



LegalSource™ Audit Report for Greenheart Forest Central N.V.

Assessment 2020

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Organisation Contact

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Audit managed by

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A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by **GREENHEART FOREST CENTRAL N.V.** hereafter referred to as "Organisation". The report presents findings of LegalSource auditors, who have evaluated the Organizations' systems and performance against the applicable requirements. The sections below provide the audit conclusions and follow-up actions required by the Organisation.

Dispute resolution: If stakeholders have concerns or comments about the LegalSource standard or the auditing body, they are encouraged to contact their closest NEPCon regional office. Formal concerns and complaints should be sent in writing.

B. Scope

The LegalSource audit, report and certificate covers the following scope:

Report Type	
Report type:	Confidential

Organisation Details	
Primary contact:	Varsha Sewdien, Compliance officer
Address:	Duisburglaan 31, Paramaribo, Suriname
Tel/Web/Email:	(597) 463327 Ext. 223 / www.greenheart.com / varshasewdien@greenheartgroup.com
Jurisdiction of primary legal entity:	Suriname
Primary Activity	Primary Manufacturer
Description of Organisation:	<p>Greenheart Forest Central N.V. (GFC), established in December 2011, is the operating forest entity in several concessions in the Tibiti-area. At the moment approximately 87,508 ha are being managed by GFC; for 47,750 ha the application process for receiving the forest cutting rights is currently ongoing and out of this certification process. A sawmill in the Tibiti-area and a further processing facility in Leiding, are also part of the activities of GFC. The current activities of the company are forest exploitation, processing, export of round logs and sawn timber and local sales (sawn timber). GFC also uses two trade companies to sell its products which are included in this assessment.</p> <p>At forest operation, the planning and monitoring is made by the staff while felling, skidding and hauling is made by contractors listed in the scope.</p>

Certificate Scope	
Certificate Type	<input checked="" type="checkbox"/> Single site certificate <input type="checkbox"/> Group/ Multi-site certificate
Standards Evaluated:	<input checked="" type="checkbox"/> LegalSource Standard (LS-02) V2-1 <input checked="" type="checkbox"/> NEPCon Generic Chain of Custody Standard (NC-STD-01)

