generation. The customary right of ownership is not written, it is a natural right in the villages. Each individual member of a community is free to take the land where he intends to. It allows everyone to have a piece of land where he wants and enjoy it freely. The community lands used for community development are usually provided voluntarily or chosen by community elders. In traditional communities where land is an element of tribal cohesion, the generalisation of individual private property would threaten the foundations of tribal structures, as the tribal group is considered to be the "cradle of individual and collective land tenure".

Rural property in the modern system of law is divided into two main parts: the first part concerns Order No. 74/001 of 6 July 1974 which lays down land tenure and State land regulations in Cameroon and the second part concerns the Forest Law No 94/01 of 20 January 1994 passed by the National Assembly of Cameroon in 1994.

Modern law establishes a distinction between land tenure and forest tenure. To own land, you must have a title of ownership or land title. Similarly, to own a forest you must have a title of ownership; everything is regulated by the State. In villages, forest management is based on a customary approach, different from the approach of the State whereby common property is managed in keeping with modern law.

Modern law makes a great distinction between land tenure and forest tenure that form the bulk of the rural territory.

For the State, land is an instrument of economic and social development. It needs large areas to achieve its economic objectives, but also to induce the populations to develop the land, the ultimate condition to access to land title.

c) Summary of user rights associated with the land (forest or not) applicable (both statutory and customary):

In State-owned forests, user rights are granted to local communities under conditions laid down by decree. However, for purposes of protection or conservation, restrictions on the exercise of those rights, including grazing, pasturing, felling, delimbing and mutilating protected species, as well as a list of these species, can be set by order of the Minister of Forests. In production forests (area meant for sustained and sustainable production of timber, lumber or other forest products), user rights for hunting, fishing and gathering are regulated.

In State-owned forests, local populations retain their user rights which consist in carrying out their traditional activities such as the harvesting of minor forest products, including raffia, palm, bamboo, rattan or food products, within these forests.
To meet their domestic needs, especially the need for firewood and construction wood, the local populations in the relevant areas can fell a number of trees proportionately to their needs. They are required to justify their use during forest controls. These user rights are maintained in State-owned forests, except for deferred grazing areas and those where regulations are made by the Minister in charge of forests for the conservation of forest resources.

2.2 - Environmental laws and regulations

The main instruments applicable to environmental protection are the following:

a) Framework law No 96/12 of 5 August 1996 relating to environmental management

This law lays down the general framework for environmental management in Cameroon. It is based on six fundamental principles: preventive and corrective action, polluter-pays, accountability, participation, subsidiarity.

Part III, Chapter II relating to environmental impact assessments provides in Section 17 that: ‘The promoter or owner of any development, labor, equipment or project which may endanger the environment owing to its dimension, nature or the impact of its activities on the natural environment shall carry out an impact assessment pursuant to the prescription of the specifications. This assessment shall determine the direct or indirect incidence of the said project on the ecological balance of the zone where the plant is located or any other region, the physical environment and quality of life of populations and the impact on the environment in general’.

The 1996 framework law highlights the need to protect the soil, the sub-soil and the resources therein.

The 1996 framework law provides that any person who produces or holds wastes should be responsible for their disposal or recycling, or for having them disposed of or recycled through facilities authorized by Government services in charge of classified establishments following the mandatory opinion of the Environment administration.

The 1996 framework law prohibits emissions of noise and odor that may be harmful to human health, cause excessive nuisance to the neighborhood and damage the environment.

Implementation of the 1996 framework law was set forth in two instruments of 2005:

- Decree No 2005/577 of 23 February 2005 to lay down EIAs implementation modalities,
- MINEP order of 8 March 2005 to lay down the different categories of operations whose implementation is dependent on an EIEA.

According to Decree No 2005/0577 of 23 February 2005, the detailed environmental impact assessment should include the following:

- A description and analysis of the baseline situation of the site and its physical, biological, socioeconomic and human environment,
- The description and analysis of all natural and sociocultural elements and resources that may be impacted by the project, as well as reasons for choosing the site,
- The description of the project and reasons for choosing it among other possible solutions,
- Identification and evaluation of the possible impact of project implementation on the natural and human environment,
- Indication of measures envisaged to prevent, reduce or eliminate the negative impacts of the project on the environment,
- The sensitization and information program as well as the minutes of meetings held with the population, non-governmental organizations, unions, opinion leaders and other organized groups interested in the project,
- The environmental management plan including the project surveillance and environmental monitoring arrangements and, where required, a compensation plan,
- The terms of reference of the study, as well as bibliographical references,
- The summary in plain language of specific information required.

Chapter III of Decree No 2005/0577 lays down the procedure for the development and ownership of detailed environmental impact assessments. This procedure includes three steps for the project promoter:
1. Submission of an impact assessment request to government,
2. Implementation of a tentative impact assessment, its submission to Government services which assess its admissibility,
3. Public reporting sessions and integration of their outcomes in the final impact assessment file, submitted to Government services for final approval and issuance of an environmental certificate.

In 2007, the legislation governing environmental and social impact assessments was supplemented by Order No 00004/MINEP of 3 July 2007. This Order highlights the need for an authorization to conduct an impact assessment.

b) Law No 98/015 of 14 July 1998 relating to establishments classified as dangerous, unhealthy or obnoxious

This law governs establishments considered as dangerous, unhealthy or obnoxious with regard to environmental management and public health protection principles. This law is applicable to workshops, factories, work sites, quarries and more generally industrial, artisanal or commercial facilities exploited or held by any physical or legal person, be it public or private, which represents or may represent either a threat to agriculture, nature and the environment generally, or an inconvenience to the neighborhood.

Dependent on the threats or the severity of the inconvenience inherent to their exploitation, classified establishments are divided in two categories (Section 3).

2.3 - Social environment and labor rights

From a social standpoint, current regulations and standards to be respected by enterprises are set in the 1992 Labor Code and some provisions of the forest Law relating to relationships with local communities. Besides, the collective agreement of forest exploitation and wood processing companies determines most of the provisions applicable to social issues.
3 - Other activities

3.1 - Description of other activities

Pallisco does not have other activities than those pertaining to forest management and exploitation.

CIFM (Centre Industriel et Forestier de Mindourou) was established in 1996 in Mindourou to process on site part of the wood collected from the forest. The industrial site of CIFM was expanded between 2006 and 2008 with the set up of a wood boiler, drying units to enable the production of dry sawnwood, then a planning mill to supply third-stage processed products.

3.2 - Potential impact on forest management

None.

4 - Bases of the initial assessment

4.1 - Composition of the audit team

Lead auditor: - Jean Paul GRANDJEAN, Qualified forest management auditor for Bureau Veritas Certification, forestry expert (specialized in the environment), OREADE BRECHE consultant.

Auditors: - Arnaud TCHOKOMENI, Qualified forest management and control chain auditor for Bureau Veritas Certification.

- Séréphine NGOUMBE, Qualified forest management auditor (social issues) for Bureau Veritas Certification, staff of Bureau Veritas Certification

(cf. CVs of team members can be obtained upon request).

4.2 - Summary of the certification process

The certification process was marked by the following steps:

<table>
<thead>
<tr>
<th>Date</th>
<th>Certificate issued</th>
<th>Recipient</th>
<th>FMU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>OLB</td>
<td>Pallisco</td>
<td>Grouped FMUs 10 030, 10 039 and UFA</td>
</tr>
<tr>
<td>September 2007</td>
<td>OLB</td>
<td>Pallisco/CIFM</td>
<td>FMU 10 030, 10 031, 10 039, 10 041, 10 042, 10 044</td>
</tr>
<tr>
<td>June 2008</td>
<td>OLB</td>
<td>Pallisco/CIFM</td>
<td>10-031</td>
</tr>
<tr>
<td>October 2008</td>
<td>FSC and COC</td>
<td>Pallisco/CIFM</td>
<td>FMU 10 030, 10 031, 10 039, 10 041, 10 042, 10 044</td>
</tr>
</tbody>
</table>
4.3 - Forest management standards used during the initial audit

During this audit, we made reference to the checklist referenced SF03 FSC GF for the Congo Basin, Version 1.0, drawn from the forest management standard titled “FSC standard for the certification of Congo Basin forests”, FSC-STD-CB-V01-04-EN.

The latter version was updated in April 2012 and was implemented in September 2012. It is available on the website, www.bureauveritas.com/certification, or upon request from Bureau Veritas Certification.

The checklists filled by the auditors can be obtained upon request.

5 - Information collection methods

5.1 - Description of the audit program

JPG: Jean Paul GRANDJEAN
SN: Séraphin NGOUMBE
AT: Arnaud TCHOKOMENI

| - AUDIT PROGRAM |
|-----------------|-----------------|-----------------|-----------------|
| Person          | Time            | Place           | Assignment      |
| Monday, 10 June 2013 |
| JPG            | 4:30 PM         | Douala          | Arrival of Jean Paul GRANDJEAN at Douala airport |
| Tuesday, 11 June 2013 |
| Audit team     | 7:45 AM         | Douala          | Departure for Mindourou |
| Audit team     | 4:00 PM         | Mindourou      | Working session   |
| Wednesday, 12 June 2013 |
| Audit team     | 7:30 AM         | Mindourou      | Opening meeting in the presence of representatives of Management and senior staff of Pallisco and CIFM |
| Audit team     | 8:30 AM         | Mindourou      | Review of the company’s responses to corrective action requests made during the last surveillance audit |
| Audit team     | 11:00 AM        | Mindourou      | Desk review      |
| JPG, AT        | 2:00 PM         | Mindourou      | Desk review      |
| JPG            | 5:00 PM         | Mindourou      | Visit of the garage |
- AUDIT PROGRAM

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPG</td>
<td>6:30 PM</td>
<td>Mindourou</td>
<td>Preparation of a visit to FMUs 10 030 and 10 031</td>
</tr>
<tr>
<td>AT</td>
<td>3:30 PM</td>
<td>Mindourou</td>
<td>Visit of Pallisco's break-bulk yard</td>
</tr>
<tr>
<td>AT</td>
<td>4:00 PM</td>
<td>Mindourou</td>
<td>Visit of CIFM's factory in Mindourou. Control of traceability and workers' safety issues,</td>
</tr>
<tr>
<td>SN</td>
<td>2:00 PM</td>
<td>Mindourou</td>
<td>Visit of the base camp: cloakrooms, camp, waste dump, sick bay, and staff store.</td>
</tr>
<tr>
<td>SN</td>
<td>5:00 PM</td>
<td>Mindourou</td>
<td>Meeting with staff representatives</td>
</tr>
<tr>
<td>AT, SN</td>
<td>6:00 PM</td>
<td>Mindourou</td>
<td>Desk review continued</td>
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Thursday, 13 June 2013

<table>
<thead>
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<tbody>
<tr>
<td>JPG, AT, SN</td>
<td>8:00 AM</td>
<td>Mindourou</td>
<td>Departure for FMUs 10 030 and 10 031</td>
</tr>
<tr>
<td>JPG, AT</td>
<td>10:30 AM</td>
<td>FMU 10 031</td>
<td>Visit of AAC No 5 under exploitation: fight against illegal activities, opening up of boundaries, access surveillance, wearing of PPEs, equipment compliance, design and opening up of road and tracks, construction of engineering structures, low-impact logging, compliance with forest norms of intervention (NIMF), respect of large diameter trees, evacuation procedure in case of emergency, Visit of closed AAC No 4: AAC closing</td>
</tr>
<tr>
<td>SN</td>
<td>10:30 AM</td>
<td>FMU 10 031</td>
<td>Arrival on FMU 10031: visit of the Makalaya camp - staff lodgings + toilets; sick bay, staff store; drinking water catchment; visit of the Makalaya fence; interview of the wardens; visit of the company's social achievements in the villages neighboring FMUs 10 031 and 10 039 - health unit of Mekat; classroom at the Zoulabot primary school; classroom at the Baka school of Ngolla Baka; meeting with the people of Djouglassou</td>
</tr>
<tr>
<td>JPG</td>
<td>4:30 PM</td>
<td>FMU 10 031</td>
<td>Access roads, rehabilitation of parks</td>
</tr>
<tr>
<td>AT</td>
<td>5:00 PM</td>
<td>Makalaya Camps</td>
<td>Visit of the Makalaya camp, review of hygiene, waste management and safety issues</td>
</tr>
<tr>
<td>JPG, AT, SN</td>
<td>6:00 PM</td>
<td>Makalaya Camps</td>
<td>Return to Mindourou</td>
</tr>
</tbody>
</table>

Friday, 14 June 2013

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPG</td>
<td>8:30 AM</td>
<td>10,042</td>
<td>Visit of AAC No 9: design and opening up of roads and tracks, low-impact logging, respect of large diameter trees, post-logging control, traceability, Visit of AAC No 8: Closing of the AAC, parks rehabilitation, dismantling of engineering</td>
</tr>
</tbody>
</table>
AUDIT PROGRAM

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>8:00 AM</td>
<td>FMU 10 047</td>
<td>Departure for FMU 10 047</td>
</tr>
<tr>
<td>AT</td>
<td>10:30 AM</td>
<td>FMU 10 047</td>
<td>Visit of the boundaries of FMU 10 047 and AAC 1. Control of GPS landmarks</td>
</tr>
<tr>
<td>AT</td>
<td>11:00 AM</td>
<td>FMU 10 047</td>
<td>Control of the operational inventory of AAC 1. Control of measurements, species and diameters…</td>
</tr>
<tr>
<td>AT</td>
<td>1:00 PM</td>
<td>FMU 10 047</td>
<td>Return to Mindourou</td>
</tr>
<tr>
<td>JPG, AT, SN</td>
<td>3:00 PM</td>
<td>Mindourou</td>
<td>Desk review</td>
</tr>
<tr>
<td>SN</td>
<td>7:30 AM</td>
<td>Mindourou</td>
<td>Departure for Abong Mbang</td>
</tr>
<tr>
<td>SN</td>
<td>9:30 AM</td>
<td>Abong Mbang</td>
<td>Meeting with the Departmental Director for Forests: Compliance with the law; scope of illegal activities; conflict between the concession holder and the community, HCV issues, etc.</td>
</tr>
<tr>
<td>SN</td>
<td>10:00 AM</td>
<td>Abong Mbang</td>
<td>Meeting with the Departmental Director for the Environment and Nature protection: Implementation of the Environmental and social management plan (ESMP), etc.</td>
</tr>
<tr>
<td>SN</td>
<td>10:30 AM</td>
<td>Abong Mbang</td>
<td>Meeting with the representative of the Ministry of Labor, health and safety (MINTSS): Compliance with sanction procedures, working conditions of staff; occupational injury declaration, etc.</td>
</tr>
<tr>
<td>SN</td>
<td>11:30 AM</td>
<td>Abong Mbang</td>
<td>Meeting with the Haut Nyong Divisional officer: Update on relationships between the company and government services; perception of company’s compliance with the law, etc.</td>
</tr>
<tr>
<td>SN</td>
<td>12:00 PM</td>
<td>Abong Mbang</td>
<td>Departure to Mindourou</td>
</tr>
<tr>
<td>SN</td>
<td>4:00 PM</td>
<td>Mindourou</td>
<td>Meeting with the Dja Sub-divisional officer</td>
</tr>
<tr>
<td>SN</td>
<td>5:00 PM</td>
<td>Mindourou</td>
<td>Working session with the HR department</td>
</tr>
<tr>
<td>SN</td>
<td>7:00 PM</td>
<td>Mindourou</td>
<td>Desk review; filling of the checklist</td>
</tr>
</tbody>
</table>

Saturday, 15 June 2013

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPG</td>
<td>7:30 AM</td>
<td>FMU 10 039</td>
<td>Visit of AAC No 10 under exploitation: technical base, wearing of PPEs, equipment compliance, design and opening up of roads and tracks, construction of engineering structures, low-impact logging, emergency evacuation procedure, prospecting of seed providers.</td>
</tr>
<tr>
<td>AT</td>
<td>10:00 AM</td>
<td>FMU 10 039</td>
<td>Visit of Moabi supplemented gaps (large-scale supplementation)</td>
</tr>
<tr>
<td>AT</td>
<td>11:00 AM</td>
<td>FMU 10 039</td>
<td>Control of bridge dismantling</td>
</tr>
</tbody>
</table>
### AUDIT PROGRAM

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>11:30 AM</td>
<td>FMU 10 039</td>
<td>Discussion with wardens of the forest base</td>
</tr>
<tr>
<td>JPG, AT</td>
<td>3:00 PM</td>
<td>Mindourou</td>
<td>Desk review</td>
</tr>
<tr>
<td>SN</td>
<td>8:00 AM</td>
<td>Mindourou</td>
<td>Departure for villages neighboring grouped FMUs 10 041-042-044: Visit of Bedoumo village, meeting with the Forest farmer committee (CPF) of Dja 2.</td>
</tr>
<tr>
<td>SN</td>
<td>11:20 AM</td>
<td>Lomie</td>
<td>Visit of PERAD NGO; Discussion with the officer in charge of forestry activities (Guy Parfait MEKOHA MEKONGUI) ; meeting with the Baka community of NDYMPAM</td>
</tr>
<tr>
<td>SN</td>
<td>3:30 PM</td>
<td>Mindourou</td>
<td>Return to Mindourou: Working session with the HR department</td>
</tr>
<tr>
<td>SN</td>
<td>5:00 PM</td>
<td>Mindourou</td>
<td>Working session with the HSE officer</td>
</tr>
<tr>
<td>SN</td>
<td>6:00 PM</td>
<td>Mindourou</td>
<td>Visit of the wardens camp and working session with the supervisor of Panthère Security</td>
</tr>
<tr>
<td>SN</td>
<td>7:00 PM</td>
<td>Mindourou</td>
<td>Working session with the social mediator</td>
</tr>
<tr>
<td>Audit team</td>
<td>11:00 PM</td>
<td>Mindourou</td>
<td>Debriefing among auditors</td>
</tr>
</tbody>
</table>

**Sunday, 16 June 2013**

| Audit team | 7:30 AM | Mindourou | Debriefing session with management and staff representatives |
| Audit team | 9:30 AM | Mindourou | Departure for Douala |
| Audit team | 4:30 PM | Douala    | Arrival in Douala |
| Audit team | 6:00 PM | Douala    | Working session |

**Monday, 17 June 2013**

| Audit team | 8:00 AM | Douala    | Desk review |
| Audit team | 3:30 PM | Douala    | Closing meeting with management and senior staff representatives of Pallisco and CIFM in attendance |
| JPG       | 11:00 PM | Douala    | Departure of JPG from Douala airport to Roissy Charles de Gaulle |

The 3-man audit lasted 8 days, making 24 man/days of fieldwork in total.

