Ra-Cert Division Headquarters
65 Millet St. Suite 201
Richmond, VT 05477 USA
Tel: 802-434-5491
Fax: 802-434-3116
www.rainforest-alliance.org

Audit Managed by:
Asia-Pacific Regional Office
Jalan Letda Tantular Barat No. 88,
Renon, Denpasar Timur - Bali
Indonesia
Tel: +62 361 472 3499
Fax: +62 361 472 3498
Contact person: Pratama Bagus Kurniaji
Email: pkurniaji@ra.org

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FSC® accredited certifier

Forest Management
2018 Annual Audit
Report for:

Open Bay Timber Ltd
In
Kokopo, East New Britain, PNG

Report Finalized: September 18, 2018
Audit Dates: 9th – 13rd July 2018
Audit Team: Jon Jickling
Kafuri Yaro

Certificate code: RA-FM/COC-005600
Certificate issued: 12-09-2016
Certificate expiration: 11-09-2021

Organization Contact:
Mr. Yoshihiko Tsukihara
P.O. Box 66, Lot 1,
Section 40, Tobaining
Road, Kenabot, Kokopo,
East New Britain
Province, PNG
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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Open Bay Timber Ltd (OBT), also referred to as Forest Management Enterprise (FME). The report presents the findings of Rainforest Alliance auditors who have evaluated company systems and performance against the Forest Stewardship Council™ (FSC®) forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through nonconformity reports.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

This report includes information which will become public information. Sections 1-3 and Appendix I will be posted on the FSC website according to FSC requirements. All other appendices will remain confidential. A copy of the public summary of this report can be obtained on the FSC website at http://info.fsc.org/.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

<table>
<thead>
<tr>
<th>Based on Company's conformance with FSC and Rainforest Alliance requirements, the audit team makes the following recommendation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Certification requirements <strong>met</strong>, certificate maintenance recommended</td>
</tr>
<tr>
<td>Major NCR(s) closed</td>
</tr>
<tr>
<td>□ Certification requirements <strong>not met</strong>:</td>
</tr>
<tr>
<td>Conformance with Major NCR(s) required</td>
</tr>
</tbody>
</table>

Additional comments:

Issues identified as controversial or hard to evaluate.
2.2. Changes in FMEs’ forest management and associated effects on conformance to standard requirements:

There were no appreciable changes to the FME’s management system since the last audit. There are new staff who joined the operations notably two Senior managers though this did not have noticeable effects on the FME’s conformance to the standards.

2.3 Excision of areas from the scope of certificate

☑ Not applicable. Check this box if the FME has not excised areas from the FMU(s) included in the certificate scope as defined by FSC-POL-20-003. (delete the rows below if not applicable)

2.4. Stakeholder issues (complaints/disputes raised by stakeholders to FME or Rainforest Alliance since previous evaluation):

<table>
<thead>
<tr>
<th>FSC Principle</th>
<th>Stakeholder Comment</th>
<th>Rainforest Alliance Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1: FSC Commitment &amp; Legal Compliance</td>
<td>Logging Vehicle and Machinery to be cross check to ensure compliance with PNG Motor Vehicle Insurance Limited (MVIL) because East New Britain Highway has already linked Open to Kimbe &amp; Kokopo (East and West New Britain)</td>
<td>Onsite inspection and interview with Open Bay workshop department confirmed all machineries regularly serviced and registered with PNG MVIL. Auditors verified OBT compliance with relevant requirement.</td>
</tr>
<tr>
<td></td>
<td>Mevelo LP is requirement under state lease agreement with PNGFA &amp; OBT to develop for plantation. So far no development has occurred and PNGFA still maintains the Mevelo LP to be developed. OBT has not responded to PNGFA how this will be addressed.</td>
<td>Mevelo is outside the scope of the FSC FM &amp; CW certificate annual audit. Due to FSC policy on association and FSC 1994 rule that requires no active conversion the Mevelo FMU has retain planted stock and maintenance work ongoing. As per LP agreement, OBT is evaluating alternate options to comply with Lease conditions. Interviews with PNG FA confirmed that discussions regarding Mevelo are still underway.</td>
</tr>
<tr>
<td>P2: Tenure and Use Rights and Responsibilities</td>
<td>OBT workers and settlers have been accessing forest areas managed by FMUs and on the traditional land and the fishing ground as well. They have been harvesting NTFPs and fishing in traditional fishing zones for sale at local market. Complaints have been made to OBT management but the workers and settlers continue to trespass to traditional land as well as harvesting NTFPs.</td>
<td>OBT allows traditional or indigenous people to retain user rights and access to forest areas. This was enforced through memo issued from managing director to comply with lease purchase agreement condition for all FMUs. OBT provide transport services to both workers and traditional people for gardening and access to forest areas for forest goods and services. Workers and general public are made aware of HCV areas. Preventive measures, such as sign boards and regular monitoring is done to ensure HCV areas are protected.</td>
</tr>
<tr>
<td>Principle 3: Indigenous Peoples’ Rights</td>
<td>No comments received</td>
<td>No response needed.</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>----------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>P4: Community Relations &amp; Workers Rights</strong></td>
<td>Workers housing is not provided. There is inconsistency in providing housing for OBT workers. The married and single quarters housing has deteriorated and need fixing. Water supply for drinking, bath &amp; facilities including toilet facilities need improvement. Many workers made request for OBT maintenance to fix, and to supply timber for workers own house renovations or building new homes and OBT has not provide good response.</td>
<td>The audit team evaluated as part of 2018 annual surveillance audit in single quarters residence and found evidence of run down house and deteriorating facilities. At the time of audit, OBT management responded that workers request was received and registered and will be addressed. Due to current financial constraints experience with reduction of plantation rotation cycle, management has strategizing to balance planting target with harvesting of first rotation and planting for second rotation. Auditors found OBT was not in compliance with relevant standard requirement and issued NCR#2/18</td>
</tr>
<tr>
<td>OBT engages PNG Red Cross to provide first aid and community health awareness training. The participants were issued first aid training certificate &amp; CPR validation. However, the first aid certificates expires after 3 years and participants of previous training need revalidation of CPR annual.</td>
<td>Many of the workers who were trained in First Aid in past trainings have left OBT for other companies operating around Open Bay area. This year/2018, 15 new staff &amp; communities were trained and 3 OBT staff had CPR re-validation. Auditors found OBT was in compliance with relevant standard requirement.</td>
<td></td>
</tr>
<tr>
<td>First aid training &amp; first aid kit not provided for nursery workers and field planting team. Incident of knife wounds and lack of transport availability affected workers reaching health center for treatment on time.</td>
<td>The OBT management provided first aid training to key section representatives. A refresher training has been provided to some sections. For reforestation department, a representative attended the First Aid training. There is First Aid kit with mobile phone with Section supervisor to access help during accident. Auditors found OBT was not in compliance with relevant standard requirement and issued NCR 1/18.</td>
<td></td>
</tr>
<tr>
<td>Workers health and safety regard to PPE seem to be weak areas of enforcement</td>
<td>OBT had provided First aid training and CPR validation for key staffs. PPE has been issued depending on type of work and requirement of appropriate PPE. Training of staff in various sections: chain saw &amp; tree felling, operating machines, and general awareness made during foremen meetings. Auditors found OBT was not in compliance with relevant standard requirement and</td>
<td></td>
</tr>
</tbody>
</table>
Market facilities provided by OBT is accessed and used by OBT workers and not local people travelling from long distance. OBT has built two market shelters, one designated for workers and other for local people. Auditors found OBT was in compliance with relevant standard requirement.