	<input type="checkbox"/> NEPCon Generic Group & Multi-Site Standard (NC-STD-02)
Product scope:	Round wood and lumber of the following species: <i>Cordia alliodora</i> ; <i>Cordia goeldiana</i> ; <i>Dicorynia guianensis</i> ; <i>Qualea rosea</i> Aubl.; <i>Manilkara bidentata</i> ; <i>Vouacapoua americana</i> Aubl.; <i>Hydrochorea corymbosa</i> ; <i>Hydrochorea gonggrijpii</i> ; <i>Cedrela odorata</i> ; <i>Buchenavia tetraphylla</i> (Aubl.); <i>Terminalia spp.</i> ; <i>Cedrelinga cateniformis</i> ; <i>Zygia racemosa</i> ; <i>Vatairea guianensis</i> ; <i>Qualea dinizii</i> ; <i>Handroanthus serratifolius</i> ; <i>Qualea albiflora</i> ; <i>Pradosia spp.</i> ; <i>Couratari guianensis</i> ; <i>Couratari spp.</i> ; <i>Vataireopsis speciosa</i> ; <i>Bagassa guianensis</i> ; <i>Aspidosperma sandwithianum</i> ; <i>Aspidosperma spp.</i> ; <i>Pradosia ptychandra</i> ; <i>Pradosia surinamensis</i> ; <i>Platymiscium trinitatis</i> ; <i>Platymiscium ulei</i> ; <i>Goupia glabra</i> ; <i>Andira spp.</i> ; <i>Qualea coerulea</i> ; <i>Hymenolobium flavum</i> ; <i>Hymenolobium excelsum</i> ; <i>Handroanthus capitatus</i> ; <i>Mora excelsa</i> ; <i>Peltogyne paniculata</i> ; <i>Erisma uncinatum</i> ; <i>Platonia insignis</i> ; <i>Pseudopiptadenia suaveolens</i> ; <i>Peltogyne venosa</i> ; <i>Hymenaea courbaril</i> L.; <i>Andira surinamensis</i> ; <i>Andira villosa</i> ; <i>Andira coriacea</i> ; <i>Andira inermis</i> ; <i>Andira spp.</i> ; <i>Simarouba amara</i> ; <i>Eperua falcata</i> ; <i>Sextonia rubra</i> ; <i>Martiodendron parviflorum</i> ; <i>Vataireopsis surinamensis</i> ; <i>Diplotropis purpurea</i> .
Changes to certificate scope since last audit:	N/A
Certificate Sites or Group members	
<input type="checkbox"/> In place of below table, details are found in Exhibit [ENTER NUMBER OF EXHIBIT]	
Site 1:	
Site name:	Greenheart Forest Central N.V. NOTE: This legal entity includes de Forest Management Units, Tibiti sawmill and storage site, and Leiding sawmill (secondary processing and storage site)
Site Address/ Tel/Web/Email:	Duisburglaan no. 31, Paramaribo, Suriname / (597) 463-327 / http://www.greenheartgroup.com / varshasewdien@greenheartgroup.com
Site Activity:	Forest Manager, Primary manufacturer, Secondary Manufacturer
Product Scope:	Round wood and lumber of the following species: <i>Cordia alliodora</i> ; <i>Cordia goeldiana</i> ; <i>Dicorynia guianensis</i> ; <i>Qualea rosea</i> Aubl.; <i>Manilkara bidentata</i> ; <i>Vouacapoua americana</i> Aubl.; <i>Hydrochorea corymbosa</i> ; <i>Hydrochorea gonggrijpii</i> ; <i>Cedrela odorata</i> ; <i>Buchenavia tetraphylla</i> (Aubl.); <i>Terminalia spp.</i> ; <i>Cedrelinga cateniformis</i> ; <i>Zygia racemosa</i> ; <i>Vatairea guianensis</i> ; <i>Qualea dinizii</i> ; <i>Handroanthus serratifolius</i> ; <i>Qualea albiflora</i> ; <i>Pradosia spp.</i> ; <i>Couratari guianensis</i> ; <i>Couratari spp.</i> ; <i>Vataireopsis speciosa</i> ; <i>Bagassa guianensis</i> ; <i>Aspidosperma sandwithianum</i> ; <i>Aspidosperma spp.</i> ; <i>Pradosia ptychandra</i> ; <i>Pradosia surinamensis</i> ; <i>Platymiscium trinitatis</i> ; <i>Platymiscium ulei</i> ; <i>Goupia glabra</i> ; <i>Andira spp.</i> ; <i>Qualea coerulea</i> ; <i>Hymenolobium flavum</i> ; <i>Hymenolobium excelsum</i> ; <i>Handroanthus capitatus</i> ; <i>Mora excelsa</i> ; <i>Peltogyne paniculata</i> ; <i>Erisma uncinatum</i> ; <i>Platonia insignis</i> ; <i>Pseudopiptadenia suaveolens</i> ; <i>Peltogyne venosa</i> ; <i>Hymenaea courbaril</i> L.; <i>Andira surinamensis</i> ; <i>Andira villosa</i> ; <i>Andira coriacea</i> ; <i>Andira inermis</i> ; <i>Andira spp.</i> ; <i>Simarouba amara</i> ; <i>Eperua falcata</i> ; <i>Sextonia rubra</i> ; <i>Martiodendron parviflorum</i> ; <i>Vataireopsis surinamensis</i> ; <i>Diplotropis purpurea</i> .
Site visited during audit:	<input checked="" type="checkbox"/>
Site 2	
Site name:	Caps Houtmaatschappij N.V.