### 5.2 - Desk review

#### Legal documents

- **Pallisco documents**
  - Commercial register
  - Forest profession licensing
  - Copy of forest hammer stamp submitted
  - Authorization to set up and operate a first class facility granted by the Ministry of Industry
- Wood processor registration certificate from the Ministry of Forest
- Log exporter registration certificate
- Processed timber exporter registration certificate
- Tax payer card

Taxation
- License duty
- Bank guarantee submission attestation
- Payment receipts (RFA, felling tax, factory entry taxes) for 2012 and 2013
- Taxes on business profits
- Value added tax
- Import duties
- Export surcharge
- Land tax
- Transfer request receipt acknowledgement
- Transfer tax

Human resource management and accounting
- April 2013 payslip of Mr. POUAMOUN Felix, Panthère Security warden
- Panthère Security employment agreement template.
- Medical examination and care agreement between Panthère Security and the district hospital of Abong Bang.
- Receipt acknowledgment of the control report on the resolution of CAR 40 of 2 May 2013.
- Receipt acknowledgment of transmission of the 10/12/12 internal audit report of Panthère Security
- Receipt acknowledgment of reminders sent to NSIF on 16 May 2013 regarding the request for registration of Panthère security staff
- 2013 Annual leave plans of Panthère Security staff
- Advice of the company doctor regarding hernia cases recorded between January and December 2012.
- Record of hernia cases (2012) of 01/04/13.
- Minutes of the discussion with the company doctor on 11 May 2013.
- 4 May 2013 report of medical visits including doctor’s recommendations
- Letter of 23 November 2012 from the medical doctor updating on hernia cases requiring surgery between January and October.
- Sensitization letter No 180 MIND LD 2012 addressed to the company doctor.
- Letter referenced 114 MIND LD 2013 on the improvement of medical visit follow-up.
- Inventory of hernia cases requiring surgery (see letter of 23 NOV 2012).
- Testing/treatment/surgery agreement form of CIFM and Pallisco.

Environment monitoring/evaluation
- Detailed EIA of grouped FMUs 10 041, 10 042 and 10 044, Pallisco, v02 November 2009.
- Detailed EIA of grouped FMUs 10 030 and 10 031, Pallisco, v02 November 2009.
- Detailed EIA of FMU 10 039, Pallisco, v02 November 2009.
- Environmental audit of the forest industrial center of Mindourou (and supplement), CIFM, November 2009.
- Surveillance report of the CIFM EMP addressed to MINEP, May 2013.
- Surveillance report of EMPs for FMUs 10 030, 10 031, 10 039, 10 041, 10 042 and 10 044 addressed to MINEP, May 2013.
- Industrial wastes management procedures.
- Chemical products management/use procedures at the Mindourou site.
- Activities monitoring-evaluation procedures (internal audit).
- 2013 annual budget of Pallisco, environment and social investissements.
- Forest stewardship - developments and monitoring of relevant indicators – 2011.
- Forest stewardship - developments and monitoring of relevant indicators – 2012.
- Assessment of the presence of High conservation value forests in Pallisco's concessions (Cameroon) using the approach defined based on FSC principles, FMUs 10 030, 10 031, 10 039, 10 041, 10 042 and 10 044; F. SEPULCHRE and J L DOUCET, June 2008.
- Validation sheet of staff requirements for the clearing of boundaries of grouped FMUs 10 041, 42, 44.
- Sheet for the clearing of forest tracks in FMU 10 044 on 13 December 2011.
- Boundary clearing completion report Rapport of FMU 10 031.
- Boundary clearing report of FMU 10 041, Easter area, of 5 October 2012.
- Prospection program for FY 12.
- Boundary clearing progression map on grouped FMUs 10 041, 42, 44.
- Management plan for grouped FMUs No 10 041, 10 042 and 10 044, April 2004.
- Environmental management plan - Surveillance report addressed to MINEP; Pallisco Sarl, SODETRAN-CAM Sarl and Ets Assene N'kou companies, May 2013.
- Environmental management plan - Surveillance report addressed to MINEP; CIFM Sarl, May 2013.
- Assessment of the situation of populations of species harvested by Pallisco and of decisions taken with regards to management; V2, 2012.
- Training Manual on the implementation of monitoring and evaluation procedures of forestry activities in Pallisco forest concessions. V 02; March 2013.
- Monitoring-evaluation procedure (internal audit) V 04; 05 January 09.
- Procedure to identify a control or follow-up to be made, V 01 of 06 February 08.
- Controlling/monitoring the traceability of timber products, V 02 of 30 April 08
- List of reference monitoring-evaluation documents, 19 September 11.
- Scientific research conducted by Asbl Nature+ and the Tropical and subtropical forest laboratory (Belgium) within Pallisco concessions (CAMEROON); 2012 annual report.
- Report on the monitoring of HCVF indicators in the forest concessions, (FMUs 10 030, 031, 039, 041, 042, 044), Pallisco, Cameroon, 2012.
- Surveillance protocol for HCV monitoring indicators in the forest concessions, (FMUs 10 030, 031, 039, 041, 042, 044), V4.0, Pallisco, Cameroon, 2012.

Forest management and exploitation
- Forest exploitation manual.
- Company's license for inventories and tree-planting.
- Letter approving ToRs for EIAs.
- Annual harvesting license for AACs under exploitation.
- Surface area measurement attestation for the three FMUs.
- Surface area measurement attestation for AACs under exploitation.
- Attestation of cessation of activities in closed AACs.
- Inventory compliance attestation.
- Boundary demarcation certificate for AACs under exploitation.
- Boundary demarcation notification for AACs under exploitation.

Traceability
- Service memorandum No 15/MIND/RPI/2013 relating to the specification of periods for recognizing products groups during the various steps of the production chain.

Wildlife and hunting
- 2013 – 1017 strategic plan for wildlife protection, Pallisco, ZSL.
- Summary of the report on the evaluation of the presence of HCVFs in FMUs harvested by Pallisco and its partners, June 2009.
- Report of the meeting on wildlife (Information LAB) of 08 April 2013.
- Build the wildlife management capacities of forest companies in certified or soon-to-be certified production forests, ZSL report of activities from 26 March to 13 April 2013 on Pallisco site.

Safety
- Staff safety procedures
- Safety control sheet on the site of FMU 10 039.
- Information memo on noise, April 2013.
- 2013 Health and safety awareness program.
- Pallisco's and CIFM's staff safety sheets.
- Information memo on the level of noise and the wearing of hearing protectors at various work sites, April 2013.
- Pallisco and CIFM 2013 training and awareness program on HSE.

**External social issues**
- Minutes of the sensitization meetings between the site teams (RP1 and RP2) and the management unit on the conservation of sacred sites and user areas located in the AACs to be harvested in 2013: AAC 05 FMU10 031; AAC 09 FMUs10 041, 42 and 44 and AAC 10, FMU10 039. 29-30 January 2013.
- Minutes of information and sensitization meetings on the beginning of harvesting activities in AAC No 6 of grouped FMUs 10 030-31 in the Lamedoum, Djougloussou and Pana villages.
- Information letter on the information and sensitization meeting on the beginning of harvesting activities in AACs 5 and 6 of grouped FMUs 10 030 – 10 031.
- Minutes of information meetings on the beginning of forest activities in AAC No 5 of grouped FMUs 10 030- 10 031, Djougloussou, Abiere and Pana villages.
- Report on the demarcation of sacred sites in the Djougloussou, Abiere and Pana villages.
- Complementary study on the situation of semi-nomadic communities within and around FMUs exploited by Pallisco-CIFM, April 2007.
- Collaboration agreements for the implementation of development projects in the vicinity of Pallisco-CIFM and Partners FMUs, 2008.
- MOU between PALLISCO, the Forestry department and village communities neighboring Pallisco FMUs on the implementation of prescriptions (authorizations and limitations) of the management plans of grouped FMUs 10 0044-42-41, 10 030-31 and 10 039 approved by all riparian communities and the Forestry department, 06 September 2011.
- Complaint of the Nkoul community against PALLISCO for illegal exploitation in the Nkoul community forest (File No 34).
- Suit filed by PALLISCO against the President of the Messok 1 CPF for theft and confiscation of third-party property (File No 29).
- Request on boundary overlap between FMU 10 039 and the Kongo community forest (File No 5).
- Implementation status of Pallisco social management plan (January - February - March 2013).
- 2013 Social management plan.
- External conflicts resolution procedure.
- Continuous social consultation procedure with riparian communities.
- Service memo No 003/DLA/LD/09 on the update of the compensation scale for damage caused to third-party property, May 2009.
- Management procedure for sites used by riparian communities in forest concessions, April 2012.

Internal social issues
- Annual report of PALLISCO–CIFM staff store, FY12.
- Record of grievances of PALLISCO staff representatives.
- Record of grievances of CIFM staff representatives.
- Provisional job and skill management procedure, 08 December 2011.
- Call for candidatures procedure, 27 November 08.
- Disciplinary sanctions management procedure, 30 December 2011.
- Administrative appeal procedure, 30 December 2011.
- Staff grievance internal management procedure, 30 December 2011.
- Occupational injury management procedure, 16 July 2012.
- Staff recruitment procedure, 16 July 12.
- Staff recruitment procedure, 15 July 12.
- Housing allocation procedure, 12 June 2012.
- Housing allocation criteria and procedure, 08 December 2012.
- Staff training planning procedure, 08 December 2011.
- Training activity implementation procedure, 08 December 2011.
- Training efficiency verification procedure, 08 December 2011.
- Staff training guidelines, 19 June 2008.
- Housing guidelines.
- FSC certification commitment policy, December 2006
- Social policy, October 2006.
- Continued forest stewardship improvement policy, May 2011
- Pallisco-CIFM commitment to build housings and help staff build houses, Five-year plan 2009-2013.
- 2013 annual training plan.
- 2012 training report.
- Staff salary scale of security companies in Cameroon.
- 2013 staff sensitization program on security and health issues.
Others

- Continued forest stewardship improvement policy, May 2011

5.3 - Interview of stakeholders met

During this audit, the following staffs were interviewed:

Manager:
- Mr. ROUGERON Michel, Pallisco & CIFM Director, Douala / Mindourou.

Douala site
- Mr. DOUAUD Loïc, Assistant Director, Douala/Mindourou
- Mr. CARTRON J-C, Administration and Accounts Officer
- Ms. NGOUE Marie Cécile, Certification officer

Mindourou site
- Mr. LAGOUTE Paul, Site superintendent
- Mr. TIPI Yves, Assistant operations head
- Mr. MEGBW A Raymond, Pallisco break-bulk yard head
- Mr. MESONO Thierry, Park employee
- Mr. FOUELEFACK Gilbert, Technical monitoring staff
- Mr. KOOUH Alphonse, Inventory team leader
- Mr. BOKOBA Olivier, Assistant HSE officer
- Mr. TALOM Gilles, Electrician
- Mr. AHOLA Michel, Camp head and staff store manager
- Mr. YENE MichEl, Sick bay manager
- Mr. MATI KE M. Abel, PALLISCO staff representative
- Mr. NGUEULA SIAZEU André: CIFM staff representative
- Mr. MOBOCK Michel A., Staff representative
- Mr. NIZIKI F. Nazaire, PALLISCO-CIFM staff representative
- Mr. NKOU D NKOU D Martin Luther, CIFM staff representative
- Mr. MPOBOT Hermann, PALLISCO staff representative
- Mr. MOADSASLA Zachée, CIFM staff representative
- Mr. Essono ANMESSON O ANDOULO Thierry, CIFM staff representative
- Mr. MPELE OTTO Raphael, PALLISCO staff representative
- Mr. MPEL ME BONDA Hervé, CIFM staff representative
- BEKOLO Blanchard, HR officer

FMU 10 031
- Mr. MESSA Emmanuel, Site superintendent
- Mr. EPOUBA Jean Baudril, Chief feller
- Mr. OLINGA Nkodo, Feller
- Mr. DJAMAMAN Herman, Assistant feller
- Mr. HASSAN ABA, Timber truck driver
- Mr. MBA ENYEGUE, Timber truck driver
- Mr. LIEMPENE Serges, Power saw operator
- Mr. MEYON Paul, Feller
- Mr. ABEM NKOL Serges, Forest site power saw operator
- Mr. MBONGO Luc, Assistant power saw operator
- Mr. NGUETSA Felix, Head of forest yard
- Mr. MOHAMADOU MOKTAROU, Staff transportation truck driver
- Mr. NKOP Paul, Hauling team leader
- Mr. FOUELEFACK Gilbert, Technical monitoring staff
- Mr. ZANGONE Martin, Feller assistant
- Mr. EDONG DONG Gervais, Nursery developer
- Mr. MPOUAM Jean, Management team truck driver
- Ms. NGUSSI Jasmine, Nurse
- Mr. BELLE BENIE Hubert, Office clerk
- Mr. ATSEHELE Ruben, Makalaya camp head
- Mr. BELEBENIE Hubert Didier, Office assistant
- Mr. ESSAW Yves, Road project truck driver

- **FMU 10 039**
  - Mr. KPOUMIE MOUSSA Jean Jacques, RP2 site superintendent
  - Mr. MEDJANG Paul, Chief feller
  - Mr. NKOA BENE Jean Pierre, Truck driver
  - Mr. MINDJAH Landry, D6T driver
  - Mr. PIEMVOH Georges, Feller
  - Mr. MIASSOH Joseph, Assistant feller
  - Mr. MBELE Charles, Bull driver
  - Mr. EBEHBIO Fidel, Driver mechanic
  - Mr. LEMOINE Maurice, Forest warden
  - Mr. MPAM DIBE Ulrich, Forest warden
  - Mr. ZENGUE NKOMO Emilien, Forest warden

- **FMUs 10 041, 10 042, 10 044**
  - No interview because no harvesting going on at the time of the visit

- **CIFM factory**
  - Mr. MITSINE Luc, CIFM timber yard superintendent
  - Mr. BIADOUE Felix, Officer in charge of sharpening
  - Mr. MELINGA Gabriel, Workshop manager
  - Mr. PEMBI MOISSE Rostand, Storekeeper
  - Mr. OBAMA EVINA, Head of lumber yard
  - Mr. BOKOBA Olivier, Assistant HSE officer
  - Mr. BALAGOUNDE Eloi, Scaler
  - Mr. DJEGOUE Freddy Forest, Carpentry and planing mill officer
  - Mr. DJEURIKANE Henry, Foreman
  - Mr. MIMBIENDJE Jean Luc, Foreman

- **Sub-contractors(s):**
  - Mr. GWET Joachim, Panthère warden
  - Mr. AKAMBA Bernard, Panthère warden
  - Mr. KANGA Gervais, Panthère Security chief of station of OMPA gate
  - Mr. KEMADJOU Clovis, Panthère Security supervisor at Mindourou
  - Mr. Eric LEGRIS, Panthère Security technical and commercial officer
  - Mr. MBOMBE Joseph, Panthère Security warden
  - Mr. ILOUTI Edouard, Panthère Security warden
  - Mr. AMBAGNY Isaac, Panthère Security warden
Government services:
- Mr. GOUNES TOUNGOULOU John, Dja DDEPDED
- Mr. ESSOMBA MVODO René, Support officer
- Mr. TCHIPGANG Beauclair, Support officer
- Mr. NDONGO Bertrand, Support staff
- Ms. MBONG ZAM Madeleine, Secretary
- Mr. MOUCHAROU Georges, DDFOF
- Ms. NGO HUGA, Labor inspector at DDTSS of Abong Mbang

Villages:

Mindourou
- PANDE Achille, Mindourou staff store salesman

Djougloussou
- Mr. NDJOUABOU Fidèle, Village chief, CPF 6 treasurer
- Ms. YALENANGO Bibiane
- Mr. ALOUK Fils Donatien, Teacher
- Mr. NANGA Pierre
- Ms. ABERI Aline
- Ms. BESSO Delphine
- Mr. NGADELE Alfonse
- Mr. NDIMA Rénaud
- Mr. BONNE Francis
- Mr. MONDELE Maurice
- Mr. MBOULI MONDELE Claver
- Mr. BIKOUAGUI Basile

Bedoumo
- Mr. MESSOK NGOK Rochard, Dja 2 CPF acting president
- Mr. GBAME Francisco, Dja 2 CPF auditor
- Mr. ALEO George, Dja 2 CPF member
- Mr. BELIGA Charles, Dja 2 CPF former president
- Mr. NDONDA Edouard, Baka representative in the CPF

Baka village of NDYMPAM
- Mr. KANA Leonard, Community head
- Mr. MOMBIO Hervé
- Mr. MOMBIO Moïse
- Mr. SOKA Vincent
- Mr. GNANGONE Martin

Other stakeholders
- Mr. MEKOHA MEKONGUI Guy Parfait, Officer in charge of forestry activities, PERAD NGO.

5.4 - Site visit(s)
Sites visited for evaluation purposes and the justification thereof are presented in the following table:

1) List of the forest management areas selected:

<table>
<thead>
<tr>
<th>Forest management area</th>
<th>Manager</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMU 10 031</td>
<td>Pallisco</td>
<td>Fight against illegal activities, opening up of boundaries, access surveillance, wearing of PPEs, equipment compliance, design and opening up of roads and tracks, construction of engineering structures, low-impact logging, compliance with NIMF, respect for large diameter trees, emergency evacuation procedure, closing of the AAC, rehabilitation of yards</td>
</tr>
<tr>
<td>FMU 10 041, 10 042 and 10 044</td>
<td>Pallisco</td>
<td>Visit of AAC No 9: design and opening up of roads and tracks, low-impact logging, respect for large diameter trees, post-harvest control, traceability, closing of the AAC, rehabilitation of yards, dismantling of engineering structures</td>
</tr>
<tr>
<td>FMU 10 039</td>
<td>Pallisco</td>
<td>Fight against illegal activities, opening up of boundaries, access surveillance, wearing of PPEs, equipment compliance, design and opening up of roads and tracks, construction of engineering structures, low-impact logging, compliance with NIMF, respect for large diameter trees, emergency evacuation procedure</td>
</tr>
<tr>
<td>FMU 10 047b</td>
<td>Pallisco</td>
<td>Control of boundaries, fences, GPS landmarks (initial OLB certification audit).</td>
</tr>
</tbody>
</table>

2) List of selected sites:

<table>
<thead>
<tr>
<th>Site</th>
<th>Requirements evaluated</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMUs 10 030 and 10 031</td>
<td>Principles 1, 5, 6, 7, 8 and 9</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
<tr>
<td>FMUs 10 041, 10 042 and 10 044</td>
<td>Principles 1, 5, 6, 7, 8 and 9</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
<tr>
<td>FMU 10 039</td>
<td>Principles 1, 5, 6, 7, 8 and 9</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
<tr>
<td>Mindourou base camp</td>
<td>Principles 1, 2, 4 and 8</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
<tr>
<td>Makalaya Site</td>
<td>Principles 1, 2 and 4</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
<tr>
<td>Douala office</td>
<td>Principles 1, 2, 4, 5, 6, 7, 8 and 9</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
<tr>
<td>Villages</td>
<td>Principles 2, 3 and 4</td>
<td>Review of all criteria provided for in the standards</td>
</tr>
</tbody>
</table>

5.5 - Stakeholder identification and consultation

Stakeholders were initially identified during the previous certification cycle. They were then formally consulted before the initial audit of 17 May 2013.
An exhaustive list of the stakeholders consulted can be obtained upon request.

