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Audit Report

Annual Verification 2017

For forestry management of :

Ouesso Forestry Industry in Republic of Congo

Final Report :	11 th April 2018
Date of audit :	22 nd – 26 th January, 2018
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**The only official version of this report is the French version.
The report below is a translation of the required portions of the
French report. NOTE: More detailed public summary available
in French at <http://info.fsc.org/>**

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Abbreviations

AAC	Annual Allowable Cut
CDS	Community Development Series
FMC	Forestry Management Company
FMU	Forestry Management Unit
FPIC	Free, Prior and Informed Consent
FPU	Forestry Production Unit (Planned harvest area 4 to 6 years)
GIS	Geographic Information System
HSE	Hygiene, Security and Environment
IFL	Intact Forest Landscape
IFO	Forestry Industry of Ouessou
LDF	Local Development Fund
MAPU	Monitoring and Anti-Poaching Unit
MCD	Minimum Cutting Diameter
MEFDD	Ministry of Forest Economy and Sustainable Development
MMD	Minimum Management Diameter
OEC	Open Ended Contract
PROGEPP	Project for the Management of Peripheral Ecosystems in the Odzala-Kokoua National Park

1. INTRODUCTION

The objective of this report is to document the compliance of the annual audit of the Forestry Industry of Ouessou, hereinafter referred to as the Forest Management Company (FMC). This report presents the findings of experts representing Rainforest Alliance who evaluated the company's systems and its performance in line with the Forest Stewardship Council™ (FSC®) forest management standard and policies. Section 2 of this report presents audit findings and all follow-up actions required, through Non-Compliance Reports (NCRs).

Rainforest Alliance founded its SmartWood program in 1989 to certify responsible forestry practices. The organization has grown and now offers a wide range of audit services. Today, Rainforest Alliance verification and certification services are managed and implemented within its RA-Cert Division. All personnel responsible for the design of audits, evaluation and certification decisions, verification and validation are under the jurisdiction of the RA-Cert Division, hereinafter referred to as the Rainforest Alliance or RA.

The Rainforest Alliance audit report contains information that will be made public. Sections 1 to 3 will be posted on the FSC website in accordance with FSC requirements. All annex documents remain confidential. A copy of the public summary of this report can be found on the FSC website at <http://info.fsc.org>.

Conflict Resolution: In the event that individuals or organizations have concerns or comments about the Rainforest Alliance and the services we provide, we strongly encourage these interested parties to communicate directly with the Rainforest Alliance regional offices or with the head office (See contact information on the cover page of the report). Formal complaints should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit Decision

Based on the compliance of the Forest Management Company (FMC) audited with the FSC and Rainforest Alliance requirements, the audit team makes the following recommendations:	
<input checked="" type="checkbox"/>	The requirements of the certification <u>have been met</u>, the maintenance of the certificate is recommended: Following acceptance of the NCR (s) issued
<input type="checkbox"/>	Certification requirements <u>have not been met</u>:
Additional Comments:	
Issues identified as controversial or difficult to assess:	

2.2. Changes in FMC’s forest management and the impact of these changes on compliance with the standard

No major changes identified.

2.3. Exclusion of areas from the scope of the certificate

Non-Applicable. Check if the FMC has not excluded areas of FMUs within the scope of the certificate as defined in FSC-POL-20-003.

2.4. Issues raised by stakeholders

FSC Principle	Feedback from Stakeholders	Response from Rainforest Alliance
<p>P3: Rights of Indigenous People</p>	<p>A stakeholder referred to a report by <i>Survival International</i>, which reports wide spread violation of the rights of the Pygmies in the Congo Basin by eco-guards. Thus, the stakeholder asked how the IFO manages its eco-guards, in order to prevent violence against the Pygmies.</p>	<p>The auditors met with residents of four villages with mixed inhabitants (Bantu and indigenous), in the Ngombé FMU, as well as local NGOs, eco-guards and the prosecutor of the region. The auditors acknowledge that the work of the eco-guards is important, dangerous and difficult and results in reducing, to a certain degree, the poaching of fully protected species. This said, the auditors noticed that in spite of the human rights trainings provided by IFO, eco-guards continue to invade villages, enter houses, seize meat and weapons, without respecting the established protocol for such operations, and sometimes request payment of unapproved fines. This represents a non-compliance to indicator 2.2.1. NCR 01/17 has been issued.</p>
<p>P4: Community Relations</p>	<p>All the workers had positive comments about their working conditions and the mutual respect that existed between them and their supervisors.</p> <p>An African executive informed the auditors that in his opinion, the agreement with the company to have vehicles allocated to the African executives would not be achieved. According to this executive, the company had indicated its inability to buy cars for all the executives.</p>	<p>No response required.</p> <p>To verify these allegations, the auditors conducted some investigations by:</p> <ol style="list-style-type: none"> 1. Review of the reports from previous negotiations; 2. Discussions with representatives of the executives on the committee established; 3. Discussions with Executive Management <p>The findings show that there is continuous dialogue between the executives and the senior management of the company. Several propositions have been made and discussed, with agreements finalized for a number of points raised. The only outstanding issue; allocation of vehicles to each African executive, was finalized on 24th January, 2018 between the African</p>