Open Bay Clinic lacks proper qualified staff. Child deaths and emergency cases have not been dealt properly. No emergency plan, e.g. ambulance service. And no vital equipment for staff to use. OBT has provided staff training and development. Provided medicine and engaged Ywma medical ship to conduct community health outreach. OBT provide transport for urgent emergency cases. Medical supplies are subsidized by the East New Britain Provincial Government (ENBPG) Dept. of Health.

There is no training and localization of local people to take up jobs with OBT. Outsiders have taken employment and benefiting from OBT. While senior management and several key managers were foreign nationals, OBT employ majority of local people. Some senior management positions have been localized, including Administration officer, Human resources manager, nursery supervisor.

P5: Benefits of the Forest
No comments received
No response needed.

P 6: Environmental Impacts
Vanimo Jaya Ltd was extracting gravel from Loi River which has many access points to the water way adjacent to OBT LP areas. There is likely impact and conflict on access and use of facilities and pollution and related impact on OBT LP area. No proper MoU in place.

OBT environment management plan was approved in 2006. Annual report on environment monitoring and management and compliance inspection from CEPA has not happened since then, now 11 years.

OBT have been harvesting in buffer zones which is not in compliance with PNG LCOP & FSC commitments.

OBT environment management plan was approved in 2006. Annual report on environment monitoring and management and compliance inspection from CEPA has not happened since then, now 11 years. The audit evaluated this and found nonconformance on OBT (NCR #3/18) environment plan and annual report for years 2013-16. Independent audit or CEPA verification on environment compliance was need. Auditors found OBT was not it compliance with relevant standard requirement and issued NCR #3/18.

The audit verified harvesting in buffer occurred as per PNGFA direction and approval on basis that PNGLCOP application was for natural forest. The PNGLCOP also came about only after the LP agreement was signed. However, RA audit team assessed the grounds and issued a non-conformance (NCR# 2/18).

P7: Management plan
No comments received
2.5. Conformance with applicable nonconformity reports

The section below describes the activities of the certificate holder to address each applicable nonconformity report (NCR) issued during previous evaluations. For each NCR a finding is presented along with a description of its current status using the following categories. Failure to meet NCRs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Rainforest Alliance certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

<table>
<thead>
<tr>
<th>Status Categories</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
<td>Operation has successfully met the NCR.</td>
</tr>
<tr>
<td>Open</td>
<td>Operation has either not met or has partially met the NCR.</td>
</tr>
</tbody>
</table>

☐ Check if N/A (there are no open NCRs to review)

<table>
<thead>
<tr>
<th>NCR#</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor</th>
<th>X</th>
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<tbody>
<tr>
<td>03/17</td>
<td>FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 4.1.5</td>
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<tr>
<td>Report Section:</td>
<td>Appendix IV, Criterion 4.1</td>
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<td></td>
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</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**

4.1.5 Support is provided for local infrastructure, facilities and social programmes. The extent and quality of support, including the management of the infrastructure, is agreed between the forest management operation and the landholders prior to the start of the operation. Landholders are involved in the identification of social and economic needs.

4.1.5.1 A plan exists, agreed upon between the forest management operation and the landholders affected by the forest operation, that specifies the support for the social and economic development of communities within the forest management area and those other Communities directly affected by the forest operation. This program shall specifically address preferential opportunities for women.

4.1.5.2 The plan mentioned in 4.1.5.1 is accompanied by a clear development support output summary, specifying the type of support and its qualifications plus the time frame for implementation and completion of the individual support components.

**Finding:** The FME Project Development Agreement states for provision of local infrastructure and facilities, and social development programmes. The FME has committed to this agreement by paying annual stumpage benefits at PGK10/ m³ to PNG Forest Authority for land owner royalty payments, built roads and provided maintenance and upgrading. OBT has built Open Bay Health Centre and employing nursing staff, and establishing and supporting Open Bay Primary school & also addressing request from local churches for infrastructure support. Besides, OBT provide free transport services for women and workers to and from work and garden areas. OBT has also conducted First Aid Training and Community Health Awareness Training for local villages around Open Bay Area, and undertaking Socio-economic profiling which shows increased benefit from indirect activities like trade stores, and alternative livelihoods within Open Bay Area.

OBT conducts community awareness and consultation meetings, do weekly foremen meetings and
established Public Relations Office to further liaise and deal with stakeholder and local community issues registered through this approach. Record of job summary and status on response from OBT was updated.

However, the FME effort to provided local infrastructure, facilities and socio-economic programmes is done on ad hoc basis. There is no clear plan of action to address short term and longterm needs of the local infrastructure, facilities and social programmes. Though FME provided evidence that their efforts to provide infrastructure support were delayed/hindered by community attitude, for example, road & bridge at Matanakunai, and Market shelter at Open Bay Town, there is still community concern during interview that they were not aware of OBT infrastructure & social development programmes.

The FME 5yr FWP/2014-2019 & ALP CY2017 pledge to develop a social development and management plan in consultation with local leaders of OBT TP area but, there is no plan translating out of the consultation meetings and lack specific timeline to be addressed within OBT financial capacity. The FME is implementing the social development and management plan, however due to lack of clear consultation with the community and specific timeline of the social development and management plan, a minor NCR is issued.