No comment was received following the stakeholders consultation letter.

Yet, a concern was posted on the Internet (see [http://french.peopledaily.com.cn/96852/7789681.html] disseminated by Mr. Arnaud LABROUSSE in his email sent on 17 April 2012 to Mr. Elie AKIZUMWAMI of FSC titled: "FSC and Cameroon corruption investigation?") concerning the involvement of one of Pallisco's partners (Jean Marie ASSENE NKOU) in a case of embezzlement of public funds in Cameroon (case of the purchase of the presidential plane - Albatros). This concern is de facto addressed because FMU 10 039 operated by Pallisco and belonging to Mr ASSENE NKOU was seized by the Government of Cameroon and transferred to the company LFMT (LA FORESTIERE DE MBALMAYO S.A.). The transfer notification was issued in January 2013 and the exploitation agreement resulting from the transfer was signed on 27 May 2013. Pallisco currently holds a partnership contract with LFMT on the same FMU 10 039.

During this audit, the stakeholders listed above were interviewed. The outcome of stakeholder consultations during this audit is the following:

**State of relations between Pallisco-CIFM & partners and communities neighboring their FMUs:**

Stakeholder consultations showed on the one hand that the company entertained friendly relations with riparian populations who are satisfied with the working arrangements of the company, especially the fact that RFAs are regularly paid, public awareness sessions conducted by the staff on various issues, the local staff recruitment arrangements are working well, and user and customary rights of the local people (Bantou and Bakaw) are properly mainstreamed, boundaries are respected and the company offers development support. On the other hand, the audit team noted the existence of some conflicts with various communities, which are more or less well managed by the company (see comment on CAR No R01). In addition, the population appreciates Pallisco's support to local development, though they regret the non-respect for council's commitments within the framework of the tripartite agreements between Pallisco, the councils and the population; they also regretted that some projects be often imposed to them by Government.

**Government perception of the company's activities:**

Consultations with Government services showed that Pallisco enjoys good relations with administrative authorities (regional development, Forestry, environment and labor departments).

Pallisco was cited as a role model by environment services: effective participation in the departmental strategy to monitor waste management; successful implementation of the EMP; regular provision of environmental monitoring reports; good environmental track record overall, which explains why Pallisco's FMUs were selected to host some REDD projects and why the company was issued the environmental compliance certificate on its FMUs, etc.

As concerns the Forestry department, in three years controlling Pallisco, it has found only one minor offense pertaining to the interpretation of legal...
instruments. Forest intervention norms are globally complied with; specifications are respected. However, though we acknowledge the magnitude of the company's wildlife management activities, we regret a lack of communication from Pallisco on its related strategy, especially with Government.

Concerning human resource management, the labor department only issued a contrary opinion once on Pallisco's performance regarding the increase in temporary and final lay-offs, although they acknowledge that this was done in compliance with regulatory procedures. This issue was investigated at Pallisco/CIFM and a report on dismissals since January 2012 requested from the company. According to that report, there have been 10 dismissals in 2012 and 07 since January 2013. A sample of dismissal files was reviewed. The audit team did not find any evidence of non-compliance with regulatory procedures relating to dismissals, or of wrongful dismissal. The same goes for the sample of staff disciplinary files reviewed during the audit. It is however necessary to emphasize on these issues during the next surveillance audit.

As concerns the regional development department, the feeling is that Pallisco deserves Government's congratulations for the positive feedback received from the communities and technical services, as well as their integration in the local social environment.

5.6 - Other evaluation techniques

No specific evaluation technique was used to evaluate the forest entity. Basic audit techniques were consistently applied: desk review, site visits and interviews with the people concerned by or involved in the company's forest management practices.

5.7 - Closing meeting of the renewal audit

The audit reporting meeting was held in Douala on 17 June 2013 from 4 to 5 PM. It was attended by:
- Mr. DOUAUD Loïc, Assistant Director
- Mr. CARTRON J-C, Administration and Accounts Officer
- Mr. FOUDA Casimir - Chargé de mission
- Ms NGOUE Marie Cécile, Certification officer

Apart from recalling the audit objectives, the strengths and weaknesses of the company were highlighted. Non-conformities were identified and described extensively.

6 - Observations made during the audit

6.1 - Actions undertaken to respond to previous Corrective Action Requests

The table below summarizes the actions undertaken by PALLISCO to address previous upgrading requests made during the last surveillance audit (No. 4) as well as the decision reached by the auditors.
<table>
<thead>
<tr>
<th>N°</th>
<th>Minor corrective actions requested</th>
<th>Requirement No.</th>
<th>Company response</th>
<th>Auditors’ decision</th>
</tr>
</thead>
</table>
| 40 | Ensure that the security firm takes requisite measures to comply and ensure compliance with the laws governing recruitment and working conditions of its employees | 1.1.7           | Several actions were undertaken through internal audits, but also and especially during unannounced controls:  
- Provision of labor contracts to personnel (register for recording contracts received /signed off by employees);  
- Amendment of the contents of labor contracts (indication of the usual place of residence (different from the place of recruitment), category/grade, amount of effective basic or gross salary (indicate allowances and benefits);  
- Relaunch of registration with NSIF (receipt acknowledgement of letters sent by the sub-contractor);  
- Improved distribution of pay vouchers to employees on the field (register for received vouchers /signed off by employees);  
- Modification of pay vouchers (indication of date of entry into the company, the post, seniority (updated), NSIF registration number, category/grade);  
- Signing with the Abong-Mbang hospital of a medical care and examination agreement for employees of the company (in process, pending the Medical Doctor’s signature);  
- Formalization of the 2013 leave schedule for wardens;  
- Replacement of PPEs (massive allocations), See allocations monitoring register;  
- Provision of a first aid kit to staff at LAB gates. | Closed |
<p>| 41 | Ensure the wearing of hearing protectors at workstations where noise levels require such protection. | 4.2.1           | The company has evaluated the level of noise at the workstations most exposed to noise and determined that 80 dba is the maximum acceptable threshold. Security forms at workstations have been updated. The company produced service memos for the relevant workstations and imposed the wearing of hearing protectors while warning of possible sanctions in case of non-compliance. Team leaders carry out control. The 2013 HSE sensitization program includes a topic on protection against sound nuisance. | Closed |
| 42 | Ensure adequate follow-up of workers’ medical examination results.                                | 4.2.1           | PALLISCO has designed and is implementing several measures to improve follow-up of workers’ medical examination results, in collaboration with | Closed |</p>
<table>
<thead>
<tr>
<th>Nº</th>
<th>Minor corrective actions requested</th>
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</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>Harmonize the list of PPEs per workstation as well as the compulsory PPE pictograms per workshop at the technical bases. Ensure that PPEs are worn.</td>
<td>4.2.6</td>
<td>The list of PPEs was reviewed and PPEs distributed accordingly; workstation safety forms were filled; new pictograms were installed in workshops. Training/sensitization sessions were organized to sensitize employees about the obligations of the employer and employees regarding accident prevention equipment (PPEs, pictograms, emergency call number, etc.)</td>
<td>Closed</td>
</tr>
<tr>
<td>44</td>
<td>Complete the road opening procedure to minimize the impacts thereof on plant cover and on the soil.</td>
<td>5.3.1</td>
<td>The road opening procedure was revised and defines four types of roads: permanent, access, main and secondary roads. Permanent, access and main roads are clearly defined and mapped. A map of logging areas was also circulated to the relevant staff. It indicates the road sessions for the rainy season and those for the dry season. For each type of road, the maximum right-of-way is defined, and varies from 20 to 35 m. Staff were sensitized on the new road opening procedure.</td>
<td>Closed</td>
</tr>
<tr>
<td>45</td>
<td>Operationalize all oil-removing equipment at the Mindourou camp, monitor their proper functioning.</td>
<td>6.7.2</td>
<td>The procedure for cleaning hydrocarbons separators in washing areas and at the pumping station was disseminated again (unchanged). The washing area was covered. A new separator was installed at</td>
<td>Closed</td>
</tr>
<tr>
<td>No.</td>
<td>Minor corrective actions requested</td>
<td>Requirement No.</td>
<td>Company response</td>
<td>Auditors’ decision</td>
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<td></td>
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<td></td>
<td>Makalaya. A de-oiler monitoring system that better defines responsibilities with regard to de-oiler maintenance was put in place.</td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>Map out borrow areas and ensure monitoring thereof.</td>
<td>8.2.5</td>
<td>A management procedure for borrow areas was prepared and disseminated. Staff in charge of road opening was trained. New quarries are recorded in monitoring forms.</td>
<td>Closed</td>
</tr>
<tr>
<td></td>
<td>Ensure the systematic and rigorous implementation of all monitoring/evaluation procedures; ascertain that the evaluation reflects realities on the field</td>
<td>8.2.6</td>
<td>The instructions manual on monitoring/evaluation procedures was updated. For each type of activity, the company has specified all the controls to be conducted as well as the frequency of such controls. The monitoring team was restructured but still comprises 3 technicians. Control reports are disseminated to the relevant services after validation by the operations manager. A monthly report detailing recurrent non-conformities is forwarded to the head office that makes the requisite decisions.</td>
<td>Closed</td>
</tr>
</tbody>
</table>

6.2 - Actions undertaken to respond to previous observations

AV) Officially take into account the peculiarity of indigenous peoples in identification and management arrangements for sites used by the riparian populations within the company’s forest concessions (Indicator 3.3.1):

The procedure for managing sites used by riparian and indigenous people was changed; the specific approach to the management of Baka sites is henceforth specified.

AW) Continue the reflection on the procedure for identifying development projects so as to avert problems that may arise in case CPF projects are proposed late or not at all (Indicator 4.1.7):

All stakeholders involved were educated on the procedure for identifying and validating projects via the external newspaper referred to as « Les échos de la forêt » (issue No.11 of February 2013). A participatory analysis of the current approach to identification of development projects is underway in view of its improvement. The company intends to renew very soon the Pallisco-Communities-Administration tripartite agreements that form the basis for implementation of its community projects support program.

AX) Finalize and implement the procedure for authorizing traders to sell foodstuff in the Boucarou (Indicator 4.2.2):
The method for managing the Boucarou was revised and the procedure for issuing authorizations to traders improved. Henceforth, the traders sign an undertaking to comply with the rules of hygiene and good conduct defined by the company. At present, the company has a list and files of traders authorized to sell at the Bucarou. Badges for identifying the traders are being prepared. Panthère Security wardens are responsible for ensuring on a day-to-day basis that only the authorized traders sell at the Boucarou.

AY) Finalize the compensation procedure for damage to third party property so as to take account of damage to property other than crops, and highlight the specific case of damage to the property of Baka indigenous communities (Indicator 4.5.1):

The compensation procedure for damage to third party property was revised. A new compensation scale is annexed to the procedure. The method of compensation for property other than crops was incorporated therein (damage to sacred sites and trees, damage to NTFPs). The procedure also addresses specific cases of damage to the property of indigenous Baka people.

AZ) Continue ongoing efforts to harmonize GIS data with forest logging operations. (Indicator 5.3.7):

Timber tracking and haul planning procedures were merged into a single sorting-tracking procedure.

Sorting-tracking is conducted at the level of the area and after opening the roads. Based on inventory data, pre-planning of timber yards and hauling tracks is carried out (with relative data) using GIS. After hauling, systematic tracking of hauling tracks is conducted by the monitoring/evaluation team.

Therefore, two databases exist: a relative database established before logging and a geo-referenced database established after logging. Investigations carried out by the audit team revealed that the system is relevant. The two databases are consistent, with the exception of a few cases which are due to the fact that the company is still perfecting the procedure.

BA) Extend the emergency evacuation procedure to cases of injury resulting from the use of any chemical products (Indicator 6.6.7):

The inventory of chemical products was updated. Specific instructions concerning accidental spills of chemical products were prepared, documented in specific forms, disseminated and posted. The training/sensitization plan was completed.

BB) Separate physically the metallic wastes in technical bases depending on their purpose: internal recycling - sale and external recycling (indicator 6.7.4):

The company proceeded with sorting and completely cleaning the scrap metal zone, evacuated metal wastes and arranged the useful scrap metal in the garage.

Furthermore, the company plans to create another area for stacking secondhand parts (containers placed on concrete blocks) and construct a closed “scrap metal for evacuation” area.
BC) Confirm the results of the currently tested mechanism for bio-decontamination of soils and sawdust (Indicator 6.7.5):
Analyses conducted by BOCOM confirm the success of the mechanism. Results show that there is: (i) a very marked drop of hydrocarbons in the sample, down from 76,000 mg/Kg to 1676 mg/Kg, (ii) a slight drop of PH. The PH of soils contaminated with hydrocarbons therefore remains relatively high. The company plans to use some decontaminated lands as urbanization zones and others as plant nurseries subject to compatibility of the soils with the plant growth requirements.

BD) Further operationalize monitoring of illegal activities (Indicator 8.2.14):
The Strategic Wildlife Protection Plan (2013-2017) within the context of ongoing PALLISCO-ZSL partnership was signed in December 2012. The company recruited a consultant to implement the said plan and train PALLISCO staff. The consultant carried out two missions: stock-taking of the current anti-poaching activities, crackdown operation as well as identification and reorganization of available data. At the same time, the collaboration agreement between PALLISCO and ZSL was renewed and clauses pertaining to activity monitoring and data use incorporated therein. The agreement has an attendant annual operations plan that shall be updated every year.

6.3 - Evaluation of the forest entity’s overall level of compliance

6.3.1 - Principle 1 – Compliance with FSC laws and principles

The company holds all documents attesting of compliance with legal requirements. It ensures legal watch by drawing on information contained in the Official Gazette and communicated by the GFBC. The Certification officer has a list of all applicable forest management legal and administrative requirements at local and national levels. The instruments are systematically archived in her office in Douala. Some of the instruments may also be consulted online at the Mindourou site. Once they are identified, legal and administrative requirements are forwarded to officials of the relevant services who, in turn, prepare draft procedures or service memos, as the case may be, which are subsequently validated by the head office before dissemination. Employees are informed of the implications of regulations and laws via internal meetings and service memos. Sub-contractors are informed by correspondence. The information system is supplemented with a newspaper for the local population containing information on the payment of annual forest royalties (RFA), logging activities, development projects, etc.

The company has (i) all evidence testifying to the payment of its taxes and (ii) all legal documents on logging and processing of timber. Payment of RFA is published in “les échos de la forêt” newspaper. The other taxes paid are published in the DSF document forwarded to taxation services. Each year, a tax clearance attestation is published at the company’s website.

The company has identified all international treaties and agreements signed by Cameroon, which it respects and which are available in the office of the management assistant and at the Douala office. The provisions of such treaties...
and agreements are translated into the company’s procedures. Management plans specify the list of CITES species present in each FMU. The company follows up initiatives undertaken by Cameroon in compliance with the said treaties and agreements via its legal watch and participation in public meetings during which it is represented.

The company is not subject to any conflict between laws and regulations and FSC Principles and Criteria.

As part of the fight against illegal activities, the boundaries of FMUs and allowable cuts under logging are sustainably marked and maintained in accordance with national regulations in force. Access to FMUs is controlled by means of gates whose surveillance is sub-contracted to the Panthère Security firm. All gateways are equipped with an information sheet stipulating that any unauthorized logging is prohibited. Illegal activities are monitored by the wildlife officer who, when he discovers any illegal activity, informs local authorities who in turn organize crackdown operations. In addition, in December 2012, the company signed a Strategic Wildlife Protection Plan (2013-2017) within the framework of its partnership with ZSL.

The company has a written policy commitment vis-à-vis FSC, which is published on its website. As a result of its long-standing experience, the company has been able to inculcate in its workers, subcontractors and local communities the culture of certification through sensitization about and training in all stewardship aspects contained in the FSC reference framework.

Legality of sub-contractors:
During the audit, it emerged that security was the only activity sub-contracted by the company. The activity is currently entrusted to the Panthère Security firm. Following the corrective action request relating to legally compliant recruitment and working conditions for Panthère Security employees formulated during surveillance audit No. 4, several measures have been taken to ensure that this sub-contractor complies with the law. Today, Panthère Security’s legal conformity is established and the recruitment and working conditions of its employees have been significantly improved under the permanent supervision of the PALLISCO Company. Panthère Security’s compliance with the law will even be better enhanced if the company further fine-tunes its monitoring mechanism to render it more efficient (See minor NC No. 11).

Below is the updated list of sub-contractors forwarded by the Company after the audit.

<table>
<thead>
<tr>
<th>Sub-contractor</th>
<th>Area of intervention</th>
<th>Manager and/or Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panthère Security</td>
<td>Private security company</td>
<td>Mr. Clovis KEMADJOU</td>
</tr>
<tr>
<td>Ets Kek et famille</td>
<td>Public works and civil engineering</td>
<td>Mr. Clovis KEK ADJABOULE</td>
</tr>
<tr>
<td>Ets Darley et fils</td>
<td>Site maintenance</td>
<td>Mr. Darley Bristot DJATTO</td>
</tr>
</tbody>
</table>
6.3.2 - Principle 2 – Land tenure, user rights and responsibilities

The Company holds all user rights over its various FMUs and FMUs under partnership via the different agreements signed with the Ministry of Forestry, transfer notifications and partnership deeds (with SODETRAN-CAM and LFM). The customary and user rights applicable to PALLISCO FMUs have been identified. The external social component of the Company’s social policy prescribes respect for the user, customary, and legal rights of communities neighboring its FMUs.

Control of the impact of logging on the rights and/or resources of communities neighboring PALLISCO FMUs and those of its partners is carried out as part of implementation of the procedure governing the management of user rights of populations neighboring forest concessions.