	<p>One stakeholder alleged that the high operation costs of the LDF robs benefitting communities of part of their rightful share of the funds, mainly due to problems with governance by the Council. The details for allegations investigated during this audit are:</p> <ol style="list-style-type: none"> 1. Action plans, accounting and financial procedures are not being respected; 2. Procurement of materials is being done in Brazzaville in order to cash in on travel payments made from the LDF; 3. A member of the County Council being chair could be an obstacle to the proper functioning of the committee, depending on the position of influence of the latter. 4. The evaluation committee is not conducting enough missions; 5. The 2016 report of the evaluation committee will be a backdated 2017 report; 6. Allegations of disregard for the number of signatories required for the release of funds; 7. Appointment of an employee of IFO to the position of technical assistant, to replace the contractor who was involved in an accident 	<p>executives committee and management. The agreement states that the company will allocate vehicles to executives who report directly to management.</p> <p>Upon receipt of these concerns from the stakeholder, the auditors:</p> <ul style="list-style-type: none"> - met with two villages that benefitted from the LDF in 2016, 2017 and 2018; - interviewed the social unit of IFO; - met the Council's accountant for a detailed review of the 2017 accounts; - checked the availability and prices of sheets and field equipment at a hardware store in Ouessou; - telephone discussions with the president of the council; - consulted Order #2672/DMMEFE/K establishing the Collaborative Council; - consulted the by-laws of the Council and the 2016 evaluation committee report <p>The auditors found that:</p> <ol style="list-style-type: none"> 1. The accounts of the LDF are simple but sufficient and are well kept. However, the analysis of the auditors showed operation costs of 36%, which is rather high. Observation 4.1.7/17 has been issued; 2. The auditors found that procurement of material was a pretense for travel to Brazzaville, with as much as three people on the team, which is unjustified. These trips involve significant costs in the form of travel allowance, and transportation of materials, resulting in unnecessary LDF expenses, whereas checks by the auditors revealed the availability of the same materials in Ouessou, at comparative prices and free delivery even in the villages of the Ngombé FMU; 3. The bylaws of the Council provide that the chair must be a member of the County Council. The Council is thus operating in accordance with the law; 4. The by laws require two missions of a maximum of 10 days each every year for the evaluation committee. For 2016 projects, there was only one mission of 4 days; 5. The evaluation Committee's mission for 2016 projects was carried out in March 2017 and this date is stated on the report; 6. Two signatories were used to authorize the disbursement of funds, although the bylaws of the Council requires three signatories.
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	<p>A stakeholder mentioned that a school remains without electricity in the Molili district of Ngombé</p>	<p>This lack of control encourages poorly scrutinized disbursements, such as those made to cover the procurement trips to Brazzaville;</p> <p>7. The bylaws of the Council prescribe that an employee of IFO is part of the technical assistants.</p> <p>The poor governance by the Collaborative Council of the LDF in which IFO is involved has resulted in IFO contributing to local development at a rate lower than the results anticipated from the amounts invested. Observation 4.1.7/17 has been issued.</p> <p>The auditors visited the “CEG” of the Molili district in Ngombé. A section of the “CEG” was constructed by the County Council, and the other by IFO in accordance with its 2009-2013 Terms of Service. The building is equipped to receive electricity but has not yet been powered. It is important to note that IFO has fulfilled its obligations, because the Terms of Service did not stipulate electricity connectivity for the school as a requirement.</p>
<p>P6: Environmental Impacts</p>	<p>One stakeholder asked about IFO's approach to Intact Forest Landscapes (IFP) and the issues raised by Greenpeace in the report "In the Congo Basin, the myth of sustainable logging bites dust".</p>	<p>IFO took the approach mandated by FSC International by updating the IFL map as of January 2017, when the IFL Notice came into effect. IFO's analysis from this update, which was based upon additional documentation provided by FSC, showed its territory was significantly below the 20% IFL reduction threshold established by the FSC since 1st January 2017, neither was it likely to disqualify an IFL of its size (the directive applies to IFLs of less than 50,000ha). The audit team was able to see the credibility and thoroughness of this approach. Thus, the Organization complies with the Intact Forest Landscapes directives.</p>

2.5 Compliance with applicable Non-Compliance Reports

The section below describes the actions taken by the Certificate Holder to address each of the Non-Compliance Reports (NCRs) issued in previous evaluations. For each NCR, a finding and a description of the status of the NRC (open or closed) are presented. A non-closable NCR becomes a major non-compliance report that must be resolved within 3 months (6 months in exceptional cases), otherwise the Rainforest Alliance certificate may be suspended or withdrawn. The following classification is used to indicate the status of the NCR:

NCR Status Categories	Explanation
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Closed	The certified company successfully completed the NCR
Open	The certified company has not met the requirements of the NCR or has partially met the requirements of the NCR.