Document provided:
1. Civil Construction Job Orders Activities Schedule Building & Maintenance
2. 5yr FWP/2014-2019 & ALP CY2017
3. Community Service Agreement Form, 2016-2017

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: By the next annual audit

NCR Evaluation Type: On-site, Desk Review

Evidence Provided by Organization:
1. Community Management Plan and Guidelines CY 2018
2. Minutes of meeting during consultation of plan and project
3. Updated Job Order Request
4. Evidence of community services provided
   - OBT Housing project
   - Community road construction and gravelling
   - Company store – caters workers & community
   - Market gravelling
   - Market shed construction – for local producers
   - Free timber for church, school & community
   - Free electricity (company house & store)
   - Clinic services – caters workers & community
   - Training services – workers & community
   - Extracurricular services – MD cup, other sponsorship

Findings for Evaluation of Evidence: Based on document review and interview with workers FME maintains regular community consultation meeting. Record of meeting minutes and reports from 2015-2018 show FME had conducted following meetings;
- general meeting on SEIA
- meeting on Community health awareness
- Meeting on Forest Working Plan & Annual Operation Plan
- Meeting Fire Management & training.
- Monthly SEIA monitoring at Open Bay Market

Elements of SEIA monthly monitoring and consultation meetings have been incorporated into CY2015-2019 five-year forest management plans and CY2017-2018 annual operation plans (AOP) and regularly monitored to mitigate Socio-economic impacts. OBT performance on providing socio-
Economic benefits are provided in CY2017 annual accomplishment report (AAR). Based on community consultation meetings & complain/grievance register box at strategic locations, OBT has developed *Community Management Plan and Guidelines CY 2018* with work plan and deliverable timeline and budget for implementing social and infrastructure support benefits.

**NCR Status:** CLOSED

**Comments (optional):**

<table>
<thead>
<tr>
<th>Major NCR#</th>
<th>NC Classification</th>
<th>Major X</th>
<th>Minor</th>
</tr>
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<tbody>
<tr>
<td>04/17</td>
<td>FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 6.7.3</td>
<td></td>
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</tr>
</tbody>
</table>

**Report Section:** Appendix II, Criterion 6.7

**Description of Nonconformance and Related Evidence:**

> 6.7.3 Environmentally appropriate methods for the disposal of non-biodegradable wastes that cannot be reused or recycled are set out at identified appropriate locations. The methods as described in the PNG LCOP are used or if feasible methods of a higher environmental standard.

OBT built permanent drainage along the workshop area for hazardous liquid waste disposal and the drainage is directed to an oil separator. The waste collected in oil separator is regularly disposed to the disposal pit in Blok 12 Loi FMU. However, the auditor observed that the oil separator was not covered to prevent spillage and rain water entering the oil separator as well as for safety consideration as per PNG logging code of practice.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for Conformance:** 3 months from finalization of report

**NCR Evaluation Type**

- [ ] On-site
- [x] Desk Review

**Evidence Provided by Organization:**

- Documentation of oil separator renovation
- Updated procedure of oil waste extraction

Post field visit presented evidence:

- Action Plan Waste Management Plan
- Photographic evidence of new Oil separator for Generator set, new fuel depot oil gauge. New Disposal Pit for Metal at Block 8A
- Environment Act 2000
- Memorandum FSC Compliance Waste Management Program
- Waste Mgt. Plan with 3Rs approach
- Awareness Memorandum regarding new waste management program.
- Attendance Sheet for Waste Mgmt program Awareness Log Pond, Reforestation, Sawmill, Workshop, Admin, Carpentry.
- Photo Documentation During the Awareness of Company Waste Management Plan

**Findings for Evaluation of Evidence:**

On July 28, the FME provided additional evidence of oil separator renovation and the FME has installed an oil separator cover. In addition to that, the FME also provided updated procedure for oil waste extraction elaborating that the oil waste disposal is monitored regularly and is disposed to the waste disposal every three month and a record is kept by the responsible person.
This NCR remain open, since field observation is needed to confirm the corrective action.

**July 2018 audit update.** Auditors reviewed the improvements made to the oil separator located adjacent to the workshop. The new cover reduces the risk of rainwater entering the separator. This improvement is considered adequate for the oil separator, however inspection of the workshop area found evidence that oil and other fluids handling procedures were inadequate and pose risk of environment damage. The auditor found several places around the workshop, and other work areas where oil was spilled or sawdust that was used for soaking used oil spills was dumped. Some of this oil dumping was next to wet areas which drain to the sea. OBT needs to revise how they handle waste oil so as to minimize spills (e.g improved oil collection vessels during mechanical servicing). Spills that inadvertently happen in workshop area and elsewhere should be cleaned up and contaminated soil taken to the waste disposal site. Consequently this NCR cannot be closed but rather is elevated to major level. Evaluation of this NCR can be made through a desk evaluation provided that OBT provides evidence of corrective actions. Additional onsite evaluation can take place at next annual surveillance audit

**September 2018 update:** During report finalization OBT provided evidence of corrective action taken. The corrective actions included:

1. OBT built and installed separate oil separator for Generator Set area and improve drainage system. See attached picture.
2. In workshop area, clean-up and extraction of wastes such as sawdust used for soaking oil, oil filters were removed, and the wastes dumped at Oil disposal pit. The cleaned area now has been used as parking space for heavy equipment. See attached picture.
3. Installation of new fuel gauge and improvise fuel gauge trigger system at Fuel Depot. See attached picture.
4. Digging of new disposal pit for metal. See attached picture.
5. Relaunching of Waste Management Plan. Conducted an awareness of company Waste Management Plan, 3Rs approach and Environment Act in each section, 3Rs information and proper segregation of waste was posted of on notice boards. See attached picture.
6. Continue extraction waste at oil separator and disposed in oil disposal.

Review by the auditor of the evidence associated with OBT’s corrective actions finds that appropriate steps have been taken to correct the observed areas of the workshop where oil wastes were disposed of inappropriately. The new oil separator for the generator set area and replacement of the leaking fuel gauge at the fuel depot have also proactively addresses sources or potential sources of fuel contamination. Most importantly, OBT has relaunched their waste management program and held awareness meetings of the new program for relevant staff during the first week of August (photos of meeting provided). OBT is also initiating a program for purchase of aluminum cans in the camp area for transport back to Kokopo for recycling. Based on this review the auditor closes the NCR. During next surveillance audit auditors should evaluate continued functioning and effectiveness of the waste management program.

