



# LegalSource™ Audit Report

## for BOIS ET SCIERIES DU GABON (BSG) SA

Annual audit 2023

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## A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by **BOIS ET SCIERIES DU GABON (BSG) SA** hereafter referred to as "Organisation". The report presents findings of LegalSource auditors, who have evaluated the Organisation's 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 cover the following scope:

Type de rapport	
Type de rapport :	Confidentiel

Détails de l'organisation	
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Jurisdiction of primary legal entity:	Republic of Gabon
Primary Activity	Logging, Trade and primary processing
Description of Organisation :	<p>The operating company Bois Scierie du Gabon (BSG) is a public limited company (SA) under Gabonese law and Malaysian interests, whose head office is based in Libreville in the Republic of Gabon.</p> <p>BSG is a company that carries out logging activities, the processing of wood products and trading. It has a primary processing unit in the OTOUMA village.</p> <p>The company has obtained forest concessions from the Gabonese Government in accordance with the legal provisions in place. These forest concessions are the Forest Concession under Sustainable Development (CFAD) BSG OTOUMA and BSG KANGO.</p> <p>BSG's forests are in the provinces of Estuaire, Moyen Ogooué and Woleu-Ntem. These massifs are divided into two UFAs: UFA KANGO and UFA OTOUMA.</p> <p>CFAD BSG OTOUMA is in the province of Moyen Ogooué and Woleu-Ntem.</p> <p>However, as part of the current audit, only CFAD BSG OTOUMA is considered in the scope of the requested certificate because CFAD BSG KANGO is still in the process of approving its development plan.</p> <p>The company has installed a processing unit in the city of KANGO for the processing of logs from CFAD BSG KANGO.</p> <p>Logs from CFAD BSG OTOUMA are processed in the processing unit installed in OTOUMA village.</p>

	<p>At the time of the audit, the company was carrying out its forestry activities in the CFAD BSG OTOUMA AAC 2020. AACs opened in 2018 and 2019 were closed at the time of the audit.</p> <p>The employees of the forest sites are installed in an advanced camp in the forest called Abanga, 02 other living bases have been set up for the personnel of the factory at the level of Otouma B and the other at the level of the main base camp of BSG were the main workers of GWI lives, the rest of the employees (Forest and Factory) being hired by subcontractors.</p>
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Certificate Scope	
Certificate Type	<input checked="" type="checkbox"/> Certificat de site unique <input type="checkbox"/> Certificat de groupe/ Multisite
Standards Evaluated:	<input checked="" type="checkbox"/> Norme LegalSource (LS-02) v2.1 <input checked="" type="checkbox"/> Norme générique de la chaîne de traçabilité NEPCon (NC-STD-01) <input type="checkbox"/> Norme générique de groupe & multi-Site NEPCon (NC-STD-02)
Product scope:	<p><i>Origin: Republic of Gabon, Estuary, Moyen Ogooué and Woleu-Ntem provinces</i>  <i>Type de produits/ Type of products</i></p> <p><b>Grumes et débités (EUTR 4403, EUTR 4407, EUTR 4409)</b></p> <p>EUTR 4403            W1 Rough wood            W1.1 Roundwood (logs)</p> <p>EUTR 4407 and EUTR 4409            W5 Solid wood (sawn, chipped, peeled)            W5.2 Solid wood boards (Débités)</p> <p><b>Main species:</b></p> <p><i>Khaya anthotheca</i> (Acajou);  <i>Lophira alata</i> (Azobé);  <i>Mitragyna ciliata</i> (Bahia)  <i>Nauclea diderrichii</i> (Bilinga)  <i>Guarea cedrata</i> (Bossé Claire);  <i>Piptadeniastrum africanum</i> (Dabema)  <i>Lovoa trichilioides</i> (Dibétou);  <i>Azalia bipindensis</i> (Doussié);  <i>Milicia excelsa</i> (Iroko);  <i>Entandrophragma candollei</i> (Kossipo);  <i>Distemonanthus benthamianus</i> (Movingui)  <i>Cylicodiscus gabunensis</i> (Okan)  <i>Aucoumea klaineana</i> (Okoume)  <i>Dacryodes buettneri</i> (Ozigo)  <i>Pterocarpus soyauxii</i> (Padouk rouge);  <i>Swartzia fistuloides</i> (Pau rosa)  <i>Entandrophragma utile</i> (Sipo);  <i>Erythrophleum ivorense</i> (Tali);  <i>Pericopsis elata</i> (Afrormosia)</p> <p><b>Essences de promotion/ promotional species</b></p> <p><i>Monopetalanthus heitzii</i> (Andoung)  <i>Berlinia confusa</i> (Ebiara)  <i>Sindoropsis letestui</i> (Gheombi)  <i>Testulea gabonensis</i> (Izombe)  <i>Staudtia kamerunensis</i> (Niové)  <i>Dialium pachyphyllum</i> (Omvong)  <i>Guibourtia ehie</i> (Ovang-kol)</p>
Changes to certificate scope since last audit:	<p>The company is at its first annual surveillance audit. They obtained their certification in 2022 following an Conformance Verification Audit (CVA) due to major non-conformities recorded during the assessment audit. The scope of the</p>

	certificate is CFAD BSG OTOUMA and BSG OTOUMA processing factory and has not changed since the previous audit.
<b>Sites de certification ou membres du groupe</b>	
<input type="checkbox"/> In place of below table, details are found in Exhibit	
<b>Site 1 :</b>	
Site name:	Site principal de la Bois et Sciéries du Gabon (BSG) SA (CFAD BSG OTOUMA)
Site Address/ Tel/Web/Email:	Same as information above.
Site Activity:	Forest Manager
Product Scope	EUTR 4403 Logs
Site visited during audit:	<input checked="" type="checkbox"/>
<b>Site 2:</b>	
Site name:	Bois et Sciéries du Gabon (BSG) SA (OTOUMA SAWMILL)
Site Address/ Tel/Web/Email:	Same as information above.
Site Activity:	Primary Manufacturer
Product Scope	EUTR 4409 Solid wood EUTR 4407 Dimensional and non dimensional lumber and timber
Site visited during audit:	<input checked="" type="checkbox"/>

**Processus d'évaluation**

Audit team:

**Steve NGAPOUT MOUNCHIKPOU, Lead auditor**

Steve is a Cameroonian forestry engineer with experience in logging companies in tropical areas, where he worked as a sustainable manager of Forest Management Units (UFA) and as an internal auditor to prepare companies for external audits certification (OLB, LegalSource and FSC) in companies in Cameroon, the Democratic Republic of Congo and the Central African Republic.

Steve also completed FSC FM and CoC auditor training several years ago and is currently undergoing a re-qualification process to the FSC Standard. He has also participated to date in a few third-party audits as auditee and then auditor, by and on behalf of several Certification Bodies (Ra-cert, Nepcon and Bureau Véritas).

Steve is currently the Central Africa Representative of Preferred By Nature responsible for certification, marketing and project development, since August 2021

**Gabriel Bolton**

Bachelor of Science in Forestry from the University of Vermont (1996). Over 10 years of experience working as a forester in the Northeastern US with more than 20 years of experience related to forest certification. Employed by Rainforest Alliance since 2006 and currently is Preferred by Nature's Senior Technical Advisor, Forestry, Gabe serves as global technical expert for forest management certification. Gabe is a senior auditor and has participated in more than 45 audits and assessments in 18 countries on six continents in addition to completing CoC and FM Lead Assessor Training.

**Protet Judicael ESSONO ONDO**

Protet is a Gabonese forest engineer specializing in rural development since 2004 from the University of Bobo-Dioulasso (Burkina Faso) and has developed a wealth of experience in natural resource management, support for civil society and community organizations.

After working at Rougier Gabon (CFAD de l'Ogooué-Ivindo) in 2006, he joined the Gabonese NGO Brainforest as Project Manager in 2007 then Program Coordinator from 2009 to 2017, and also Coordinator of the Company's Platform Gabonese civilian "Gabon Ma Terre Mon Droit (GMTMD)" (from 2011 to January 2018).

Since 2017, Protet has been a freelancer and formalized the creation of the Cabinet ESSONO ONDO pour le Social et l'Environnement (CEO-SE) in 2019. He has followed several training courses related to sustainable forest management, FSC certification by WWF Gabon in 2018 and is a member of the Forum for the development of new PAFC Congo Basin certification standards.



<p>Description of Audit Process:</p>	<p>The LegalSource audit of Bois et Sciéries du Gabon (BSG) SA was conducted entirely on site. It was carried out by two auditors and a technical expert. The Lead auditor, Steve Ngapout, as part of his qualification process, was trained and under the supervision of Mr. Gabriel Bolton. Before the audit, the team received the documentary evidence through a sharepoint to which they were granted access for the period of the audit.</p> <p>The audit started with an opening meeting on May 29, 2023, in the main office of the Otouma base camp. Then it was followed directly by a meeting between the audit team and the staff representatives of the company, then a deployment on the field, of the team in the neighboring villages of Otouma, Minkok Misseng, Engougou, and the other team was deployed to visit the workers camps at "Otouma B" and the "main camp" in Otouma.</p> <p>As for May 30, 2023, the team deployed once in two teams, one of the teams deployed on the verification of the supply chain and the analysis of the due diligence system put in place by the company. The other team oversaw the documentary analysis and the consultation of the files of the expatriate and local workers, as well as the finalization of the consultations with the villages around the CFAD of the company, mainly those of Mevang, Metouang, Ebel alembe.</p> <p>On Wednesday, May 31, 2023, the team deployed to the field once again in two teams, one led the consultation of stakeholders at the level of the administrative city of Njolé and the second visited the forest sites for the evaluation of logging operations, the housing conditions of workers in the advanced camp of Abanga in forest and the traceability of timber.</p> <p>The morning of June 01, 2023, was mainly devoted to finalizing the documentary review, consolidating the findings, and preparing for the closing meeting between the auditors. The closing meeting was thus held before noon, just before the departure of the audit team for the Mouila site, of the company Gabon Wood Industries (GWI) belonging to the same group of companies.</p>
<p>Actions taken by Organisation prior to report finalisation:</p>	<p>None</p>
<p>Notes for the next audit:</p>	<p>See below</p>
<p>Areas difficult to evaluate.</p>	<p>One case was identified where an Indonesian worker at the Nkok mill quit his job and made his way to Libreville. After failed attempts to retrieve his passport for BSG office he solicited help from the Indonesian consulate. The auditors were shown a letter signed by Indonesian Ambassador written to the Gabon Department of Labor requesting help to get the passport back from BSG as all their efforts to do so had failed. The Labor Agent informed the auditors that he was turned away at the BSG office gate when he went to the office and was only allowed access when he returned with the police. BSG indicated that the officials from the Indonesian Consulate, and the Department of Labor were turned away because they lacked proper identification and documentation stating their official business with BSG. Auditors were not able to verify these statements from either party at the time of the audit. The issue of restricting access to relevant authorities on official business will continue to be a focus of evaluation during subsequent audits if and or when BSG's LegalSource certificate is reinstated.</p>

## C. Audit Constat

Audit Conclusion:	
Organisation approved: <b>Choose an item.</b>	<input type="checkbox"/>
Organisation not approved: <b>Conformance with MAJOR non-conformance(s) required</b>	<input checked="" type="checkbox"/>
<b>Additional comments: The audit resulted in 13 Major NCRs, which represents a fundamental failure of management systems in relation to compliance with the LegalSource requirements.</b>	

### 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:

<b>Non-Conformance #:</b>	05/21	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 4.4 4.4 Where the Organization identifies that products have been placed on the market and/or sold prior to risk being mitigated, the Organization shall: <ul style="list-style-type: none"> <li>4.4.1 immediately cease to sell any remaining products held in stock;</li> <li>4.4.2 identify all relevant buyers, and advise those customers in writing within three (3) business days and maintain records of that advice;</li> <li>4.4.3 analyze causes and implement measures to prevent re-occurrence;</li> <li>4.4.4 notify the Certification Body; and,</li> <li>4.4.5 mitigate the causes and allow the Certification Body to evaluate actions taken.</li> </ul>	
<b>Description of Non-conformance:</b>	<p><b>2021 :</b> L'analyse de la procédure de Diligence Raisonnée de l'entreprise (PRO-BSG-019 du 22/11/2021) PRO-BSG mise à la disposition des auditeurs a permis aux auditeurs de constater que l'entreprise n'a pas réalisé une analyse de risques ni proposé des mesures de mitigation aux risques identifiés.</p> <p>L'entreprise n'a pas précisé quelles mesures elle prendra au cas où le constat est fait que des produits ont été mis sur le marché ou vendus par l'entreprise avant la mitigation des risques.</p> <p><i>The analysis of the company's Reasoned Diligence procedure (PRO-BSG-019 du 22/11/2021) PRO-BSG made available to the auditors enabled the auditors to note that the company did not carry out a risk analysis or proposed mitigation measures for the identified risks.</i></p> <p><i>The company has not specified what measures it will take if it is found that products have been placed on the market or sold by the company before the risk mitigation.</i></p>	

**2023:** A version 2 of the due diligence procedure has been released by the company. However, it does not consider the requirements of this indicator. It does not clearly define the mechanisms it intends to put in place in the event of the placing on the market of products for which the risks have not been mitigated. Interview with the concerned staff revealed they did not have a good knowledge of this requirement. **The nonconformity is reclassified as major.**

Exhibits:

- PRO-BSG-019 EN DUE DILIGENCE SYSTEM
- Interview with the Due diligence managers (Khan, CK and Vessasa).