# NCR	01/16	Classification of the NC :	Major	Minor X
Standard & Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 1.2.3			
Report Section:	Annex II			
Description of non-compliance and related evidence:				
<p><u>Summary of standard requirements:</u> All taxes, duties, fees and royalties required from the forestry entity in the course of its activities (common law tax, forestry tax, custom duties, etc.) must be paid within the legally established deadlines. - FLEGT</p> <p><u>Description of non-compliance:</u> IFO makes payments to the LDF on a monthly basis based on the volume of harvest. According to the managers of IFO, the administration and the Collaborative Council approve this payment schedule. However, this practice contravenes the timelines defined in article 8 of Order 2671 of 15th April 2010, regarding the organization and operation of the LDF for the community development series of the Ngombé FMU.</p> <p>Related Evidence:</p> <ul style="list-style-type: none"> • Order 2671 of 15th April, 2010 • Interviews with IFO staff • LDF bank statements 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>			
Deadline for compliance:	Before the next annual audit			
Evidence provided by the organization:	<p>Evidence provided:</p> <ul style="list-style-type: none"> • Summary table of taxes and timber royalties paid; • Proof of payment of LDF royalties in 2017; • Local Development Fund budget monitoring tracker; • IFO letter (N°144/IFO/DGIDAF-17) dated 26th June 2017; • Transmittal letter (dated 10th July, 2017) of payment proposal in accordance with Order N° 2671, establishing the operations of the LDF; • Letter of Agreement (N° 209/MEFDDE/DGEF/DDEF-S) from the administration of the forestry department, dated 3rd July, 2017; • Letter of Agreement (N° 025/CC-SDC-UFA-NG/FDL/B-2017) from the Consultative Council; • Cheque N° 3014295 payable to the LDF 			
Findings from the assessment of evidence:	IFO has demonstrated that it is now in compliance with the provisions of the LDF Order on royalty payment, which requires that 50% of the royalty be paid when the annual cutting application is being submitted. The company did this in 2018. The auditors also met the accountant of the LDF, who			

	confirmed the authenticity of the supporting documents provided by IFO. This non-compliance can therefore be closed.
Status of NCR:	Closed
Comments (optional):	

# NCR	02/16	Classification of the NC :	Major	Minor X
Standard & Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 4.2.7			
Report Section:	Annex II			
Description of non-compliance and related evidence:				
<p><u>Summary of standard requirements:</u> When workers reside in camps, housing and nutrition conditions should at least meet the requirements specified in the ILO Code of Practice on Safety and Health in forestry work [see ILO Convention 155, the ILO Code of Practice on Safety (1988) or all equivalent national legislation].</p> <p><u>Description of non-compliance:</u> A visit to some parts of the camp known as Camp Bateau shows that the huts are dilapidated and unsafe. New huts are under construction, however they cannot accommodate all the families currently residing in this camp. The requirements of the indicator have not been met.</p> <p>Related Evidence:</p> <ul style="list-style-type: none"> • Visit to the camp Bateau living quarters • Interviews with IFO staff 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>			
Deadline for compliance:	Before the next annual audit			
Evidence provided by the organization:	<ul style="list-style-type: none"> • Minutes sanctioning the work of the IFO staff housing allocation committee held on 02 October 2017; • Pictures of the dilapidated parts of the Bureau Camp; • Direct observation; • Interview with some agents. 			
Findings from the assessment of evidence:	The auditors conducted a field verification of the demolition works at the Bateau Camp and consulted minutes of the housing allocation meeting, which clearly indicates the names of workers from the destroyed camp to be assigned to the new camp. The auditors were able to confirm that all seventeen (17) agents of the former camp were relocated mainly to the KOUMOUS II, KOUMOUS I and Ex SCBO camps, which are safe and compliant. Four of them were sampled and they confirmed the veracity of the claims made by the housing committee. This requirement has been met.			
Status of NCR	Closed			
Comments (optional):				

# NCR	03/16	Classification of the NC :	Major	Minor X
Standard and Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 4.6.2			
Report Section:	Annex II			
Description of non-compliance and related evidence:				
<p><u>Summary of standard requirements:</u> Workers may not be discriminated against in connection with recruitment, promotions, dismissals, remuneration, and social security structures (see ILO Conventions 100 & 111; 1998 ILO Declaration, or equivalent national legislation).</p> <p><u>Description of non-compliance:</u> The employment benefits of the African executives were compared to those of the western executives. It was evident that the African executives have fewer benefits than their western counterparts, even at corresponding levels of hierarchy and/or scope of work. The auditors conclude that, this situation is a discrimination against the African executives.</p> <p>Related Evidence:</p> <ul style="list-style-type: none"> • Visits to the living quarters • Interviews with staff of IFO 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>			
Deadline for Compliance:	Before the next annual audit.			
Evidence provided by the organization:	<ul style="list-style-type: none"> • Presentation by the MD of IFO on the revised agreement for executives, • Seven minutes recorded of at consultative meetings held with the committee of executives, responsible for negotiations between July 2017 and January 2018; • Field visit. 			
Findings from the assessment of evidence:	<p>The evidence provided by IFO shows that negotiations took place between the senior management and IFO executives represented by a 3-member committee. An intense dialogue has taken place in recent months and several proposals were made and discussed (6 meetings held). At the time of the audit, agreements had been concluded for most of the points raised. The only item that remained on the agenda; allocation of a vehicle to each African executive was concluded on January 24th, 2018 between the African Executive Committee and Management. The auditors conclude that the issues of discrimination have been resolved to the satisfaction of all parties concerned.</p>			
Status of NCR:	Closed			
Comments (optional):				