Site Address/ Tel/Web/Email:	Nicolaas Gudsstraat No.26, Wanica, Suriname. (597) 463327 http://www.greenheartgroup.com/ varshasewdien@greenheartgroup.com
Site Activity:	Broker/trader without physical handling
Product Scope	Round wood and lumber of the following species: <i>Cordia alliodora</i> ; <i>Cordia goeldiana</i> ; <i>Dicorynia guianensis</i> ; <i>Qualea rosea</i> Aubl.; <i>Manilkara bidentata</i> ; <i>Vouacapoua americana</i> Aubl.; <i>Hydrochorea corymbosa</i> ; <i>Hydrochorea gonggrijpii</i> ; <i>Cedrela odorata</i> ; <i>Buchenavia tetraphylla</i> (Aubl.); <i>Terminalia spp.</i> ; <i>Cedrelinga cateniformis</i> ; <i>Zygia racemosa</i> ; <i>Vatairea guianensis</i> ; <i>Qualea dinizii</i> ; <i>Handroanthus serratifolius</i> ; <i>Qualea albiflora</i> ; <i>Pradosia spp.</i> ; <i>Couratari guianensis</i> ; <i>Couratari spp.</i> ; <i>Vataireopsis speciosa</i> ; <i>Bagassa guianensis</i> ; <i>Aspidosperma sandwichianum</i> ; <i>Aspidosperma spp.</i> ; <i>Pradosia ptychandra</i> ; <i>Pradosia surinamensis</i> ; <i>Platymiscium trinitatis</i> ; <i>Platymiscium ulei</i> ; <i>Goupia glabra</i> ; <i>Andira spp.</i> ; <i>Qualea coerulea</i> ; <i>Hymenolobium flavum</i> ; <i>Hymenolobium excelsum</i> ; <i>Handroanthus capitatus</i> ; <i>Mora excelsa</i> ; <i>Peltogyne paniculata</i> ; <i>Erismia uncinatum</i> ; <i>Platonia insignis</i> ; <i>Pseudopiptadenia suaveolens</i> ; <i>Peltogyne venosa</i> ; <i>Hymenaea courbaril</i> L.; <i>Andira surinamensis</i> ; <i>Andira villosa</i> ; <i>Andira coriacea</i> ; <i>Andira inermis</i> ; <i>Andira spp.</i> ; <i>Simarouba amara</i> ; <i>Eperua falcata</i> ; <i>Sextonia rubra</i> ; <i>Martiodendron parviflorum</i> ; <i>Vataireopsis surinamensis</i> ; <i>Diploptropis purpurea</i> .
Site visited during audit:	<input checked="" type="checkbox"/>
Site 3	
Site name:	Tasks Lumber Company N.V.
Site Address/ Tel/Web/Email:	Nicolaas Gudsstraat No.26, Wanica, Suriname. (597) 463-327 / http://www.greenheartgroup.com / varshasewdien@greenheartgroup.com
Site Activity:	Broker/trader without physical handling
Product Scope	Round wood and lumber of the following species: <i>Cordia alliodora</i> ; <i>Cordia goeldiana</i> ; <i>Dicorynia guianensis</i> ; <i>Qualea rosea</i> Aubl.; <i>Manilkara bidentata</i> ; <i>Vouacapoua americana</i> Aubl.; <i>Hydrochorea corymbosa</i> ; <i>Hydrochorea gonggrijpii</i> ; <i>Cedrela odorata</i> ; <i>Buchenavia tetraphylla</i> (Aubl.); <i>Terminalia spp.</i> ; <i>Cedrelinga cateniformis</i> ; <i>Zygia racemosa</i> ; <i>Vatairea guianensis</i> ; <i>Qualea dinizii</i> ; <i>Handroanthus serratifolius</i> ; <i>Qualea albiflora</i> ; <i>Pradosia spp.</i> ; <i>Couratari guianensis</i> ; <i>Couratari spp.</i> ; <i>Vataireopsis speciosa</i> ; <i>Bagassa guianensis</i> ; <i>Aspidosperma sandwichianum</i> ; <i>Aspidosperma spp.</i> ; <i>Pradosia ptychandra</i> ; <i>Pradosia surinamensis</i> ; <i>Platymiscium trinitatis</i> ; <i>Platymiscium ulei</i> ; <i>Goupia glabra</i> ; <i>Andira spp.</i> ; <i>Qualea coerulea</i> ; <i>Hymenolobium flavum</i> ; <i>Hymenolobium excelsum</i> ; <i>Handroanthus capitatus</i> ; <i>Mora excelsa</i> ; <i>Peltogyne paniculata</i> ; <i>Erismia uncinatum</i> ; <i>Platonia insignis</i> ; <i>Pseudopiptadenia suaveolens</i> ; <i>Peltogyne venosa</i> ; <i>Hymenaea courbaril</i> L.; <i>Andira surinamensis</i> ; <i>Andira villosa</i> ; <i>Andira coriacea</i> ; <i>Andira inermis</i> ; <i>Andira spp.</i> ; <i>Simarouba amara</i> ; <i>Eperua falcata</i> ; <i>Sextonia rubra</i> ; <i>Martiodendron parviflorum</i> ; <i>Vataireopsis surinamensis</i> ; <i>Diploptropis purpurea</i> .
Site visited during audit:	<input checked="" type="checkbox"/>