The company has prepared a gamut of procedures for the prevention and management of conflicts with local communities neighboring its concessions. The company has driven and supported the process of establishment of CPFs around its own FMUs and those under partnership. These CPFs serve as interfaces for resolving conflicts. The company also formalized Pallisco-Councils-Population tripartite collaboration agreements which are designed, inter alia, to resolve conflicts linked to the implementation of development projects benefiting riparian communities. Lastly, the company signed a memorandum of understanding with the populations and the forestry administration, which sets the latter as the mediator between the company and communities in the event of conflict relating to the management of forest resources or user rights. The company has a conflicts resolution register where all conflicts dating back to 2008 are recorded. The company keeps archives of every action taken to resolve each of the conflicts. For each conflict, a file is opened to monitor the resolution thereof.

6.3.3 - Principle 3 - Indigenous peoples’ rights

The indigenous people that enjoy customary and legal rights in FMUs are Baka pygmies. These people have been located, identified and counted within the framework of socio-economic studies conducted by the company. The conflict prevention and resolution procedures prepared by the company apply both to the Bantus and the indigenous Baka peoples. The Pallisco Company’s commitment to resolve all its conflicts vis-à-vis indigenous pygmy peoples is clearly stated in its social policy and is operationalized through “guidelines for

<table>
<thead>
<tr>
<th>Sub-contractors</th>
<th>Transportation of Pallisco log timber and CIFM processed timber</th>
<th>Mr. Fadi KAID BEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDI STL</td>
<td>Transportation of Pallisco log timber</td>
<td>Mr. JEIBEILE</td>
</tr>
</tbody>
</table>
indigenous peoples”. The mechanism that the company has established for permanent social consultation with the populations is implemented through CPFs in which the Baka are represented. The procedure governing the management of sites used by riparian communities and indigenous peoples within Pallisco-operated FMUs is applied to all Baka villages identified around the Annual Allowable Cut.

The potential impacts of forestry activities on the rights and resources of indigenous pygmy peoples and Bantu communities are identified in the EIA reports.

In practice, just as is the case for Bantu communities, indigenous peoples are consulted during the process of identification and management of sites used by the population. The specificity of the Baka is henceforth taken into account in this process (See revised procedure, Observation No. AV of surveillance audit No. 4).

According to the procedure governing the management of sites used by the population within Pallisco forest concessions, the sites are identified and marked prior to prospecting. The sites are then represented on operational maps subsequently used by logging teams. Pallisco management plans recognize the right of the population to freely access forest resources as part of the exercise of their user rights. The procedure governing the management of sites used by the riparian populations within forest concessions provides for the sensitization of operational teams about the sites identified, mapped and marked and a reconnaissance mission of the said sites is conducted by the said operational teams.

6.3.4 - Principle 4 – Community relations and workers’ rights

In its social policy, Pallisco commits to “recruit without discrimination and prioritize local manpower with equal competence”. In practice, the riparian populations are informed about application invitations via the usual communication channels, namely CPFs. Among the PALLISCO/CIFM employees, more than 70 percent are indigenes of East Cameroon, of which 20 percent come from the Mindourou sub-division where the Pallisco/CIFM forest site is based. Vocational training of employees also forms part of Pallisco’s commitments contained in its social policy. Within the framework of the tripartite agreements between Pallisco, CPFs and Councils, the company contributes to the education of the children of employees and of the surrounding Bantu and Baka peoples through the implementation of social projects in the area of education. The company also implements social projects in the area of health support.

PPEs are available at forest sites and are worn by workers. Preventive measures, particularly regarding risk identification and worker sensitization, are implemented. Working conditions in the forest are compliant with the labor code and with ILO recommendations. Workers are subject to systematic medical examinations during recruitment and to annual checkups. Satisfactory health care is provided for employees and their families at the company sick bay
based in Mindourou, which is equipped with a functional laboratory and qualified and experienced medical personnel. Sensitization campaigns are organized regularly by the HSE for employees and their families about national and international safety rules and regulations.

Guidelines on emergency evacuation are displayed in all services, including in mechanical bases in the forest. The company defrays all occupational injury related medical costs before they are subsequently submitted for reimbursement to NSIF. The company has an HSE officer (KAMENI Danielle) and an assistant.

The Labor Code and its various enabling instruments as well as national collective agreements and ILO conventions and guidelines are available on the company sites and accessible to all user services. Applicable instruments are taken into account and incorporated into the company’s operational procedures. Professional classification and wages have been reviewed in accordance with the new collective agreement of the forest-timber sector in Cameroon. Social dialog is effective and allows for systematic processing of workers’ concerns by the head office. Trade union freedom is a fact within the company.

The company carries out monthly monitoring/evaluation of all social activities. The outcomes/recommendations of such evaluations are capitalized monthly and incorporated in action plans for subsequent months. An annual summary is prepared at the end of the year and recommendations thereof taken into account in the social management plan for the next year. A summary of the management plan was communicated by the company to the various CPFs concerned with its activities.

The company has prepared a compensation procedure for damage to the property of third parties. In the case of damage to property other than crops, the company uses a negotiation approach vis-à-vis the relevant populations.

6.3.5 - Principle 5 – Benefits from the forest

Details of environmental and social investments are contained in a document appended to the annual budget. In 2013, environmental and social investments account for 2.2 percent and 1.9 percent respectively of the company’s turnover. To these investments, we may add all recurrent costs that are lumped together with other expenses of the company. Investments that permit a sustained diversity of products and the ecological productivity of the forest are afforded through (i) the convention with Nature+ that provides for recurrent costs to be borne by the company, (ii) nursery operation and reforestation activities. These investments account for more than 1 percent of the company’s turnover. The company’s revenues are calculated by species, based on valorization of inventories, the level of marketing of the different species, which permits evaluation of expected usable resources. The benefits generated from the forest are distributed through payment of wages to employees, RFA, increase in bonuses depending on the output of the financial year and through investments to benefit local communities.
Besides, the company tries to encourage the use of all forest products, though its initiatives are not always successful. It participates in the harvesting of the following secondary species: Eyong, Ouamba, Kotibe, Nyové and Dabema. There have been several attempts to harvest other secondary species (Abalé, Ilomba, Yatanza, Koto, etc.), though such initiatives turned out to be commercially inconclusive. Several studies were conducted on NTFPs (bush mango, Moabi), but for now, the company has not acted upon the outcomes of these studies because of (i) the absence of concrete individual projects, (2) the difficulties encountered in implementing collective projects which have all failed owing to lack of agreement between local community beneficiaries.

Forest management complies with the FAO Code as well as national and sub-regional guidelines, in a bid to minimize the waste generated by logging and avoid damage to forest resources. Fellers are trained in controlled felling techniques which not only ensure safety for the operator, but also allows for better valorization of the resources. Proper planning of the road networks and hauling tracks, based on mapping done during operational inventory ensures a limitation of impacts on forest stands. Through the use of indicators, the monitoring system instituted enables to measure the efficiency of implementation of PPEs measures. The system of remuneration of personnel supervising harvesting comprises allowances calculated at up to 50 percent of production output and 50 percent of the qualitative results recorded in the post-harvest control. Felled timber is transported within a week to the Mindourou industrial site where the most fragile timber is treated. The company possesses a GIS with which it edits its maps depending on needs. Mapped data concerns especially the following points: boundaries of FMUs, AACs, forest trails, watercourses, wetlands, landscape, tallied trees, roads, hauling tracks, yards and bridges, huge trees, crop trees, seed trees, sacred sites and farms. All these data are used in the planning of operations. Abandoned timber is recorded in the abandoned timber register that is forwarded to the head office for each yard cleared. The company also monitors the monthly rate of commercialization of harvested timber through monthly harvest reports.

6.3.6 - Principle 6 - Environmental Impact

The company has conducted environmental impact assessments for FMUs 10 030, 10 031, 10 039, 10 041, 10 042 and 10 044 and for the CIFM industrial site. Such assessments identify all the impacts connected with logging and timber processing and are supplemented with environmental management plans that specify actions to be implemented. Procedures are defined and implemented in order to avoid or reduce the negative impacts of logging on the environment. Since 2009, enforcement of the prescriptions of the various EMPs is monitored and summarized annually by the certification officer in two separate documents (FMU and factory) that are forwarded, among others, to MINEP.

Wildlife-rich areas are identified. A wildlife team monitors such areas and organizes “crackdown” operations. Management plans define preservation areas consisting essentially of watercourses and wetlands that are protected with a 30-m buffer zone in accordance with the regulations in force. Conservation areas were identified and mapped in management plans and
impact assessments. Their locations are specified on operational maps. Measures to preserve the diversity of plant and animal species not only exist, but are implemented: closure of FMUs with gates, opening and maintenance of boundaries, monitoring and control in FMUs by the wildlife team, internal rules and appropriate sanctions, mapping of sensitive areas, supply of company stores with various animal proteins, sensitization of employees and of village communities, partnership with the forestry administration, etc. As part of the Pallisco-ZSL partnership, the Strategic Wildlife Protection Plan (2013-2017) articulates wildlife management measures around 5 principles:

1. The company takes structural measures that make it possible to mainstream wildlife protection in forest management;
2. The company adopts a strategic and adaptive wildlife management system;
3. The company reduces the direct impacts of forestry activity on wildlife;
4. The company minimizes the indirect impacts of its activities on wildlife;
5. The company collaborates in global conservation efforts.

The company has recruited a consultant to implement this plan and to train Pallisco staff. At the same time, the collaboration agreement between Pallisco and ZSL was renewed and details concerning activity monitoring and data use incorporated. The agreement is accompanied with an annual operations plan that shall be revised each year.

Through its database, the company understands natural cycles and the balance of stands. It respects the prescriptions of management plans regarding rehabilitation of stands and has a program for enriching degraded areas with indigenous species. Harvested species that present an abnormal disruption in the distribution by diameter such as Moabi, Iroko and Sapelli in FMU 10 039, come under special monitoring. Log yards are rehabilitated in order to permit natural regeneration. The logging procedure provides for the identification and protection of huge trees of more than 220 cm in diameter as well as seed trees, crop trees, wetlands and other remarkable ecological sites.

The FMU’s representative ecosystems are mapped and HCVs (forests, watercourses, wetlands, degraded zones, steep slopes, and rocky areas) identified in the FMU and in the allowable cut, as the case may be. The company’s management procedures provide for measures to protect these ecosystems and the company monitors the level of implementation thereof. Conservation areas account for 15 percent of the surface area of FMUs and are representative of the ecosystems present in each FMU.

The procedures in place are consistent with best practice for combating erosion, protecting the soils, preserving water quality and protecting forest resources. Post-harvest control is carried out systematically and concerns: the quality of the felling and hauling, opening and closure of log yards, opening and closure of roads.

The list of all chemical products was updated in January 2013. The certification officer has an updated list of active agents prohibited by the FSC and the
exemptions granted by the FSC. The products that the company uses to treat logs in the break-bulk yard are authorized by the FSC. The staff responsible for applying the treatments has the appropriate protective equipment and gear. His last training dates back to July 2012 and he benefits from two medical examinations per year. Monitoring of the quantity of chemical products shows that there is a declining trend in the use of treatment products. All products are recycled by approved companies. Manipulations of chemicals are very rare and employees have received training on how to manage accidents.

The company implements a chemicals and non-organic wastes management policy. Mechanisms for collecting such wastes are available in forest sites. The wastes are evacuated to Mindourou for destruction and/or recycling by approved companies: Total collects used oil and Bocom collects all the other wastes. Scrap metal is sold and tires are turned over to GIC GPN that recycles them into various products, including shoes. To treat sawdust and hydrocarbons contaminated soils, the company initiated in October 2011 a pioneering de-contamination procedure using an on-site biological treatment method referred to as “land farming”. The tests conducted tend to demonstrate the efficiency of the procedure. Sub-contractors are informed about the company's environmental and safety requirements via sub-contracting contracts, adhoc memos, training sessions, etc.

The company does not use biological preservation agents in its FMUs.

The company does not introduce any exotic species in its FMUs.

6.3.7 - Principle 7 - Management plan

The company’s management plans are underpinned by sustained lumber production objectives projected on a 30-year rotation. Objectives pertaining to conservation and/or rehabilitation of representative samples of natural forests are defined in management plans as secondary objectives and are materialized via the definition of protection/conservation series. All management plans were approved by the forestry administration and are under implementation. An agreement is signed between the concessionaire of each FMU and the administration, specifying harvesting conditions. A Specifications document is appended to the agreement and defines the (technical and financial) contractual clauses as well as the responsibilities of the concessionaire/manager. The special specifications document specifies the company’s social obligations. All these documents are available within the company. Harvestable species and the harvesting rate are determined based on the population of each species, and on the capacity of each individual species to regenerate. The mechanisms for monitoring forest processes are provided for in each management plan and implemented and rigorously monitored on the field. Identification of High Value Conservation Forests (HVCFs) was done after approval of management plans. Apart from the document on identification, management measures were prepared and are presented in summaries of management plans. Management/harvesting techniques as well as measures for preserving the potential are specified in the management plans and supplemented by the identification of high conservation values. Such measures are translated into operations in annual operations plans. Limited diameter felling is applicable to
all FMUs. However, Pallisco has identified no-harvest areas and very degraded zones that are enriched using plants grown in nurseries. In 2012, more than 13,000 plants of 21 species were planted. Pallisco is enriching gaps (pilot and scaling-up). Enrichment of pilot gaps started since 2005 and, as at now, the company has enriched 211 gaps with 2,826 plants that are rigorously monitored.

Current management plans are not updated. However, the management plan of the block comprising FMUs 10 030 and 10 031 was updated in 2008. The results of monitoring and of various research programs are either incorporated in management documents or translated into procedures. Stock has also been taken of all monitoring results or recommendations.

The 2013 annual and comprehensive training plan for the entire company was prepared. This plan is based on the results of monitoring, technical and technological developments in the various areas of company activity, and on the evaluation of implementation of last year training plan.

A comprehensive summary of the three management plans is available. It sums up all the information contained in the said plans. It may be consulted online at the company’s website and was distributed in the surrounding villages. In the summary, one section (chapter 5.5) is devoted to High Conservation Value Forests, specifying that there is a summary of HCVFs identification and that management decisions shall be prepared. The said document is available since June 2009.

6.3.8 - Principle 8 – Monitoring and evaluation
An evaluation of EMP implementation was carried out in May 2013 (version 01). This surveillance report addressed to the Ministry of the Environment aims first to respond to a clause of the environmental impact assessment. At the time of publication of this document, 94 percent of actions were considered as executed and 5 actions remained ongoing for all the EMPs of the 6 FMUs operated by Pallisco. Revision of these EMPs is not envisioned. The entire system developed by Pallisco for monitoring/evaluating its activities and for data collection is documented. The company has specified activities that are subject to regular control and those that are subject to unannounced controls. Instructions relating to the monitoring and evaluation of logging activities in Pallisco concessions makes it possible to ensure coherence as well as replication in time and space of forest activity monitoring and evaluation data. Monitoring of logging is done by a team comprising a forestry engineer and 3 technicians. Monitoring of regeneration and growth is done by an engineer and 6 technicians and clerks.

The company established partnership with Nature+ many years ago. Their research projects and the results thereof are published in an annual report since 2006. The main research programs focus on the following actions:
1 – Phenological monitoring and growth program. The objective is to analyze about ten species harvested in all FMUs. In time, it will make it possible to (i) calculate the regular fructification diameter that may be compared with the
minimum exploitable diameter (MED), (ii) determine a real growth rate that may be compared with those used in MPs. Currently, the study concerns 542 plants in the case of phenological monitoring and 837 plants in the case of annual monitoring of growth diameter.

2 – Program on replenishment and replanting of endangered species such as Iroko, Assamela, Moabi, Tali, Fraké, Bété, Tiana and Sapelli. Results have demonstrated that only such species as Assamela, Tali, Iroko and Sipo regenerate properly when planted in felling gaps. For other species, tests on much bigger plots are ongoing since 2009. The first data attest to better results for some species that do not regenerate properly in gaps. Pilot gaps are being enriched since 2005 and, as at now, the company has enriched 211 gaps with 2,826 plants.

3 – The Dendrochronology Program for growth ring analysis that aims to rapidly produce results on the growth of species.

4 – Project to monitor forests constrained by human activity.

5 – Genetic study on Iroko, Movingui and Tali species. The objective is to maintain cross-pollination after harvesting, depending on the extent of grain dispersal.

6 – Since 2008, test of origin on the Moabi, Tali and Movingui species. Analysis of first data is ongoing.

7 – Pallisco is a partner of the Dynaffor mechanism that aims to determine the dynamics of forest stand processes in Central Africa (growth, mortality, recruitment), depending on growth conditions (soil, climate) and logging intensity.

All these mechanisms and reforestation sites are mapped.

All harvesting and post-harvesting activities are regulated. 2012 results are presented in the annual monitoring/evaluation report published in January 2013. The results obtained from monitoring and new scientific or technical data are used to improve forest management practices. Such is the case of the evaluation conducted on the population status of species harvested by Pallisco and the management decisions made. Since many years, the company has invested in operations to combat illegal activities and has enacted monitoring measures. The post of wildlife officer has been created within the development unit. Partnerships are established with bodies specialized in wildlife monitoring, such as ZSL that has many offices and personnel within the company. Monitoring data are presented in the monthly report of the silvicultural research and controlled reforestation component. Subsequently, the results are compiled for the year and eventually published by FORTROP. The company has demonstrated strong resolve to mainstream the first results of these research programs in its forest management procedures. Accordingly, it has entrusted Nature+ with the responsibility of drafting its next five-year plans, incorporating research findings therein as much as possible.

The entire forest production process is documented, starting with inventory up to the break-bulk yard: inventory report and map, sorting map, felling and hauling reports. Logs identification is based on the allocation of the inventory number with inscription of the number on the tree trunk, then the DF10 number at felling and inscription of the said number on the stump, trunk and the crown. The same number is maintained at each stage of the logging process during
which the log undergoes transformation with an identifier added each time (ex:/1, /2 …). As such, each log carries information indicating the FMU, the AAC and the block under logging, the log number, and the felling date. This information and volumes are recorded in the various administrative and monitoring documents as well as computerized registers. The invoice model comprises all required information (name of client, sell date, type of product with indication of the material category, the volume, the certificate number, the link with the waybill, etc.). A label bearing the FSC logo is tagged to the two faces of each FSC-compliant log sold. On sales invoices, the mention of certification is indicated for each product sold with a certificate number. Uses of the mark have been validated by BVC. All log sale invoices are archived for a 10-year period.