2.6 New non-compliance reports issued as a result of this audit

NCR #:	01/17	Classification of NC:	Major	Minor X
Standard & Requirement	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 2.2.1			
Report Section:	Annex IV			
Description of non-compliance and related evidence:				
<u>Summary of standard requirements:</u>				
<p>Indicator 2.2.1 requires that legal provisions, traditional methods and the modalities for access to natural resources must be defined, known and respected by all relevant stakeholders. A stakeholder had questions related to this provision, particularly about how IFO manages its eco-guards to prevent violence against the Pygmies, a practice that has been identified as an issue in the Congo Basin.</p>				
<u>Description of Non-Compliance:</u>				
<p>The auditors acknowledge the very difficult work of eco-guards. They must perform their duties in a difficult social context: they have to enforce a maladaptive legislation and put their lives in danger because they often encounter armed poachers, sometimes even with weapons of war. The Wildlife and Protected Areas Act since 2008 is difficult to enforce, as there has been no implementing decree to date. A 2011 Order requires, among other things, obtaining a broad wildlife permit for a larger number of species, but this permit is in fact difficult to access (either only available in Brazzaville or not all). The auditors note that because of the ambiguity and inconsistency of the law, eco-guards try to interpret it to the best of their judgment. They take it upon themselves every day to interpret the law to the best of their judgment and try to apply it just enough to discourage poaching of fully protected species, but turn a blind eye to poaching of less-endangered species, so that the local population can feed themselves. However, for raiding and burning camps that have some evidence of poaching, eco-guards are feared and hated by the population. They have faced this ethical and complex dilemma for years.</p>				
<p>The auditors find that despite their good work, the eco-guards are not without fault since they invade villages and houses without following established protocol, to seize meat and basic hunting weapons, and sometimes ask the villagers to pay unapproved fines. The auditors received testimonials on this matter from persons directly affected in three of the five villages visited, as well as from local NGOs and IFO workers. Despite the training given by IFO, the eco-guards do not always respect the protocols established for conducting inspections in the villages. This represents nonconformity.</p>				
Related Evidence:				
<ul style="list-style-type: none"> • Interviews with the villagers; • Interviews with IFO staff, eco-guards, legal authorities; • Review of procedures; • Review of reports from eco-guards. 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>			
Timeframe for compliance:	Before the next annual audit			
Evidence provided by the organization:	In Progress			
Findings from the assessment of evidence:	In progress			

Status of NCR:	Open
Comments (optional):	

NCR # :	02/17	Classification of NC:	Major	Minor X
Standard & Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations			
Report Section:	Annex III, 4.1.1			
Description of non-compliance and related evidence:				
Requirement: At an equal level of competence, members of the populations within or bordering the FMU must be given priority in employment.				
Finding: The auditors met with the inhabitants of Lengoué and found that no one from the village was currently working for or had been employed by IFO, or through the IESM recruitment agency (except for short term employment during participatory mapping) in the past couple of years, despite the existence of forestry operations within their traditional territory. While several villages fall within the 2016, 2017, 2018 and 2019 AACs, IFO's social team at the time of the audit (end of January 2018) had still not initiated steps to increase records of recruitment of people from Lengoué. In addition, two candidates from Zoulabouth, another village within the operational zone, who submitted their application in 2016 through the social team, had still not been offered employment. In 2017, IESM engaged 90 unskilled laborers as gardeners, housekeepers, laborers, caretakers, assistant drivers, etc. from everywhere except villages within the FMU, meanwhile these positions are quite appropriate for unskilled local villagers of the 2017 and 2018 AACs. The auditors note that the IFO recruiting process, which favors local hiring has not been updated since IESM was engaged, which has had an impact on the implementation of the policy.				
Related Evidence:				
<ul style="list-style-type: none"> - PO_RH_01 Recruitment Procedure V2 - Meeting in the villages of AAC 2017 and 2018 - Interviews with IFO staff - Interviews with IESM staff - IFO and IESM job application documents - Interview with the staff of the social unit 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>			
Timeframe for compliance:	Before the next annual audit			
Evidence provided by the organization:	In Progress			
Findings from the assessment of evidence:	In Progress			
Status of NCR:	Open			
Comments (optional):				

# NCR	03/17	Classification of NC:	Major	Minor X
Standard & Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 4.2.1			
Report Section:	Annex II			
Description of non-compliance and related evidence:				
<u>Summary of standard:</u> The standard requires that appropriate safety equipment is distributed to workers.				
<u>Description of Non-Compliance:</u> IFO ensures the safety of its workers. It has set up a security management system in line with legal requirements and international safety standards. In addition, it regularly distributes personal risk prevention equipment to its agents. However, the auditors find that some agents are exposed to dangerous chemicals stored in a container that they access without the appropriate masks.				
Related Evidence:				
<ul style="list-style-type: none"> Finding on the ground 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>			
Timeframe for compliance:	Before the next annual audit			
Evidence provided by the organization:	In Progress			
Findings from the assessment of evidence:	In Progress			
Status of NCR:	Open			
Comments (optional):				

# NCR	04/17	Classification of NC:	Major	Minor X
Standard & Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 4.3.5			
Report Section:	Annex II			
Description of non-compliance and related evidence:				
<u>Summary of the requirement of the standard:</u> The forest manager is responsible for documenting, respecting and enforcing agreements with workers on wages and working conditions.				
<u>Description of Non-Compliance:</u> IFO has a housing allocation mechanism for its employees. This mechanism was enacted by the procedure IFO_41-20-V2 of 20/03/2016. This procedure clearly states the criteria for allocating housing. A total of 5 criteria are applied and evaluated to grant accommodation (number of staff per department, the qualification of the worker, the role, the length of service in the company, and family conditions). However, in reading the reports of the allocation committee and by observation, none of the 14 indigenous workers with Open Ended Contracts (OEC) has accommodation, despite the fact that some of them could qualify according to the criteria of selection established by the company. The auditors note that the mechanism for allocating housing to workers is not being applied as required by the procedure.				