Evaluation Process	
Audit team:	<p>Cristina Vidal, Lead Auditor and CVA Auditor</p> <p>Paraguayan based in Costa Rica; Forestry Engineer; in 2005 she received a M.Sc. in Tropical Forest Management and Biodiversity Conservation from CATIE (Costa Rica). She has developed experience working in protected areas, ecosystem restoration, commercial plantations, silviculture, forestry production, ecology monitoring. She has received training as a lead auditor under ISO 14001:2004, and FSC formal training.</p> <p>Carlos Jimenez, Auditor</p> <p>Forest Engineer (Technical University of Madrid, Spain) and Master in Rural Development. Carlos holds 8-year experience in natural resources management and forest industry in Mexico and Central America as a consultant. He has completed with NEPCon +30 audits, and has been trained as a Forest Management and Chain of Custody FSC auditor.</p> <p>Giani Razab-Sekh, Local Expert</p> <p>Forestry Project Assistant currently working part time on a FAO silvicultural project in Suriname. BS.c Forestry.</p> <p>Miquel Betrouw, Translator</p> <p>Last year Bachelor of Forestry Science student at the Anton de Kom Universiteit of Suriname. Prior to the University he has experience as a surveyor in a mining multinational in Suriname.</p>
Description of Audit Process:	<p>This visit corresponds to Greenheart Forest Central's assessment against the standards LegalSource Standard (LS-02) V2-1 and NEPCon Generic Chain of Custody Standard (NC-STD-01), and took place on-site from 6th to 12th February 2020. The audit started with an opening meeting, attended by Compliance Officer (responsible for LS standard implementation) and other department heads (Forestry, Sales, Exports, Finance, Human Resources, etc.). NEPCon lead auditor explained the scope, objectives and procedures of the audit as well as audit procedures.</p> <p>After the opening meeting, the organization submitted the updated version of the Due Diligence System (DDS), as well as other procedural documents (Chain of Custody Handbook, operative SOPs, etc.); and the audit team began the document revision applicable to the standards (licenses, taxes, procedures, harvesting permits, etc.). Leiding site (secondary processing and storage) was also visited.</p> <p>Regarding the field visit, concession 396b, the only one active at the moment, was visited, were workers were interviewed and forest management activities in place were inspected. Primary processing site (Tibiti sawmill) was visited and traceability samples for logs and lumber were taken.</p> <p>The visit continued in organization's office in Paramaribo, where the documentation review were completed with different departments: Human Resources, Exports, Finance, Forest Management, etc. Organization's forest operation contractors were interviewed. Additionally, by stakeholders' interviews, auditors confirmed findings and doubts regarding the application of legality requirements with SBB and labour officers.</p> <p>Additionally documentation, procedures and managing system for the two trading companies (Caps Houtmaatschappij N.V. and Tasks Lumber Company N.V.) were reviewed at the office.</p> <p>The on-site visit was concluded with a closing meeting for the presentation of the preliminary findings.</p>

	<p>Corrective Action Verification Audit:</p> <p>The audit was carried out through a skype call where an exhaustive interview was done to the Forestry Planning manager and the Compliance officer against the Major NCRs listed below.</p> <p>After the call, GFC submitted the updated documents with all the corresponding exhibits. The auditor reviewed the exhibits and prepared the draft report.</p>
Actions taken by Organisation prior to report finalization:	Re submission of DDS, manuals and CoC handbook.
Notes for the next audit:	GFC should document all the evidences to comply with overall legal requirements asked in these standards and re submit its DDS clarifying its risk assessment and mitigation measures in detail.