**NCR Status:** CLOSED

**Comments (optional):**
2.6. New nonconformity reports issued as a result of this audit

<table>
<thead>
<tr>
<th>NCR#:</th>
<th>1/18</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor</th>
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<tr>
<td>Standard &amp; Requirement:</td>
<td>FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 4.2.3</td>
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<td>Appendix II, Criterion 4.2</td>
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</tbody>
</table>

Description of Nonconformance and Related Evidence:

4.2.3 All employees will have access to appropriate health and safety training and equipment.

Based on document reviewed, field visits and interview with forest workers, the audit team found that OBT has conducted first aid training regularly from 2015-2017. PNG Red Cross has been engaged to provide First Aid and community health awareness training for workers and local community members in 2018. In liaison with ENBP Provincial government the YWAM medical ship was hosted from 14-25th May 2018 to conduct outreach programme in Open Bay area. And OBT has issued PPE between 23rd March to 6th May 2018 for its workers. However, according safety inspection in June 2018, OBT found inconsistency in workers wearing PPE at work place (Sawmill: 50%, FSC Resources: 75%, Road: 86%). No management action was taken based on this assessment as per OBT management pledged in its Memo signed by MD (2014) to take disciplinary action on staff not wearing PPE. While field visit and interview with staff at Kaboku FMU the supervisory staff lacked wearing safety helmets and vests while active harvesting operation was ongoing. The audit team also found no First Aid Kits were available for planting crew at new planting site. And Incident of knife cuts on workers feet and lack of communication and transportation for injured worker complicated health and safety of worker. Though, the FME has established OH&S procedures, appointed respective staff, and provide appropriate training on F/Aid, there is inconsistency in implementation, enforcement and monitoring to ensure effectiveness of its OH&S systems and procedure.

Corrective Action Request:

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance:

By the next annual surveillance audit

NCR Evaluation Type

On-site ☒ Desk Review ☐

Evidence Provided by Organization:

Evidence of corrective actions undertaken by OBT presented during report writing phase:

1. OBT conducted In-house training on First Aid to Reforestation Supervisors (both planting and maintenance). Evidence included: training manual, attendance sheet and photos during training.

2. Issuance of First Aid Kit to all Reforestation Supervisors. The kit materials (gauze, alcohol swab, plaster, band aid) will be replaced upon the request of supervisor or once the stock is out. Evidence provided: first aid kit issuance form and photos of kit.

3. OBT Management issued a Notice of Requirement to Wear Safety Gear to all employees. The notice set an example of employee from different section wearing an appropriate safety gear (e.g. Chainsaw feller, log pond worker, sawmill operator, machinery operator.) The notice was posted on notice boards. Evidence provided: photos of notice board posting of safety requirements.

4. Company commitment to continue to implement the wearing of safety
Findings for Evaluation of Evidence:

**September 2018 findings:** OBT has taken concrete steps in addressing identified nonconformities related to training on first aid, provision of first aid kits to reforestation teams and use of PPE by workers. The effectiveness of these corrective actions will need to be evaluated in the field during the next surveillance audit.

**NCR Status:** OPEN

**Comments (optional):**

<table>
<thead>
<tr>
<th>NCR#</th>
<th>2/18</th>
<th>NC Classification:</th>
<th>Major</th>
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<td>FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 5.5.2</td>
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<td>Report Section:</td>
<td>Appendix II, Criterion 5.5</td>
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</tbody>
</table>

**Description of Nonconformance and Related Evidence:**

5.5.2 Forest management practices are planned and implemented so as to minimize negative impacts on services and resources.

5.5.2.1 Prescriptions in management plans and operational guidelines aimed at minimizing impact.

5.5.2.2 Field inspections of harvesting areas, log ponds and milling sites confirm prescriptions and guidelines are followed.

OBT has approved (28/2/18) 5 year forest working plan (CY2015-2019) and annual operation plan CY2017-2018 (approved 24/2/18). The 5 year FWP prescribe forest management activities at a landscape level, while annual operation plan prescribe the management activities at a year operational level. Annual accomplishment report for 2017 has been approved by PNGFA which validates both levels of plan were in compliance with prescribe plan. However, based on audit team field observations in the field found important weaknesses in both the harvest planning and inconsistent implementation of approved plans resulting in violations of the PNG logging code of practice and risk of environmental damage to soil and water resources in harvest sites; The following examples were noted:

- **FMU Loi LP, Block 5B, Compartment 4,** evidence of existing main hauling track approximately 156m was re-opened into a protected area designated as greenbelt. The FME responded that the hauling track was built to ease transport of machinery for harvesting operation. Another main hauling track was indicated on the harvesting map that runs through a green belt in Loi Block 11B, Comp.52b and provides alternate option for transport and accessibility. This track could have been used to avoid further degradation of the greenbelt. Unplanned skid trails and harvesting on the edges of that same green belt were noticed. There was clear overlap with the available operational maps used for harvesting. Given the biodiversity importance of the greenbelts (identified HCV) OBT should use the precautionary approach in relation to management activities in and around these areas to ensure that the value of these areas are enhanced rather than negatively impacted.

- **In the same FMU, Loi LP, BLK 8A, Comp.39,** evidence of skid trails on high slopes and consequent soil erosion was eminent due to absence of preventive measures, such as water bars were not erected after completion of harvesting operation.

- **Harvesting and extraction of first rotation (Eucalyptus deglupta) were observed in defined buffer areas.** The audit team verified with PNGFA approval letter and correspondences authorizing harvesting in buffer and annual accomplishment report to verify legal compliance. However, as per OBT long term commitment to uphold FSC certification under any circumstance as directed under Criterion 1.6 and related criteria, and forest management planning prescription and PNG logging code of practice, it does not conform accordingly to its management principles.

- **In other areas it was observed that temporary culverts were not removed on creeks upon completion of harvest and plantation maintenance activities.** This removal is necessary to allow free flow of water as per PNGLCOP.