Monitoring data are captured in the following reports:
- for the public: the annual sustainable management report made available upon request;
- for the head office and services:
  . cumulated monthly monitoring/evaluation reports of logging and production activities, HSE monitoring, report on internal social activities;
  . report on external social activities;
  . wildlife monitoring report ;
  . company stores monitoring report;
  . sick bay monitoring report.

6.3.9 - Principle 9 - Maintenance of High Conservation Value Forests

In all its FMUs, the company has conducted a study of the characteristics of High Conservation Value Forests. Such studies specify the working method, identify and map out HCVFs and describe their main characteristics. The study summarizes the data thereon in a document titled “Summary of HCVFs” in Pallisco FMUs (June 2009), the results of which are incorporated in management plans and/or procedures in use, which specify the protection measures to be implemented.

The population has been broadly consulted and involved in the identification of areas hosting HCVs within Pallisco FMUs. The procedure and the results of HCV evaluation are reported in a document titled "Evaluation of the presence of High Conservation Value Forests in Pallisco forest concessions". The results of HCVs evaluation were validated during a workshop organized for the purpose and bringing together various stakeholders. The company carries out permanent monitoring of HCVs, which makes it possible to continuously stay in touch with the stakeholders involved in the management of HCVs.

Identification of HCVFs and crafting of subsequent management/protection decisions/measures have been done in consultation with all stakeholders (population, administration, scientific community…). The company’s HCVF strategy is the outcome of consultation with all stakeholders, with the precautionary approach dictating the company's management choices, particularly in cases of inadequate information.

Monthly monitoring documents contain indicators for evaluating logging performances in relation to HCVFs. Data from such monitoring are archived and
the results used to change forest management operations when need be. The certification officer monitors research developments that may impact the management of HCVFs. Among other things, cumulated monthly reports focus on HCVF monitoring and are communicated both to the head office and to the relevant services.

6.3.10 - Principle 10 - Plantations
Forest regeneration is not achieved by planting, except for the planting carried out to enrich gaps or degraded areas. This principle is not relevant.

6.4 - Systematic presentation of results
See auditors’ checklist available upon request.

6.5 - Products identification, traceability and monitoring

6.5.1 - Description of the system implemented to guarantee traceability
The company has elaborated procedures for nearly all its activities. These procedures and working instructions were made available to operational staff either via sensitization/training or simply by forwarding to them the procedures that concern them. A clear and complete organization chart is available. The organization chart is supplemented by the various workstation forms as well as the traceability tasks description forms furnished to and signed off by each employee.

6.5.2 - Specification of the final level of responsibility
Products are monitored up to the break-bulk yard in Mindourou (Pallisco log yard), the point at which the factory relinquishes responsibility. The logs are subsequently sold either locally to CIFM (to the CIFM log yard) or to another local buyer or exported (log yard at the Douala port).

6.5.3 - Specification of the system to document or label the products
The entire forest production process starting with inventory up to the break-bulk yard is documented: inventory report and map, sorting map, felling and hauling reports. This system is based on unit identification of each log through the logging permit, the AAC, the DF10 number, and the felling date, through record keeping at all levels of production (inventory, timber tracking, felling, hauling, preparation, evacuation, etc.) and regular recording of information in the “Pallitracks” software.

All this information is also marked on the log and on the stumps and crowns of each tree felled.

The system in force makes it possible to trace the geographical origin of timber and the harvested forest (FMU) up to the Mindourou break-bulk yard (Pallisco log yard) and thereafter up to the market. The company has a system of geo-referencing trees during inventory. The traceability system makes it possible to find the stump of each tree felled.

6.5.4 - Assessment of the risk of mixing
Timber is harvested in distinct FMUs that are all FSC-certified (with the exception of FMU 10 047b that is currently excluded from the scope of the certificate). The only current point of mixing is the Mindourou break-bulk yard (Pallisco log yard) because of the recent acquisition of FMU 10 047b that will soon be put to operation. This break-bulk yard shall thus stock timber from this FMU that is not FSC-certified. The company has envisioned to physically separate logs from the new uncertified FMU 10 047b at the break-bulk yard.

6.6 - Controversial issues

No controversial issues were observed during the renewal audit. Discussions with stakeholders testified to very responsible practices.

7 - Scope of the certification

The scope of the certificate encompasses forest management and logging of 341 708 ha of tropical forest in the East Province of Cameroon comprising FMUs 10-030, 10-031, 10-039, 10-041, 10-042, and 10-044 for the production and marketing of logs.

7.1 - Geographic boundaries of the entity

FMU 10 047b, where logging is planned to commence in 2013, is not included in the scope of the certificate.

7.2 - Limitation of forest products

Pure or 100 percent FSC logs of all species harvested and authorized.

8 - Proposals for the certification decision

8.1 - Explanation of the overall rating, weighting or any other decision-making system used

The audit team did not use a rating or weighing system to conduct the initial audit.

In fact, all the requirements of the reference framework were considered to be of equal importance, with each criterion having to be met by the entity applying for certification. Non-conformity was assessed for each indicator.

The indicators specified in the checklist should be considered as guidelines for the auditors.

8.2 - Clear description of all observations, conditions or preconditions related to the certification proposal
N° | Requirement | Description
--- | --- | ---
A | 1.5.1. | Some surveillance registers at the gates contain characteristics that may ultimately undermine surveillance transparency.
B | 4.1.7 | The company should draw lessons and avail itself of the agreements renewal opportunity to improve its entire development assistance mechanism.
C | 4.5.2 | The operator of the Makalaya staff store should be trained on how to calibrate the scale at the store.

Comments on the observations:

**Observation A:** During the audit, the register at the Kongo gate had 5 pages torn off without any special justification. Investigations conducted by the audit team revealed that the act was simply due to recycling of an old register for monitoring sensitization activities within Panthère Security firm. The suppression of pages in registers without any special explanation notified in the register undermines the transparency of the process.

**Observation B:** The Company developed five-year tripartite partnership agreements with the populations and councils neighboring its FMUs, for implementation of its development assistance projects. In spite of the difficulties encountered, many projects have been implemented within this framework since 2008. Renewal of these agreements that have already expired is envisioned and constitutes an interesting opportunity for the company that should draw lessons from past experiences to improve its entire development assistance mechanism.

**Observation C:** During the visit to the Makalaya camp, it was noted that the needle of the scale used at the store indicated 0.05 kg whereas the scale was empty. The operator was not able to give us an explanation. He was not trained on how to calibrate the scale.

### 8.3 - Description of minor Non-Conformities

<table>
<thead>
<tr>
<th>N°</th>
<th>Description of Non-Conformity</th>
<th>Requirement N°</th>
<th>Proposed execution deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-01</td>
<td>The company does not apply strictly its external conflict management procedure and its procedure for compensating damage to third party property in order to avert conflicts with local communities</td>
<td>2.3.1</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-02</td>
<td>Health and safety conditions at the Mindourou and Makalaya camps are not entirely satisfactory.</td>
<td>4.2.2</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-03</td>
<td>Living and working conditions of wardens at the mechanical base in FMU 10-039 are not consistent with regulations.</td>
<td>4.2.7</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-04</td>
<td>The level of training provided to employees on first aid varies and does not, in all cases, permit evacuation under satisfactory safety conditions.</td>
<td>4.2.8</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-05</td>
<td>Implementation of the logging procedure that consists in</td>
<td>5.3.2</td>
<td>17 June 2014</td>
</tr>
</tbody>
</table>
## Description of Non-Conformity

<table>
<thead>
<tr>
<th>Nº</th>
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<th>Requirement Nº</th>
<th>Proposed execution deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-06</td>
<td>Identifying poor quality trees prior to harvesting does not satisfactorily reduce the amount of wood wastes abandoned in the forest.</td>
<td>5.6.7</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-07</td>
<td>The company has not established specific monitoring of changes in the harvesting rate for Moabi and Sapelli in FMU 10-039 in order to confirm post-harvest stock projections.</td>
<td>6.3.5</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-08</td>
<td>Implementation of the road opening procedure is not entirely satisfactory in light of the level of reduction of damage to forest resources.</td>
<td>6.5.2</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-09</td>
<td>Non-biodegradable domestic wastes are not treated appropriately from the environmental standpoint.</td>
<td>6.7.4</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-10</td>
<td>Some officials do not satisfactorily master company procedures, especially to supervise and have forest operations conform to requirements of the reference framework.</td>
<td>7.3.2</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-11</td>
<td>The sub-contractor monitoring system implemented by the company does not guarantee proper responsiveness in the event of partial or total non-conformity by one of them.</td>
<td>8.2.9</td>
<td>17 June 2014</td>
</tr>
<tr>
<td>R-12</td>
<td>The procedure to be followed by the public to obtain the summary of annual indicator monitoring results is not clearly defined.</td>
<td>8.5.2</td>
<td>17 June 2014</td>
</tr>
</tbody>
</table>

### Comments on minor non-Conformities:

**Non-Conformity No R-01**:

The procedures for managing external conflicts and for compensating damage to third party property are not satisfactorily implemented. Indeed, the audit team noted several longstanding conflicts that remain unresolved to date. Analysis of a sample of conflict files revealed two cases of conflict where the related procedure was not entirely respected:

- Case of the complaint by the Nkoul community against Pallisco for illegal logging in the community forest: With regard to this conflict, the company invited the population to a meeting with authorities without previously going down to the field to seek a better understanding of the problem and then providing necessary explanations. The conflict that seemed closed in the presence of authorities, pursuant to the resolution report, resurfaced not long afterwards and remains unresolved until today;

- Case of the complaint against Pallisco for destruction of crops in the cocoa farm of an indigene of the Kongo village: Concerning this conflict, the company went down to the field to discuss with the owner but did not make necessary arrangements to pay compensation for the simple reason that the site of the damage was not marked and the owner of the farm did not report it. Yet, the marking of all sites of importance is the responsibility of the company and within an FSC context, the precautionary principle must be upheld.

This non-conformity is minor because the company at least made some efforts to resolve the conflicts, though the efforts are inadequate. Regarding other
conflicts analyzed, the conflict resolution procedures were rather properly observed.

**Non-Conformity No R-02:**
The housing conditions for Pallisco-CIFM staff in both the Mindourou and Makalaya camps are generally compliant with standards. The company has launched a project to construct new housing units in the two camps, with the intent to house more than 50 percent of its employees. However, the audit team noted some problems of hygiene and safety in the camps:
- the new buildings in the Mindourou camp are not equipped with extinguishers;
- a former pit latrine is left open and unsecured;
- decommissioned toilets in Makalaya are not secured;
- employees in the Makalaya camp are not sensitized about health and safety issues.

This non-conformity is minor because hygiene and safety problems are localized.

**Non-Conformity No R-03:**
During the visit to FMU 10-039 field camp under installation, the audit team noted that two wardens responsible for security at the site were not living under acceptable lodging conditions. Their working conditions were not entirely satisfactory:
- absence of an appropriate lodging facility (the two employees live in a makeshift tarpaulin shelter);
- no access to drinking water;
- no first aid kit;
- no rest: permanent presence at their place of work without any system of rotation that can permit them to rest;
- no torch for night duty.

This non-conformity is minor because it is very localized and isolated.

**Non-Conformity No R-04:**
A first aid training program was organized in 2011. Most of the employees interviewed understand the basics about first aid. However, the audit team was able to note the following points:
- in FMU 10 039, one feller did not have his whistle on him which, in the event of an accident, would compel him to leave his aide alone to go and get assistance;
- while the emergency evacuation procedure seems to be globally known, its implementation remains unclear for some employees and not properly understood for others, which is obviously detrimental to the efficiency of any potential intervention in the event of an accident.

This non-conformity is minor since the emergency evacuation procedure is globally known and understood.

**Non-Conformity No R-05:**
Some of the shorts in FMUs 10 041, 10 042 and 10 044 are collected and sawn using a Luca’s Mill-type mobile saw. However, there are no local processors that can use the rest of the wastes.

In FMU 10 031, the audit team noted that the volume of wood wastes abandoned in the forest and in the timber yards was relatively high, especially for Ayous that is very predominant in AACs under logging and obviously of
variable quality. Abandonment of entirely hollow timber is very frequent. The procedure in force provides for identification of hollow trees during operational inventory. However, the procedure does not seem to be fully operational. This non-conformity is minor given that it is localized in FMU 10 031.

**Non-Conformity No R-06**
The data used to prepare management plans are those determined by the forestry administration. Accordingly to management plan preparation standards, some major species may be excluded from management and harvested at the minimum diameter set by the administration (complementary species). In FMU 10-039, Moabi and Sapelli (key species) as well as Iroko were excluded from management. These species are currently harvested at the Minimum exploitable Diameter (MED). A calculation of the regeneration rate for these species in relation to the increase rate set by national standard shows a regeneration rate of 18 percent for Iroko, 4.3 percent for Moabi and 32 percent for Sapelli. These rates remain well below the required minimum standard which is 50 percent for each species. A study conducted by the company on “assessment of the population status of species harvested by Pallisco company and management decisions made –V2, 2012”, attempts to justify why the MEDs for the said species should be maintained in spite of their low regeneration rates. The study takes account of the increases in pilot stands within Pallisco concessions and in other regions, which are higher than the prescribed national standard. However, it should be noted that while the regeneration rate for Iroko is close to 50 percent (48 percent), the regeneration rates for Moabi and Sapelli stand at 35.3 and 38.6 percent respectively. The study also provides an initial estimation of seed trees and other non-harvested trees of social value that can ensure a viable stock for the next rotation. These assumptions may be verified from field data of the first nine years of logging in this FMU. It should however be noted that regeneration of these two species throughout the massif operated by the company is higher than 50 percent.

This non-conformity is minor since measures have already been taken and just need to be supplemented basically.

**Non-Conformity No R-07**
Logging operations respect the ecological balance of the forest and of the available resources. For a few months now, the logging procedure provides for marking and protecting seed trees. The procedure is still getting into stride. The audit team noted that in FMU 10-039, implementation of the procedure was not entirely satisfactory. This non-conformity is minor since it was noted only in a single allowable cut. Moreover, the procedure has just been designed and is still being perfected.

**Non-Conformity No R-08**
The road opening procedure under implementation makes it possible to protect the soils and preserve water quality. However, the audit team noted that it was not entirely satisfactory given the limited reduction of damage caused by forest management. During thinning, trees are bent disorderly whereas best practices require that trees be bent parallel to the road axis. This non-conformity is minor since the discrepancies observed are limited to felled umbrella trees.

**Non-Conformity No R-09**
Biodegradable and non-biodegradable domestic wastes are stocked in identical pits without prior separation or treatment and/or appropriate recycling of non-biodegradable wastes. This non-conformity is minor given that the waste treatment procedure is generally understood and the non-conformity concerns only non-biodegradable wastes that do not pose any particular threat.

**Non-conformity No R-10:**
For many years now, the company has made significant sensitization and training efforts to educate and train its staff, including on the requirements of the reference framework. However, the audit team occasionally noted lack of training and/or responsiveness and/or involvement of some officials, in spite of more than 5 years of experience in logging activities consistent with the requirements of the reference framework. This non-conformity is minor since it is essentially limited to one team.

**Non-Conformity No R-11:**
The company has established a system to monitor its sub-contractors so as to be able to ascertain that they comply with legal requirements in force about the treatment of their workers placed at the company's disposal. However, one cannot but note that the monitoring procedure introduced does not guarantee the necessary responsiveness to have sub-contractors comply with the regulations in force. Indeed:

- Some contracts are yet to be updated, especially with the legal provisions that should be contained in an employment contract;
- For some wardens, there is lingering inconsistency between the professional category and the basic salary paid;
- Mainstreaming of seniority in professional classification of wardens is not yet wholly satisfactory.

This non-conformity is minor because the problems undermining the monitoring system as noted above are not systematic. They concern only some employees.

**Non-conformity No R-12:**
The company's website comprises a documentation section, and monitoring results are readily available for consultation upon request. The practical conditions for obtaining the said documents are not clear. The same applies to the summary of the document on assessment of the presence of HCVFs that is also available for consultation upon request. This non-conformity is minor since documents are readily available upon mere request.

8.4 - Description of major Non-Conformities
No major non-conformity was formulated during this audit.

8.5 - Conclusion of the auditors about whether or not the candidate entity reached the required level of compliance

For the past 5 years, the company has demonstrated its capacity to continue and, in some cases, to enhance its efforts to comply with the requirements of the reference framework. It has also demonstrated its operational mastery of all the stages of the forest management and logging process. Its documents are
consistent with the regulations in force and with the activities it implements as well as allow for satisfactory monitoring of the results obtained. The information and sensitization efforts made for more than 5 years at all levels of the company and with local communities have permitted a better understanding and ownership of the approach and the emergence of a sustained collective effort whose results can be seen in all areas.

The audit team concludes that:
- the management system developed by Pallisco makes it possible to ensure that all the applicable requirements of the reference framework are taken into account in all forest areas falling within the scope of the certificate;
- Pallisco has demonstrated that the management system described is entirely and efficiently implemented throughout the forest areas falling within the scope of the certificate.

Consequently, the audit team considers that the Pallisco Company has reached the level of compliance required for the award of a certificate and recommends the issuance of the FSC certificate.

9 - Certification decision

Following the renewal audit conducted from 10 - 17 June 2013 for FMUs 10 030, 10 031, 10 039, 10 041, 10 042 and 10 044, the Forest-wood Certification Committee met on 23 July 2013 and decided as follows:

Decision: After consideration of the audit report referenced AR130702CM FSC GF rapport AR Pallisco et partenaires v1.0 [17 07 13], Bureau Veritas hereby decides unanimously to award an FSC forest management certificate to the applicant entity. This certificate is issued for a 5-year period subject to the suspensive proviso of addressing, within the set deadlines, the 12 minor non-conformities formulated in the renewal audit report.

Drafted on 16 July 2013, revised on 17 July 2013, and finalized on 26 July 2013.

Audit Manager, Lead auditor,

Vincent PELÉ Jean Paul GRANDJEAN
10 - Annexes

10.1 - Peer review

Non applicable (renewal audit).
11 - Surveillance audit No. 1

11.1 - Basis for evaluation

11.1.1 - Date of the surveillance audit
From 16 to 21 June 2014

11.1.2 - Composition of the audit team

Lead auditor:  
- Jean Paul GRANDJEAN, Forest Management auditor for Bureau Veritas Certification, Forest Expert (environment specialist), OREADE BRECHE Consultant.