C. Audit Findings

Audit Conclusion:	
Organisation approved:	<input checked="" type="checkbox"/>
Organisation not approved: Conformance with MAJOR non-conformance(s) required	<input type="checkbox"/>
<p>Additional comments: DDS is not complete in risk assessment and mitigation measures section. This issue is the core of LS standard; therefore it is critical to describe and identify the risks through the source and along the supply chain prior to certification.</p> <p>CVA updates: A Corrective Action Verificaton Audit (CVA) had been conducted. 05 MAJOR NCRs have been closed.</p>	

Non-Conformances

Non-conformance reports (NCRs) describe the non-conformances identified during audits. NCRs include defined timelines for the Organisation to demonstrate conformance. MAJOR non-conformances issued during assessments/reassessments shall be closed prior to issuance of the certificate. MAJOR non-conformances issued during annual audits shall be closed within the timeline specified in the NCR, or result in certificate suspension. Where applicable, all non-conformances against standard requirements are shown below:

Non-Conformance #:	MAJOR 01/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; requirement: 3.1	
<p>Description of Non-conformance:</p> <p><i>3.1. The Organisation shall have written procedures covering all applicable elements of this Standard.</i></p>		

GFC submitted its DDS (Exhibit 02) to cover all requirements of this standard. However, there are some sections which are not covered by the DDS in principles 7 and 8.	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>
Timeline for Conformance:	Prior to certificate issuance
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	PENDING

Non-Conformance #:	MAJOR 02/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; requirements: 7.3, 7.4, 7.7, 7.8	
Description of Non-conformance:		
<p><i>7.3 The Organisation shall assess and specify the level of risk of illegal forest products being produced or entering the supply chain, including the following:</i></p> <p><i>NOTE: The Organisation shall ensure that risk assessment is conducted for all the Organisations own entities as well as all supply chain within the scope of the DDS.</i></p> <p><i>7.3.1 risk of legal violations related to forest harvesting activities;</i></p> <p><i>7.3.2 risk of legal violations in relation to trade and transport of the products; and</i></p> <p><i>7.3.3 risk that the material is mixed with material of illegal or unknown origin somewhere during transport, processing or storage.</i></p> <p><i>7.4 The Organisation shall assess relevant forest source or supply chain information to ensure that:</i></p> <p><i>7.4.1 information is relevant to indicate legality and ensure compliance with this standard;</i></p> <p><i>7.4.2 information is valid and verifiable; and,</i></p> <p><i>7.4.3 information can be related to the relevant product or supply chain.</i></p> <p><i>7.7 The Organisation shall document the risk assessment process and provide justification for the level of risk specified for each individual origin or supply chain.</i></p> <p><i>7.8 The risk assessment shall determine the level of risk as either low risk or specified risk.</i></p> <p>GFC did not complete its risk assessment, only provided some evidences to show compliances with some legal requirements, but no description of each legal category nor identification of risk were done. Furthermore Annex 2 of this standard was not foreseen in the DDS.</p>		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>	
Timeline for Conformance:	Prior to certificate issuance	

Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	PENDING

Non-Conformance #:	MAJOR 03/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; requirement: 8.1, 8.2	
Description of Non-conformance: <p><i>8.1 The Organisation shall develop and implement efficient and justified measures for mitigating any specified risks for any of the categories in 7.3.1, 7.3.2 or 7.3.3 and shall take the following actions, where applicable:</i></p> <p><i>8.1.1 For specified risk of legal violations related to forest harvesting activities in the country or area of harvest, the Organisation shall ensure compliance with the relevant requirements in Annex 1.</i></p> <p><i>8.1.2 For specified risk of legal violations in relation to transport and trade of the products, including declaration and classification of the material for Customs, the Organisation shall ensure compliance with relevant requirements of Annex 2.</i></p> <p><i>8.1.3 For specified risk of the material being mixed or substituted with other material of illegal or unknown origin somewhere during transport, processing or storage, the Organisation shall ensure appropriate controls.</i></p> <p><i>8.2 The Organisation shall document and justify the effectiveness of risk mitigation measures.</i></p> <p>GFC did not complete its risk assessment for FM neither for CoC, therefore there was no risk identification related to forest harvest activities, trade and transport and material mixing or substituted with other material of illegal or unknown origin.</p> <p>GFC did not include how to measure the effectiveness of its mitigation measures into the DDS.</p>		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. <i>Note:</i> 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 non-conformance.	
Timeline for Conformance:	Prior to certificate issuance	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):	PENDING	

