

Validation Report

The Board of Experts declares that it has validated the following certificates of Thanry Gabon, for its FMU's corresponding to CFAD Bambidie (615,040 ha) and the related Chain of Custody including the Bambidie Sawmill, the planing factory TWI and the plywood factory TGI at Libreville, against the criteria as laid down in the Keurhout Verification Procedure for SFM, version October 2002:



This report may only be issued integrally

Sustainable Forest Management and Chain of Custody:

- DNV Certificate No. SFM / 2004-02 concerning sustainable Natural Tropical Forestry Exploitation of CFAD Bambidie of Thanry Gabon, issued against KH V1 and V2, dated July 15th, 2004, valid until July 15th, 2007.
- DNV Certificate No. EMS: 0023-2004-FR-COFRAC-ENV for Thanry Gabon, issued against ISO-14001 Ed 2004, dated 15/07/04, valid until 15/07/07.
- DNV Certificate No: SFM / 2004-01 concerning Chain of Custody, for Thanry Gabon Industries, including Bambidie Sawmill, Planing factory TWI and Plywood Factory TGI at Libreville, against KH V4, issued 15/07/04, valid until 15/07/07.

The following documents have been included in the validation:

1. COFRAC, 2004. Attestation d'Accreditation. Scope: ISO 14001, issued 01/07/04, valid until 30/09/09.
2. DNV, 2001. Certificate No SFM/2001-01 for SFM according to NL-Keurhout (10/2002) for Thanry-CEB Gabon and CoC at TGI, Libreville.
3. DNV, 2003. Thanry – CEB. Keurhout Audit Périodique 2. DNV Certification France
4. DNV, 2004. Thanry – CEB. Recertification : Keurhout. Audit Initial: ISO 14001. DNV Certification France.
5. DNV, 2004. Déclaration de conformité au référentiel Keurhout (Ed.10/2002) et a ISO 14001 (Ed. 1996). DNV Certification France.
6. DNV, 2004. Certificates No SFM/2004-01/02 for SFM/CoC according to NL-Keurhout (10/2002) for Thanry-CEB Gabon: CFAD de Bambidie, Scierie de Bambidie, Raboterie Thanry-CEB Libreville et TGI -Owendo, Libreville.
7. DNV, 2004. Certificates No 0023-2004-FR-COFRAC-ENV for ISO 14001 Ed. 1996 for Thanry-CEB Libreville, Gabon: CFAD de Bambidie.
8. DNV, 2005. Thanry – CEB. Rapport d'Audit Périodique 1. Certification du Systeme de Management ISO 14001 Ed.2004 /Keurhout Ed.10/2002
9. DNV, 2006. Thanry – CEB. Rapport d'Audit Périodique 2. Certification du Systeme de Management ISO 14001 Ed.2004 /Keurhout Ed.10/2002
10. Keurhout, 2001. Verification Report Thanry-CEB, Gabon.
11. Keurhout, 2001. Acceptatiebesluit. Thanry-CEB, Gabon.
12. Thanry CEB, 2004. Réponses apportées – audit DNV, mai 2004.

Other materials integrated in the validation:

1. All relevant correspondence between KH, Thanry Gabon and DNV in 2004 - 2006
2. All relevant internal reports and notes of 2002 to 2006.
3. Confirmation of Application Form CFAD Bambidie, Thanry Gabon, The Netherlands.
4. CV's of DNV auditors

Introduction

In 2001 a forest concession and related CoC (sawmill, planing factory and plywood factory) were certified for Sustainable Forest Management (SFM) by certification body Det Norske Veritas (DNV). DNV used the Keurhout verification protocol as standard as no local or regional standard was available for Gabon. In 2003 the audit reports, certificates and underlying documentation were studied by the Keurhout Board of Experts (BoE), which positively validated the findings of the audit team. The certificates were admitted to the KH-Hallmark for Sustainable Forest Management and had a validity until July 2004.

In April 2004 the re-certification of the Thanry-CEB SFM certificate was planned. In line with the recommendations of the CB, the assessment was combined with an ISO-14001 audit and therefore postponed until May 2004. Keurhout was informed of the planned delay and the BoE temporarily extended the right to make use of the Keurhout Sustainable logo until a final decision on re-admission or not would have been taken by the BoE.

During the re-certification audit, 1 Major and 3 minor Non-Conformities were established, handling of which caused some delay (within the timeframe agreed upon). The Major NC was closed and corrective actions were proposed for the minor NC's, which were accepted by the CB. As a result the CB issued SFM, CoC and ISO-14001 certificates. The final audit report, copies of the certificates and other relevant documents were received by Keurhout in August 2004.