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>08/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 1.1.1 The Land registry shall confirm ownership and validity of property deed.	
<b>Description of Non-conformance:</b>		
<p><b>2021 :</b> En janvier 2006, la société Bois et Scierie du Gabon avait décidé d'intégrer ses massifs forestiers dans le processus d'aménagement forestier.</p> <p>Cette volonté s'est concrétisée par la signature d'une Convention Provisoire d'Aménagement-Exploitation-Transformation (CPAET), le 13 janvier 2006 entre la Ministère en charge des Forêts et la société BSG. Cette convention engageait la société BSG à réaliser un plan d'Aménagement de ses permis forestiers au bout de 3 ans.</p> <p>Afin de respecter ses engagements, la société BSG avait lancé les travaux d'inventaire d'aménagement et l'étude socio-économique entre 2008 et 2011. Au terme de ces travaux de terrain, le Plan d'Aménagement conjoint des CFAD BSG OTOUMA et BSG KANGO avait été déposé à l'administration en charge des forêts.</p> <p>Ledit Plan d'Aménagement a été approuvé par le Ministère en charge des Forêts, par lettre N° 0001/ MFME/SG/DGF/DDF/SACF du 24 Janvier 2013.</p> <p>Dans le but de modifier la liste des essences objectifs et de séparer l'UFA KANGO de l'UFA OTOUMA, la société BSG a adressé une demande auprès du ministère en charge des forêts le 12 Février 2019 accompagné d'un plan d'aménagement séparé pour la CFAD BSG OTOUMA.</p> <p>Cette demande a été accordée par le Ministre d'Etat, en charge des Forêts le 27 Février 2019 et le plan d'aménagement de la CFAD OTOUMA a été approuvé par le courrier N° 123/MEFMECPAT/SG/DGF/DDF/SACF/DDF/SACF/BCD/courrier/le 30 Décembre 2020 du 22 Janvier 2021.</p> <p>La CFAD BSG OTOUMA est constitué de six Permis Forestiers Associés (PFA N° 106/02, 07/94, 82/03, 48/01,77/04 et 03/14/4), quatre Permis Temporaire d'Exploitation (PTE n°56/98, 23/01, 24/01 et 21/96) et deux Permis Industriel (PI n° 01/89 et 14/01/4).</p>		

Ces différentes informations montrent que le processus d'attribution de la CFAD BSG OTOUMA s'est déroulé dans le respect des dispositions légales en vigueur.

Toutefois, même si le processus d'aménagement de l'UFA OTOUMA est clair à partir du moment où ces différents permis forestiers ont été intégrés à la CFAD, l'entreprise n'a pas pu présenter aux auditeurs les décisions d'intégration de ces permis à la CPAET accordée en vue de l'élaboration du plans d'aménagement des l'UFA OTOUMA.

BSG SA devra ainsi solliciter auprès de l'Administration forestière et archiver les copies des lettres d'intégration des différents Permis à la CPAET ayant donné lieu à la CFAD BSG OTOUMA.

*In January 2006, the company Bois et Scierie du Gabon decided to integrate its forests into the forest management process.*

*This desire was materialized by the signing of a Provisional Agreement for Development-Exploitation-Transformation (CPAET) on January 13, 2006 between the Ministry in charge of Forests and the company BSG. This agreement committed the company BSG to carry out a management plan for its forest permits after 3 years.*

*In order to respect its commitments, the BSG company launched the development inventory work and the socio-economic study between 2008 and 2011. At the end of this field work, the Joint Development Plan of the CFAD BSG OTOUMA and BSG KANGO had been submitted to the administration in charge of forests.*

*The said Management Plan was approved by the Ministry in charge of Forests, by letter N° 0001/MFME/SG/DGF/DDF/SACF of January 24, 2013.*

*In order to modify the list of objective species and to separate UFA KANGO from UFA OTOUMA, the company BSG sent a request to the Ministry in charge of forests on February 12, 2019 accompanied by a separate management plan. for CFAD BSG OTOUMA.*

*This request was granted by the Minister of State in charge of Forests on February 27, 2019 and the management plan of CFAD OTOUMA was approved by letter No. 123/MEFMECPAT/SG/DGF/DDF/SACF/ DDF/SACF/BCD/mail/December 30, 2020 of January 22, 2021.*

*The CFAD BSG OTOUMA is made up of six Associated Forestry Permits (PFA N° 106/02, 07/94, 82/03, 48/01, 77/04 and 03/14/4), four Temporary Exploitation Permits (PTE n°56/98, 23/01, 24/01 and 21/96) and two Industrial Permits (PI n° 01/89 and 14/01/4).*

*This information shows that the process of awarding the CFAD BSG OTOUMA took place in compliance with the legal provisions in force.*

*However, even if the development process of UFA OTOUMA is clear from the moment these various forest permits were integrated into the CFAD, the company was unable to present to the auditors the decisions to integrate these CPAET permit granted for the development of UFA OTOUMA development plans.*

*BSG SA will thus have to request from the Forestry Administration and archive copies of the letters of integration of the various Permits to the CPAET which gave rise to the CFAD BSG OTOUMA.*

**2023:** The company was able to produce the decisions to integrate permits 48/01 and 03/14/4 into their CPAET. The last permit No. 14/01/04, on the other hand, initially belonged to the company Bois et Sciages de l'Ogooué (BSO) and was transferred by common agreement between the two companies BSG and BSO.

Correspondence was sent by BSO to the attention of the Water and Forest Administration dated November 20, 2009, to notify them of their agreement to this transfer in return for another permit 07/94/3, belonging to BSG.

Following this exchange, B.S.G. also sent correspondence on June 8, 2010, to the attention of the administration seeking transfer authorization. When the audit team requested the response of the administration following their request, the company could not provide the required document. The interview with the administration did not reveal additional information on this subject.

The management plan of the CFAD Otouma approved by the company dated January 22, 2021, in its revised version, no reserve was made about this permit for which no attribution was made.

During the annual audit, the company provided to the audit team a request to introduce to the administration requesting for the approvals. This was submitted in May 2023 by the company to request the incorporation note of this permit 14/01/04 in the CPAET of August 14, 2008 that was found in the CFAD Otouma. At the time of the audit, the company's request had not yet been successful.

Following up on the analysis of the evidence provided by the company, it appears that it does not have an authorization issued by the administration for the transfer of permit 14/01/04 between it and the company BSO (Transfer Agreement of the Forest Administration and Transfer/Transfer Contract); Also, the letter of incorporation of this permit to the CPAET of the CFAD Otouma is still not available.

It should be noted that in Gabon, concession rights can also be acquired through the permit transfer procedure, which applies to CFAD and PFA, subject to authorization from the Water and Forestry Administration (Article 150a of Law No. 016/2001). Transfers and/or transfers of associated forest permits (PFA) are only allowed between nationals (Article 150b (new) of Law No. 016/2001).

The analysis of the evidence provided by the company shows that this provision of the law seems not to have been fully respected although the management plan has been approved with the current configuration of permits. **To this end, this NCR is upgraded to major.**

Exhibits:

- 20230515 Letter to DGF re CPAET to CFAD for BSG
- BSG CFAD (Approval of PA)
- CPAET 03 14
- BSG Permit 48 01
- Permit #14 01 Lot 4 (Transfer)
- Interview with M. CK, certification manager.

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	The discussions with the administration did not lead to a clear answer, given the unavailability of the resource persons and heads of departments in charge of processing these files at the time of the audit; During the next audit, the team must send correspondence on this subject to the admission prior to the interview to enable them to collect information useful for the analysis of the requests submitted by the company

<b>Non-Conformance #:</b>	09/21	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 2.1.1, 2.1.3 and 2.1.4</p> <p>2.1.1 Evidence shall exist for payments of harvesting-related royalties, taxes, harvesting fees, area taxes and other charges.</p> <p>2.1.3 Organisation shall be current with all applicable taxes and fees related to the maintenance of the right to harvest/manage the forest.</p>	

	2.1.4 Authorities shall confirm that operation has paid all applicable fees
<b>Description of Non-conformance:</b>	
<p><b>2021 :</b> La taxe de superficie due en 2021 est estimée à 132 Millions de FCFA. L'entreprise a introduit une demande de moratoire en date du 10 aout 2021 et a obtenu un accord suivant le courrier N° 000588/MEFMEPCAT/SG/DGF du 25 aout 2021 pour le paiement de sa dette en 08 tranches de 16,5 millions chacune.</p> <p>L'analyse du document BSG LAND TAX 2021 contenant deux quittances de paiement attestent du paiement d'un montant total de 20 millions de FCFA. Pour le reliquat, une demande de moratoire suivant la lettre REF OC/BSG/LBV/2021/203 avait été introduite en date 26 mars 2021 auprès de l'administration forestière, en réclamation de remboursement d'un montant de 44 millions, en vue d'en déduire la somme due.</p> <p>Aussi, une autre demande de compensation de la somme due avec la TVA (lettre REF OC/LBV/BSG/2021/424 à hauteur de 752 millions de FCFA en date du 18/10/2021. Toutefois au moment de l'audit l'entreprise n'avait pas reçu de réponse de l'administration et reste redevable d'un montant de 112 millions et le dernier paiement date du 26/08/2021.</p> <p><i>The surface tax due in 2021 is estimated at 132 million FCFA. The company submitted a request for a moratorium on August 10, 2021 and obtained an agreement following letter No. 000588/MEFMEPCAT/SG/DGF of August 25, 2021 for the payment of its debt in 08 tranches of 16.5 million each.</i></p> <p><i>The analysis of the BSG LAND TAX 2021 document containing two payment receipts attest to the payment of a total amount of 20 million FCFA. For the remainder, a request for a moratorium following letter REF OC/BSG/LBV/2021/203 had been submitted on March 26, 2021 to the forestry administration, claiming reimbursement of an amount of 44 million, with a view to to deduct the amount due.</i></p> <p><i>Also, another request for compensation of the amount due with VAT (letter REF OC/LBV/BSG/2021/424 in the amount of 752 million FCFA dated 10/18/2021. However at the time of the audit, the company had not received a response from the administration and remains liable for an amount of 112 million and the last payment dates from 08/26/2021.</i></p> <p><b>2023:</b> Auditors verified that BSG paid the remaining outstanding Land Tax via 11 payments of varying amounts during 2022. They also provided evidence of payment for 2022 land tax. However, auditors verified during meeting with Abanga-Bigne Forestry Department that 2023 land tax due by end of March 2023 has not been paid. BSG has taken initiative to request to make monthly payments and have made two such payments to as of the date of the audit (June 2023). However, this request has not been approved by the responsible authority at the time of the audit. <b>Therefore, this NCR is upgraded to a major NCR.</b></p>	
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	11/21	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 3.1.6 Volumes harvested shall comply with legally approved levels.	
<b>Description of Non-conformance:</b>		
<p><b>2021 :</b> Les textes en vigueur en République du Gabon autorisent un dépassement maximal du volume autorisé à la récolte par essence précisé dans le Plan Annuel d’opération (PAO) de l’ordre de 20% (voir page 44 du Guide Technique National d’Aménagement Forestier-GTNAF). Au-delà de ce taux, la poursuite de la récolte de l’essence mise en cause est subordonnée à l’obtention d’une dérogation délivrée par l’Administration des Eaux et Forêts sur présentation des données justificatives par le demandeur.</p> <p>Toutefois, en analysant les données de production de la société BSG, les auditeurs ont constaté qu’il existait un dépassement de volume sur l’essence Gheombi, la production entre juillet 2020 et octobre 2021 est de 8477m3, sur un total autorisé de 5605 m 3, ce qui correspond à un dépassement de 2872 m3, soit près de 50% de dépassement sur le volume autorisé pour cette essence sans autorisation de l’Administration forestière tel que requis par le GTNAF.</p> <p>Toutefois les taux de prélèvement pour les autres essences restent en dessous des quantités autorisées et l’écart ne porte que sur cette seule essence. L’entreprise a également pris des nouvelles dispositions pour suivi quotidien des volumes prélevés et obtenir préalablement les autorisations de l’administration avant l’abattage des nouveaux pieds retrouvés lors du pistage.</p> <p><i>The texts in force in the Republic of Gabon authorize a maximum overrun of the volume authorized for harvesting by species specified in the Annual Operation Plan (PAO) of the order of 20% (see page 44 of the National Technical Guide for Forest Management -GTNAF). Beyond this rate, the continuation of the harvest of the species in question is subject to obtaining a derogation issued by the Water and Forests Administration on presentation of supporting data by the applicant.</i></p> <p><i>By analyzing the production data of the BSG company, the auditors found that there is a volume overrun on Gheombi gasoline, the production between July 2020 and October 2021 is 8477m3, out of an authorized total of 5605 m 3, which corresponds to an overrun of 2,872 m3, or nearly 50% overrun on the authorized volume for this species without authorization from the Forestry Administration as required by the GTNAF.</i></p> <p><i>However, the sampling rates for the other species remain below the authorized quantities and the difference relates only to this single species. The company has also made new arrangements for daily monitoring of the volumes sampled and obtaining prior authorization from the administration before felling the new vines found during tracking.</i></p> <p><b>2023:</b> The exploitation is done based on the potential identified during the inventory and informed in the PAO. During exploitation, the company can find new stems during exploitation and make a request to the administration to exploit it. Between audits, the company should not exceed the threshold of 20% of the volume authorized in the validated annual operating plan, according to article 65 of decree n° 689/PR/MEFEPEPN of August 24, 2004. Also considering the national delay in logging operations due to covid, the company authorized the continuation of logging under certain conditions, including the limitation of the logging of certain species for which the quotas were reached. The company has for this purpose obtained this extension authorization, following note No. 000119 from the Ministry of Water and Forests confirming the extension of the AAC 2023 of the UFG 2 in the UFA OTOUMA indicates the actual authorized quotas and the ban on no longer exploiting Azobé, Bilinga, Dabema, Iroko, Kossipo and Sipo species during the 2023 financial year.</p> <p>During the audit, it was observed that the company has set up a monthly monitoring system to limit cases of overruns. The file provides information on the potential existing at the start of the financial year and the volumes withdrawn monthly and the potential remaining until April 2023. The analysis of the table indicated for example that the species: Azobé, Bilinga, Dabema, Iroko, Kossipo and Sipo. whose exploitation was no longer authorized in 2023, continued until April 2023, which is contrary to the administrative note.</p> <p>The analysis of a transport document from 2023 for the transport of wood from the AAC 3 of 2020, mentions the Bilinga stem with a forest number 0406-1 and the Bilinga 0406-2 in the boreau N °</p>		