Related Evidence:	
<ul style="list-style-type: none"> • The housing allocation procedure • The minutes sanctioning the work of the IFO workers housing allocation committee • List of IFO indigenous officers as of 31/12/2017 • Interviews with IFO staff 	
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to prevent future occurrences.</p>
Timeframe for compliance:	Before the next annual audit
Evidence provided by the organization:	In Progress
Findings from the assessment of evidence:	In Progress
Status of NCR:	Open
Comments (optional):	

# NCR	05/17	Classification of NC:	Major	Minor X
Standard & Requirement:	FSC-STD-RoC-01-2012 Republic of Congo Natural Plantations, Indicator 6.5.7			
Report Section:	Annex II			
Description of non-compliance and related evidence:				
<p><u>Summary of the requirement of the standard:</u> The road network within the FMU must be constructed and maintained in order to prevent erosion and disruption of the water network.</p> <p><u>Description of Non-Compliance:</u> During field visits, the auditor found that an important bridge for the transport of logs was not stabilized. This resulted in substantial sedimentation in a main watercourse (more than 4 meters wide). In addition, the construction of this same bridge has affected the natural course of the river by narrowing it. The auditors sampled other bridges and found that they also altered the watercourses.</p> <p>This non-compliance is considered minor as the Organization is undertaking inspection and bridge construction procedures and has planned to stabilize the important bridge mentioned before the next rainy season (starting in March).</p> <p><u>Related Evidence:</u></p> <ul style="list-style-type: none"> • Field visit • Interviews with IFO staff 				
Corrective Action Required:	<p>The organization must take corrective measures to serve as evidence of compliance with the requirements noted above.</p> <p>Note: These corrective measures must not only be focused on this specific issue, but must be targeted at addressing the root cause of the problem, to</p>			

	prevent future occurrences.
Timeframe for compliance:	Before the next annual audit
Evidence provided by the organization:	In Progress
Findings from the assessment of evidence:	In Progress
Status of NCR:	Open
Comments (optional):	
Corrective Action Required:	

2.7 Notes and Observations

An observation may be made when a very minor problem is identified or the first phases of a problem that does not in itself constitute non-compliance, but which could become non-compliance if the client does not address it. An observation may be a warning signal about a particular issue that, if ignored, risks becoming an actual non-compliance in future audits. The notes are made so that auditors can monitor the issue during the next annual audit.

OBS 4.1.7/17	Reference to standard & requirement: 4.1.7
The poor governance by the Collaborative Council of the LDF in which IFO is involved has resulted in IFO contributing to local development at a rate lower than the results anticipated from the amounts invested. The management fees of the Collaborative Council are high, having 3 people on equipment procurement trips to Brazzaville is unjustified, the evaluation committee is not active enough and fund disbursements are done with two signatories rather than three, as required by the Council's by laws.	
Observation: IFO should work with its colleagues on the Consultative Council to reduce spending and should assume its role as a signatory on disbursements.	

OBS 6.2/17	Reference to standard & requirement: 6.2
IFO is already making commendable efforts in controlling hunting and supporting alternatives to game meat. In fact, the prices of domestic meat in the commissary supported by IFO are comparable to that of game meat, except for beef, which remains significantly more expensive. The latest PROGEPP report states that game meat remains the main source of protein for the local inhabitants, and an additional contribution from IFO would be useful in reducing the scale of the problem, although obviously the taste for game meat is deeply rooted and providing affordable and alternative sources of protein is just one element in a strategy to combat poaching. However, IFO remains in compliance with this indicator, as IFO already subsidizes domestic meat, with prices competitive with the price of game meat.	
Observation: IFO should put in more efforts to make beef more competitive with game meat in the local markets.	

OBS 8.2.6/17	Reference to standard & requirement: 8.2.6
<p>Eco-guards allow the trafficking of partially protected species that would normally require a large game license, since these licenses are not really available. Hunting is allowed either without a license or with a small game license. The auditors also found that the hunting periods were not implemented. As the eco-guards confided to the auditors; « We must feed the city ». The auditors accept this state of affairs provided that the objective underlying the control of hunting, i.e. the maintenance of all populations, protected or not, is checked / monitored, which the auditors were able to confirm. However, PROGEPP's monthly reports shows that rather than old duikers, there were young duikers in the Ngombe meat market, which could suggest a growing scarcity of this species. A more thorough inventory and a comparison of the last two inventories of the WCS will help to identify the real tendencies of the animal populations in the Ngombé FMU. This inventory is not yet in IFO's budget but should be completed by 2020. Observation 8.2.6 / 17 is issued.</p>	
<p>Observation: IFO should ensure that funds are available for the next WCS inventory.</p>	

NOTE 3.2/17	Reference to standard & requirement: Criteria 3.2	
<p>2017 Finding: The auditors noted the results of the participatory mapping of the 5 villages affected by the upcoming operations in the 2018 AAC. The auditors also noted that there is reluctance to share information during the participatory mapping because the villagers are concerned that IFO shares the locations of the camps with the eco-guards of PROGEPP, whose mission is precisely to dismantle the camps. The auditors note an incongruity between the objectives of the participatory mapping conducted by IFO (protection of camps) and that of eco-guards (destruction of camps) financed in part by IFO. A note is issued for auditors to check, during future audits if sites are not protected because of this reluctance to share information.</p>		
<input type="checkbox"/> Note closed	<input type="checkbox"/> Monitoring completed but note open	<input type="checkbox"/> Monitoring not completed this year
2018 Finding		

