

# Forest Management Public Summary

for

## Forest Industry Organization

**Certification Code: SW-FM/COC-148**

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**This document was produced according to the guidelines of the Forest Stewardship Council (FSC) and the SmartWood Program. No part of the report should be published separately.**

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To earn SmartWood certification, a forest management operation must undergo an on-site field assessment. This Public Summary Report summarizes information contained in the initial assessment report, which is produced based on information collected during the field assessment. Annual audits are conducted to monitor the forest management operation's activities, to review the operation's progress toward meeting their certification conditions, and to verify compliance with the SmartWood standards. Addenda providing the updated information obtained during these annual audits are included as attachments to the Public Summary Report.

## ***INTRODUCTION***

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest alliance. The purpose of the assessment was to evaluate the ecological, economic and social sustainability of the Forest Industries Organization (FIO) of Thailand's forest management on two forest plantations -- Thong Pha Phum (TPP) and Khao Kra Yang (KKY).

This report contains five sections of information and findings. Sections one through three will become public information about the forest management operation that may be distributed by SmartWood or the Forest Stewardship Council (FSC) to interested parties. Sections four, five, and the appendices are confidential, to be reviewed only by authorized SmartWood and FSC staff and reviewers bound by confidentiality agreements.

The purpose of the SmartWood program is to recognize conscientious land stewardship through independent evaluation and certification of forestry practices. Forestry operations that attain SmartWood certification may use the SmartWood label for public marketing and advertising.

## ***1. GENERAL SUMMARY***

### **1.1 Name and Contact Information**

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### **1.2 General Background**

#### **A. Type of operation(s)**

The two forest management units assessed for certification are commercial forest plantations ranging in size from 2,420 ha (KKY) to 3,008 ha (TPP). In both plantations the major species is Teak (*Tectona grandis*), which accounts for almost 100% of KKY's planted area and 80% of TPP's planted area. At TPP, *Eucalyptus camaldulensis* and *Hevea brasiliensis* (rubber-tree) account for 15% of the plantation and a variety of native species account for 5%.

Teak was selected both because it is a native tree whose light demanding qualities are ideally suited to planting on the relatively open, shifting cultivation sites which formerly occupied both TPP and KKY. Furthermore it has good growth characteristics (reaching 30 cm dbh in 30 year cutting cycle) and relatively high market value (log values of B.5000 to B.15000 per m<sup>3</sup> or \$125/m<sup>3</sup> to \$400/m<sup>3</sup>).

The land of both plantations is owned by Government of Thailand and Royal Thai Forest Department. FIO manages the land according to conditions specified in their "Permit to Establish Forest Plantation" granted by the Royal Thai Forest Department. (See tenure descriptions in section "B" below.)

## **B. Years in operation**

**Thong Pha Phum** (TPP) "Permit to Establish Forest Plantation" was granted, by the Royal Thai Forest Department (RFD), 22 years ago in 1978. The original Permit to reforest (30 year renewable) still applies. In 1997, FIO TPP registered about 2,000 ha of the plantation under the Forest Plantations Act (1992). This registration gives them secure tenure for an indefinite period. The remainder of the plantation (about 1000 ha) does not qualify for registration, due to current RFD regulations at this time, as it is planted in exotic species (Eucalyptus and Rubber).

**Khao Kra Yang** (KKY) "Permit to Establish Forest Plantation" was granted by RFD 33 years ago in 1967. The plantation was registered under the Forest Plantations act in 1994, giving it secure tenure for an indefinite period.

## **C. Date first certified**

June 1, 2001

## **D. Latitude and longitude of Forest Management Units (FMUs) being Assessed**

**TPP** Lat.14 deg., 38 min. N.; Long. 98 deg. 37 – 46 min E.

**KKY** Lat.16 deg., 50 min. N.; Long. 100 deg., 15 min. E.

## **1.3 Forest and Management System**

### **A. Forest type and land use history**

**TPP** is an commercial forest plantation. Native Species account for 78% of the planted area: Teak (62%), *Melia* (8%), *Hopea*, *Lagerstroemia*, *Pterocarpus*, *Dipterocarp spp.*, and others (8%). Exotic species account for 22%: Eucalyptus (14%), Hevia (rubber) (7%), Acacia and others (1%). Productive plantations occupy about 90% of the area. The remaining 10% is conservation zones (4%), wet and rocky areas, roads, log yards, etc (6%).