- **The harvesting plan document reviewed had errors and inconsistency in field implementation with construction of skid trails and log landing areas not approved in the harvesting plan.**
The above mentioned deficiencies were found in specific areas and not reflective of practices across the FMUs, consequently the non conformance was graded as minor.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: By the next annual surveillance audit

NCR Evaluation Type: On-site ✗ Desk Review

Evidence Provided by Organization:

- **Sept 2018** Evidence of corrective actions undertaken by OBT presented during report writing phase: OBT submitted an action plan for reducing harvesting impacts. The plan includes 7 objectives with associated proposed actions, indicators of completion, target dates and persons responsible. OBT also provided the following summary of corrective actions:
  
  1. Operation Senior Manager revised the Procedure Prior to Harvesting of Compartment in a Block on 20th July 2018. The portion added is paragraph # 3 and in paragraph # 9, third sentence: “Once some soil erosion or possibility of erosion is found, the Foreman/Supervisor will instruct actions to avoid any damage. If there is some change of plan of skid trail or landing, this shall be informed to Foreman/Supervisor, and the map shall be updated based on the actual operation”. The procedure serves as a guiding principle in operation area. See attached file.
  
  2. Company will continue to improve its harvesting plan and implementation on the field.
  
  3. Management decided to stop harvesting in buffer zone and continue to restore and enhance the area and the other HCV areas.
  
  4. The decommissioning of temporary bridge built prior to harvesting of a compartment will be done 4-5 years later once the reforestation activities such as site preparation, picketing, planting and maintenance activities (ring weeding, tending, vine cutting) is completed. All these reforestation activities take 4-5 years to maintain. Depending on the area, the accessibility of a newly harvested compartment will be impossible if the temporary bridge will be removed immediately right after harvesting operation. Management takes into consideration the time, effort and cost of installation of bridge and other reforestation activities. Management will check the built bridges in harvested compartments from previous years whether it is alright to remove or not.

Findings for Evaluation of Evidence:

- **September 2018 findings:** OBT identified corrective actions reflect analysis of some of the root causes of the negative impacts behind this NCR. The implementation and effectiveness of these corrective actions will need to be evaluated in the field during the next surveillance audit before the NCR can be closed.

NCR Status: OPEN

Comments (optional):

<table>
<thead>
<tr>
<th>NCR#</th>
<th>3/18</th>
<th>NC Classification</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement</td>
<td>FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 6.1.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Section</td>
<td>Appendix II, Criterion 6.1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Description of Nonconformance and Related Evidence:

6.1.2 For large scale operations the Environmental Impact assessment is independently audited.

In compliance with EIA & environment management and monitoring plan, OBT has engaged third party external consultants to conduct assessment on certain elements of this plan:

- Barefoot Community Services Ltd was engaged and conducted socio-economic impact assessment in 2010.
- Two HCV assessment and monitoring conducted in 2010, 2014 by Mr. Ted Mamu & Biatus Bito from FCES Ltd via WWF PNG, & review and consolidation of HCV management plan in 2016.

Since 2011, all 5 yr. FWP & annual logging plans have incorporated elements of EIA & management and monitoring plan, and the HCV and SEIA report findings.

PNGFA conducts regular monitoring on forest management operations to ensure OBT operation is in compliance with EIA & management planning for road, logging operation, reforestation, log pond, sawmill, infrastructure, workshop, and general camp facilities. Record of PNGFA approved annual accomplishment report also verified that OBT forest management operation is in accordance with its planning and PNG LCOP. However, as per Environment Act 2000, and OBT environment management & monitoring plan (section 6) and Environment Permit Conditions (Reporting: Clause 39) the FME environment impact assessment had never being independently audited for 11 years period. According to the interview with PNG Conservation Environment Protection Authority (CEPA) it was confirmed that “Environment Compliance Inspection” from CEPA or third-Party consultants was long overdue. The audit team review the FME reports on annual environment compliance report submitted to CEPA for 2013-2014 and 2015-2016. Evidence of email correspondence between CEPA officers has taken place, independent audit of OBT EIA & management plan is yet to be conducted against its annual compliance reports. The efforts of OBT to set up the audits and lack of response by CEPA was central to the decision to rate this NCR as minor despite the amount of time without CEPA auditing.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: By the next annual surveillance audit

NCR Evaluation Type: On-site Desk Review

Evidence Provided by Organization: Sept 2018 Evidence of corrective actions undertaken by OBT presented during report writing phase:
- OBT Management submitted a request letter to conduct Environment Compliance Inspection to CEPA. Evidence included copy of correspondence, request letter and response from CEPA.

Findings for Evaluation of Evidence: September 2018 findings: OBT has undertaken actions to address the identified nonconformities as evidenced by copies of the correspondence with CEPA (dated July 17, 2018) and CEPA’s response (July 18,2018). As the CEPA inspection is still in planning and not yet conducted the NCR will remain open until evidence is presented. The NCR is to be evaluated in the field during the next surveillance audit.

NCR Status: OPEN

<table>
<thead>
<tr>
<th>NCR#</th>
<th>4/18</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement:</td>
<td>FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1,4.3.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Section:</td>
<td>Appendix II, Criterion 4.3.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Description of Nonconformance and Related Evidence:

4.3.4 A mechanism exists in which grievances related to working conditions (pay, accommodation, health, safety and training) are being recorded and that facilitates an appropriate resolution mechanism.

OBT have grievance resolution mechanism. This is implemented through placing complain box at strategic locations at Open Bay Base Camp facilities. This is communicated to the workers and surrounding local communities and reminded through weekly foremen meetings and regular community awareness meetings. The audit team reviewed the complaint register and evidence record of array of request and grievances. Evidence pertinent to workers housing repair and maintenance, supply of timber for workers own housing and related facilities were recorded and responded. The OBT management responded that addressing workers housing is on priority list, however, due to its current financial constraints experienced it cannot fully meet the workers housing requests. However, the issue has been registered dating back 2-3 years with no significant improvement. The audit team site visit to single quarters housing has evidenced the deteriorated condition and associated toilet and bathing facilities need urgent maintenance. Water supply for drinking, bathing and toilet facilities have deteriorated and posed health risk for residents. The workers interviewed confirmed that request for OBT maintenance and improvement on housing and its facilities no positive response.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: By the next annual surveillance audit

NCR Evaluation Type

Evidence Provided by Organization: Sept 2018 Evidence of corrective actions undertaken by OBT presented during report writing phase:
- OBT Management will continue to provide housing maintenance in married and single quarter. Carpentry section initiated the repair of single quarter (photos provided).