2.7.1. Monitoring of notes opened in previous years

NOTE 6.5.3/15	Reference to standard & requirement: indicator 6.5.3	
<p>2015 Finding: Check that forest park rehabilitation procedures continue to be implemented.</p>		
<p>2016 Report: The fire on November 14, 2016 ravaged the garage and the central store, where spare parts were stored. For this reason, nearly 20% of the operating team's machinery was out of use: there were only 2 production bulls running in place of 5 bulls. As the fire is an exceptional circumstance and the company has indicated its intention to rehabilitate the parks in the forest, the note remains open.</p>		
<input checked="" type="checkbox"/> Note closed	<input type="checkbox"/> Monitoring completed but note open	<input type="checkbox"/> Monitoring not completed this year
<p>2017 Finding: The auditors verified the application of forest park rehabilitation procedures. The procedures are respected because the 5 parks checked in the 2017 section are being restored. In addition, cutting is not yet completely closed.</p>		

NOTE 4.1.1/16	Reference to standard & requirement: 4.1.1.	
At the time of the audit, the hiring procedures were verified and validated as being in conformity in the case of IFO. However, a first selection of candidates is done by a sub-contractor (IESM), which was not interviewed at the time of the audit. Verify the part of the recruitment process performed by IESM.		
<input checked="" type="checkbox"/> Note closed	<input type="checkbox"/> Monitoring completed but note open	<input type="checkbox"/> Monitoring not completed this year
2017 Finding: The auditors met with the Director of Human Resources of IFO as well as that of IESM, and reviewed the recruitment procedure. It turns out that the procedure is out of date because it does not take into account the responsibilities of IESM. This leads to non-compliance with the procedure, which results in the absence of preference for the local populations during recruitment. RNC 4.1.1 / 17 is issued.		

NOTE 4.2.1/16	Reference to standard & requirement: 4.2.1	
IFO has set up a fire department for the village of Ngombé and for the IFO facilities. It has about twenty firefighters and a tanker truck. At the time of the audit, the auditors inspected the tanker truck accompanied by a firefighter. IFO employees confirmed that the truck was used to fight the fire at the plant. However, the inspections of the truck show that it is in a bad state. At the time of the inspection, the battery was broken and needed charging before starting. During watering, the engine gave off a lot of black smoke. Given its condition, this truck is not considered reliable equipment. Thus, IFO said it has ordered a new truck. Check that the new fire truck is operational.		
<input checked="" type="checkbox"/> Note closed	<input type="checkbox"/> Monitoring completed but note open	<input type="checkbox"/> Monitoring not completed this year
2017 Finding: The auditors have examined all the devices for the prevention and mitigation of work-related or general accidents. They found that IFO acquired a new rescue vehicle and that the old one was parked. In addition, IFO has planned first aid trainings and use of the new firefighting vehicle. Also, the company will be assisted by a representative of the Sangha department of civil security as indicated in letter number 471 / MID / DGSC / DDSC-S / Sec dated January 6, 2018. This note can thus be closed.		

NOTE 6.3.9/16	Reference to standard & requirement: 6.3.9	
Confirm the implementation of fire preventive measures in the Ngombé FMU.		
2017 Finding: There are no high-risk fire areas in the FMU at the moment. The fact that there was a fire in 2016 does not make the FMU a high-risk area. It is still a predominantly wet ecosystem. Thus, this note is closed.		

3. AUDIT PROCESS

3.1. Audit Team and Professional Qualifications:

Name of Auditor:	Alexandre Boursier	Role of the Auditor:	Chief Auditor
Professional Qualification:	A forestry engineer since 1996, Alexandre has worked in Africa, Asia and throughout the Americas in the fields of forest certification, legal, inventories, community forestry and sustainable management of natural resources. From 2003 to 2013, Alexandre was Director of the largest FSC organization in Canada. He has a master's degree in social forestry / agroforestry. Expert in sustainable forest management, experienced FSC auditor and trainer of auditors, he has carried out a very large number of public consultations, elaborated standards of legality and sustainable forest management, trained more than 100 auditors and carried out a very large number of FSC audits around the world. A natural leader,		

	Alexandre often works with multidisciplinary teams composed of experts of different nationalities and cultures. He is able to evaluate all aspects of the FSC standard, from Aboriginal, legal and social dimensions to ecological and operational legal aspects. From 2015 to 2017, Alexandre was part of a group of ten international experts to develop a guide for obtaining the Free and Prior Informed Consent (FPIC) of indigenous people in the forestry sector. He speaks and writes French, English and Spanish. Alexandre is based in Quebec and travels regularly to carry out assignments in Africa and Asia.		
Name of Auditor:	David Brunelle	Role of the auditor:	Auditor
Professional Qualification:	Forest Engineer with 12 years of experience in integrated resource management, forest management and forest and environmental certification. David was first project manager in forest management for a consulting firm in technical work. He then worked for a forestry company for 3 years as Coordinator of the Forestry Department. In this position he was involved in all tasks related to forest management and forest operations support. As project manager in integrated resource management for the Quebec Open-Air Establishments Corporation, he worked on the harmonization of uses in Quebec's wildlife reserves for 3 years. During his short stint at the Quebec Ministry of Natural Resources in 2012, he participated in the implementation of forest and environmental certifications at the provincial level. Finally, he held a management position with a forest management-consulting firm. In addition, he holds a certificate in law from the University of Montreal. David joined the Rainforest Alliance Canada team in January 2016 as a Forest Management Associate and has successfully completed the FSC Chief Auditor training. David has already participated in more than 50 FM and COC audits.		
Name of Auditor:	Armel Tsiba	Role of Auditor:	Local Expert
Professional Qualification:	Armel is a Forest Techniques Engineer and holds a Master's degree (Research) in Sustainable Forest Management. In 2011, he worked at Rougier (Mokabi S.A.) as Social Manager. Then, in 2012, he returned to the international NGO ACTED, as « AME » supervisor and researcher for an impact study of logging on populations within the framework of the VPA FLEGT. For about 4 years, he has been working with the Independent Observer VPA-FLEGT in the Republic of Congo. He has attended several trainings related to sustainable forest management, particularly in social forestry in the framework of the project Center of Social Excellence for the forests of Congo Basin (CES) in 2009, an audit training organized by Rainforest Alliance in 2013, a training in forest governance in 2014 in Kumasi, Ghana, and a training in Sustainable Development in 2015. He is participating in his third legal audit. For this audit, Armel supports auditors in all legal, socio-economic, forest and ecological aspects.		