Non-Conformance #:	MAJOR 04/20
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Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; Annex 1: 3.5.2	
Description of Non-conformance:		
<p><i>3.5.2. Persons involved in forest management/harvesting activities shall be covered by obligatory insurances.</i></p> <p>GFC forest operators 'contractors workers' did not present evidence for health insurance.</p>		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>	
Timeline for Conformance:	Prior to certificate issuance	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):	PENDING	

Non-Conformance #:	MAJOR 05/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	NEPCon Generic Chain of Custody Standard V2-0, requirement: 1.2	
Description of Non-conformance:		
<p><i>1.2 The Organisation shall develop and maintain documented procedures to ensure compliance with all applicable CoC requirements.</i></p> <p>Although GFC has a CoC Handbook (version 02/2020) that contains the basic elements for the CoC control, non-applicable references to FSC standards are mentioned (FSC suppliers, multisite certification, etc).</p>		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>	
Timeline for Conformance:	Prior to certificate issuance	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):	PENDING	

Observations

No observation is issued.

D. Closed Non-Conformances

Closed Non-Conformances

This section indicates where the Organisation has adequately addressed non-conformances issued during or since the last audit.

Any non-conformances which cannot be closed remain open and appear in Section C (above). Failure to comply with a minor non-conformance results in the NCR being upgraded to major; the specified follow-up action is required by the Organisation or involuntary suspension will take place.

Non-Conformance #:	MAJOR 01/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; requirement: 3.1	
Description of Non-conformance:	<p><i>3.1. The Organisation shall have written procedures covering all applicable elements of this Standard.</i></p> <p>GFC submitted its DDS (Exhibit 02) to cover all requirements of this standard. However, there are some sections which are not covered by the DDS in principles 7 and 8.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>	
Timeline for Conformance:	Prior to certificate issuance	
Evidence Provided by Organisation:	<ul style="list-style-type: none"> • Updated version of DDS (Exhibit 01 - CVA). • Updated CoC Handbook (Exhibit 05 - CVA). • CVA interview. 	
Findings for Evaluation of Evidence:	After the CVA interview, GFC sent its last updated version of the DDS and CoC handbook. Both documents included all the related items requested in the other MAJOR NCRs and incorporate the overall requirements of this standard.	
NCR Status:	CLOSED	
Comments (optional):	None	

Non-Conformance #:	MAJOR 02/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; requirements: 7.3, 7.4, 7.7, 7.8	
Description of Non-conformance:	<p><i>7.3 The Organisation shall assess and specify the level of risk of illegal forest products being produced or entering the supply chain, including the following:</i></p> <p><i>NOTE: The Organisation shall ensure that risk assessment is conducted for all the Organisations own entities as well as all supply chain within the scope of the DDS.</i></p> <p><i>7.3.1 risk of legal violations related to forest harvesting activities;</i></p>	