Findings for Evaluation of Evidence: September 2018 findings: As documented in the photos, OBT has taken concrete steps in addressing condition of the single housing infrastructure. The completeness and effectiveness of these corrective actions will need to be evaluated in the field during the next surveillance audit.

NCR Status: OPEN

Comments (optional): 2.7. Audit observations

Observations can be raised when issues or the early stages of a problem are identified which does not of itself constitute a nonconformance, but which the auditor considers may lead to a future nonconformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a NCR in the future (or a pre-condition or condition during a 5 year re-assessment).
### OBS 1/18

**Reference Standard & Requirement:** FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 4.4.1

[Description of findings leading to observation]:

OBT engaged Barefoot Community Services Ltd to conduct Socio-economic Impact Assessment in 2010. The study reports on indigenous people, their livelihood, and income sources, and access to social and infrastructure services. OBT maintains regular socio-economic monitoring and inclusion in the management plans. The audit team noted that the SEIA study report was 8 years ago, and the socio-economic dynamics have changed and may require expert review and re-assessment on the socio-economic conditions.

**Observation.**

To keep socio-economic impact current OBT should use the SEIA monitoring and other information sources to update the SEIA report.

### OBS 2/18

**Reference Standard & Requirement:** FM-35 criteria CoC-5.2

[Description of findings leading to observation]:

While procedures indicate that all claims are submitted for approval, there is no indication that any claims were submitted during the audit period. During the audit the team received a copy of a promotional powerpoint developed by Sumitomo HQ titled "Sumitomo Forestry Group Business Introduction". In this document there is a summary page of OBT which gave summary statistics about the operation and indicating an operation area of 31,200 ha and that there was certification FSC-FM/CoC. This information can mislead the reader that the entire area is FSC certified when in fact less than 50% of the area is within the scope of this FSC certificate. During the audit communicated with HQ communications dept who indicated that the issue would be corrected in august 2018 version and sent proposed new language that clarified that FSC certification covers only part of the OBT lands under management. Given that OBT has consistently submitted to RA for approval all trademark or promotional piece, the minor nature of this current infraction and the prompt corrective actions take to correct this issue the audit team concludes an observation is justified.

**Observation**

OBT should communicate rules for FSC claims to Sumitomo Forestry Communication staff to ensure that all claims are reviewed and approved by Rainforest Alliance.

### OBS 3/18

**Reference Standard & Requirement:** FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 5.2.1

[Description of findings leading to observation]:

OBT introduced cocoa (*Theobroma cacao*) from 2009 to 2011 on trial basis and done under planting with *E.Deglupta* in Block IVA, IVB, VA, & VC, VIID & VIIIA. This has stopped in 2016 due to high maintenance cost, low yield and loss affected by cocoa pod borer. In 2017, OBT collaborated with NGIP AGMARK Ltd, a Japanese Chocolate production company and revived the trial planting in Block 5C, Compartment#25A. About 1728 cocoa budded seedlings from 12 kinds were planted in 2ha. OBT sent selected staff from its reforestation section to AGMARK training center in Tokiala, ENBP to attain skill on plantation management. The local communities were involved in cocoa fermentation and dryness test conducted by AGMARK in February 2017. OBT has also begun trial of *A.mangium* to diversity tree crop in BLK4A and established PSP plots for research.

**Observation**

While efforts are being made into diversifying tree crop and avoid reliance on single species and associated risk, the FME should further investigate the establishment of cocoa in the FMU in terms of...
associated risk related to its lease agreement for plantation development. The study could also explore options for legal issues related to royalty benefit from cocoa and strategy in which the benefits will be distributed.

### OBS 4/18


[Description of findings leading to observation]:
The audit team interviewed nursery workers at Open Bay Camp and inspected chemical storage yard. There is no application of FSC prohibited highly hazardous chemical pesticides. Based on record evidence OBT used “Fentox” and “Oruforan” from 2012 to 2017. The use of “Orufuran” phased out in 2012, and “Fentox” was continually used up to 2017. The chemical “Fentox” contain active ingredient “bifenthrin” which is classified as HHC pesticide. The “Fentox” was applied in approximately 4ha cocoa plantation (16-17/8/2017) to eliminate cocoa pod borer which infested cocoa plantation in parts of ENBP and open Bay area. According to FSC ® List of ‘highly hazardous’ pesticides FSC-STD-30-001a EN (Last updated: 3 April 2017), the use of “Fentox” and active ingredient “bifenthrin” do not require a valid derogation.

**Observation**
The audit team found that the FME continues application of this prohibited pesticide currently does not require derogation from FSC Chemical pesticide committee. However there is a risk to continued use if the rules are changed during the ongoing review of HHC pesticide by the FSC. Specifically, the FME should be aware of Working Group for the Revision of the FSC Pesticides Policy use who are reviewing the chemical pesticide application and may re-classify “Fentox” and active ingredient “bifenthrin” as HHC pesticide requiring a derogation for use. Therefore, OBT consult FSC website regularly to verify current HHC pesticide list.

### OBS 5/18

**Reference Standard & Requirement:** FSC-STD-PNG-01-2010; National Forest Management Standards for Papua New Guinea v1.1, 10.8.3

[Description of findings leading to observation]:
OBT maintained regular SEIA monitoring on fortnightly basis and reported in annual accomplishment report for CY2017.
OBT respects the right of local land-owning tribes affected by FMUs under its management to access and use forest areas for extraction of NTFPs and services. The stakeholder interview with local communities also evidence royalty payments are paid accordingly through their tribal leaders which the process has been approved by them and PNGFA.
However, interviewed with local communities confirmed that Open Bay market facilities does not provide direct access for local communities affected by forest management activities to use for selling their vegetables. Workers trespass on traditional land/sea to harvest forest and marine products and services, access and use of facilities depriving local community from surround communities who travel long distances, illegal settlements and related alcohol brewing and selling by workers, lack of training and localization of local workforce have being noted. The audit team found OBT maintains regular monitoring and positive impacts are report on the annual accomplishment report. However, negative social impacts are not reported and mitigation plan/strategy is not actively enforced.