3.2. Audit Schedule

Date	Location (Main sites)	Main Activities
22nd January 2018	IFO offices site in Ngombé and sawmills	Opening meeting, interviews with staff, review of documents
23rd January 2018	Ngombé FMU IFO offices site in Ngombé and sawmills Visits of neighboring communities	Inspection of forests in the villages and interviews with the workers
24th January 2018	Ngombé FMU	Meeting with the communities

	IFO offices in Ngombé and sawmills Visits of neighboring communities	
25th January 2018	Ouesso and IFO office	Interview with the staff and stakeholder meeting in Ouesso
26th January 2018	IFO offices site in Ngombé	CoC Audit and de-briefing meeting
11th April 2018	Virtual	Finalization of report
Total number of days-persons used for audit: 15 = number of auditors: 3 X minimum number of days spent by each auditor in preparation, for field work and on monitoring visits at stakeholder consultations: 5		

3.3. Sampling Method

The sampling mainly focused on:

- Responding to the notes and reports of non-compliance issued during the previous audit;
- Collecting the information necessary to verify compliance to the principles and criteria set out in the audit;
- Verifying work done by the applicant and the other forestry stakeholders with the natives, with the communities and in the forest on the certified territory since the previous audit.

The method of selecting the sites visited was to obtain a map of the work carried out since the previous audit and to decide in collaboration with the IFO staff an itinerary for the visit. An auditor spent two days in the operating areas as well as in sites operated in previous years. The audit team was able to interview several workers and supervisors in the forest and factory, and met with more than 40 villagers in 5 villages.

3.3.1 List of FMUs selected for evaluation

FMU	Reason for Selection
Ngombé	It is the only FMU in the scope of the certificate. Exploitation / harvesting works was underway at the time of the audit and was inspected in the 2017 and 2018 AACs. The forestry workers were interviewed during the visit and the auditor was able to evaluate the production methods and the environmental and health and safety risks associated with harvesting operations. In addition, older sections (2007-2008) were visited.

3.4. Stakeholder consultation process

Stakeholder Category (NGOs, government, local residents etc.)	Number of stakeholders informed	Number of stakeholders consulted or providing comments
NGO	16	4
Government Agencies	0	2
Workers	0	15
Eco-guards	0	7
Local residents	>100	>40

The stakeholder consultation strategy for this audit covered four aspects:

1. Ensure that stakeholders and villagers are aware of and informed about the audit process and its objectives;
2. Identify potential issues;
3. Verify IFO's compliance with the FSC standard;
4. Identify stakeholders interested in obtaining information on; or following-up on audit findings.

The two auditors and the local expert met with representatives as well as dozens of members from 5 communities. The communities visited included local communities from the 2016, 2017 and 2018 AACs. Communities bordering the areas with ongoing works or expected for 2018 were also met. Approximately 30 other stakeholders were contacted to solicit their feedback as part of this audit process.

3.5. Changes to Standard (if applicable)

Forest management standard used for the audit:	FSC Forest Stewardship Standard for the Republic of Congo, FSC-STD-RoC-01-2012 Republic of Congo Natural and Plantations EN.
Changes made to the standard since the last audit:	<input checked="" type="checkbox"/> No change to the standard. <input type="checkbox"/> Amended Standard (details of changes below)
Changes to the standard:	No change to the standard. However, the guidance note for the interpretation of Motion 65 (ADVICE-20-007-018 V1-0) has been issued and is to be implemented as of January 1, 2017.
Implications for FMC:	IFO has provided IFL maps that cover more than 500,000 ha within the management unit as of 1 January 2017. Forest operations are carried out within the IFLs, however, under current planning less than 20 % of IFL area will be affected by cuts in the next 3 years. Following this period, IFO would exceed the current 20% rule.