Auditors:  
- Seraphin NGOUMBE, qualified auditor in Forest Management (social) for Bureau Veritas Certification, Salaried worker of Bureau Veritas
- Yves KOKAM, FSC/OLB auditor in Forest Management under qualification for Bureau Veritas Certification, Salaried worker of Bureau Veritas.

11.1.3 - Standard (s) used

During the audits, we made reference to the checklist (Ref.: SF03 FSC FM Congo Bassin_CAM, Version: 1.1) drawn from FSC forest management Standard FSC-STD-CAM-01-2012 Cameroon Natural and Plantations EN. The latter version was updated on 13/06/2014, and is available on the website www.certification.bureauveritas.fr or upon request from Bureau Veritas Certification France.

11.2 - Information collection methods

11.2.1 - Description of the audit program

The audit program was the following:
JPG: Jean Paul GRANDJEAN
SN: Seraphin NGOUMBE
YK: Yves KOKAM

<table>
<thead>
<tr>
<th>AUDIT PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>JPG</td>
</tr>
<tr>
<td>Audit team</td>
</tr>
<tr>
<td>Audit team</td>
</tr>
</tbody>
</table>
AUDIT PROGRAM

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit team</td>
<td>7:30 a.m.</td>
<td>Mindourou</td>
<td>Opening meeting in the presence of representatives of the Management and the supervisory staff of PALLISCO and CIFM.</td>
</tr>
<tr>
<td>Audit team</td>
<td>9:00 a.m.</td>
<td>Mindourou</td>
<td>Review of answers provided to the non-compliances raised.</td>
</tr>
<tr>
<td>JPG + YK</td>
<td>11:00 a.m.</td>
<td>Mindourou</td>
<td>Literature review</td>
</tr>
<tr>
<td>JPG + YK</td>
<td>2.00 p.m.</td>
<td>Mindourou</td>
<td>Analysis of answers to non-compliances, legality review, literature review, preparation of visits to FMUs.</td>
</tr>
<tr>
<td>SN</td>
<td>11:00 a.m.</td>
<td>Mindourou</td>
<td>Visit of the staff store</td>
</tr>
<tr>
<td>SN</td>
<td>12:00 (noon)</td>
<td>Mindourou</td>
<td>Visit of the canteen and the RP camp</td>
</tr>
<tr>
<td>SN</td>
<td>2:00 p.m.</td>
<td>Mindourou</td>
<td>Meeting with the staff representatives of PALLISCO - CIFM</td>
</tr>
<tr>
<td>SN</td>
<td>5:00 p.m.</td>
<td>Mindourou</td>
<td>Visit to the infirmary and then of the guard camp</td>
</tr>
<tr>
<td>SN</td>
<td>6:30 p.m.</td>
<td>Mindourou</td>
<td>Working session amongst auditors</td>
</tr>
<tr>
<td>JPG + YK+ SN</td>
<td>7:00 a.m.</td>
<td>Mindourou</td>
<td>Departure for Makalaya Control of the Kongo and Makalaya checkpoints.</td>
</tr>
<tr>
<td>JPG + YK</td>
<td>12:00 (noon)</td>
<td>Makalaya living quarters</td>
<td>Control of first aid kits, HSE maintenance, mechanical base</td>
</tr>
<tr>
<td>JPG + YK</td>
<td>1:30 p.m.</td>
<td>FMU 10030/10031</td>
<td>Five-year block 1 AAC 3. Control of the dismantling of structures</td>
</tr>
<tr>
<td>JPG + YK</td>
<td>3.00 p.m.</td>
<td>FMU 10030/10031</td>
<td>Five-year block 2 AAC 1 and AAC 6. RIL, traceability, prospection, seed trees and monumental trees maintenance, equipment pool, opening of AAC boundary monitoring, post-logging monitoring, protection of HCVFs</td>
</tr>
<tr>
<td>SN</td>
<td>11:00 a.m.</td>
<td>Makalaya</td>
<td>Arrival in Makalaya: visit of the camp, the infirmary, canteen, interview of staff</td>
</tr>
<tr>
<td>SN</td>
<td>12:30 p.m.</td>
<td>Makalaya</td>
<td>Departure for the villages: Baka pygmies camp in Baka Ngolla; meeting with the peasant forest committee (PFC) of Lomie III in Kongo; meeting with the Forestry and Hunting Control Post of Djaposten; meeting with the PFC of Dja I in Nkoul</td>
</tr>
<tr>
<td>SN</td>
<td>8:00 p.m.</td>
<td>Mindourou</td>
<td>Return to Mindourou</td>
</tr>
<tr>
<td>JPG</td>
<td>7:00 a.m.</td>
<td>Mindourou</td>
<td>Departure for FMU 10-042</td>
</tr>
<tr>
<td>JPG</td>
<td>8:00 a.m.</td>
<td>FMU 10-042</td>
<td>AAC 10: RIL, wearing of PPE, evacuation in case of emergency, traceability, prospection, seed trees maintenance, equipment pool monitoring, post-logging monitoring</td>
</tr>
<tr>
<td>JPG</td>
<td>2:00 p.m.</td>
<td>Mindourou</td>
<td>Visit to the Mindourou mechanical base</td>
</tr>
<tr>
<td>JPG</td>
<td>4:00 p.m.</td>
<td>Mindourou</td>
<td>Literature review Working meeting with the Certification and HSE managers. Information</td>
</tr>
</tbody>
</table>
AUDIT PROGRAM

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>of the checklist</td>
<td></td>
</tr>
<tr>
<td>YK</td>
<td>8:30 a.m.</td>
<td>FMU 10-047b</td>
<td>Control of stumps, illegal activities, boundaries of AAC 02 and FMU 10-047b</td>
</tr>
<tr>
<td>YK</td>
<td>11:40 a.m.</td>
<td>FMU 10-047b (MBITAYEMEN hut)</td>
<td>Discussion with Mrs. Florence GOBA, native of Ampel and temporarily living in the hut</td>
</tr>
<tr>
<td>YK</td>
<td>12:05 p.m.</td>
<td>Mindourou office</td>
<td>Discussions about illegal activities on FMU 10-047b</td>
</tr>
<tr>
<td>SN</td>
<td>07:30 a.m.</td>
<td>Mindourou</td>
<td>Control of the subcontractor ETS Darley et Fils</td>
</tr>
<tr>
<td>SN</td>
<td>2:00 p.m.</td>
<td>Mindourou</td>
<td>Control of the subcontractor ETS KEK et Famille</td>
</tr>
<tr>
<td>SN</td>
<td>5:00 p.m.</td>
<td>Mindourou</td>
<td>Working session with the personnel department</td>
</tr>
<tr>
<td>SN</td>
<td>6:00 p.m.</td>
<td>Mindourou</td>
<td>Working session with the external social service</td>
</tr>
<tr>
<td>SN</td>
<td>6:30 p.m.</td>
<td>Mindourou</td>
<td>Working session amongst auditors: summary of findings and filling in of checklists</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Friday, 20 June 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit team</td>
<td>7:30 a.m.</td>
<td>Mindourou</td>
<td>Debriefing meeting with representatives of the management and services</td>
</tr>
<tr>
<td>Audit team</td>
<td>9:30 a.m.</td>
<td>Mindourou</td>
<td>Departure for Douala</td>
</tr>
<tr>
<td>Audit team</td>
<td>4:30 p.m.</td>
<td>Douala</td>
<td>Arrival in Douala</td>
</tr>
<tr>
<td>Audit team</td>
<td>5:00 p.m.</td>
<td>Douala</td>
<td>Working session</td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>Saturday, 21 June 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit team</td>
<td>8:00 a.m.</td>
<td>Douala</td>
<td>Literature review Collection of additional information, filling in of the checklist, formulation of non-compliances and FSC/OLB observation</td>
</tr>
<tr>
<td>Audit team</td>
<td>4:00 p.m.</td>
<td>Douala</td>
<td>Closing meeting in the presence of representatives of the Management and the supervisory staff of PALLISCO and CIFM.</td>
</tr>
<tr>
<td>JPG</td>
<td>11:00 p.m.</td>
<td>Douala</td>
<td>Departure of JPG from the Douala International Airport bound for Roissy Charles de Gaulle.</td>
</tr>
</tbody>
</table>

Total man/days of the surveillance audit:

Declaration of the total number of man/days spent in evaluating the forest entity

- Pre-evaluation and other preliminary work: **01 day**
- time spent in reviewing documents, records, interviewing people and stakeholders as well as site visits: **6.5 days**
- time spent in travelling to and from the region where the evaluated forest is found: **04 days**
- Formatting and restitution: **1.75 days**
11.2.2 - Site visit(s)

Visited sites were selected on the one hand based on actions implemented by the company in response to deviations highlighted during the last surveillance audit and on the other hand on additional criteria previously selected in the checklist.

<table>
<thead>
<tr>
<th>Place</th>
<th>Controlled point</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douala Administration office and port</td>
<td>Documentary management, Accounting, taxation, Legal watch</td>
<td>Verification of the traceability system</td>
</tr>
<tr>
<td>Mindourou</td>
<td>Mechanical base, infirmary, staff store, and subcontractors.</td>
<td>Verification of the compliance with implemented FSC procedures</td>
</tr>
<tr>
<td>FMU 10-042</td>
<td>Traceability control, post-logging control, closure of AACs</td>
<td>Verification of the compliance with legal requirements</td>
</tr>
<tr>
<td>FMU 10-047b</td>
<td>Control of traceability, illegal activities, boundaries of AACs</td>
<td>Verification of requirements of the FSC standard</td>
</tr>
<tr>
<td>FMU 10-030 and 10-031</td>
<td>AAC under operation, Windfall, The boundaries of the FMU, The mechanical bases, The timber yards of AACs under operation, The hydrocarbons storage sites, Traceability control</td>
<td>Vérfication of controversial activities (FMU 10-047b)</td>
</tr>
<tr>
<td>Villages</td>
<td>Conflict management, Respect of the rights of local communities</td>
<td></td>
</tr>
<tr>
<td>Makalaya Site</td>
<td>Makalaya workers’ camp (houses, infirmary, grocery, catering, etc.), Waste storage sites</td>
<td></td>
</tr>
</tbody>
</table>

11.2.3 - Literature review

During this audit, the audit team consulted the following documents:

**Legality**

- AOP AAC 3-1 FMU 10-039, AAC 6 FMU 10030 31 and AAC 2-5 FMU 10-042 year 2014
- Boundary demarcation certificate for AAC 2 FMU 10 047b, AAC 3-1 FMU 10 039, AAC 6 FMU 10 030/ 31, AAC 2-5 FMU 10 042 year 2014
- Certificate of conformity of logging inventory results for AAC 2 FMU 10 047b, AAC 3-1 FMU 10 039, AAC 6 FMU 10 030/ 31, AAC 2-5 FMU 10 042 year 2014
- Notification of the launching of the activities on AAC 2 FMU 10 047b, AAC 3-1 FMU 10 039, AAC 6 FMU 10 030/ 31, AAC 2-5 FMU 10 042 year 2014
- MINFOF correspondence on the issuance of certificates of compliance with the Standards of activities in forest areas (NIMF) 2013
Taxation
- Annual Forestry Tax Return, first installment, for FMU 10 041, 10 042, 10 044, 10 039, 10 030, 10 031 and 10 047b
- Stumpage fees
- Business licence
- Certificate of deposit of the bank guarantee
- Payment receipts (AFT, Stumpage fees, In-factory taxes) for 2013 and 2014
- Taxes on business profits
- Value added tax
- Import duties
- Export duties
- Land tax
- Transfer request voucher
- Transfer tax

Human resource management and accounting
- Training plan for 2013 and 2014:
- Training report 2013
- Training report for the first half of 2014 of PALLISCO and CIFM
- General Memo No. 21 / MIND / PL / 2014 on the organization and functioning of the Makalaya camp
- Copy of the letter of commitment for the sale of foodstuffs to PALLISCO and CIFM workers.
- General Memo No. 014 / MIND / PL / 2103 on the marketing of foodstuffs in the boucaro (lodge) at the entrance of the sawmill
- Regulations of the PALLISCO-CIFM staff store
- General Memo No. 24 / MIND / PL / 2102 on the modification of the opening hours of the staff store

Environment, Monitoring & Evaluation
- Summary of the assessment document of the presence of High Conservation Value Forests (HCVFs) in FMUs operated by PALLISCO and partners;
- Monitoring Report – assessment of logging activities from January to May 2014
- Annual monitoring report 2013 of HCVFs indicators.
- Presentation of elements of resolution of non-compliances, June 2014
- Monthly reports of the RP/CIFM camp, January to June 2014
- Minutes of environmental inspections, MIEPDED, June and November 2013
- Monthly monitoring and evaluation report, RP Pallisco, February 2014
- Annual monitoring and evaluation report, RP Pallisco, year 2013
- Report on the analysis of the logging of competitive forest products in forest sites peripheral to the community forests of Kongo and Ngola-Achip (East Cameroon), 12/2007
- Qualitative assessment of NTFPs in PALLISCO's forest concessions, 05/2008
- Quantitative assessment of the availability of NTFPs in two FMUs of PALLISCO, 19/05/2008
- Problem of the collection of the *Gnetum africanum* leaves in logging zone, 2010
- Monthly reports of the RP/CIFM camp, January to May 2014

**Forest management**
- Management plan of FMUs No.10-041, 10-042 and 10-044 grouped together.
- Management plan of FMU 10-039.
- Management plan of FMUs No.10-030 and 10-031 grouped together.

**Wildlife and Hunting**
- Wildlife Protection Strategic Plan 2013 – 2017, Pallisco, ZSL.
- Summary of the assessment document of the presence of High Conservation Value Forests (HCVFs) in FMUs exploited by PALLISCO and partners, June 2009.
- Statistical analysis of the amounts of meat and fish consumed by workers over the last 12 months

**Security**
- Reports of HSE monthly visits
- Balance sheet of pre-employment and routine medical checks in 2013, 06/01/2014
- Report of the company doctor on diseases identified in 2012 (cases of hernia) and 2013 (all diseases screened) amongst PALLISCO-CIFM workers, 14/06/2014
- Report on the routine medical checks of employees using special chemicals, 10/01/2014
- Minutes of the quarterly meeting of the OHSC, 30/05/2014
- Report on the control of the staff store, 03/06/2014 and 01/04/2014
- Attendance lists during the induction training of officials in charge of the management of extinguishers on camps to the use a fire extinguisher, 07/02/2014
- Report on first-aider and rescue worker trainings, 12/2013
- Control sheet of the Makalaya camp (Ref. S-SE-E-12 v03), 22/05/14
- Medium of sensitization on evacuation
- Specific evacuation instructions PALLICO/CIFM, Ref. S-SP-I-01 v01
- Attendance sheet during miscellaneous sensitizations (... emergency evacuation, waste sorting, etc.) in Mindourou and Makalaya
External social

- Minutes of full conciliation (Conflict between PALLISCO and KASSARAFAM Village)
- PALLISCO's correspondence to the Divisional Delegate of Forestry for Upper Nyong regarding Request for intervention in the conflict between the company and the community forest of Nkoul, 03/06/2014
- Minutes of the Joint Mission PALLISCO – Nkoul Community – NGO PERAD – Head of the Djaposten Forest Post on the disputed plot of the Nkoul CF, 11/12/2013
- Conflict between PALLISCO and Mr. SOUABOT of KASSARAFAM village: Minutes of full conciliation: 14/02/2013
- Conflict File No. 40: Potential conflict on an alleged felling of protected moabi in AC 9 of FMU 10-039
- Conflict File No. 39: Anticipated potential conflict on a dispute over the materialization of cocoa farms and destruction of crops
- Conflict File No. 38: Anticipated potential conflict on a dispute over the demarcation of a farm and destruction of seedling trees
- Monthly reports of the external social component, January to May 2014
- Conflict File No. 37: Anticipated potential conflict on a dispute over the demarcation of a farm belonging to Mr. OLOUM Jean
- Conflict File No. 34: Illegal logging in the CF of NKOUL
- Conflict File No. 33: Destruction of crops in AC No. 8 of FMU 10041 – 42 – 44 grouped together
- Support training in capacity building of executive members of PFCs around FMUs 10-044, 10-047, 10-042, 10-039, 10-031, 10-030 managed by PALLISCO – CIFM Group
- Minutes of PFCs renewal meeting for the Messok, Dja I, Dja II, Lomié 1, 2, 3, 4 5, 6 sectors
- PALLISCO's correspondence to the DDFOF of Upper Nyong on the renewal of executive bureaus of PFCs, 03/03/2014
- PALLISCO's correspondence to administrative authorities (Sub-Divisional Officer of Lomié, Messok and Mindourou Heads of the Mindourou, Djaposten, Lomié, Zoulabot and Messok forest posts bearing exchange meeting on the renewal of executive bureaus of PFCs, 07/03/2014
- Minutes of the training for the capacity building of the members of PFCs of Dja 1 and 2, Lomié 1, 2, 3, 4, 5, 6; Messok 1, 26/05 au 04/06/ 2014
- PALLISCO's correspondence to PFCs on the capacity building training
- Annual report 2013 of the external social component
- Draft of a collaboration agreement between PALLISCO and CPF for the implementation of the management plan of PALLISCO's FMUs.
- Draft of the modalities for the implementation and monitoring of the execution of development projects.
- Procedure for the resolution of external conflicts
- Procedure for permanent social dialogue with riparian populations
- General Memo No. 003 / DLA / LD / 09 on the update of the grid for compensation relating to damages of property belonging to third parties, May 2009
- Procedure for the management of sites used by local communities in forest concessions, April 2012
- Report on the identification of sites used in AAC 01, FMU 10-047b
- Report on the demarcation of farms identified in the AACs under the provisional agreement of FMU 10-047b

**Maps**
- Post-logging map AAC 01, FMU 10-047b ; AAC 05 FMU 10-031
- Map of sites used in AAC 01 of FMU 10-047b
- Operating maps of AAC 06, FMU 10-030
- Map of sites used by the populations for ACC 2013 and 2014
- Distribution map of villages around PALLISCO FMUs per PFC
- Location map of Baka villages bordering the FMUs of PALLISCO and its Partners and their camps within FMU 10 041-42-44; 10 030-31-39

**Subcontractors**
- Checklist Compliance of Activities of the Subcontractor / Service provider", S-ST-E-03
- Mail to the attention of Panthère Security on the outcome of FSC and OLB audits of June 2013, 07/08/2013
- Mail to the attention of Panthère Security concerning the report on the control of the Subcontractor, 09/09/2013
- Mail to the attention of Panthère Security concerning the outcome of the control of January and February 2014 payslips, 14/5/2014
- Mail to the attention of Panthère Security concerning the report on the internal audit 21 (February 2014), 05/15/2014
- Register of internal sensitizations of Darley et Fils
- Minutes of the election of staff representatives of ETS Darley & Fils
- Minutes of the installation of staff representatives of ETS Darley & Fils
- Employer registers, ETS Darley & Fils
- Sheet of PPE supplies for 2014
- Briefing note concerning the promotion of staff, ETS KEK & Famille, 01/01/2014
- Acknowledgement of receipt of PPE by the staff of Ets KEK & Famille, 21/02/2014

**Other**
- Memo No. 22/MIND/PL/2013 of 12 April 2013
- Memo No. 25/MIND/PL/2013 of 15 May 2013
- Acknowledgement of receipt of letter No. 840 / MINTSS / DRE from DRTSS to MINTSS on the transmission for signature of the draft
11.2.4 - Stakeholder consultation since the last audit and during the current audit

List of stakeholders met.