<p>7.3.2 risk of legal violations in relation to trade and transport of the products; and</p> <p>7.3.3 risk that the material is mixed with material of illegal or unknown origin somewhere during transport, processing or storage.</p> <p>7.4 The Organisation shall assess relevant forest source or supply chain information to ensure that:</p> <p>7.4.1 information is relevant to indicate legality and ensure compliance with this standard;</p> <p>7.4.2 information is valid and verifiable; and,</p> <p>7.4.3 information can be related to the relevant product or supply chain.</p> <p>7.7 The Organisation shall document the risk assessment process and provide justification for the level of risk specified for each individual origin or supply chain.</p> <p>7.8 The risk assessment shall determine the level of risk as either low risk or specified risk.</p>	
<p>GFC did not complete its risk assessment, only provided some evidences to show compliances with some legal requirements, but no description of each legal category nor identification of risk were done. Furthermore Annex 2 of this standard was not foreseen in the DDS.</p>	
<p>Corrective action request:</p>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>
<p>Timeline for Conformance:</p>	<p>Prior to certificate issuance</p>
<p>Evidence Provided by Organisation:</p>	<ul style="list-style-type: none"> • DDS (Exhibit 01 - CVA). • CVA interview
<p>Findings for Evaluation of Evidence:</p>	<p>GFC reviewed its DDS and incorporated the missing items of each criterion and sub criterion for annex 1 (Forest Management) and 2 (supply chain) respectively. The assessment was properly conducted for the organization, as the only source of forest products.</p> <p>The assessment determined the risk for all the supply chain which includes: forest (harvesting), forest landing (storage), forest landing to Tibiti sawmill (TSM) (transport), TSM landing (Storage, measurement & export preparation), TSM landing to Zanderij landing (transport), Zanderij landing (Export preparation & container stuffing); Zanderij landing – Dr. Jules Sedney Haven (transport)</p> <p>The main topics included in each criterion were:</p> <ul style="list-style-type: none"> • Completed description of current situation. • Legal requirements. • Definition of the risk level per category. • Identification of risk mitigation measures. • Justification of the method to ensure the effectiveness of mitigation measures. • Details of risk situation. <p>No controversies were detected within the assessment.</p> <p>Potential risks were classified as low because it was demonstrated that GFC holds the control of the actual situation in all links of the supply chain, given that it is the only source of forest products and also has control on manufacture activities until the last point of the supply chain. In this regard there is no risk of mixing illegal or unknown origin material along the supply chain. The latest was confirmed by the interview and also auditors witnessed onsite.</p> <p>DDS was verified via interview regarding potential specified risks detected during the site visit by auditors:</p>

	<p>- Criterion 3.2 (CoC) Trade and transport: Auditors onsite finding during assessment: Only one person was able to issue the waybills at the landings, and sometimes he was not available.</p> <p><i>Company response during CVA interview:</i> GFC have incorporated a detailed tracking in house system called TIMIS for the log tracking. Lists based on the <i>kapregisters</i> are being used after the logs have been approved; this list has all the log details, and crosschecks are being implemented to ensure that waybill is completed correctly. Also, GHS have a forestry team, who takes care of this situation.</p> <p>- Criterion 3.4 (FM) Health and safety: Auditors onsite finding during assessment: Health and accident insurances for contractors' workers were incomplete at the field visit.</p> <p><i>Company response during CVA interview:</i> The company mentioned that this issue is under total control given that they are only working with two contractors and already set the protocol to check these documents periodically in its internal audit. Both data bases were presented to the auditor in excel where the insurance card number was indicated.</p> <p>There are some criteria which are not applicable most of the time because the scope of the site is not covering those issues as for example: criteria 2 and 5.4 in Forest Management, however they are well covered in the supply chain risk assessment. Another reason of the non-applicability would be the type of the tenure in criterion 1.1, for ownership, in this case FME holds concession license. In 5.5 (FM) and 3.5 (CoC) there is no specie under CITES convention, therefore these criteria are not applicable.</p>
NCR Status:	CLOSED
Comments (optional):	NONE

Non-Conformance #:	MAJOR 03/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; requirement: 8.1, 8.2	
Description of Non-conformance:	<p><i>8.1 The Organisation shall develop and implement efficient and justified measures for mitigating any specified risks for any of the categories in 7.3.1, 7.3.2 or 7.3.3 and shall take the following actions, where applicable:</i></p> <p><i>8.1.1 For specified risk of legal violations related to forest harvesting activities in the country or area of harvest, the Organisation shall ensure compliance with the relevant requirements in Annex 1.</i></p> <p><i>8.1.2 For specified risk of legal violations in relation to transport and trade of the products, including declaration and classification of the material for Customs, the Organisation shall ensure compliance with relevant requirements of Annex 2.</i></p> <p><i>8.1.3 For specified risk of the material being mixed or substituted with other material of illegal or unknown origin somewhere during transport, processing or storage, the Organisation shall ensure appropriate controls.</i></p> <p><i>8.2 The Organisation shall document and justify the effectiveness of risk mitigation measures.</i></p>	