001170 issue of the same AAC indicating that felling and transportation took place in 2023 for this specie despite the ban.

**This non-conformity is reclassified as a major.**

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>14/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 3.5.1</p> <p>If legally required, persons involved in forest management/harvesting activities shall be employed under a formal contract.</p>	
<b>Description of Non-conformance:</b>		
<p>2021: En dehors des 9 employés de BSG Otouma en Contrat à Durée Indéterminé (CDI), la majorité des employés, 143, fournis par des sous-traitants (EMF, EKF et 7 Consulting) sont en Contrat à Durée Déterminée (CDD) malgré leur ancienneté dans leurs structures respectives.</p> <p>L'entreprise emploie également environ 69 travailleurs expatriés (asiatiques) dont la régularité du séjour n'a pas pu être démontrée pour la plupart. Les contrats de ces derniers n'ont pas pu être consultés sur site et aucun dossier les concernant n'étant disponible au service des Ressources Humaines du site d'OTOUMA.</p> <p>L'archivage des dossiers des employés doit être amélioré et les dossiers du personnel doivent contenir tous les éléments constitutifs requis par les textes en vigueur (copies du contrat, de la fiche de poste, des cartes d'assurances sociales, fiches d'évaluation des employés...).</p> <p>Il existe une procédure de recrutement et des fiches de postes mais il y a nécessité que les copies des contrats des employés fournis par les sous-traitants soient aussi disponibles auprès de BSG pour pouvoir être examinés lors des audits afin que le respect des dispositions légales liées aux travailleurs de ces sous-traitants puisse être vérifié.</p> <p><i>Apart from the 9 BSG Otouma employees on permanent contracts (CDI), the majority of employees, 143, provided by subcontractors (EMF, EKF and 7 Consulting) are on fixed-term contracts (CDD) despite their seniority in their respective structures.</i></p> <p><i>The company also employs around 69 (Asian) expatriate workers, most of whom have not been able to demonstrate their regular stay. The contracts of the latter could not be consulted on site and no file concerning them was available to the Human Resources department of the OTOUMA site.</i></p> <p><i>The archiving of employee files must be improved and personnel files must contain all the constituent elements required by the texts in force (copies of the contract, the job description, social insurance cards, evaluation sheets of employees...).</i></p> <p><i>There is a recruitment procedure and job descriptions, but it is necessary that copies of employee contracts provided by subcontractors are also available from BSG so that they can be</i></p>		



*examined during audits so that compliance with related legal provisions to the workers of these subcontractors can be verified.*

**2023:** Based on the sampled employee files, most worker records for BGS Gabonese and Asian workers included valid work contracts. Gabonese employees have perpetual contracts while Asian expats work under 2-year contracts. A couple of worker files included expired contracts. A review of 7 worker files for the three subcontractors found one valid contract. The remaining were one month Contracts that had expired from 4 to 24 months ago. Most of the employment files for sampled workers provided by BSG were missing some or most of the required records or records were expired. Employment records were only provided for 24 of the 36 workers requested by the audit team.

Based on consultation with the Department of Labor in Ndjole, it was confirmed that standard contract used for all Asian expat workers is not in compliance with Gabon Labor Code Article 195, section 5 of contract, Working Days & Hours states *"that under good weather conditions operations hours are 24 hours day, seven days a week, as such you will be required to work beyond normal working hours and official working hours remains at 6.5 days per week"*. This is in violation of labor code which requires that workers are provided with one day (24 consecutive hours) of rest per week. The labor code also establishes maximum hours per day/week. In addition, the labor code establishes that workers shall earn two days of annual leave per month worked and are eligible to take this leave after 12 months of employment. The contract for Asian workers provides for 30 days of home leave at end of the 24 month contract and holidays at supervisor's discretion. Workers interviewed indicated that they are given National Day, Labor Day and Christmas off as holidays. Expat workers are required to handover their passports to be stored in the office in Libreville for the duration of their 2 year contract which is a violation of Gabonese law.

Workers of subcontractor EMF interviewed indicated they were on daily contracts after 5 years of employment and that they were paid on a monthly basis. The Gabonese labor code specifies daily and weekly contract workers are to be paid daily or weekly.

Based on these findings **NCR 14/21 is raised to a major NCR.**

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>15/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 3.5.2 Persons involved in forest management/harvesting activities shall be covered by obligatory insurances.	
<b>Description of Non-conformance:</b>	2021: Bien que le service du personnel de BSG déclare que le personnel BSG et des sous-traitants soit enregistré à la CNSS et la CNAMGS et que des procédures de demandes d'immatriculation soient en cours, la consultation de la documentation fournie montre qu'une grande proportion du personnel n'était pas encore assuré ni à la CNSS, et encore plus à la CNAMGS (grande majorité) au moment de l'audit.	

Tous les employés des sous-traitants qui étaient des journaliers viennent de passer en CDD après recommandations de BSG.

Les preuves de paiements des créances sociales (quittances CNSS seulement pour les sous-traitants) fournies (**Exhibit 5**-Quittances de paiement créances CNSS et CNAMGS 2021) montrent que la grande majorité des employés de l'entreprise ne sont pas immatriculés à la CNSS et aucun employé des sous-traitants présents sur le site d'Otouma n'est immatriculé à la CNAMGS.

*Although the BSG personnel department states that the BSG and subcontractor personnel are registered with the CNSS and the CNAMGS and that registration application procedures are in progress, consultation of the documentation provided shows that a large proportion of staff was not yet insured either with the CNSS, and even more so with the CNAMGS (large majority) at the time of the audit.*

*All the employees of the subcontractors who were day laborers have just moved to fixed-term contracts following recommendations from BSG.*

*The proof of payment of social debts (CNSS receipts only for subcontractors) provided (**Exhibit 5**-receipts of payment of CNSS and CNAMGS 2021 debts) show that the vast majority of employees employed by the company are not registered with the CNSS and no employee of the subcontractors present on the Otouma site is registered with the CNAMGS.*

2023: The majority of BSG and subcontractor workers are still not registered under CNSS and CNAMGS. Records obtained from CNSS office in Ndjole found that 12 Gabonese workers and only 20 out of 125 Asian workers have been registered. Similar cases were found for subcontractors EMF, MAJECA and BYG. Of the 325 employees reported to be working for or on behalf of these service providers, only 139 are declared to the CNSS and 61 to the CNAMGS.

From interviews with CNSS and CNAMGS agents in Ndjolé, auditors were informed that the BSG DTS (reporting declaration) for the first quarter of 2023 only included 20 employees (7 Gabonese and 13 expatriates), the social benefits of 1Q2023 for subcontractors had not been paid at the time of the interview and MAJECA has never paid any contributions apart from the filing of the DTS 4Q2022.

In addition, a comparison of salaries reported to CNSS, and employee salaries reported in contracts and pay slips found that BGS is underreporting salaries for the small percentage of employees that have been registered. When questioned about this, BGS indicated that expat employees have a portion of the salaries paid in their home country so as proactive they only declare the portion of the salary paid in Gabon to CNSS. Gabonese law requires that gross salary shall be report as basis for contributions. CNSS agents interviewed stated "under-declarations" in order to reduce the social security contributions to be paid constitutes "tax evasion" according to the Social Security Code in Gabon.

As a majority of workers are not registered under CNAMGS not all worker accidents are reported to CNAMGS and Department of Labor as required per regulations.

Based on these findings **NCR 15/21 is raised to a Major NCR**

<b>Corrective action request:</b>	The company must implement the necessary corrective actions.
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	21/21	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section I-Chain Of Custody Criterion 2.1, 3.2 and 4.1</p> <p>2.1 The Organisation shall track and segregate products with separate claim categories throughout all processes, including purchasing and receiving, processing, storage and shipping, delivery and sale</p> <p>3.2 The Organisation shall verify that product purchased and received is consistent with the claim category</p> <p>4.1 The Organisation shall use a tracking system or production records to document the manufacture of product for each claim category</p>	
<b>Description of Non-conformance:</b>		
<p>2021 : Tout le bois transformé au niveau de l'usine de BSG Otouma provient de sa concession forestière la CFAD BSG Otouma et de celle de son partenaire GWI, dans leur concession GWI2.</p> <p>BSG transforme les grumes provenant de la CFAD GWI2 sur la base d'un contrat de partenariat industriel liant les 2 entreprises et qui a été mis à la disposition des auditeurs. Le contrat stipule que les grumes restent la propriété de la société GWI pendant tout le processus de transformation y compris les débités obtenus à l'issue du processus.</p> <p>Les CFAD BSG Otouma et GWI2 Otouma étant situées dans une même aire géographique, deux parcs de rupture distincts (parc Abanga pour les grumes provenant de la CFAD BSG et parc Alembe pour les grumes provenant de la CFAD GWI2) ont été installés sur le terrain pour recevoir les grumes provenant de chacune des concessions. Les risques de mélanges sont donc maîtrisés à ce niveau car le bois de chaque concession va vers un parc dédié.</p> <p>Sur ces parcs de ruptures les grumes sont soit vendues directement à des clients qui ont la possibilité de choisir les grumes sur place ou alors sont dirigées vers la scierie d'Otouma où elles sont déchargées sur le parc scierie avant transformation.</p> <p>La section 4.3 de la procédure de traçabilité usine de BSG (PRO-BSG-016 du 10 Novembre 2021) prévoit qu'à leur arrivée sur les parcs de rupture d'Otouma, les grumes en provenance d'Abanga (BSG) et d'Alembe (GWI) sont réparties en quatre parcs scierie distincts à savoir :</p> <ul style="list-style-type: none"> <li>• Parc Abanga Okoumé (OKM) ;</li> <li>• Parc Abanga bois divers (BDV) ;</li> <li>• Parc Alembe Okoumé (OKM) ;</li> <li>• Parc Alembe bois divers (BDV).</li> </ul> <p>Toutefois, la procédure ne prévoit plus de ségrégation au moment où les grumes de ces différents parcs de rupture sont envoyées à la scierie BSG d'Otouma pour leur transformation.</p> <p>Etant donné que la procédure prévoit également l'éventualité d'un approvisionnement extérieur en grumes de la scierie en dehors des grumes provenant des CFAD BSG Otouma et GWI2 Otouma, le risque de mélange entre produits couverts par le certificat LegalSource avec du bois non certifié devient important vu que l'entreprise ne prévoit aucune mesure de ségrégation des grumes au niveau du parc scierie BSG Otouma.</p> <p>L'analyse de la procédure dans son ensemble et les observations sur terrain ont permis aux auditeurs de constater que BSG ne précise pas les mécanismes qui seront mise en œuvre pour limiter la contamination de la matière certifiée durant tout le processus et ne met en œuvre sur le terrain aucune démarche allant dans ce sens.</p> <p>Ce constat a été confirmé par les observations de terrain sur le parc à bois de l'usine BSG Otouma sur lequel les auditeurs ont pu constater que la ségrégation des grumes par origine n'est pas pratiquée.</p> <p>Même si au moment de l'audit l'entreprise n'était pas certifiée et ne disposait pas de bois dans son parc rupture d'Alembe pour les bois issus de la CFAD GWI2, le RNC est émis car l'entreprise n'a</p>		

pas pris de dispositions sur le terrain ni recommandé dans ses procédures la ségrégation des grumes sur le parc sciérie d'Otouma afin d'éviter le mélange de grumes de déclarations différentes.