By that time however the BoE was informed that the company originally requesting the validation of Thanry-CEB had ceased operations. Due to this, the validation was postponed until a new KH-participant would be identified that would request a validation of Thanry and assure a controlled CoC of its timber to the Dutch market. Thanry was requested to indicate which trade partners could possibly request the validation. The issue remained pending until the fall of 2005, when the BoE was informed that a sister company of the original partner had indicated that they would be interested to become Keurhout participant, provide for the controlled CoC and request the validation to be implemented. In spring 2006 this resulted in a request for KH-membership. In August 2006 the confirmation was received that the sister company had become KH participant and had successfully passed the CoC audit. Copies of the 2005 and 2006 surveillance audits of Thanry were requested with DNV in order to be taken into consideration for the re-validation.

Gabon does not have a national forest certification scheme. In spring 2005 Keurhout (KH) had established that it would not allow new FMU's or CoC's to be audited against its standards, as KH is meant to be a gate-watch organisation rather than a certification system. As such the KH standards should only be used to validate the "value" of certificates issued against other standards. In order to provide for an overlap period, it was decided that only for certificates that had been admitted earlier to the KH Hallmark system, one additional audit would be allowed to take place according to the old procedure, although preferably the new one should be applied in those cases as well.

The validation of Thanry-CEB was implemented in the fall of 2006. It was carried out against the Keurhout Protocol for the Verification of Sustainable Forest Management (version October 2002), based upon the Netherlands Government minimum requirements for SFM. It was discussed by the BoE in its first meeting in 2007. In relation to its four validation requirements, the Board of Experts has noted the following:

Validation 1: Requirements regarding the management system

The management of Thanry is committed to the long-term sustainable management of the forest resources concerned. Responsibilities are well defined and relevant training is provided. During the period covered by the re-validation in total 10 minor NC's were issued related to validation 1, concerning especially monitoring, analysis and operational control aspects; all of them were closed out during the respective follow-up surveillance audits. Among strong points mentioned by the CB were the responsiveness to NC's and Observations by the management, the adoption of management engagement at all levels, the availability of written exploitation regulations, and the more and more mature system management (implementation according to planning; internal audits; monitoring). Thanry Gabon's management system has been ISO-14001 certified by DNV. The management system comprises of well documented policies, flowcharts, programmes and regulations that intend to contribute to the efficient, effective, economically profitable, environmentally responsible and socially acceptable management of the organisation in general and the FMU and processing plants in particular.

Based on the above, Keurhout requirement No. 1 is considered to be met.

Validation 2: Requirements regarding the performance of forest management

Concerning Thanry Gabon's forest management approach and implementation 1 Major and 4 minor NC's were issued during the period covered by the re-validation. The only Major NC established concerned the criterion "maintenance of soil and water quality", due to leakages from oil drums in 2004. The NC was closed immediately and no new observations were made on this point afterwards. The minor NC's concerned training, health and safety aspects and internal regulations and research; they were all closed and actually there are no outstanding NC's.

The operations of Thanry Gabon are submitted to government laws and regulations and guided by a long-term forest management plan, 5 year management plans and annual operational plans. These all have to be approved by the national forest authority, the Ministry of Forest Economy, Water, Fish, Environment and Nature Protection.

The actual performance of the forest management is presented in annual audit reports. Among strong points mentioned by the CB were the management awareness on work security issues, the improvement of security issues in practice, the housing improvement programme at Bambidie, the operational management (e.g. waste management, forest management, anti-poaching activities), the implementation of a regeneration and growth monitoring programme and the multiplication of operational checks. Overall the rating given by the CB for the aspect "work security" is average, while the rating for "social forestry issues" is rather high.

Based on the above, validation requirement No 2 is considered to be met.

Validation 3: Requirements regarding the certifying body

Certifier DNV is a well-known independent certification organisation, originally based in Norway, but with branch offices in many countries. DNV-France is the office that has implemented the audits on Thanry Gabon, both in 2004, 2005 and 2006 as before.

DNV-France is accredited by the French National Standards Organization (COFRAC) to certify against ISO-14001 (accreditation nr: 4-0009, valid until 30/09/2009). In addition they are accredited to certify against the PEFC-CoC standard.

The quality of the audit team and applied approach during the field audits is considered to be good. The certifier uses qualified and experienced team members. During the audits all criteria and sub-criteria were checked on compliance. Until 2004 the audit reports of the certifier focussed on NC's and Observations. As from 2005 DNV adjusted its assessment system, defining the following additional categories:

- Opportunity for Improvement (OfI): suggestion made on the way how to improve an aspect, even if it does not refer to an NC or OBS.
- Effort worth to Mention (EwM): positive aspect that should be used as example for others (best practices).