3.6. Review of FAE documentation and required records

a) All types of Certificates

Required Records	Examined
Complaints received by the FMC from third parties, actions taken, subsequent communications	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: The auditors consulted IFO's Litigation Register and validated that at least one litigation of which they had knowledge was listed.	
Accident Records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: A register of accidents at the plant and in the forest was checked. This register describes accidents and associated injuries as well as absences associated with accidents.	
Training Records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: Training record for IFO and its subcontractors over the last five years were reviewed.	
Operational plan for the next 12 months	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>

Comments: The auditors reviewed the operational plans for 2018, 2019 and 2020 provided.	
Inventory Records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: The 2016 cutting maps and inventory records per plot were provided and were reviewed by the auditors. The operating inventory data is managed in a computerized database integrated into GIS and then generated on a map in the format defined by the regulations.	
Harvest Records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: The auditors confirmed that logbooks are completed daily and the same data is entered into the company's log traceability software	

ANNEX I: FSC Report Form:

Information about the forest management company:			
FMC Corporate Name:	Ouesso Forestry Industry		
FMC Certificate Code:	RA-FM/CoC – 007088		
Period covered by the report	Previous 12-month period	Dates	January 2017 to January 2018

1. Scope of certificate			
Type of certificate: Unique FMU	PDAFI Certificate: Non applicable		
New FMUs added since the previous evaluation	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Group certificate: List of FMUs and group members provided in Annex VII-a :			
Multi-FMU certificate: List of new FMUs added to certificate scope:			
Name / Description of FMU	Area	Type of forest	Location Longitude/latitude ¹
	ha		
	ha		

2. Information about the FMU	
<input checked="" type="checkbox"/> No changes since the previous report (if there are no changes, leave the section blank)	
Forest area	Tropicale
Area certified by forest type	
- Natural	Hectares
- Plantation	Hectares
Water banks	Linear kilometers

3. Classification of forest area

¹ The central point of a contiguous FMU or a group of scattered properties that together constitute a FMU, in decimal degrees of latitude and longitude with not more than five decimal places.

<input type="checkbox"/> No changes since the previous report (if there are no changes, leave the section blank)			
Total certified area			1 159 643 ha
1. Total productive area			1 109 881 ha
a. Areas included in capacity calculations		769 323 ha	Sum of a. + B. Shall be equal to the area identified in point 1. Sum of 1. + 2. must be equal to "Total certified area" above.
b. Areas excluded in potential calculations		ha	
- Areas with full protection (EFE, PA, shelters, etc.)	228 054 ha	The sum of these three must be equal to b.	
- Forest areas protected from the harvesting of woody material and managed only for the harvesting of NTFPs or for the supply of services	112 504 ha		
- Remaining areas (other appropriations)	ha		
2. Total non-productive area (e.g., bodies of water, wetlands, fields, rock outcrop, etc.)			49 762 ha

4. High conservation values identified through a formal FAE assessment and corresponding areas

<input checked="" type="checkbox"/> No changes since the previous report (if there are no changes, leave the section blank)			
Code	HVC TYPES ²	Description:	Area
HVC1	Concentrations of biodiversity values at global, regional and international levels (e.g. endemism, threatened species, refuges).		
HVC2	Forests containing significant forests at the landscape level within the FMU, in which viable populations of most or all natural species exist in natural patterns of distribution and abundance.		
HVC3	Forest areas contained in or containing rare, threatened or endangered ecosystems.		
HVC4	Forest areas that provide natural services in critical situations (e.g. watershed protection, erosion control).		
HVC5	Forest areas essential to the basic needs of local communities (e.g. subsistence, health).		
HVC6	Forest areas that determine the cultural and traditional identity of local communities (areas of cultural, ecological, economic or religious significance identified in collaboration with these local communities).		
Number of sites of importance to First Nations and local communities:			

5. Workers

Number of workers, including employees and part-time or seasonal workers:		
Total number of workers	910 workers	
- Out of the above	883 males	27 females
Number of serious accidents in 2017	5	
Number of deaths	1	

² The classification and numbering of HVC corresponds to ProForest's FHVC toolbox. There are additional explanations of these categories. It is available at <http://hcvnetwork.org/library/global-hcv-toolkits>.

6. Use of Pesticides The FMC does not use pesticides (in this case, delete the lines below)

Ngombe	Lengoué	
Ngombé	Ngombé	
Ngombe	Mekouka	
Ngombe	Sayo	

APPENDIX VI: Rainforest Alliance Database Update Form

ANNEXE VI: Formulaire de mise à jour de la BDD Rainforest Alliance

<p>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:</p> <ol style="list-style-type: none"> 1. Print out current Fact Sheet prior to audit from FSC-Info website or direct link to fact sheets (info.fsc.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. 	<p>Instructions : Pour chaque certificat FSC, Rainforest Alliance est tenue de téléverser de l'information importante dans la base de données FSC (FSC-Info). Lors de chaque audit annuel, les auditeurs RA devraient travailler de concert avec le détenteur de certificat pour s'assurer que l'information disponible sur FSC-Info est à jour en procédant de la manière suivante :</p> <ol style="list-style-type: none"> 1. Imprimer le 'Fact Sheet' actuel avant l'audit à partir du site FSC-Info (fsc.info.org) ou du lien direct propre au détenteur 2. Passer en revue l'information avec l'EAF pour vous assurer que tous les champs ont la bonne information. 3. Si des changements sont requis (corrections, ajouts ou suppresssions), indiquez uniquement les modifications aux informations de la base de données dans la section ci-dessous. 4. Les changements identifiés dans ce formulaire seront utilisés par RA pour mettre à jour la base de données FSC.
<p>Is the FSC database accurate and up-to-date? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (if yes, leave section below blank)</p>	<p>L'information de la base de données FSC est-elle juste et à jour ? OUI <input type="checkbox"/> NON <input type="checkbox"/> (si oui, ne pas remplir la section ci-dessous)</p>

Client Information (contact info for FSC website listings)

Information du client (coordonnées pour le site web du FSC)

Organization name Nom de l'organisation			
Primary Contact Personne contact		Title Titre	
Primary Address Adresse principale		Telephone Téléphone	
Address Adresse		Fax Télécopieur	
Email Courriel		Webpage Site internet	