*BSG transforms logs from CFAD GWI2 on the basis of an industrial partnership contract linking the 2 companies and which has been made available to the auditors. The contract stipulates that the logs remain the property of the company GWI throughout the transformation process, including the cuts obtained at the end of the process.*

*Since the CFAD BSG Otouma and GWI2 Otouma are located in the same geographical area, two separate break yards (Abanga park for logs from CFAD BSG and Alembe park for logs from CFAD GWI2) were installed on the ground to receive logs from each of the concessions. The risks of mixing are therefore controlled at this level because the wood from each concession goes to a dedicated park.*

*On these breakage parks, the logs are either sold directly to customers who have the possibility of choosing the logs on site or are directed to the Otouma sawmill where they are unloaded on the sawmill park before processing.*

*Section 4.3 of BSG's factory traceability procedure (PRO-BSG-016 of November 10, 2021) provides that upon their arrival at the Otouma breakage yards, logs from Abanga (BSG) and Alembe (GWI) are divided into four distinct sawmill parks, namely:*

- *Abanga Okoumé Park (OKM);*
- *Abanga various wood park (BDV);*
- *Alembe Okoumé Park (OKM);*
- *Alembe various wood park (BDV).*

*However, the procedure no longer provides for segregation when the logs from these different break yards are sent to the BSG sawmill in Otouma for processing.*

*Given that the procedure also provides for the possibility of an external supply of sawmill logs apart from logs from CFAD BSG Otouma and GWI2 Otouma, the risk of mixing products covered by the LegalSource certificate with non-certified wood becomes important given that the company does not plan any log segregation measures at the BSG Otouma sawmill park.*

*the analysis of the procedure as a whole and the field observations enabled the auditors to observe that BSG does not specify the mechanisms that will be implemented to limit the contamination of the certified material throughout the process and does not implement on the field no move in this direction.*

*This observation was confirmed by field observations on the timber yard of the BSG Otouma factory on which the auditors were able to observe that the segregation of logs by origin is not practiced.*

*The company has two rupture parks for the separation of the material from each of the concessions. Even if At the time of the audit the company was not certified and did not have any wood in its Alembe rupture stockpile for wood from the CFAD GWI2, the NCR is issued because the company has not taken any measures on the ground nor recommended in its procedures the segregation of logs on the Otouma sawmill park.*

**2023:** The company has revised its traceability procedure to take account of aspects related to the segregation of certified and non-certified products, and staff have been made aware of the adjustments. However, during the field visit it was observed that the instruction to place signs indicating the type of certification in front of the logs being cut was not being implemented effectively. It was observed that a certified log pile located near an uncertified log pile had no sign, which is against the requirements of the procedure. Analysis of the database also shows that some registered timber packages do not have information on their certification status.

An analysis of the information provided by the company shows that the system it has put in place provides for several levels of segregation mechanisms to limit mixing, but that it is not being implemented effectively.

The company should put in place a segregation mechanism that reflects the reality of its practices and is realistic. We propose that the non-conformity be reclassified as a major non-conformity.

**The NCR is requalified as major.**

<b>Corrective action request:</b>	The company must implement the necessary corrective actions.
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>01/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 1.1 The Organization shall have a policy stating its commitment to producing and/or sourcing responsibly, by avoiding the use of forest products that have been harvested, traded or processed in violation of applicable national legislation and ratified international treaties.</p> <p>The policy shall be:</p> <p>1.1.1 written;</p> <p>1.1.2 publicly available; and,</p> <p>1.1.3 endorsed at the executive level.</p>	
<b>Description of Non-conformance:</b>	<p>The company has presented its policy to the audit team. The policy does not match the requirements of the indicators. It essentially addresses its commitment to responsible sourcing, without referring to its production activities, mainly those related to harvesting, transport, trade processed in violation of applicable national legislation and ratified international treaties.</p> <p>Also, the policy is not endorsed by the company.</p> <p>Major RNC. The NCR is a major as the commitment of the company in the policy statement does not fit with what is required by the standard.</p>	
<b>Corrective action request:</b>	<p>L'entreprise doit mettre en oeuvre les actions correctives nécessaires.</p> <p><i>The company must implement the necessary corrective actions.</i></p>	
<b>Timeline for Conformance:</b>	03 months from report finalization date.	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Constat for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
<b>Comments (optional):</b>		

<b>Non-Conformance #:</b>	02/23																														
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>																													
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 1.1 and 1.2 1.1 The Organisation shall have a policy stating its commitment to producing and/or sourcing responsibly, by avoiding the use of forest products that have been harvested, traded or processed in violation of applicable national legislation and ratified international treaties. 1.2 The Organization shall ensure the policy is implemented.																														
<b>Description of Non-conformance:</b>																															
<p>The Gabon Labor code, Article 192 requires that for displaced workers, prices for essential food and goods provided in camp stores is required to be line with prices offered in nearby town. For BSG and subcontractor workers living in camps, the camp store is the only option to buy food and other goods. A price comparison with a store in the closet town, Ndjole found prices in camp stores are significantly higher than prices in Ndjole. As this was true for all products checked and impacts all workers not provided with meals directly by BSG this has been determined to be a systemic issue and raised as a Major NCR.</p>																															
<table border="1"> <thead> <tr> <th>Item</th> <th>Camp</th> <th>Ndjole</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Nescafe 100g</td> <td>2750</td> <td>2500</td> <td>+8%</td> </tr> <tr> <td>sardine</td> <td>400</td> <td>350</td> <td>+14%</td> </tr> <tr> <td>mackerel</td> <td>950</td> <td>790</td> <td>+20%</td> </tr> <tr> <td>Veg. oil 1 L</td> <td>2000</td> <td>1450</td> <td>+38%</td> </tr> <tr> <td>cornflakes</td> <td>2450</td> <td>1850</td> <td>+32%</td> </tr> <tr> <td>Chicken leg</td> <td>1850</td> <td>1450</td> <td>+28%</td> </tr> </tbody> </table>				Item	Camp	Ndjole	Difference	Nescafe 100g	2750	2500	+8%	sardine	400	350	+14%	mackerel	950	790	+20%	Veg. oil 1 L	2000	1450	+38%	cornflakes	2450	1850	+32%	Chicken leg	1850	1450	+28%
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<b>NCR Status:</b>	<b>OPEN</b>																														
<b>Comments (optional):</b>																															

<b>Non-Conformance #:</b>	03/23		
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>	
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section E-LegalSource DueDiligence Checklist, criterion 3.1 The Organization shall have written procedures covering all applicable elements of this Standard.		
<b>Description of Non-conformance:</b>			
<p>BSG SA presented to the auditors a set of operational procedures (EXh 02). These procedures cover most of the requirements of the standard and ensure the conformity of their practices.</p>			

Most of them were related to the due diligence system, the chain of custody system, forest exploitation, control system of forestry operations, human resources management, external social aspects and overall health and safety measure. Nevertheless, the company was missing a procedure on the trademark use. A non-conformity is issued.

The non-conformity is minor as the company has most of the required procedures and there was no failure in the trademark use made by the company.

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>04/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section E-LegalSource DueDiligence Checklist, criterion 4.1 The Organization shall review its due diligence system at a minimum annually, in order to address any weaknesses.</p> <p>NOTE: Internal monitoring shall cover internal entities and group members/sites (where applicable), as well as for any suppliers and sub-suppliers.</p> <p>4.3.4 All non-conformances and corrective actions identified shall be documented.</p> <p>4.3.5 Organization shall ensure that all non-conformances are addressed and corrected in a timely manner.</p> <p>4.3.6 Organization shall make all reports of monitoring available to the Certification Body.</p>	
<b>Description of Non-conformance:</b>	<p>The company has reviewed its due diligence procedure and has released its version 2. It is planned in the procedure to review the due diligence annually based on the internal audits and the finding from the certification body. The annexes of the procedure is the quarterly report of the internal audit, and it specifies the level of risk of some of the requirements of the standard. Only the specified risk is documented and the mitigation measure to be implemented are also documented in order to reinforce the weaknesses identified in the due diligence system. For instance, during the audit, it was found that:</p> <ul style="list-style-type: none"> <li>All the non-conformities are documented in the audit reports,</li> <li>For each non-conformance identified by the company, corrective measures are proposed in the form of action plan. Most of the identified non-conformities were addressed by the company and some were still in the step to be solved.</li> <li>All the quarterly internal audit reports were made available to the audit team during the audit.</li> </ul> <p>After investigation, it seems all non-conformities were not addressed and solder within the completion time required. For example, according to the latest audit report: 4th report of due diligence system from 14th to 18th December 2022; it was noticed that the Action No: 01, major NCR on "Workers of sub-contractors, in cases of work accidents and also PPE management, are not treated same as company workers" was to be closed in 4 weeks, but during the audit the RCR</p>	

was not solved. This was the same for Action No: 02, 04, 05, 08. Also, for the NCR identify in 24/06/2022, over 6 major NCR, just 2 were closed during the 14th to 18th December 2022 audit. A non-conformity is raised, on the respect of the timeline for the treatment of identified NCR during internal audits.

The NCR is major as most of the NCR found during internal audits are not closed in the required time lime and some were still opened during the annual audit. Them system in place for solving the identified NRC in time is not effective.