<p>GFC did not complete its risk assessment for FM neither for CoC, therefore there was no risk identification related to forest harvest activities, trade and transport and material mixing or substituted with other material of illegal or unknown origin.</p> <p>GFC did not include how to measure the effectiveness of its mitigation measures into the DDS.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>
Timeline for Conformance:	Prior to certificate issuance
Evidence Provided by Organisation:	<ul style="list-style-type: none"> • DDS, Annex 2, Proposed risk mitigation actions (Exhibit 01 - CVA). • CVA interview.
Findings for Evaluation of Evidence:	<p>According to the risk assessment there is no specified risk detected. This was verified during CVA interview. Even though, GFC prepared mitigation measures for each sub criterion in DDS Annex 2 and Annex 3. The measures were according to the potential risk occurrence and verification action were detailed as well.</p> <p>Random checking will be taking place and mitigation measures will be evaluated. The audit body will be notified and based on its evaluation next steps will be decide on the measures been implemented. This procedure was documented in DDS, section Risk Assessment Process.</p> <p>Given that the company is sourcing all the materials and no third parties intervene in any stage of the supply chain, there is no risk of mixing illegal materials or substitutes them with others. In addition, there is a traceability system which ensures the origin of the material and random checks will make sure the integrity of the supply chain.</p>
NCR Status:	CLOSED
Comments (optional):	NONE

Non-Conformance #:	MAJOR 04/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (LS-02) V2-1; Annex 1: 3.5.2	
Description of Non-conformance:	<p>3.5.2. <i>Persons involved in forest management/harvesting activities shall be covered by obligatory insurances.</i></p> <p>GFC forest operators 'contractors workers' did not present evidence for health insurance.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>	
Timeline for Conformance:	Prior to certificate issuance	

Evidence Provided by Organisation:	<ul style="list-style-type: none"> Contractors' workers database of insurance details (Exhibits 02, 03 - CVA) CVA interview. Health Insurance cards (Exhibit 04 - CVA)
Findings for Evaluation of Evidence:	<p>GFC presented to the auditor the complete data base of contractors' workers insurances related to health and accident. The exhibit indicates the following information per worker: First name, Suriname, health insurance, insurance number, start date, end date, accident insurance (SOR), SOR number.</p> <p>In Sun-A-Dil Transport N.V. worker's list, there is one person whose insurance expired on 31 March 2020; while in EME worker's list there are 8 people with health insurance expired already and 1 person whose insurance will expire on 3 June 2020. However, because of the Covid-19 situation these dates are extended automatically till 30 June 2020. A screenshot of the email from the insurance company received on 11-May-2020 was presented as exhibit of the extension.</p> <p>According to the interview, after this date, contractors must re-issue the insurances accordingly. GFC holds measures in its internal monitoring to check this issue ensuring that workers are properly covered.</p> <p>In addition, health insurance cards of a sample of contractors' workers were also attached as exhibit which support the excel data base submitted.</p>
NCR Status:	CLOSED
Comments (optional):	NONE

Non-Conformance #:	MAJOR 05/20	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	NEPCon Generic Chain of Custody Standard V2-0, requirement: 1.2	
Description of Non-conformance:	<p><i>1.2 The Organisation shall develop and maintain documented procedures to ensure compliance with all applicable CoC requirements.</i></p> <p>Although GFC has a CoC Handbook (version 02/2020) that contains the basic elements for the CoC control, non-applicable references to FSC standards are mentioned (FSC suppliers, multisite certification, etc).</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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 non-conformance.</p>	
Timeline for Conformance:	Prior to certificate issuance	
Evidence Provided by Organisation:	<ul style="list-style-type: none"> GFC CoC Handbook (Exhibit 05 - CVA). 	
Findings for Evaluation of Evidence:	By reviewing the updated version of the CoC Handbook, was confirmed that all non-applicable references to FSC standards were eliminated from this document.	
NCR Status:	CLOSED	

Comments (optional):	NONE
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