**Observation**
SEIA monitoring, which is now conducted for buyers and sellers at open bay market should be expanded to other neighboring local communities/villages. In order that full impacts of forest management operations be measured and reported should also provide more explicit monitoring how landowners are affected by OBT worker access to FMUs for forest goods and services, as well as other local economic activities like trade stores, PMVs, farming etc.
### 3. AUDIT PROCESS

#### 3.1. Auditors and qualifications:

<table>
<thead>
<tr>
<th>Auditor Name</th>
<th>Qualifications:</th>
<th>Lead Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jon Jickling</td>
<td>Jon Jickling, Technical Director of Rainforest Alliance Certification, based in Richmond Vermont. M.Sc. Forestry- Forest Economics, (Univ. of Minnesota, USA); B.S. Forestry (Univ. of Michigan, USA). He is a qualified lead auditor for FSC certification and has conducted more than 20 forest management assessments, scopings, and/or audits; conducted over 30 chain of custody assessments and/or audits. Jon is also an experienced instructor of forest and chain of custody assessor-training courses. Participated in ISO 9001:2000 Lead Auditor training.</td>
<td></td>
</tr>
<tr>
<td>Kafuri Yaro</td>
<td>Kafuri Yaro, Programme Development Manager for WWF Pacific, PNG Country Programme, B.Sc. in Forestry from the University of Technology, PNG. He has 18 years’ experience in natural resource and environment management, biodiversity protection and conservation areas management, and developing sustainable livelihoods and community development programmes. He has conducted 9 FSC FM/COC &amp; CW and RA Verification of legal Compliance audits as local expert and as a lead auditor in Open Bay Timber Ltd full assessment (2016). He is also a local expert for SAN Farm Certification Audit and involved in 5 audits in Coffee and Palm Oil in PNG. He has 7 years’ experience developing community eco-forestry group certification scheme in Madang Province PNG, and successful certification by SCS. His has wide range experience in FSC &amp; SAS SAN audit for the Rainforest Alliance.</td>
<td></td>
</tr>
</tbody>
</table>
3.2. Audit schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Location / Main sites</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>6th July 2018</td>
<td>Port Moresby</td>
<td>Stakeholder consultation and interviews</td>
</tr>
<tr>
<td>7th July 2018</td>
<td>Kokopo ENB</td>
<td>Stakeholder consultation and interviews</td>
</tr>
<tr>
<td>9th July 2018</td>
<td>OBT Office</td>
<td>Opening meeting, finalizing audit plan, document review, staff interview</td>
</tr>
<tr>
<td>10th July 2018</td>
<td>Field</td>
<td>Field visit, Interview with staffs, document review</td>
</tr>
<tr>
<td>11th July 2018</td>
<td>Field</td>
<td>Field visit, Interview with staffs, document review</td>
</tr>
<tr>
<td>12th July 2018</td>
<td>Field</td>
<td>Field visit, Interview with staffs, document review</td>
</tr>
<tr>
<td>13th July 2018</td>
<td>OBT Office</td>
<td>Final document review and closing meeting</td>
</tr>
</tbody>
</table>

Total number of person days used for the audit: 14
= number of auditors participating 2 times the average number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation 7

3.3. Sampling methodology:

The audit of OBT multiple FMU certificate was focused on:
- verifying conformance with outstanding NCRs;
- consultation with key stakeholders (government agencies, NGOs and community/landowners)
- evaluation of forest harvesting and impact on site resources and identified HCVs
- evaluation of OBT compliance with legal requirements.
- evaluation of OBT health and safety condition
- evaluation of OBT relations with communities and employees
- review of any outstanding land tenure conflicts
- review of seedling production and plantation establishment

There are 3 FMUs in the scope of OBT’s certificate. One of the FMUs (Loi) is covered by a Controlled wood Forest management certificate (with exception of 2 blocks which are included in the FM/CoC certificate). All FMUs are managed under the same management system by the same management team. According to FSC requirements the sampling intensity for during annual audits of multiple FMUs shall be at least half the number of FMUs visited during the main evaluation. As 3 FMU’s were sampled during the assessment therefore the minimum FMUs to be sampled are 1.5 or 2 FMUs. The audit team sampled sites across all FMUs in order to successfully evaluate the assigned criteria and areas of interest. The audit visited the OBT central office for review of documentation, inspection of OBT infrastructure and nursery facilities.

3.3.1 List of FMUs selected for evaluation

<table>
<thead>
<tr>
<th>FMU/Group Member Name</th>
<th>Rationale for Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kabuko</td>
<td>Active plantation establishment and thinning,</td>
</tr>
<tr>
<td>Loi</td>
<td>Harvesting impacts in hilly terrain, HCV protection</td>
</tr>
<tr>
<td>Makolkol</td>
<td>Active harvest, HCVs,</td>
</tr>
</tbody>
</table>
3.4. Stakeholder consultation process

FSC procedures were followed for stakeholder consultation and activities included the following:

- Public notification of the audit was done 45 days prior to fieldwork though an audit announcement sent by email to lists of stakeholders.
- Key stakeholder in Port Moresby were invited to a public meeting so that interviews could be completed with all participants.
- Stakeholders were also interviewed in Kokopo and Kerevat prior to visiting the FME’s operations in Open Bay

<table>
<thead>
<tr>
<th>Stakeholder type (i.e. NGO, government, local inhabitant etc.)</th>
<th>Stakeholders notified (#)</th>
<th>Stakeholders consulted or providing input (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGO</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Government</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Local landowners</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Workers</td>
<td>42</td>
<td>42</td>
</tr>
</tbody>
</table>

3.5. Changes to Certification Standards

| Revisions to the standard since the last audit: | ☒ No changes to standard. | ☐ Standard was changed (detail changes below) |
| Changes in standard: | None | |
| Implications for FME: | Not applicable - no new requirements | |

3.6. Review of FME Documentation and required records

a) All certificate types

<table>
<thead>
<tr>
<th>Required Records</th>
<th>Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints received by FME from stakeholders, actions taken, follow up communication</td>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Prior to the audit, no stakeholder complaints were received by RA. Onsite, the audit team reviewed minutes from Open Forums organized by the FME to gather community and worker issues or complaints and the management response. The submissions to the complaints box were also reviewed.

| Accident records | Y ☒ N ☐ |

Comments: Accident records kept by the FME were reviewed and interviews with staff across the FME were used to verify these incidents.
<table>
<thead>
<tr>
<th>Training records</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments: OBT kept records of each training event with documentation including management memoranda introducing the event, participant lists, and program materials.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational plan(s) for next twelve months</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments: OBT provided the audit team with the annual logging plan approved by the PNGFA. The ALP outlines CY 2018 activities across harvest, plantation establishment, road construction or maintenance,</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inventory records</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments: Prior to each harvest the FME conducts an inventory of targeted inspections. the audit team reviewed these documents prior to visiting the field sites.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Harvesting records</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments: The FME provided a summary of all harvesting record since the last audit. The team also sampled specific harvest plans submitted and approved by PNGFA and utilized these plans while inspecting the field.</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX I: FSC Annual Audit Reporting Form:

(NOTE: form to be prepared by the client prior to audit, information verified by audit team)

<table>
<thead>
<tr>
<th>Forest management enterprise information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>FME legal name:</td>
</tr>
<tr>
<td>FME Certificate Code:</td>
</tr>
<tr>
<td>Reporting period</td>
</tr>
</tbody>
</table>

1. Scope Of Certificate
Type of certificate: multiple FMU with single group of like FMU-s
SLIMF Certificate: not applicable

New FMUs added since previous evaluation Yes ☐ No ☒

Group Certificate: Updated of FMU and group member list provided in Appendix VII-a:
Multi-FMU Certificate: List of new FMUs added to the certificate scope:

<table>
<thead>
<tr>
<th>FMU Name/Description</th>
<th>Area</th>
<th>Forest Type</th>
<th>Location Latitude/Longitude¹</th>
</tr>
</thead>
</table>

2. FME Information
☐ No changes since previous report (if no changes since previous report leave section blank)

Forest zone
Certified Area under Forest Type
- Natural hectares
- Plantation hectares

Stream sides and water bodies Linear Kilometers
Species: Add Acacia mangium

3. Forest Area Classification
☒ No changes since previous report (if no changes since previous report leave section blank)

Total certified area (land base) ha
1. Total forest area ha
   a. Total production forest area ha
   b. Total non-productive forest area (no harvesting) ha
      - Protected forest area (strict reserves) ha
      - Areas protected from timber harvesting and managed only for NTFPs or services ha
      - Remaining non-productive forest ha

2. Total non-forest area (e.g., water bodies, wetlands, fields, rocky outcrops, etc.) ha

4. High Conservation Values identified via formal HCV assessment by the FME and respective areas
☒ No changes since previous report (if no changes since previous report leave section blank)

¹ The center point of a contiguous FMU or group of dispersed properties that together comprise a FMU in latitude and longitude decimal degrees with a maximum of 5 decimals.
<table>
<thead>
<tr>
<th>Code</th>
<th>HCV TYPES²</th>
<th>Description:</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV1</td>
<td>Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).</td>
<td>0 ha</td>
<td></td>
</tr>
<tr>
<td>HCV2</td>
<td>Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</td>
<td>0 ha</td>
<td></td>
</tr>
<tr>
<td>HCV3</td>
<td>Forest areas that are in or contain rare, threatened or endangered ecosystems.</td>
<td>Greenbelts, buffer zones 3073.59 ha</td>
<td></td>
</tr>
<tr>
<td>HCV4</td>
<td>Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).</td>
<td>buffer zones 183 ha</td>
<td></td>
</tr>
<tr>
<td>HCV5</td>
<td>Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).</td>
<td>0 ha</td>
<td></td>
</tr>
<tr>
<td>HCV6</td>
<td>Forest areas critical to local communities’ traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).</td>
<td>cemeteries 2 ha</td>
<td></td>
</tr>
</tbody>
</table>

Number of sites significant to indigenous people and local communities 3

5. Workers

Number of workers including employees, part-time and seasonal workers:

- Total number of workers 276 workers
- Of total workers listed above 231 Male 45 Female

Number of serious accidents 1
Number of fatalities 0

6. Pesticide Use

☐ FME does not use pesticides. (delete rows below)

☐ FME has a valid FSC derogation for use of a highly hazardous pesticide  ☐ YES ☒ NO

FSC highly hazardous pesticides used in last calendar year

<table>
<thead>
<tr>
<th>Name</th>
<th>Quantity</th>
<th># of Hectares Treated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fentox</td>
<td>70ml</td>
<td>4 ha</td>
</tr>
</tbody>
</table>

Non FSC highly hazardous pesticides used in last calendar year

<table>
<thead>
<tr>
<th>Name</th>
<th>Quantity</th>
<th># of Hectares Treated</th>
</tr>
</thead>
</table>

² The HCV classification and numbering follows the ProForest HCVF toolkit. The toolkit also provides additional explanation regarding the categories. Toolkit is available at [http://hcvnetwork.org/library/global-hcv-toolkits](http://hcvnetwork.org/library/global-hcv-toolkits).
APPENDIX II: Rainforest Alliance Database Update Form

**Instructions:** For each FSC certificate, Rainforest Alliance is required to upload important summary information about each certificate to the FSC database (FSC-Info). During each annual audit RA auditors should work with the certificate holder to verify that the information posted on FSC-Info is up to date as follows:

1. Print out current Fact Sheet prior to audit from FSC-Info website or direct link to fact sheets (http://www.fsc-info.org)
2. Review information with the FME to verify all fields are accurate.
3. If changes are required (corrections, additions or deletions), **note only the changes** to the database information in the section below.
4. The changes identified to this form will be used by the RA office to update the FSC database.

Is the FSC database accurate and up-to-date? YES ☐ NO ☑
(if yes, leave section below blank)

**Client Information** (contact info for FSC website listings)

<table>
<thead>
<tr>
<th>Organization name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Contact</td>
<td></td>
</tr>
<tr>
<td>Primary Address</td>
<td>Telephone</td>
</tr>
<tr>
<td>Address</td>
<td>Fax</td>
</tr>
<tr>
<td>Email</td>
<td>Webpage</td>
</tr>
</tbody>
</table>

**Forests**

<table>
<thead>
<tr>
<th>Change to Group Certificate</th>
<th>Yes ☐ No ☑</th>
<th>Change in # of parcels in group</th>
<th>total members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total certified area</td>
<td>Hectares (or)</td>
<td>Acres</td>
<td></td>
</tr>
</tbody>
</table>

**Species** (note if item to be added or deleted)

<table>
<thead>
<tr>
<th>Scientific name</th>
<th>Common name</th>
<th>Add/Delete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acacia mangium</td>
<td>Mangium</td>
<td>Add</td>
</tr>
</tbody>
</table>

**Products**

<table>
<thead>
<tr>
<th>FSC Product categories added to the FM/CoC scope (FSC-STD-40-004a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
</tbody>
</table>