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	03 months from report finalization date.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>05/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section E-LegalSource DueDiligence Checklist, Requirement 7.3; 7.7, 7.8, 8.1, 8.2; 8.3 8.3 The Organization shall document the risk assessment process and provide justification for the level of risk specified for each individual origin or supply chain. EXHIBIT REQUIRED (EXH 04)	
<b>Description of Non-conformance:</b>		
<p>The company conducts a risk assessment at the harvesting levels and the related activities. The company also conducted a risk assessment of mixing its products with the material of illegal origin. The company has an evaluation checklist that covers all the requirements of the standard (Annex 2 and 3) and the conclusion of the evaluation are reported in Annex 1 and 4 of the due diligence procedure, called "Report of Due Diligence System" and the Corrective Actions Request Template report.</p> <p>However, it was found that the risk assessment is not conducted for the other requirements of the standard, including an analysis for activities related to transport and risk related to the mixing of its products with the material of illegal origin.</p> <p>The company carries out internal audits to update its risk analysis as part of its SDR and cases of non-compliance are documented. However, the risk analysis does not document the identified low risks related to the other requirements of the standard, and does not provide in its assessment, the justifications for grading the risk as low or specified. This is a non-conformity.</p> <p>The company does not clearly document as part of its risk analysis, the mitigation measures its plans to put in place to mitigate the specified and low risks, at the level of timber harvesting, transport, trade, and limitation of mixing with material of unknown origin.</p> <p>The risk analysis is not comprehensive and does not provide information on the level of risk of the applicable set of requirements of the standard. Only the specified risks are mentioned in the risk analysis.</p> <p>The company does not clearly describe the actions it will take in the event of a specified risk and the acquisition of unidentified logs for which a conclusion of specified risk of illegal timber harvesting is proven. This is a non-conformity.</p>		



The non-conformity is major as the company does not meet the full requirement related to the risk analysis and many non-conformities are related to their risk analysis.	
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	03 months from report finalization date.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>06/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02), Requirement 1.1.8. 1.1.8. Valid business registration documents shall exist.	
<b>Description of Non-conformance:</b>		
<p>The auditors noted the registration of the company in the Trade and Personal Property Credit Register (RCCM) since July 16, 2002, under the number RCCM No. RG/LBV/2002B01892.</p> <p>This information is confirmed by consulting the company circuit sheet which is signed by all the competent Administrations for the activities carried out by BSG SA in the Republic of Gabon and which contains the various official registrations of the company.</p> <p>As such, the company is authorized to carry out any commercial activity on the territory of the Republic of Gabon and to make the declarations and payment of taxes, duties, and fees applicable to its activities.</p> <p>However, for the processing and logging activities, companies need some specific accreditations or licences. The accreditation for first level processing was available and delivered to the company but was already expired since April 2021. And for the logging activities, the accreditation for logging is still not available, the presented document is an attestation of demand of this accreditation delivered by the ministry of water and forestry since august 2021, after almost 02 years, this document was still not made available. Indicator requirements are not met; this is a non-conformity.</p> <p><b>The non-conformity is major, even the company have taken actions to requested for renewal from the administration, a long period of time has already been spent.</b></p>		
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>	
<b>Timeline for Conformance:</b>	03 months from report finalization date.	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Constat for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
<b>Comments (optional):</b>		

<b>Non-Conformance #:</b>	07/23	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 1.3.7 1.3.7 If legally required, harvesting restrictions shall be identified in management plans and maps.	
<b>Description of Non-conformance:</b>		
<p>The BSG company considered when editing its management plan (revised version 2020 approved by letter No. 123/MEFMECPAT/SG/DGF/DDF/SACF-DDF/SACF/BCD/Courrier/le 30 December 2020 of January 22, 2021) the restrictions on species prohibited from logging, for seeding trees, future stems and sensitive species prohibited from logging. They are expected to be marked with red paint and preserved during logging.</p> <p>However, it was found that some operators in the field do not have a site map during operations. The maps are not updated with tracking feedback information, which was observed for the case of block 25 during exploitation. The trees to be protected are not considered on the exploitation maps when preparing logging maps. This is a non-conformity as the company should mention all required information of the logging maps as prescribed by the requirements and management plans.</p> <p>The non-conformity is minor as not all required harvesting restriction were missing during the audit.</p>		
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>	
<b>Timeline for Conformance:</b>	12 months from report finalization date.	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Constat for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	OPEN	
<b>Comments (optional):</b>		

<b>Non-Conformance #:</b>	08/23	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 1.3.9 1.3.9 Field verifications shall indicate that the requirements described in the management/harvesting plans are adhered to in the field.	
<b>Description of Non-conformance:</b>		
<p>During the field visit, it was found that the skidding is carried out over long distances. The roads are opened during drying season at the same time as logging activities are taking place. For example, it was found in the bloc 25 that the road to access was very resent (Less than a week) and the tree felling was done before the road was opened and during audit the logs skidding were taken place, and this was done during dry season causing a high level of soil erosion, and this is the opposite of what is required in that management plan. The opening of these roads is sometimes to be done before the felling and in a timeline offering enough stability to the roads before the raining season. The used type of road can only be used just during drying season. Some of the requirements in the management plan and internal operation plan and procedures are not implemented adequately by the company This is a non-conformity.</p> <p>The non-conformity is a minor NCR as this practice is not common to all the company's operations, the company has some delays in the road opening.</p>		

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>09/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 1.4.7 1.4.7 Field inspection shall confirm that all harvesting restrictions given in the harvesting permit are observed such as buffer zones, protected trees, placement of logging trails etc.	
<b>Description of Non-conformance:</b>		
<p>During the development of the management documents submitted by BSG SA and approved by the forestry administration, as well as in its internal procedures, the company recommends the protection of buffer zones, protected trees, and the placement of logging trails in a way they cost the least damage possible. Prior to the start of logging, the company traces the skid trails and marks the young stems and prohibited the species from logging with red paint on the trunks of the concerned trees.</p> <p>The interview with the site manager, the team leaders, the foot removal team, the machine operators and the fellers enabled the auditors to observe that these personnel have a good knowledge of the applicable restrictions related to the preservation protected and marked trees in the field during felling, hauling and road opening.</p> <p>However, during the field visit, it was found that the logging trails placement was not optimal and in sometimes not respected by the machine operators. Operators take the incentive to take new tracks without prior planning. The quality of the logging trails placement is not monitored by the monitoring teams. This is a non-conformity.</p> <p>The non-conformity is minor not all harvesting restrictions are not respected, and not all of the logging trails placements were found inappropriate.</p>		
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>	
<b>Timeline for Conformance:</b>	12 months from report finalization date.	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Constat for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
<b>Comments (optional):</b>		

<b>Non-Conformance #:</b>	<b>10/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>

<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 3.3.1 3.3.1 If legally required, Environmental and/or Social Impact Assessments shall be in place and approved by the legally Competent Authority.
<b>Description of Non-conformance:</b>	
<p>The company has carried out industrial development plans approved by the administration for its Otouma A and Otouma B processing units located. It has declaration receipts No. 180 and No. 181 relating to classified installations of July 12, 2018.</p> <p>In 2022, a new text was developed by the administration requesting all the companies managing FMU to conduct the Environmental Impact assessment according to the level at which they have being implementing forest operations. For those who newly acquired their FMU without any activity started, were asked to do a full environmental impact assessment meanwhile, it was requested for those who already began their activities, to provide an environmental audit of the impacts and this was the case of BSG. During the audit it was found that the company asked an accredited company in Gabon for Environmental Impact assessment, for instance "Terea" into carry out their environmental audit for its CFAD BSG OTOUMA, and the consultant has valid agreement to take out this study.</p> <p>So far, the company submitted the AIE report in August 2022 against discharge and field mission was conducted in October 2022 to approve the study and recommendations were made to the company to an Environmental Impact Assessment instead of an Environmental audit. The Environment and Social Management Plan (PGES) is required within 2 months after the field verification mission, which had not yet been submitted during the audit. Also, it is required to carry out ESMPs at the level of the Annual plots started, which was not the case for the AAC 3 2020 in operation.</p> <p>According to the evidence provided and interview with the central administration, the company does not have its environmental audit approved at the time of the audit and discussions with the administration indicates that are still expecting some documentation from the company according to their recommendation, for them to deliver the approval for the Environmental impacts evaluation. This is a non-conformity.</p> <p>The NCR is minor the requirement is still recent, and it take some time for the company to do the study and the approval pending for long, due to some misinterpretation of the requirement of the law between the administration and companies.</p>	
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	11/23	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 3.3.3 3.3.3 Environmental restrictions shall be followed in the field, such as requirements related to soil damage, buffer zones, slope gradient limitations, retained trees, seasonal restrictions etc.	
<b>Description of Non-conformance:</b>		

During field visit, it was observed by the audit team, the company has put in place a bridge on a river larger than 5 m causing an abnormal flow of water. It was observed the stagnation of water at the upstream level of the river. The company used the three-nozzle technique for this structure which was found not to be appropriate. Also, along the roads within the AAC, it was observed on one bridge recently reconstructed on the access road to the AAC and a second bridge on a secondary road leading to block 40, inappropriate construction of the bridges, causing sedimentation in the rivers. The issue has been identified internally, and actions taken appear not to have addressed the issue, it is a non-conformity.

Minor RNC. A different situation was observed on the other bridges within the AAC, this was not a systematic situation on all structures.

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Constat for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	12/23	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 3.4.1 3.4.1 Occupational health and safety requirements shall be observed by all personal involved in forest management/harvesting activities.	
<b>Description of Non-conformance:</b>		
The following gaps related to required occupational health and safety requirements were identified during the audit:		
<ul style="list-style-type: none"> <li>The Occupational Health &amp; Safety Committee (OHSC) which is required by Gabon Labor Code (2021), Articles 252 – 259 has not been fully implemented for the BSG base camp and remote forest camp in accordance with Labor Code. BSG designated the members of the OHSC for the base camp/sawmill one-month prior to audit. However, no meetings have occurred as of date of the audit and the committee is not currently meeting the obligations specified in the Labor Code. Composition of the team meets requirement they indicated they will use the text of the law to govern operation of the committee going forward.</li> <li>Interviews with workers in EMF camp indicated that the 1000-gallon tank provided for storing potable water is not regularly filled with last delivery 2 weeks prior to the day of auditor visit. They indicated water runs out sometimes and occupants of camp need to use river water for personal needs. BGS makes potable water available to EMF to supply the camp and showed the auditors a tracking sheet that records date and amount of water taken by EMF. However, BSG does not monitor that potable water is continuously available at the worker camp.</li> <li>Interviews with workers living in the EMF camp found that workers were being charged for medicine dispensed from the pharmacy which is supplied by BSG. Gabon Labor Code, article 263 requires workers to be provided with medicine/treatment free of charge.</li> <li>During forest visit auditor observed a chain saw being operated without functioning safety feature.</li> </ul>		

These gaps are evidence of nonconformance related to the provision of legally mandated health and safety measures. This NC is recurrent as it is directly related to Major NCR 12/21 which was closed during the CVA in 2022 and is raised as a major NCR.	
<b>Corrective action request:</b>	<i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>13/23</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 3.3.4. 3.3.4. Environmental requirements related to forest management and plantation establishment such as legal requirements for road construction, management of watercourses, use of fire, use of chemicals, fuel use and storage, limitations of conversion etc. shall be adhered to.	
<b>Description of Non-conformance:</b>		
<p>BSG has put in place procedure for the environmental protection, related to its management plan and the legal requirements, it was found that all the environmental restrictions provided for in the CFAD BSG OTOUMA management plan on soil conservation, respect for protected areas, management of slopes, respect for riparian buffer zones of watercourses were implemented. BSG has recruited a Health, Safety and Environment (HSE) Manager to manage aspects related to the protection of the environment during the company's activities. The exchanges with the latter allowed the auditors to note that regular monitoring is carried out in the field through sheets that are filled in daily and weekly. In the event of discrepancies, the Managers involved are informed and the implementation of corrective measures for the discrepancies related to the protection of the Environment during the activities are corrected and monitored by the HSE Manager and his team. During his activities, the HSE Manager also monitors the implementation of the technical guidelines for sustainable forest management applicable in the Republic of Gabon, those related to the protection of soils, water bodies, the fight against erosion and the implementation of Low Impact Logging (LIP) measures.</p> <p>However, during field visit, it was found that some roads occupy excessive surfaces and are not well stabilized during exploitation. The drainage structures are sometime, and this leads to rapid erosion of the road which can only be controlled/adjusted by rehabilitation measures by significant stripping. The company does not have proper road opening and maintenance plan proper to its context. Also, the quality of the roads is not monitored by the monitoring teams. This is a non-conformity.</p> <p>The NCR is a minor as not all roads controlled were concerned.</p>		
<b>Corrective action request:</b>	<i>The company must implement the necessary corrective actions.</i>	
<b>Timeline for Conformance:</b>	Prior to reinstatement of certificate.	

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

## Observations

Observations (Obs) are issued for the early stages of a problem which does not in and of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the Organisation or where general improvements may be made. Where applicable, all observations are shown below:

<b>Observation #:</b>	<b>01/21</b>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 2.1  The Organization shall appoint a person or position as having overall responsibility for conformance with all applicable requirements of this Standard
<b>Description of Observation:</b>	
<p><b>Finding:</b></p> <p>BSG a présenté aux auditeurs la lettre de désignation du responsable certification signée par le Président du Conseil d'Administration (PCA) de l'entreprise (<b>Exhibit 2-</b> BSG Certification manager designation).</p> <p>Cette lettre de désignation attribue au concerné la responsabilité de s'assurer de la conformité des pratiques de l'entreprise avec les exigences des standards de certification applicables.</p> <p>Toutefois, la procédure de Diligence Raisonnée V 1.0 (PRO-BSG-019 du 22 Novembre 2021) présentée aux auditeurs n'est pas explicite sur le Responsable central du Système de Diligence Raisonnée.</p> <p><i>BSG presented the auditors with the letter appointing the certification manager signed by the Chairman of the Board of Directors (PCA) of the company (<b>Exhibit 2-</b>BSG Certification manager designation).</i></p> <p><i>This designation letter assigns the responsibility to the person concerned to ensure compliance of the company's practices with the requirements of the applicable certification standards.</i></p> <p><i>However, the Reasoned Diligence procedure V 1.0 (PRO-BSG-019 of November 22, 2021) presented to the auditors is not explicit about the Central Manager of the Reasoned Diligence System.</i></p>	
The company has revised its due diligence procedure, it defines in point 4.1.2 the certification manager as being the main person in charge of ensuring the general compliance of the company with the requirements of this standard. The observation has been handled by the company;	

<b>Observation #:</b>	<b>02/21</b>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at Forest Level, Indicator 3.1.4  Harvesting restrictions shall be observed in the field.
<b>Description of Observation:</b>	



**Finding:**

Les observations de terrain permettent d'attester de la présence des restrictions en vue de leur préservation lors de l'exploitation proprement dite, notamment les rubalises pour les tiges d'avenir, les arbres monumentaux et les semenciers. Au niveau de zones tampon, la bande de 30 m est matérialisé à la peinture rouge. L'entreprise prend également des dispositions pour la protection des sites sacrés sur une bande de 60 m autour du site d'intérêt pour la communauté.