- **Villages**

  **Baka Camp in Ngolla**
  - Mr. KAMBO Raymond
  - Mr. NTODJA Valerie
  - Mr. ADJEKI Emmanuel
  - Mr. MOBO Anicet
  - Mr. MOSSOMO Romain
  - Mr. YASSI Germaine
  - Mr. EKADJOH
  - Mr. BOTO Jacquette
  - Mr. MBOSSI Lambert

  **Kongo**
  - Mr. MDOUAM BOANIT, Village Chief
  - Mr. MPINA Jean, Chairman of PFC, Lomie III
  - Mr. MBANE Valere, NTFPs manager in the PFC
  - Mr. MPELE Ernest Emile, Auditor in the PFC
  - Mrs. AMBEYO Jeanne Mireille,
  - Mr. MEKE Fabien Melchis
  - Mrs. ETETSINE Géneviève, Treasurer in the PFC

  **Nkoul**
  - Mr. NDJOA MASSIH, Village Chief
  - Mr. VOUMBOUE Jonas Francis, Chairman of PFC, Dja 1
  - Mr. SAME OLEN Eric, Village Notable
  - Mr. BINKOUAME Justin, Chairman of the development committee

- **Administration**
  - Mr. FOUDA Raphael, Head of the Djaposten Forest Post

Conclusion of the stakeholder consultation

It appears from the stakeholder consultation that the company has a good relationship with all the local populations made up of the Baka and the Bantu. Socio-economic achievements are made in many villages for the benefit of these people. There are specific achievements for the Baka (Example: Baka schools). PALLISCO – Population (PFC) consultation platforms exist and are
spearheaded by the company (training of members, funding of the functioning, etc.): sacred sites and other sites that are of interest to the populations are identified and respected through a participatory social mapping process. Conflicts with the populations are systematically managed. One of the most prominent conflicts at the time of the audit was the one between the company and the Nkoul community, a conflict that is being processed and that deserves to be followed up during the next surveillance audit. The company also maintain good relationships of collaboration with the local administrations (forestry, environment, labor, NSIF, etc.). Applicable taxes and royalties are regularly paid. Administrative documents are obtained legally.

11.2.5 - Interviews during this audit

During this audit, we interviewed the following persons:

- **Douala site**
  - Mr. ROUGERON Michel, General Manager PALLISCO & CIFM, Douala / Mindourou
  - Mr. Loïc DAOUAUD, Deputy General Manager, Douala / Mindourou
  - Mr. CARTRON JC, Administration and Accounting Manager
  - Mrs. Marie Cécile NGWE, Certification Manager

- **Mindourou site**
  - Mr. LAGOUTE Paul, Site Manager
  - Mr. Yves TIPI, Forest Responsible in charge of inventories, planification, monitoring, assessment
  - Mr. Blanchard BEKOLO, Personnel Manager
  - Mr. EPOPA Arnaud, Assistant Personnel Manager
  - Mr. EMEREAB Ezana, Head of Development Unit
  - Mr. DETHIERS Mar, ZSL Consultant
  - Mr. NDANGA Aristide, Washer
  - Mr. NKOUNOU Roger, Chainsaw workshop
  - Mr. AHOLA Michel Désiré, Staff store manager, Head of PR Camp
  - Mrs. MISSIONLA Alice, Saleswoman in the refectory
  - Mrs. ANGOSSAS Chantal, Saleswoman in the refectory
  - Mrs. MITIEBOU Aristide, Saleswoman in the refectory
  - Mrs. AKOUNING GOUAZOK, Saleswoman in the refectory
  - Mrs. ANABA Constance Elodie, inhabitant of RP camp
  - Mr. EKONGOLO Joseph, Mechanic/Fire fighting Agent
  - Mr. YENE Michel, Health Unit Manager
  - Mr. SOLE Mathurin, Medical staff
  - Mr. ANDABA Hervé, Nursing staff
  - Mr. NGA Achille, Laboratory technician of the Infirmary
  - Mrs. NGUSSI Jasmine, Nursing staff
  - Mrs. MASSO Joviale, Intern
- Mrs. MEBA Lucie, Cleaner
- Mr. MBOCK Michel Alain, Staff representative - CIFM
- Mr. MENKANDA François, Staff representative - RP
- Mr. MATIKE MATIKE Abel, Staff representative - RP
- Mr. MESSONO ANDOULO Thierry, Staff representative - RP
- Mr. BONGLÉ Olivier Constant, Staff representative - CIFM
- Mr. BOKOBA MOUEL Olivier, Staff representative - RP
- Mr. MPEL – MEBONDA Hervé, Staff representative - CIFM
- Mr. NFONGUEN Christian, Staff representative - CIFM
- Mr. MELEUH Francis, Staff representative - CIFM
- Mr. MPOBOT Hermann, Staff representative - RP
- Mr. NŽIKI FETMOUTAT Nazaire, Staff representative - CIFM
- Mr. MESSIEM Martin, Staff representative - CIFM
- Mr. SALLA Thierry, Staff representative - CIFM
- Mr. SANGOU Mama, Staff representative - RP
- Mrs. MEBAND Stephanie, Cleaner, trainee
- Mrs. Pauline Leroux, Assistant Site Manager

- **FMU 10-030**
  - Mr. MESSA Emmanuel, Head of site RP1
  - Mr. HUGO Colomb, Logging manager
  - Mr. NKOP Paul, Skidding team leader,
  - Mr. MIENE Eloumou, Feller, First-aider and rescue worker
  - Mr. MOHAMADOU, Driver, staff transport.
  - Mr. MPOUAM Jean, Driver, reforestation team
  - Mr. SEMBONG Chamberlain, Reforestation team leader, First-aider and rescue worker
  - Mr. NGUETSA Félix, Timber yard manager
  - Mr. EPOUBA Baudrille, Chief triage – tracking- logging
  - Mr. NKOP Paul, Skidding team leader
  - Mr. BIEKO Hermann, DF10 scaler
  - Mr. MASSA Esaïe, Clerk No. 1
  - Mr. YEMPENE serge,
  - Mr. AMVELE MAN Thierry, Bucker help
  - Mr. ABEM serge, Bucker help
  - Mr. BONGO Luc, Bucker help
  - Mr. MIENE Elwis, Feller
  - Mr. NJOYA Hamed, Controller, Monitoring and evaluation

- **FMU 10-047b**
- Mr. TIPI Yves, Forest Responsible in charge of inventories, planification, monitoring, assessment
- Mr. FOUELEFACK Gilbert, Operations mapping
- Mrs. GOBA Florence, Farmer

- **FMU 10-042**
  - Mr. POUMIE Moussa Jean Jacques, Head of site - RP2
  - Mr. MPAL Landry, Bucker
  - Mr. ANGOLBOT Serge, Bucker help
  - Mr. MISSI Dominique, Bucker
  - Mr. ANTOUMOULOU Silver, Bucker help
  - Mr. TSINNA Marius, Feller
  - Mr. OLIGA Michel Platini, Feller help
  - Mr. NGIEGUE Thomas, Skidding team leader
  - Mr. NZANGONE Martin, DF10 Scaler
  - Mr. NANA NANA Gaston, sorting, tracking, felling manager
  - Mr. MBOOLOU Armand, Meter-reading man
  - Mr. MINDJAH Landry, Bull driver
  - Mr. MOULIOU OUZEROU tonton, Bull driver help
  - Mr. NKOUA BENE Jean Pierre, Skidder driver
  - Mr. LAA MENZE Christian, Skidder driver help
  - Mr. THIARD ANNOUCQ Jean Claude, Tanker driver

- **Makalaya**
  - Mr. ATSEHELE Ruben, Camp Headman
  - Mr. MOUYOUKE Yves, Nurse
  - Mr. GRAODANDI Edouard, Cook

- **Subcontractor (s):**

  **Panthère Security**
  - Mr. HAROUNA Barka, Guard
  - Mr. OUIN Gaston, Guard, Panther S. of the Makalaya site
  - Mr. YAWANG, Guard, Panthère Security
  - Mr. AMBANGNY Isaac, Guard, Panthère Security
  - Mr. IELOUTHI Edouard, Guard, Panthère Security

  **ETS DARLEY & FILS**
  - Mr. DJATTO SADJANGA Darley Bristot, Promoter
  - Mr. ABAH Gaspard, Staff representative

  **Ets KEK & Famille**
  - Mr. KEK ADJABOULE Clovis, Promoter
  - Mr. MBA Joseph, Builder helper
  - Mr. BIAH Joseph, Builder helper
Mr. GOABAB Laurent, Builder helper
- Mr. MEKOK Yannick, Builder helper
- Mr. MENGOUE MEKE, Builder helper
- Mr. MEBO ZAMBO André, Builder helper
- Mr. OBAMA Isidore, Builder helper

Conclusion of the interviews:
It appears from interviews that the practices of the company are broadly in line with procedures that were developed. The monitoring and evaluation system in place is proving successful in terms of method and especially the rigour that characterises its conduct and the internal audit system put in place. However, some discrepancies were identified. These discrepancies led to new corrective actions requests made against the company.

11.3 - Control of the use of FSC trademark

Product labeling
The use of FSC label on product meets the requirements of the Standard.

Sales invoices
The use of the trademark on sales invoices meets the requirements of the Standard.

Commercial documents and other media
The uses of FSC mark on PALLISCO’s website sought prior approval of Bureau Veritas and do meet the requirements of the Standard.

11.4 - Controversial elements

Within the framework of this surveillance audit, no controversial matter was raised.

11.5 - Other audit technique

No other special audit technique was used.

11.6 - Change in the management of the certified organization

- In terms of human resources:

Mr. Hugo COLOMB was recruited as Forest operations Manager in charge of Logging. Yves TIPI, formerly Deputy Operations Manager, was appointed Logging, Inventories, Planning, Monitoring and Assessment Manager.

Franck BONHOMME was recruited Deputy Head of garage, in charge of equipment, warehouse, stocks, physical and theoretical supply, fuels and lubricants management.

Finally, André NESTOR ENYENGUE replaces René MEIGARI as Wildlife and illegal activities monitoring Manager.

- In terms of certification:
Since 2013, PALLISCO carries out logging on FMU 10-047b which is included in the scope of a certificate of legality but not in the scope of the FSC certificate.

11.7 - Presentation of the findings of the surveillance audit

The restitution of the surveillance audit went on well. The various findings of the company were widely discussed within the framework of a constructive debate that allowed the company to become aware of the nature of the discrepancies and especially to identify the nature of the actions to be taken to restore the full compliance of the company with regard to the requirements of the Standard.

11.8 - Observations of the audit team

11.8.1 - Actions taken to answer the previous Corrective Action Requests

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the Non-Conformity</th>
<th>Requirement No.</th>
<th>Actions taken by the certified entity to close the CAR</th>
<th>Closed / maintained</th>
<th>Closing date</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
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<tr>
<td>R-01</td>
<td>The company does not strictly implement its external conflicts management procedure and its compensation procedure for damages to property belonging to third parties in view of preventing or resolving conflicts with riparian communities.</td>
<td>2.3.1</td>
<td>The implementation of the external conflicts management procedure is effective since the last audit. The analysis of the conflict register has shown that conflicts are either permanently closed with signature in due form of Minutes of full conciliation or under process. For conflicts identified by the auditors in 2013, the company has considered the conflict over the KASSARAFAM village as closed, given the fact that Minutes of full conciliation was already signed between the complainant and the company. For conflict with regard to the Nkoul community, several actions were taken: under the impetus of the company and after several meetings and exchanges, a new visit on the site of the conflict was conducted with the head of the forest post, the representatives of the claimant community, and representatives of the NGO, PERAD. A report was prepared after the field visit by the Head of the Forest Post. It should be noted that after the field visit, the Nkoul community which initially accused the company of having carried operations beyond the boundaries of FMU 10 042 and therefore, in the Nkoul communal forest close to this FMU is gradually shifting to another accusation that PALLISCO harvested Moabi right into an area where it shouldn't have, in consequence of an instruction of 1982 of the Sub-Divisional Officer at that time. This shift to another accusation comes from the fact that the analysis of field data allowed the Head of the Forest Post to conclude that “the operation out-of-bounds” denounced by the population is over 10 years, which corresponds to the assertions made by the company that it operated in the area under license in due form in 1997 and thus before the zoning in FMU and before the community forest. The new accusations not resolved by the Head of Forest Post due to a lack of evaluation data led the company to seek the arbitration of the Divisional Delegate of Forestry so that a final solution can be found. A new field visit to end the conflict is being scheduled.</td>
<td>Closed</td>
<td>21/06/2014</td>
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<tr>
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<tr>
<td>R-02</td>
<td>Conditions of health and safety in the Mindourou and Makalaya camps are not entirely satisfactory.</td>
<td>4.2.2</td>
<td>Fire extinguishers were installed in the new blocks built in the Mindourou and Makalaya workers camps. The inhabitants (fire fighting officers and other) of the Mindourou camp have fire extinguishers, and their wives were trained on the use (manipulation) of fire extinguishers, as well as on the emergency evacuation procedure. The latrines out of service are systematically locked up and repairs are planned and carried out by the building department. Instructions were given to maintenance workers in Makalaya. The Mindourou and Makalaya camps are subject to regular inspections by the HSE service. The camp headman and block leaders ensure daily compliance with instructions in the Mindourou camp. PALLISCO-CIFM staff was trained in first aid in December 2013 and sensitization campaigns on health and safety are regularly carried out.</td>
<td>Closed 21/06/2014</td>
<td></td>
</tr>
<tr>
<td>R-03</td>
<td>The working and living conditions of guards on the mechanical base of FMU 10 039 do not comply with regulatory requirements</td>
<td>4.2.7</td>
<td>As the mechanical base is no longer functional on FMU 10 039, the guards were not present at the time of the audit. To keep watch on the heavy vehicles left on logging sites, the company opted for a new management strategy by suppressing temporary mechanical bases in the forest and assigning site guarding to a subcontractor (PANTHERES SECURITY). On FMU 10 030, the guards are installed in the Makalaya camp and spend the night in the forest to keep watch over the heavy vehicles.</td>
<td>Closed 21/06/2014</td>
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<tr>
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<tr>
<td>R-04</td>
<td>The level of staff training in first aid is variable and does not allow in all cases to</td>
<td>4.2.8</td>
<td>PALLISCO-CIFM staff was trained in first aid in December 2013 and the sensibilization of all teams on the emergency evacuation procedure initiated in early 2013 was finalized. The evacuation procedure in case of accidents in the forest was updated and the teams are sensitized on its implementation. Systematic monthly controls of first aid items: stretchers, whistles are carried out by the HSE service. Whistles were distributed to all logging site personnel and fog horns to isolated forest teams. New recruits are sensitized by the HSE service when they start work.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
<td>R-05</td>
<td>The implementation of the logging procedure with regard to the identification of poor quality trees before harvesting does not entirely reduce in a satisfactory manner the volumes of wood waste that are abandoned in the forest.</td>
<td>5.3.2</td>
<td>The methods of inventory, cross-cutting in forest, skidding and final classification of wood were redefined by memos. The logging site personnel involved in each of these activities was sensitized during the meeting to launch forestry activities in January 2014. Detailed technical explanations were disseminated through laminated technical memos distributed. A study on a mobile mill (Lucas Mill) for the processing of waste is underway.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
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<tr>
<td>R-06</td>
<td>The company has not established a specific monitoring of changes in the harvesting rate of Moabi and Sapelli on FMU 10 039 to confirm stock forecasts after logging.</td>
<td>5.6.7</td>
<td>A complementary study to assess the population status of the species harvested by PALLISCO was conducted by Nature + / Gembloux. The study provides data on the regeneration rate of the harvested stocks of Moabi and Sapelli based on samples taken over the past six years (2008-2013). Inventory data were compared to operating data so as to confirm the forecasts in the document of Nature +. The study concludes: (i) for the Moabi: as no regeneration deficit is perceptible, supporting regeneration in the FMU is not essential (ii) for the Sappeli: the regeneration rates and the reduction rate of seed trees allow a MMD of 100 cm. However, in this case, it appears that we are close enough to the harvesting threshold allowing a regeneration of 50% of harvested stems. The support for regeneration is not strictly necessary in this case either.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
<td>R-07</td>
<td>The implementation of the procedure for the preservation of seed trees is not fully operational.</td>
<td>6.3.5</td>
<td>A new officer in charge of Sorting-Tracking-Felling was recruited and trained in the implementation of procedures for the preservation of seed trees. In the monitoring and evaluation team, a controller was appointed to ensure the weekly monitoring of the compliance of activities related to the designation of crop trees, seed trees, and monumental trees. The forest officer in charge of inventory, planning, monitoring and evaluation carries out counter-evaluations that allow to validate the data / information / results of logging activities.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
<td>R-08</td>
<td>The procedure for road opening is not implemented in a fully satisfactory manner with regard to the reduction of damage to the forest resource.</td>
<td>6.5.2</td>
<td>The road opening team and the monitoring and evaluation team were sensitized on the rules of good practices relating to the felling of trees during road lighting. The opening checklist was completed by incorporating the issue of felling of trees. The weekly control reports confirm the effective implementation of this instruction. The findings of the audit team show that the procedure is applied and that the damage to the resource are minimized.</td>
<td>Closed</td>
<td>21/06/2014</td>
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<tr>
<td>R-09</td>
<td>Non-biodegradable household waste is not treated appropriately for the environment.</td>
<td>6.7.4</td>
<td>A strategy for the management of plastic waste was developed and disseminated by memo to all PALLISCO and CIFM staff, to subcontractors, as well as to all persons accommodated in camps, living quarters, barriers. All stakeholders (staff and residents) were trained and sensitized on the management of plastic waste: sorting, collection and storage instructions. The distribution of plastic bags in staff stores was discontinued. Plastic waste is collected, labeled and stored in the garage. At the time of the audit, the company was looking for a procedure to ensure the reclamation of plastic waste.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
<td>R-10</td>
<td>Some managers do not adequately master company procedures, particularly in order to supervise logging operations in accordance with the requirements of the Standard.</td>
<td>7.3.2</td>
<td>During the information meeting on operating activities held in January 2014, all operating teams were sensitized on the observance of procedures, instructions and work instructions. A reminder letter recalling the non-compliances observed by the FSC audit and specifying the responsibilities was sent to team leaders in charge of logging activities. Internal controls of the company show that, on the whole, forestry operations are well mastered.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
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<tr>
<td>R-11</td>
<td>The subcontractors monitoring system developed by the company does not guarantee a good responsiveness in the event of total or partial non-compliance of one of them.</td>
<td>8.2.9</td>
<td>The company refined its subcontractors' compliance monitoring system. The control of subcontractors (PANTHERES SECURITY, Ets DARLEY &amp; Fils and Ets KEK &amp; Family) is carried out by the Certification manager during internal audits that take place every three months and / or during random checks. These checks are made on the basis of &quot;Checklist Compliance of Activities of the Subcontractor / Service provider&quot; which includes various assessment criteria for hiring, working and living conditions of subcontractors' workers used on PALLISCO-CIFM site These controls are sanctioned by reports transmitted to subcontractors, which mention the discrepancies observed and the actions to be taken by the subcontractor. The company ensures compliance of subcontractors; reminders are sent, if necessary.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
<tr>
<td>R-12</td>
<td>The procedure for the public to obtain the summary of the annual results of indicators monitoring is not clearly defined.</td>
<td>8.5.2</td>
<td>The assessment document of the presence of HCVFs in FSC certified FMUs managed by PALLISCO and the annual summary of forest management activities are available on the website of PALLISCO-CIFM for consultation by the public.</td>
<td>Closed</td>
<td>21/06/2014</td>
</tr>
</tbody>
</table>

**Comments on the observations**

**Observation A:**

Instructions were given to the supervisor of barrier guards so as not to make available registers already used. A new register was made available at the barrier where the non-compliance was observed. The audit team found no non-compliance in the keeping of barrier registers.