In the new set-up DNV also provides a summary of strong points and weak points and gives an overall rating (5 categories from low [1] to high[5]) for the following priority fields: 1. work security; 2. monitoring the performance of the environmental management system; 3. social forestry issues. NC's / observations are consistently dealt with in follow-up reports (either closed out or up-graded).

The audit reports consist of two parts:

The 1st part of the reports provide a general introduction, but lack a general description on the situation, management, planning and harvesting processes, activities and levels, and therefore remain rather summary-like.

The 2nd parts provide details on issues that are somehow considered worthwhile to be mentioned (either positive or negative). The type of observations made, indicate a proper level of insight and experience in the issues concerned.

KH-condition 1:

In view of the above, and in order to avoid excessive study of documents by the BoE in future, it is suggested that any future (surveillance) audit report by the CB shall include:

- *a general description, specifying the main elements concerning the management, planning and harvesting of any CFAD and the key characteristics of the related CoC*
- *an overview indicating the level of compliance for all criteria.*

The BoE considers it the responsibility of Thanry to ensure that the CB will adjust its reporting approach to comply with the above requirements.

Based on the above observations - and provided the KH-condition will be complied with - requirement No 3 is considered to be met.

Validation 4: Requirements regarding the chain of custody

The CoC covers all organizational and functional units and processes of Thanry Gabon as follows:

Storage in forest (3 sites: Okondja, Lélama, Milolé)

- Transport from forest to processing units (through railway station or Bambidie factory)
- Sawmill at Bambidie
- Planing factory TWI at Libreville (secondary processing)
- Plywood factory TGI at Libreville
- Transport to port (sawn timber from Bambidie sawmill; planed timber products from TWI and plywood from TGI)

The CB confirmed that the above mentioned processing points exclusively process timber from own KH-Sustainable admitted forest. As the input is 100 % certified, the output is as well and can be positively categorized as KH-level 1. Therefore a percentage based system or physical separation system is not applicable in practice.

Of the average log volume transported from the forest only approximately 2/3 undergoes primary processing by the company. The rest is sold to 3rd parties, possibly losing thereby its certification status.

Of the monthly output of sawn timber approximately 2/3 is being exported. The rest is probably sold on the local market, where it possibly loses its certification status.

Indirectly the BoE was informed that Thanry would sell timber(-products) as KH Sustainable timber to buyers or countries without a KH-controlled CoC connection. Hereby the CoC would of course be disrupted immediately. In order to prevent such situations Keurhout only allows qualifying timber products to be sold as Keurhout in case the buyer has a 3rd party controlled CoC, either in a producer country (validated by the BoE) or in a consumer country (with a CoC in compliance with the KH CoC protocol).

KH-condition 2:

KH-certified timber shall not be sold as such to buyers without a proper KH-controlled CoC. In the case that buyers show interest in KH-certified timber they shall be informed that this is only possible if:

- a. a CoC certificate is obtained from an independent and accredited 3rd party Certification Body and positively validated by the BoE (producing country), or*
- b. a buyer complies to the requirements for KH-members (consuming country). This implies annual verification checks by an KH-accepted independent and accredited 3rd party Certification Body and payment of annual KH-membership fees to the KH-Secretariat at the Netherlands Timber Trade Association (NTTA), among others.*

The use of the Keurhout logo is subject to a) specific approval by the NTTA and b) the KH Guidelines for Logo Use (KH-Logo Guide). The following KH-condition is to be complied with in this respect:

KH-Condition 3:

In case KH logo use is required, this must be explicitly requested to NTTA, whilst the application shall be in line with the requirements of KH-Logo Guide. To be applied per immediately.

Herewith the CoC is considered to be complied with and validation requirement No 4 is considered to be met.

Conclusion:

On this ground, and taking into consideration the above mentioned conditions, the Board of Experts is of the opinion that the validation requirements have sufficiently been met. Therefore, it concludes to admit plywood and sawn timber with the announced certificates into the Keurhout System for Sustainable Timber, level 1, as long as the underlying certificates remain valid and the specified Keurhout conditions are complied with.

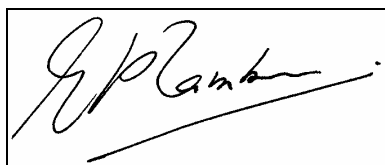
Keurhout considers it the responsibility of Thanry Gabon to provide Keurhout with full copies of all annual surveillance audit reports, related to the FMU and related CoC. Failure to do so may result in suspension of the admission to the Keurhout Sustainable system.

Date: April 5th 2007

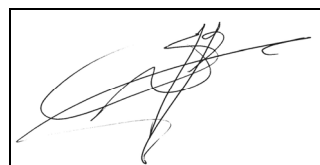
Signed:

Ir. E.P. Zambon

Prof.Dr.Mr. C.J. Jepma

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(Secretary)

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(Chairman)