Toutefois l'entreprise n'a pas défini des mesures distinctes pour la protection pour chaque type d'arbre à protéger, aussi elle n'a défini de façon claire les critères de choix et d'identification des tiges d'avenir, semenciers et arbres monumentaux.

*Observations in the field make it possible to attest to the presence of restrictions with a view to their preservation during the actual exploitation, in particular the ribbons for the stems of the future, the monumental trees and the seed trees. At the level of buffer zones, the 30 m strip is materialized in red paint. The company also arranges for the protection of sacred sites on a strip of 60 m around the site of interest for the community.*

*However, the company has not defined separate protection measures for each type of tree to be protected, nor has it clearly defined the criteria for choosing and identifying the stems of the future, seed trees and monumental trees.*

The company has developed a tracking procedure and it prescribes the protection of the trees to be protected during this operation, however it does not mention the methods of marking each type of tree to be protected. The observation is maintained.

<b>Observation #:</b>	<b>03/21</b>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section I-Chain of custody, criterion 1.6  The Organisation shall define and document the different products and claim categories that will be tracked within the CoC control system.
<b>Description of Observation:</b>	<p><b>Finding:</b></p> <p>L'Organisation n'a pas défini et ni documenté les différents produits et catégories d'allégations qui sont suivis dans le cadre du système de vérification de sa CdC (grumes en entrée et débités en sortie). Au moment de l'audit l'entreprise n'était pas certifiée.</p> <p><i>The Organization has not defined and nor documented the various products and categories of claims that are monitored under the CoC control system (logs in and debited out). At the moment of the audit, the organization was to certified.</i></p>
	The company has defined the product categories in the quarterly risk analysis called Report of DDS, which is an appendix to the due diligence procedure. The observation has been solved by the company;

<b>Observation #:</b>	<b>04/21</b>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section I-Chain of custody, criterion 1.7  The Organisation shall maintain data on the quantity of tracked product and ensure that it is available for auditors. The quantity information shall be maintained at minimum for each reporting period: <ul style="list-style-type: none"><li>• purchased product,</li></ul>

	<ul style="list-style-type: none"> <li>• product used in manufacture,</li> <li>• conversion factors,</li> <li>• sold product,</li> </ul> <p>inputs and final products held in stock.</p>
<p><b>Description of Observation:</b></p>	
<p>Finding:</p> <p>L'entreprise a mis en place une base de données permettant d'assurer le suivi des données de production sur une période large période. Les informations demandées sur la période des 11 derniers mois précédant l'audit ont été présentées aux auditeurs :</p> <p>Pour le compte du parc de rupture d'Abanga les quantités de matières en grumes sont estimées ainsi qu'il suit :</p> <ul style="list-style-type: none"> <li>- Le volume total par essences du stock au parc rupture Abanga à la date décembre 2020 est de 13 069 m3</li> <li>- Le volume total par essence de billes en provenance du parc Abanga vers le parc usine entre décembre et octobre 2021 est de 22 223 m3 ;</li> <li>- Le volume total par essence de billes de bois consommé par l'usine d'Otouma entre janvier et octobre 2021 est de 6 014 m3</li> <li>- Le volume total par essence de billes évacué en vente locale entre janvier et octobre 2021 est de 3 736 m3</li> <li>- Le volume total du volume du stock résiduel est égal à 10 710 m3 à la date du 31 octobre 2021.</li> </ul> <p>Pour le compte de l'usine de OTOUMA les quantités de produits débités sont estimées ainsi qu'il suit :</p> <ul style="list-style-type: none"> <li>- Le volume total par essences du stock au 31 décembre 2020 est de 4013 m3</li> <li>- Le volume total par essence des débités produits entre janvier et octobre 2021 est de 4 496 m3 ;</li> <li>- Le volume total par essence de des débités évacués vers de l'usine de Nkok entre janvier et octobre 2021 est de 3 997 m3 ;</li> <li>- Le volume total du stock résiduel est de 4512 m3 à la date du 31 octobre 2021.</li> </ul> <p>Toutefois il a été observé quelques écarts sur les volumes des stocks résiduels attendus sur le parc rupture d'Abanga, d'après les données générées par la base de données ;</p> <p><i>The company has set up a database to monitor production data over a long period. The requested information on the period of the last 11 months preceding the audit was presented to the auditors:</i></p> <p><i>On behalf of the Abanga breaking yard, the quantities of materials in logs are estimated as follows:</i></p> <ul style="list-style-type: none"> <li>- <i>The total volume by species of the stock at the Abanga rupture park as of December 2020 is 13,069 m3;</i></li> <li>- <i>The total volume by species of logs from the Abanga park to the factory park between December and October 2021 is 22,223 m3;</i></li> <li>- <i>The total volume by species of logs consumed by the Otouma plant between January and October 2021 is 6,014 m3;</i></li> <li>- <i>The total volume per species of logs evacuated for local sale between January and October 2021 is 3,736 m3;</i></li> <li>- <i>The total volume of the volume of the residual stock is equal to 10,710 m3 on the date of October 31, 2021.</i></li> </ul> <p><i>On behalf of the OTOUMA factory, the quantities of products debited are estimated as follows:</i></p> <ul style="list-style-type: none"> <li>- <i>The total volume by species of the stock as of December 31, 2020 is 4013 m3;</i></li> <li>- <i>The total volume by species of cuts produced between January and October 2021 is 4,496 m3;</i></li> </ul>	

- *The total volume by species of cuts evacuated to the Nkok plant between January and October 2021 is 3,997 m3;*
- *The total volume of the residual stock is 4512 m3 as of October 31, 2021.*

*However, some discrepancies were observed in the volumes of residual stocks expected in the Abanga rupture park, according to the data generated by the database;*

2023 : The database extracts made it possible to provide the following information at the Otouma between April 2022 and April 2023.

At the level of OTOUMA

- The initial stock of finished product was 7,826.810 m3
- The total volume of product used in manufacture 30,750.248 m3 ;
- The total amount of material produced 12,743.913 m3 (2,659.286 m3 certified LegalSource)
- The conversion factor at the level of the sawmill was 41.44 %
- The total sold product is 8,651.600 m3 and internal use is 4,422.506 m3.
- The total final products held in stock is 7,400.045 m3 (1,667.187 m3 certified LegalSource)

The volumes provided by the company are consistent with the database. The observation can be closed.

<b>Observation #:</b>	<b>01/23</b>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 3.5.5 Salaries shall be paid officially and declared by the employer according to requirements for personnel involved in forest management/harvesting activities.
<b>Description of Observation:</b>	Misunderstandings about the method of calculating prime (bonuses) were reported to the auditors by some employees and the basis for this confusion was confirmed by auditors in how it is reported on pay slips consulted during audit.  Since these issues are recurrent, an observation is raise for the company to review its bonus calculation system and better explain it to workers to prevent future misunderstandings.

## 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 result in the NCR being upgraded to major; the specified follow-up action is required by the Organisation or involuntary suspension will take place.

<b>Non-Conformance #:</b>	01/21	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 2.3</p> <p>The Organization shall designate individual responsibilities for all applicable elements of this Standard.</p>	
<b>Description of Non-conformance:</b>		
<p>La consultation de la procédure de Diligence Raisonnée de l'entreprise V 1.0 (PRO-BSG-019 du 22 Novembre 2021) a permis aux auditeurs de constater que les responsabilités individuelles dans la gestion de la certification LegalSource ne sont pas définies.</p> <p>Les procédures opérationnelles internes de l'entreprise précisent les services responsables de leur mise en œuvre dans chaque cas sans toutefois attribuer clairement les responsabilités de la conformité des activités de l'entreprise aux exigences de la norme LegalSource.</p> <p>Chaque élément du Système de Diligence Raisonnée de l'entreprise devrait avoir un Responsable clairement désigné chargé d'assurer la conformité des activités de l'entreprise avec la norme dans les aspects dont il a la charge.</p> <p><i>The consultation of the company's Due Diligence procedure V 1.0 (PRO-BSG-019 of November 22, 2021) allowed the auditors to note that the individual responsibilities in the management of the LegalSource certification are not defined.</i></p> <p><i>The company's internal operational procedures specify the departments responsible for their implementation in each case without, however, clearly assigning responsibilities for the compliance of the company's activities with the requirements of the LegalSource standard.</i></p> <p><i>Each element of the company's Due Diligence System should have a clearly designated Manager responsible for ensuring compliance of the company's activities with the standard in the aspects for which he is responsible.</i></p>		
<b>Corrective action request:</b>	<p>L'entreprise doit mettre en oeuvre les actions correctives nécessaires.</p> <p><i>The company must implement the necessary corrective actions.</i></p>	
<b>Timeline for Conformance:</b>	12 months from report finalization date	
<b>Evidence Provided by Organisation:</b>	<p>PRO-BSG-016- Sawmill Traceability Procedure V2 14 mars 2023            PRO-BSG-019 EN DUE DILIGENCE SYSTEM du 25 mars 2022            Interview with workers            Fiches de postes et procédures internes.            Organigrammes</p>	
<b>Constat for Evaluation of Evidence:</b>	<p>The company has updated its due diligence procedure. The implementation of this procedure is under the general responsibility of the certification manager, and specific responsibilities are distributed among the marketing, forest management and human resources divisions. The HR is responsible for training and skills development, the certification manager is responsible for document management and procedure</p>	

	<p>development, monitoring and internal audits, risk analysis and risk mitigation.</p> <p>The procedure describes how each of these responsibilities is to be implemented, as well as the related procedures to be implemented to ensure the identification and mitigation of risks in the company's system.</p> <p>The heads of departments are responsible for a staff that they administer who are responsible for the implementation of each of the applicable procedures of the SDR as indicated by the internal organization chart of the company. For example, we have the HR manager of the company, who ensures the coordination of the external social team, the HSE, human resources at the site level and the coordination of subcontractors.</p> <p>The elements analyzed show that the company has put in place a system with key people and responsibilities for the proper formation of the SDR. We propose the closure of the minor non-conformity.</p>
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>02/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 2.4</p> <p>All relevant staff shall demonstrate awareness of, and competence in implementing, the Organization's procedures relevant to fulfilling this Standard.</p>	
<b>Description of Non-conformance:</b>		
<p>BSG a présenté aux auditeurs les preuves de formation/sensibilisation de son personnel sur les exigences de la certification LegalSource et les échanges électroniques entre les différents responsables afin d'assurer leur imprégnation sur les exigences de la certification LegalSource. Les séances de sensibilisation/formation organisées ont ciblé aussi bien le personnel asiatique qu'Africain de l'entreprise.</p> <p>La Communication utilisée a été adaptée à la langue utilisée par le personnel à savoir le Français, l'anglais, le malais et le Chinois</p> <p>Toutefois, les échanges entre les auditeurs et le personnel de l'entreprise pendant l'audit ont permis de constater que les connaissances du personnel de l'entreprise sur les exigences de la certification LegalSource étaient faibles malgré les séances de sensibilisations organisées.</p> <p>Toutefois, chaque Responsable rencontré a montré une bonne connaissance des actions à mettre en œuvre dans son domaine d'intervention conformément aux procédures internes de l'entreprise.</p> <p><i>BSG presented to the auditors the evidence of training/awareness of its staff on the requirements of LegalSource certification and the electronic exchanges between the various managers in order to ensure their impregnation on the requirements of LegalSource certification. The awareness/training sessions organized targeted both the Asian and African staff of the company.</i></p> <p><i>The communication used has been adapted to the language used by the staff, namely French, English, Malay and Chinese.</i></p> <p><i>However, the exchanges between the auditors and the staff of the company during the audit revealed that the knowledge of the staff of the company on the requirements of LegalSource certification was low despite the awareness sessions organized.</i></p>		