**Observation B:**

The company began the process of renewal of agreements with the populations that passes through the following steps:

- Support by PALLISCO of the renewal of collaboration forums (PFC) by the administration;
- Capacity building of newly elected members on various themes (role and missions of the PFC, forest laws and of peoples' rights, illegal activities, basic notions of forest management, conflict management, etc.);
- Participatory evaluation of the implementation of the first agreements;
- Preparation by the company of a draft convention to be proposed and discussed with communities;
- Signature of the draft consensual agreement with the various PFC.

The steps right to the preparation, the draft agreement are already covered, it remains the adoption and signing of the final draft

Observation C:

In order to finalize the work initiated in 2012 for the improvement of the living conditions of the staff in Makalaya with the construction of new houses, the staff store was replaced by the canteen. Workers feed from the canteen. Their stay in Makala is reduced to one week. They return to Mindourou every weekend where they can stock up with basic commodities from the staff store.

11.8.2 - Assessing the overall compliance level of the forest entity

The overall analysis of the level of compliance of the company with regard to the requirements of the Standard highlights the following strengths:

- A consistency in the commitment of the company in respect of the certification process (entrepreneurial spirit, etc.);
- An operational command of all forestry activities;
- Supported investments in various fields;
- A general competence of the company in its field, but also in more peripheral activities;
- A general organisation of the company that allows responsiveness, performance and innovation;
- A responsiveness in the basic treatment of Non-compliances and taking into account of observations;
- The quality of procedures and reporting;
- The richness of partnerships and openness toward research;
- A constant focus on improving the living conditions of workers: staff store, housing quality;

A permanent collaboration with the populations and other stakeholders (administrations)
- The existence of points of excellence: planning, traceability, mapping, monitoring of personnel file, HSE activity, medical follow-up.

However, the company has the following weaknesses that pose a potential threat to the certificate.

- The operational implementation of procedures to reduce the impact of logging on the environment.
- The strict compliance with the legal requirements for logging.
- The management of Personal protective equipment (PPE) stocks, of equipment safety bodies, of first aid kits;
- A certain lack of rigor in conflict prevention.

11.8.3 - Potential change in the scope of the certificate
The scope of the certificate does not require any change

11.9 - Proposal for the certification decision

11.9.1 - New Observations

<table>
<thead>
<tr>
<th>No.</th>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>2.3.4</td>
<td>It would be proper to draw lessons from previous conflicts and initiate the sensitization of operators accordingly</td>
</tr>
<tr>
<td>E</td>
<td>4.1.7</td>
<td>It would be proper to enhance transparency efforts vis-à-vis the populations in the execution of projects they identified and which are carried out by the company.</td>
</tr>
<tr>
<td>F</td>
<td>4.2.1</td>
<td>It would be proper in the end to make a reflection in order to respond objectively to workers’ concern regarding the remoteness of banks where wages are transferred</td>
</tr>
<tr>
<td>G</td>
<td>4.2.1</td>
<td>It would be proper to finalize the equipment of staff transportation vehicles with emergency kits</td>
</tr>
<tr>
<td>H</td>
<td>4.2.5</td>
<td>It would be proper to anticipate the supply of the store in PPE and equipment / safety devices to prevent the risk of shortage.</td>
</tr>
<tr>
<td>I</td>
<td>4.4.5</td>
<td>It would be proper to make arrangements to provide the new offices of PFCs with the summary of the management plan</td>
</tr>
<tr>
<td>J</td>
<td>5.4.6</td>
<td>It would be proper to finalize and implement the ongoing discussions on the NTFP strategy of the company</td>
</tr>
<tr>
<td>K</td>
<td>5.6.2</td>
<td>It would be proper to urge the administration to obtain all legal documents</td>
</tr>
<tr>
<td>L</td>
<td>6.5.2</td>
<td>It would be proper to implement measures planned to further strengthen road opening and the quality of skidding trails</td>
</tr>
</tbody>
</table>

Comments on observations:

Observation D:
Conflicts which occurred since the last audit were resolved by the company in accordance with its conflicts management procedure and building on PFCs. The analysis of conflict files allowed to notice the recurrence of conflicts clearly due to the lack of rigor in the marking of sites of economic or cultural interest to the populations. The company should therefore, not only sensitize its teams tasked with the identification and marking of sites, but also the logging site teams on the precautionary principle which requires that in the absence of marking, site operators can preserve the resources of the populations from any destruction.
Observation E:
In the execution of projects identified by the people and carried out by the company, the latter should endeavor to be transparent vis-à-vis the population: validation of plans, approval of estimates, making invoices available to PFCs, etc.

Observation F:
The payment of wages to PALLISCO-CIFM workers is by bank transfer except for fixed-term contracts with unclear terms. A newly recruited employee is given a few months to provide a bank account number where he/she wants his/her salary to be transferred. However, as the locality of MINDOUROU does not have a bank, workers are required to open accounts farther (Bertoua or Abong-Mbang). Considering the working hours of the company (Monday to Saturday) and working hours of banks, it becomes difficult for some workers to get access to their salaries at the time of payment.

Observation G:
The truck that carries the staff in charge of reforestation met on Makalaya had no stretcher. However, the management had ordered the stretchers (see purchase order) that are, by the way, available in the store (see bill of lading and container unloading sheet). In addition, the site management is considering replacing some personnel transportation vehicles, including the identified truck.

Observation H:
Equipment and heavy vehicles have functional safety devices. The analysis of PPE stocks and safety devices made in the Mindourou store shows that various PPE and safety devices were available. However, some of them were available in limited quantity: e.g. one chainsaw safety trigger or were available only in CIFM stocks (e.g. Noise-proof helmet). Parts on the verge of stock shortage were ordered at the time of the audit.

Observation I:
The summary of the management plan was sent by the company to the various PFCs affected by its activities. Pursuant to the renewal of PFCs, the company should make arrangements to ensure that the new offices of PFCs enter into possession of this document.

Observation J:
The management unit took the initiative to identify farmers’ organizations operating in the NTFP sector and other around the FMUs of PALLISCO and should finalize its ongoing discussions to develop a NTFP strategy that would allow the company to promote legal logging and to ensure access to NTFPs for local farmer organizations.

Observation K:
Logging inventories are performed in accordance with applicable standards. The certificate of compliance of logging inventories results are available for AAC 6 FMU 10 030-31; AAC 2 FMU 10 047b; AAC 11 FMU 10 039 and AAC 10 FMU 10 041-42-44 for the year 2014. The certificate of compliance with the Standards of activities in forest areas (NIMF) is not available till date. However, the company made the request and a
letter in response to this concern from MINFOF was presented and is dated January 2014.

Observation L:
Operating procedures in place are in compliance with the rules of good practices. Post-logging monitoring is implemented in a systematic way and focuses on: the quality of felling and hauling, the opening and closing of timber yards, the opening and closing of roads. However, in FMU 10 042 and 10 047b, the exceptionally rainy month of April caused some damage to soils in the pockets logged during this month. Conscious of the problems caused, the company reacted through two measures:
- The purchase of a compactor that is expected to be budgeted in the 2015 investment plan;
- The furtherance of road opening that the company intends to gradually increase to one year or more. The schedule of operating activities for 2014 certifies that the company intends to increase its road opening as from September 2014.

11.9.2 - New minor non-compliances
The following non-compliances were raised during the audit

<table>
<thead>
<tr>
<th>No.</th>
<th>Minor Non-Conformities raised</th>
<th>Proposed completion time</th>
<th>Requirement number</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-13</td>
<td>Ensure the systematic compliance with the regulatory requirements for logging.</td>
<td>12 months</td>
<td>1.1</td>
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<tr>
<td>R-14</td>
<td>Some shortcomings noted at the level of Pallisco/CIFM camp in Mindourou are likely to harm the health of workers</td>
<td>12 months</td>
<td>4.2.2</td>
</tr>
<tr>
<td>R-15</td>
<td>The provision of first-aid resources is not fully satisfactory</td>
<td>12 months</td>
<td>4.2.8</td>
</tr>
<tr>
<td>R-16</td>
<td>The company does not implement in a fully satisfactory manner low impact logging techniques</td>
<td>12 months</td>
<td>5.3.3</td>
</tr>
</tbody>
</table>

Comments on minor NCs
Non-Conformity No R-13:
On FMU 10031, the audit team found a crown [AYOUS (56), DF 10: 237/24] which was not bearing regulatory marks (no tree marking with the DF 10 number). This failure had already been identified during the extension audit on FMU 10 047b.
This non-compliance is minor because it was observed only once during the audit and the various checks carried out by the administration over the last 12 months showed no shortcoming in this field.

Non-Conformity No R-14:
Some shortcomings noted at the level of Pallisco/CIFM camp in Mindourou are likely to harm the health of workers:
- Stagnation of waste water observed around many water points, latrines and laundries;
- Difficult flow of rainwater at the level of some blocks;
- Slackening in rigor with regard to the monitoring of food vendors at boucaro (lodge) built by the company.

This non-compliance is minor because the observed problem is localized, as the flows on the rest of the camp are in a satisfactory condition.

Non-Conformity No R-15:

On the Makalaya site, there is a security post on stand-by duty when teams are away on the logging site or when they go out on weekends to Mindourou. If the security teams have the guarantee of first aid care in case of need from the mini infirmary (managed by an IDE) that exists on the Makalaya site, it was found that the guards do not have first aid kits for interventions during the weekends when the infirmary is closed or in the forest where they will keep watch over heavy vehicles during the night.

Furthermore, first aid kits containing the necessary first aid products are available on logging sites and in most vehicles. The content of this kit is regularly checked and supplemented by the site infirmary following a procedure that is mastered by the company. Provisions are made for a monitoring sheet to accompany each first aid kit. The audit team noted the effective presence of these sheets. However, some are not filled in in a fully satisfactory manner (Name of the manager in particular). The content of kits, however, was in compliance with the procedure.

This non-compliance is minor because it is ad hoc and does not call into question the effectiveness of the procedure.

Non-Conformity No R-16:

The company applies the low impact logging technique in all its logging activities. Fellers are trained in the controlled felling technique which, apart from ensuring proper safety to the operator, enables a better valorization of timber. However, the audit team noted several times that undercuts were not done in a fully satisfactory way. This is confirmed by data from the post-logging monitoring of the company which show the results of assessments conducted on this specific aspect of felling are below the results of all other felling checkpoints. Given this situation, the company organized a training in January 2014 aimed at upgrading its felling teams. This training seems to have shown that the dysfunction is the result of a failure to implement a technique that actually is well mastered by the fellers.

This non-compliance is minor because it covers only one aspect of the low-impact logging, the company identified the malfunction and has already tried to solve it. Moreover, this finding does not affect the overall quality of felling which is satisfactory.

11.9.3 - New major Corrective Action Requests

No major non-compliance was raised during this audit.
11.9.4 - Conclusion of the audit team

The company continues to make significant and regular efforts to ensure respect for the application of its procedures established within the framework of compliance with FSC requirements.

At the end of this surveillance audit No. 1, the audit team wishes to underscore the constancy which characterizes Pallisco in the FSC certification process. Based on these findings, the audit team recommends the continuation of the FSC certificate of PALLISCO.

11.10 - Certification decision

Based on the information provided by the company and observations made by the audit team during this surveillance audit to close the Non Conformity, the Timber subsector Department of Bureau Veritas Certification hereby upholds the FSC certificate for “Pallisco et Partenaire” company.

However, to maintain compliance with FSC certification requirements, the company shall take necessary steps within the indicated timeframe (next surveillance audit) to respond to the minor Corrective Actions Requests.

Drafted on 23 June 2014, reviewed on 21/07/2014

Forest Product Manager, Lead Auditor,

Hervé MOINECOURT Jean Paul GRANDJEAN
12 - Annexes

12.1 - Peer review

Not applicable (renewal audit).
### 12.2 - Stakeholder consultation

<table>
<thead>
<tr>
<th>Date</th>
<th>Reference</th>
<th>Comments received</th>
<th>FSC indicator</th>
<th>Response of the company</th>
<th>Response of the lead auditor</th>
<th>Response of Bureau Veritas Certification</th>
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</thead>
<tbody>
<tr>
<td>17/04/2012</td>
<td>1</td>
<td>Dear Elie, It’s been a long time since we've exchanged emails. You may have guessed the reason I’m writing now; I was wondering when FSC will post a statement about recent news concerning Pallisco, the FSC-labelled Cameroonian subsidiary of French multinational Pasquet Menuiseries.[1] Pallisco is one of the Congo Basin’s last bastions of “sustainable forest management” à la française… As I’m sure you know, international media is reporting that Cameroonian ex-MP Jean-Marie Assene Nkou, managing director of Pallisco’s longtime “partner” firm Ets. Assene Nkou,[2] is expected to be questioned soon by a Cameroonian judge regarding a $600,000 commission he is alleged to have received in connection with the acquisition of the Cameroon President’s airplane in 2004.[3] I discussed Pallisco's relationship with Mr. Assene Nkou at some length ten years ago in <em>Les Pillards de la forêt</em>.[4] I brought it up again in an 9 August 2006 email I sent you about WWF's Central Africa Forest &amp; Trade Network (CAFTN).</td>
<td>No response.</td>
<td>This concern is de facto addressed because FMU 10 039 operated by Pallisco and belonging to Mr ASSENE NKOU was seized by the Government of Cameroon and transferred to the company LFM (LA FORESTIERE DE MBALMAYO S.A.). The transfer notification was issued in January 2013 and the exploitation agreement resulting from the transfer was signed on 27 May 2013. Pallisco currently holds a partnership contract with LFM on the same FMU 10 039.</td>
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of which Pallisco is a member.\[5\]
Below you’ll find an excerpt from my 25 August 2006 reply to the information you kindly sent me on 23 August 2006.\[6\]

[...]

4. Jean-Marie Assene Nkou,
\textit{personne physique}

You remind me that UFA 10-044 was awarded not to the \textit{personne physique} Jean-Marie Assene Nkou, but rather to the \textit{personne morale} Ets. Assene Nkou, and that this firm is properly licensed as a logging company, as nothing in the Law prevents it from being. Perhaps I could have made my point about this case more clearly. I don’t contest the legality of this UFA, only the propriety of an NGO spending public money to promote it, inasmuch as its profits (euh... the company’\textsc{’}s) are pocketed by an important member of one of the most corrupt nomenklaturas in Africa.

That said, there would seem to remain a legal question with 10-044, one I think WWF would do well to investigate: as you know, Article 66 of the Constitution of the Republic of Cameroon requires MPs, as well as a long list of other categories of public servants, to declare their assets. Has the chief beneficiary of Ets. Assene Nkou (whoever that may be!) done so?
5. Transfer of UFA 10-039 to Pallisco
Since our last communication, I’ve actually had the good fortune to come across a copy of the *procès verbal de la commission interministérielle du 20 juillet 2005 (session spéciale)* during which, among other dubious business, [4] Ets. Assene Nkou’s 10-039 was duly transferred to Pallisco. This stimulating document raises the following questions:
1. Why, if an attestation of Ets. Assene Nkou’s tax situation had been examined by the commission as the Law requires, was [the Finance Ministry representative] Mme Tany/ Mbiyonyor asked for her verbal assurance that Ets. Assene Nkou "sont en règle vis-à-vis de l’Administration fiscale"?  
2. What legal status, if any, accrues to the verbal assurances she was able to provide?  
3. Might there not exist a conflict of interest in the ex-Forestry Minister’s wife offering an opinion about the tax situation of a businessman reported to have received part of a $31 million commission relating to President Biya’s acquisition of a presidential jet? [5]  
4. Might there not exist a conflict of interest in RDPC Center-province MP Roger Nkodo’s sitting on a commission judging a matter concerning RDPC Center-province MP Assene Nkou? [...]
7. What verification did the
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<td>commission require that Pallasco’s 360,000 € fine, published as “soldée” in September 2003, [6] had in fact been paid in full? […]</td>
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<td>[4] The award of « coupes de compensation de 1 000 ha » to a handful of companies, including CAFTN candidate SCIEB.</td>
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<td>[6] MINEF communiqué n°0067/MINEF/CAB du 27 août 2003. Still waiting for a response to these questions… I imagine the expected legal investigation into Pallasco’s partner will receive a good deal of media.</td>
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<td>Best, Arnaud Labrousse »</td>
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