<i>However, each Manager met showed a good knowledge of the actions to be implemented in their area of intervention in accordance with the company's internal procedures.</i>	
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	Before certificate issuance
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>• Rapport de sensibilisation sur les activités illégales</li> <li>• Rapport_Training abattage contrôlé</li> <li>• Rapport sensibilisation du personnel sur le code forestier.</li> <li>• Rapport de sensibilisation des travailleurs sur les opérations forestières.</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	The company has trained all its staff involved in its due diligence system on the requirements of the LegalSource standard and participates in the drafting of procedures. The interview with the company's staff indicated that they were aware of the specificity of LegalSource and its legality requirements. The company has also implemented a regular training process for its workers to maintain a good understanding by workers of the requirements to maintain the company's compliance. For example, the tree fellers interviewed had a good knowledge of their working procedure. Also, the interview with the farm manager show he had a good knowledge of his work procedures, and he had a copy of each applicable procedure in forest logging activities. Following the evaluation of the elements provided by the company we propose the closure of the non-conformity.
<b>NCR Status:</b>	<b>CLOSED.</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>04/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 4.3  4.3 The Organization shall have and implement a complaints procedure to address substantiated complaints related to the production or sourcing of material, including:  4.3.1 assessment of evidence provided in the complaint within two (2) weeks of its receipt;  4.3.2 in cases where evidence is considered relevant, implementation of appropriate corrective actions; and,  4.3.3 maintenance of records of all complaints received and actions taken.	
<b>Description of Non-conformance:</b>	<p>La société BSG a mis à la disposition un ensemble de procédures opérationnelles (<b>Exhibit 3-</b> Procédures opérationnelles internes de la société BSG SA) comme précisé au critère 3.1 ci-dessus.</p> <p>Toutefois, aucune procédure relative à la gestion des plaintes dans le cadre de la production ou de la commercialisation des produits bois n'a été mise à la disposition des auditeurs.</p> <p><i>BSG has made available a set of operational procedures (<b>Exhibit 3-</b> BSG SA internal operational procedures ) as specified in criterion 3.1 above.</i></p>	

However, no procedure relating to the management of complaints in the context of the production or marketing of wood products has been made available to the auditors.

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	PRO-BSG-019 EN DUE DILIGENCE SYSTEM (page 7).
<b>Constat for Evaluation of Evidence:</b>	The company has revised its Due Diligence procedure and it considers the requirements for the handling cases of complaint on the product on page 7 of the document. All the steps required are mentioned and more detailed. The person responsible for the implementation of the process has a good knowledge of it and the modalities of implementation. Following the evaluation of the provided elements by the company we propose the NCR to be closed.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>06/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section E-LegalSource Due Diligence Checklist, criterion 5.1</p> <p>The Organization shall define and document the products within the scope of its DDS, in terms of:</p> <ul style="list-style-type: none"> <li>• origin;</li> <li>• species;</li> <li>• supply chains; and,</li> <li>• dates of entry to and exit from the scope for each product.</li> </ul>	
<b>Description of Non-conformance:</b>		
<p>L'examen de la procédure de Diligence Raisonnée (<b>Exhibit 5-</b> Procédure Système de Diligence Raisonnée BSG PRO-BSG-019 du 22/11/2021) PRO-BSG a permis aux auditeurs de constater que la portée du Système de Diligence Raisonnée de l'entreprise n'est pas définie en termes :</p> <ul style="list-style-type: none"> <li>- de titres forestiers concernés;</li> <li>- d'espèces forestières récoltées;</li> <li>- de chaîne d'approvisionnement;</li> <li>- de dates d'entrée et de sortie de chaque produit de la portée du certificat.</li> </ul> <p><i>The review of the Due Diligence procedure (<b>Exhibit 5-</b> Due Diligence System Procedure BSG PRO-BSG-019 of 22/11/2021) PRO-BSG allowed the auditors to note that the scope of the company's Due Diligence System is not defined in terms of:</i></p> <ul style="list-style-type: none"> <li>- forest titles concerned;</li> <li>- harvested forest species;</li> <li>- supply chain;</li> </ul>		

<i>- dates of entry and exit of each product from the scope of the certificate.</i>	
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>- PRO-BSG-019 EN Annex 1- 15072022- RDDS</li> <li>- PRO-BSG-019 EN DUE DILIGENCE SYSTEM voir point 4.1.8</li> <li>- PRO-BSG-016- Sawmill Traceability Procedure V2</li> <li>- Interview with the Due diligence managers (Khan, CK and Vessasa).</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	<p>The company has revised its due diligence and traceability procedures. They give the information on the products in the scope of the company's certificate. It is described in the introductive part of section 1 of the 3rd REPORT OF DUE DILIGENCE SYSTEM FROM 23rd TO 25th JUNE 2022, the origin of the forest products. For instance, they came from their FMU located as follow: CFAD BSG OTOUMA is in the province of Moyen Ogooué and Woleu-Ntem.</p> <p>The section 3.3 of the same document gives the list of the type of product within the scope of the company. Mainly sawn timber and logs and the common species felled and processed by the company are : OKOUME, PADOUK, OVENGKOL, OMVONG, OKAN, ANDOUNG, GHEOMBI, BELI.</p> <p>The company's Sawmill Traceability Procedure describes also the supply chain of the in section 4.1 of the procedure.</p> <p>Following the evaluation of the provided elements by the company we propose the non-conformity to be closed.</p>
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	10/21	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 3.1.5</p> <p>Tree species or selected trees found within the FMU for which felling is prohibited shall be marked in the field.</p>	
<b>Description of Non-conformance:</b>	<p>L'entreprise a élaboré une procédure d'inventaire d'exploitation (PRO-BSG-0041 du 10 Novembre 2021) et une procédure de triage-pistage (PRO-BSG-006 du 10 Novembre 2021). Ces procédures prévoient que les tiges d'avenir, les arbres monumentaux et les semenciers soient préservés tout au long des pistes de débardage, ainsi que les zones tampons. Les observations de terrain permettent d'attester de la présence des restrictions en vue de leur préservation lors de l'exploitation proprement dite.</p> <p>Toute fois l'entreprise n'a pas défini des mesures spécifiques à la protection et marquage des essences interdites d'exploitation sur le terrain.</p> <p><i>The company has developed an operating inventory procedure (PRO-BSG-0041 of November 10, 2021) and a triage-tracking procedure (PRO-BSG-006 of November 10, 2021). These procedures provide that the stems of the future, the monumental trees and the seed trees are preserved along the skid trails, as well as the buffer zones. Field observations make it possible to attest to the presence of restrictions with a view to their preservation during actual operation.</i></p>	



*However, the company has not defined specific measures for the protection and marking of species prohibited from exploitation in the field.*

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>• PRO BSG – 006 du 19 mai 2023</li> <li>• PLAN ANNUEL D'OPERATIONS DE L'AAC3 (2020) UFA BSG OTOUMA.</li> <li>• Training Triage-Pistage et Logging contrôle</li> <li>• Interview et visite de terrain.</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	<p>The company has set up a PRO BSG – 006 tracking procedure of May 19, 2023, and it defines the measures to be put in place for the protection of the future stems. Awareness training was raised internally on the trees sorting procedure as of May 20, 2023. The Annual Operating Plan also addresses the actions to be implemented by the company in favor of the protection of young trees, seeding trees or support for natural regeneration.</p> <p>Also, the field visit made it possible to note that protected species identified were protected and marked.</p>
<b>NCR Status:</b>	<b>CLOSED.</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>13/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 3.4.2</p> <p>Interviews with staff and contractors shall confirm that legally required protection equipment is required/provided by the Organisation.</p>	
<b>Description of Non-conformance:</b>		
<p>Il a été observé que certains EPI requis par l'étude de danger étaient absents chez certains travailleurs. Le port des EPI n'était pas systématiquement respecté par le personnel de l'entreprise bien que mis à leur disposition. Aussi il a été observé une très faible maîtrise de l'utilité du port des EPI par certains travailleurs à des postes à risque.</p> <p>Aussi au niveau de l'usine on observe très peu de pictogrammes et consignes de sécurité mis en place sur le terrain.</p> <p><i>It was observed that certain PPE required by the hazard study were absent for some workers. The wearing of PPE was not systematically respected by the company's staff, although it was made available to them. Also, it was observed that there was very little understanding of the usefulness of wearing PPE by some workers in high-risk positions.</i></p> <p><i>Also at the factory level, there are very few pictograms and safety instructions put in place in the field.</i></p>		
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>	

<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>• Hazard study the specifies PPE required for each role/type of work.</li> <li>• QHSE Internal Social Monitoring Monthly Report December 22. Includes Training and awareness activities related to H&amp;S including PPE use.</li> <li>• Placement of additional signboards and pictograms of proper PPE placed around camp and sawmill.</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	Workers observed in sawmill, workshop and forest had appropriate PPE for tasks being completed, signs indicating required use of PPE were observed around camp. Workers interviewed informed auditors use of PPE is enforced and all required PPE is provided by BSG. Evidence of PPE inventory and disbursement records support observations that legally required PPE is being provided to workers and use is being enforced. This NCR can be closed.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>16/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 4.1.1</p> <p>Stakeholder consultation shall confirm that customary rights are observed during forest management/harvesting activities.</p>	
<b>Description of Non-conformance:</b>		
<p>La société BSG n'a pas élaboré de politique ou de procédure encadrant ses interactions avec les populations riveraines à l'UFA OTOUMA. Cette absence de politique/procédure dilue les efforts de l'entreprise pour assurer une meilleure communication avec les villages riverains à l'UFA OTOUMA.</p> <p>Au moment de l'audit, un nouveau responsable des aspects sociaux externe était en cours de recrutement et devait par la suite déployer une stratégie de communication avec les populations riveraines.</p> <p>Le plan d'aménagement de la CFAD BSG OTOUMA prévoit une série agricole à l'usage des populations riveraines pour leurs activités agricoles. Cette série agricole est délimitée sur les cartes mais pas assez matérialisée sur le terrain (pas de rapports de limitation ou de suivi) et les populations ne peuvent donc pas connaître les limites de leurs activités agricoles au sein de la concession. Ce qui laisse persister le risque d'intrusion des populations riveraines au-delà de cette zone.</p> <p><i>BSG has not developed a policy or procedure governing its interactions with local populations at UFA OTOUMA. This lack of policy/procedure dilutes the company's efforts to ensure better communication with the villages bordering UFA OTOUMA.</i></p> <p><i>At the time of the audit, a new manager of external social aspects was being recruited and was then to deploy a communication strategy with local populations.</i></p> <p><i>The development plan of CFAD BSG OTOUMA provides for an agricultural series for the use of local populations for their agricultural activities. These agricultural areas are provided on the maps but not sufficiently demarcated on the ground (no limitation or monitoring reports) and the populations cannot therefore know the limits of their agricultural activities within the concession. This leaves the risk of intrusion by local populations beyond this area that is permitted.</i></p>		
<b>Corrective action request:</b>	<p>L'entreprise doit mettre en oeuvre les actions correctives nécessaires.</p> <p><i>The company must implement the necessary corrective actions.</i></p>	

<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>Plan Social Externe (PL-BSG-004) a été élaboré (version du 22/11/2022). This is an integrated procedure for managing conflicts, complaints and grievances from local communities.</li> <li>Records of meetings with local villages to implement participatory mapping activities in March 2023.</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	<p>An External Social Plan (PL-BSG-004) has been drawn up (version of 22/11/2022) integrating the procedures for managing conflicts, complaints and grievances from local communities.</p> <p>Participatory mapping activities were initiated in March 2023 in the villages of Mevang, Metouang, Ebel Alembe, Later and Engoungoum.</p> <p>The agricultural area for the use of the local populations (especially the Otouma and Minkok Messeng villages) for their agricultural activities was demarcated on the ground with the opening of the limits. The auditor reviewed the report of these meetings and verified through consultation with members of the villages that they have participated in the demarcation and opening of the agricultural areas. Based on these findings this NCR can be closed.</p>
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	17/21	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section F-Legal Compliance at the Forest Level, Indicator 4.2.1</p> <p>Stakeholder consultation shall confirm that legal requirements related to Free, Prior and Informed Consent were observed where third-parties' rights have been relinquished to a third party.</p>	
<b>Description of Non-conformance:</b>		
<p>La société BSG SA a présenté aux auditeurs la carte des différentes Assiettes Annuelles de Coupe (AAC) et Unités forestières de Gestion (UFG) de la CFAD BSG OTOUMA. Cette carte présente également la localisation des différents villages riverains à la concession forestière ainsi que le réseau routier autour et à l'intérieur de la CFAD.</p> <p>BSG SA a également présenté aux auditeurs le rapport de la cartographie participative dans la CFAD BSG OTOUMA réalisé en 2019 par Centre Universitaire de Recherche et d'Actions en Foresterie Sociale et Développement Durable (CURFOD) pour son compte. Ce rapport fait suite à la mission d'identification et cartographie participative des finages villageois des communautés riveraines aux AAC 2014-2019 des UFG 1 &amp; 2 de la CFAD BSG OTOUMA effectuée dans le canton Ebel –Abanga du département d'Abanga –Bigné dans la province du Moyen –Ogooué, du 20 au 30 décembre 2018.</p> <p>Le rapport conclut que dans la zone d'influence des AAC 2014 à 2018, aucun village n'est impacté et l'entreprise est donc dispensée de la signature des Cahiers de Charge Contractuels (CCC) avec ces villages.</p> <p>Toutefois, aucun document permettant aux auditeurs d'être édifiés sur la situation de la cartographie participative et la signature des CCC avec les villages riverains pour la période allant de 2019 à la date de l'audit n'a été mis à leur disposition.</p>		

The company BSG SA presented to the auditors the map of the different Annual Cutting Bases (AAC) and Forest Management Units (UFG) of the CFAD BSG OTOUMA. This map also shows the location of the various villages bordering the forest concession as well as the road network around and inside the CFAD.

BSG SA also presented to the auditors the participatory mapping report in the CFAD BSG OTOUMA carried out in 2019 by the Center Universitaire de Recherche et d'Actions en Foresterie Sociale et Développement Durable (CURFOD) on its behalf. This report follows the participatory identification and mapping mission of the village finages of the neighboring communities to the AAC 2014-2019 of the FGUs 1 & 2 of the CFAD BSG OTOUMA carried out in the Ebel-Abanga canton of the Abanga-Bigné department in the province of Moyen-Ogooué, from December 20 to 30, 2018.

The report concludes that in the area of influence of the 2014 to 2018 AACs, no village is impacted and the company is therefore exempt from signing the Contractual Specifications (CCC) with these villages.

However, no document allowing the auditors to be informed on the situation of the participatory mapping and the signing of the CCCs aeac the neighboring villages for the period from 2019 to the date of the audit was made available to them.

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	Consultation of participatory mapping mission reports and provisional maps produced in each village for 2019 – 2023 AAC area.
<b>Constat for Evaluation of Evidence:</b>	BSG has provided evidence of the participatory mapping activities that were initiated in March 2023 in the villages of Mevang, Metouang, Ebel Alembe, Later and Engoungoum for 2019 – 2022 AAC areas which will be opened for harvesting next. Evidence included meeting minutes, attendance records, pictures of meetings and maps with village values and resources demarcated.  Through consultation conducted with village representatives the auditors were able to verify evidence provided by BSG and confirm the villagers were satisfied with the mapping process. Based on this evidence this NCR can be closed.
<b>NCR Status:</b>	<b>CLOSED.</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>18/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Section I-Chain Of Custody Criterion 1.2  The Organisation shall develop and maintain documented procedures to ensure compliance with all applicable CoC requirements.	
<b>Description of Non-conformance:</b>	L'entreprise BSG a mis en place une série de procédure permettant d'assurer la traçabilité du bois de l'inventaire à l'évacuation au sein de son usine de Otouma. Ce système prévoit entre autres les procédures tels que :	

- La procédure de traçabilité usine PRO-BSG-016 V01 du 10/11/2021
- La procédure de traçabilité forêt PRO-BSG-015 V01 du 09/11/2021
- La procédure d’inventaire d’exploitation PRO-BSG-0041 V01 du 10/11/2021 ;
- La procédure de triage-pistage PRO-BSG-045 V01 du 10/11/2021 ;
- La procédure d’abattage PRO-BSG-007 V01 du 10/11/2021 ;
- La procédure de martelage PRO-BSG-008 V01 du 10/11/2021 ;
- La procédure de débusquage-débardage PRO-BSG-009 V01 du 15/11/2021 ;
- La procédure de cubage PRO-BSG-010 V01 du 15/11/2021 ;
- La procédure de roulage PRO-BSG-011 V01 du 15/11/2021,

Toute fois la procédure de traçabilité usine présentée à l’équipe d’audit ne permet pas de mettre en œuvre efficacement les exigences en matière de traçabilité de bois tout au long de la chaîne de contrôle.

Parmi les éléments manquant dans cette procédure on peut noter l’absence des postes clés impliqués dans le procédure de traçabilité et leur rôles dans la chaîne de contrôle , la méthode de calcul des facteurs de conversion au sein de son usine, les mécanisme d’enregistrement des matières réceptionnées au parc usine et rupture, les mécanismes de séparation physique des matière certifiée et non certifiée, les supports d’enregistrement physiques et numériques ne sont pas clairement définis et référencés, l’étape de vente et d’empotage jusqu’au changement de propriété.

*BSG has implemented a series of procedures to ensure the traceability of wood from inventory to disposal within its Otouma factory. This system provides, among other things, for procedures such as:*

- *The factory traceability procedure PRO-BSG-016 V01 of 10/11/2021*
- *Forest traceability procedure PRO-BSG-015 V01 of 09/11/2021*
- *The operating inventory procedure PRO-BSG-0041 V01 of 10/11/2021;*
- *The triage-tracking procedure PRO-BSG-045 V01 of 10/11/2021;*
- *The slaughter procedure PRO-BSG-007 V01 of 10/11/2021;*
- *The PRO-BSG-008 V01 hammering procedure of 10/11/2021;*
- *The skidding-skidding procedure PRO-BSG-009 V01 of 15/11/2021;*
- *The cubing procedure PRO-BSG-010 V01 of 15/11/2021;*
- *The taxiing procedure PRO-BSG-011 V01 of 15/11/2021,*

*However, the factory traceability procedure presented to the audit team does not make it possible to effectively implement the requirements in terms of timber traceability throughout the chain of custody. Among the missing elements in this procedure, we can note the absence of key positions involved in the traceability procedure and their roles in the chain of custody, the method of calculating conversion factors within its factory, the recording mechanism materials received at the factory and breakage park, the mechanisms for the physical separation of certified and non-certified materials, the physical and digital recording media are not clearly defined and referenced, the stage of sale and stuffing until the change of property.*

PRO-BSG PRO-BSG

<b>Corrective action request:</b>	L’entreprise doit mettre en œuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>• EX 01</li> <li>• Interview avec le personnel en charge la CoC et observation directe sur le terrain.</li> </ul>

<b>Constat for Evaluation of Evidence:</b>	<p>The company has revised its traceability procedure, the new version No. 2, it considers the missing elements observed during the last audit. The analysis of this new procedure makes it possible to find there, for example, that the job and role sheets are indicated at the level of point 4.2 of the traceability procedure. The method for calculating the conversion factor is indicated in section 4.3.9 of the procedure.</p> <p>The points concerning the mechanisms for recording materials received in the factory and rupture park, the mechanisms for the physical separation of certified and non-certified materials, the physical and digital recording media are clearly defined and referenced, evacuation have also been addressed.</p> <p>The stages of sale and stuffing until the change of ownership are under the responsibility of the GWI company which is part of the group, and these aspects are addressed in their traceability procedure at the level of the nkok factory.</p> <p>This procedure also provides for internal audits to monitor the compliance of practices. Awareness campaigns on the new version have been carried out and distributed internally and the personnel involved have a good knowledge of it.</p> <p>We propose the closure of this non-conformity.</p>
<b>NCR Status:</b>	<b>CLOSED.</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>19/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section I-Chain Of Custody Criterion 1.3</p> <p>The Organisation shall develop and implement procedures for addressing non-conformances identified by auditors.</p>	
<b>Description of Non-conformance:</b>		
<p>L'entreprise a élaborée une procédure de traçabilité pour son usine de transformation de Otouma et elle est mise en œuvre. Elle prévoit un mécanisme de suivi de la traçabilité au niveau de l'usine.</p> <p>Toutefois la procédure fournie à l'équipe d'audit ne définit pas clairement le mécanisme prévu par l'entreprise pour le traitement des anomalies/écarts observé par les auditeurs sur tout produit.</p> <p>Les échanges entre les auditeurs et le personnel de l'entreprise ont permis de constater que les actions à mettre en œuvre pour la correction des non-conformités ne sont prévues que aussi bien pour les audits tierces parties réalisés par l'organisme de certification (Preferred By Nature) que pour les audits internes et que les audits internes ne sont pas encore réalisés au sein de l'entreprise même si l'entreprise a mis sur pied une équipe chargée de l'audit interne a été désignée à cet effet et celle-ci a démarré ses activités et des preuves de réalisation des audits internes des activités de la société GWI ont été mis à la disposition des auditeurs.</p> <p>Le traitement des non-conformités ne fait pas l'objet d'une procédure au sein de l'entreprise BSG comme recommandé par le critère.</p> <p>Les échanges avec les responsables désignés dans cette équipe d'audit interne font ressortir qu'une telle procédure n'est pas encore élaborée au sein de l'entreprise.</p> <p><i>The company has developed a traceability procedure for its Otouma processing plant and it is being implemented. It provides for a traceability monitoring mechanism at the plant level.</i></p> <p><i>However, the procedure provided to the audit team does not clearly define the mechanism provided by the company for the treatment of anomalies/deviations observed by the auditors on any product.</i></p>		

*The exchanges between the auditors and the staff of the company revealed that the actions to be implemented for the correction of non-conformities are only planned for both third-party audits carried out by the certification body (Preferred By Nature) only for internal audits and that internal audits are not yet carried out within the company even if The company has set up an internal audit team has been appointed for this purpose and this one started its activities and evidence of the completion of internal audits of the activities of the company GWI was made available to the auditors.*

*The treatment of non-conformities is not the subject of a procedure within the BSG company as recommended by the criterion.*

<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires. <i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>EX 01</li> <li>Interview with CoC staff and direct observation in the field.</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	The company has revised its due diligence procedure and it describes in section 4.5 on monitoring, the approach it plans to put in place for the treatment of non-compliance identified by the auditors. We are proposing closure of this non-compliance.
<b>NCR Status:</b>	<b>CLODED</b>
<b>Comments (optional):</b>	

<b>Non-Conformance #:</b>	<b>20/21</b>	
<b>Non-Conformance Grading:</b>	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	<p>LegalSource Standard (LS-02) V2.1, Section I-Chain Of Custody Criterion 1.4</p> <p>The Organisation shall demonstrate awareness of, and competence in, implementing, the Organisation's procedures relevant to fulfilling the requirements of this Standard.</p>	
<b>Description of Non-conformance:</b>		
<p>L'entreprise a élaborée une procédure de traçabilité pour son usine de transformation de Otouma et elle est mise en œuvre et permet de tracer le bois des inventaires à l'évacuation de produits débités.</p> <p>Toutefois il a été observé quelques faiblesses dans la mise en œuvre de la consigne de cubage et de marquage des colis produits au niveau du parc de colisage. Certains colis au poste de marquage à la peinture ne disposaient pas de marquage à la craie du numéro du contrat. Aussi certains opérateurs clés dans la chaîne de contrôle ont présenté quelques difficultés à décrire clairement leur rôle. Aussi l'entreprise n'a pas pu fournir à l'équipe d'audit des preuves de formation de son personnel sur les procédures de traçabilité de bois.</p> <p><i>The company has developed a traceability procedure for its sawmill in Otouma and it is implemented and allows wood to be traced from inventories to the evacuation of sawn products.</i></p> <p><i>However, some weaknesses were observed in the implementation of the cubing and marking instructions for the packages produced at the level of the packing yard. Some packages at the paint marking station did not have the contract number chalk marked. Also, some key operators in the chain of custody presented some difficulty in clearly describing their role. Also, the company could not provide to the audit team enough proves about trainings for its staff on timber traceability procedures.</i></p>		
<b>Corrective action request:</b>	L'entreprise doit mettre en oeuvre les actions correctives nécessaires.	

	<i>The company must implement the necessary corrective actions.</i>
<b>Timeline for Conformance:</b>	12 months from report finalization date
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>• EX 01</li> <li>• Interview avec le personnel en charge la CoC et observation directe sur le terrain.</li> </ul>
<b>Constat for Evaluation of Evidence:</b>	The company has defined a new traceability procedure and they are mastered by the company's workers. Interviews and field observations revealed the proper implementation of marking and scaling procedures as described in the new procedure; The interview with each of the operators intervening throughout the chain revealed a good mastery of the procedures and their implementation.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	