Historically, the area was used for shifting agriculture by Karen and Mon ethnic groups, who migrated from near the Myanmar border about 100 years ago. At the time of establishment, in 1978, those people who lived along the river, outside the plantation area, and those new migrants (about 50 years ago) from northern Thailand, cultivated the area that is now the plantation.

In the early 1980s, villagers were displaced by a nearby hydropower development (Khao Laem Dam) and were resettled in eight villages located along the western boundary of TPP's plantation. These people were provided with land for agriculture, housing and services (water, electricity, etc.). There are presently no people living inside the plantation area. The only agricultural activities in the plantation are limited areas of inter-cropping of agricultural crops (rice, corn, beans) in the newly planted plantations. Villagers from the FIO Forest Village and nearby villages plant and harvest these crops for about 3 years following plantation establishment. They protect and maintain the young plantations in exchange for temporary use of the land for cultivation of annual crops.

**KKY** is an commercial forest plantation. 83% of the plantation area is "productive forest area" and 17% is "non-productive area". Native teak plantations account for 80% of the area (1,950 ha), while plantations of other species (mixed deciduous dipterocarps and eucalyptus) account for 3% of the area (70 ha). Buffer-zones (along streams, compartment boundaries and plantation boundaries) are 13% of the area (300 ha). Roads and log-yards cover 2% of the area (50 ha); an arboretum, seed orchard, administrative units and eco-tourism facilities (such as guest lodges) cover another 2% (50 ha).

Prior to establishment of KKY's plantation, local farmers used the area for shifting agriculture. Some farmers gave up shifting cultivation and joined the forest plantation development, forming a "forest village". The 52 families living in this Forest Village never received land titles. Neighboring farmers who refused to join the Forest Village and continued traditional agricultural cultivation have recently received land titles through the Land Reform Act. Local communities were permitted to use FIO plantation land for cultivation of cash crops between rows of planted trees, but this agro-forestry inter-cropping ceased in 1984 when the plantation was fully established. FIO permits communities to engage in limited hunting, controlled cattle grazing and collection of mushrooms, bamboo shoots and other Non-timber forest products. Most of the KKY plantation is located on poor sites that have only marginal agricultural potential.

**B. Size of management units - area in production, conservation, and/or restoration**

**Thong Pha Phum (TPP)**

Management Unit Size	18,800 rai <sup>2</sup> (3,008 ha.)
Production Forest:	17,625 rai ( 2,820 ha) (94%)
Conservation/restoration	1,175 rai ( 188 ha) ( 6%) <sup>3</sup>

**Khao Kra Yang (KKY)**

Management Unit Size	15,125 rai (2,420 ha.)
Production Forest:	13,800 rai (2,208 ha) (91%)
Conservation/restoration	1,330 rai ( 212 ha) ( 9 %)

**C. Regional landscape context**

**Thong Pha Phum (TPP)**

TPP plantation is located on mostly flat to moderately rolling hills (300 m.a.s.l.). There are a few pockets of steep terrain and wet lands in the TPP area. There are only a few year-round streams. The exception is the Khaveng stream. Most streams in TPP carry water only during the wet season (May-October). Water falling in the TPP plantation area runs into a reservoir that feeds a nearby Khao Laem hydro-power dam. To the east of TPP are rolling hills with farms managed by small holders who obtained title under the ongoing Thailand land allocation program. TPP plantation occupies a linear belt, stretching about 15 km long and 2 km wide, along the base of very steep limestone mountains which lie to the immediate west of TPP. These mountains are part of a large (780,000 rai) National Park, which is covered in natural forest. This National Park (Thong Pha Phum), and two other National Parks (Khao Laem, Sai Yoke), lie to the west, north and south of TPP. In total, the three national parks cover 370,000 ha. These are strictly managed by the Royal Thai Forest Department ensure maintenance of watershed protection and

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<sup>2</sup> 1 hectare = 6.25 rai

<sup>3</sup> Consists of 48 ha crab conservation area, 64 ha of semi-natural forest in 4 blocks & 8 ha of 20m-wide stream belts.

conservation functions. Compared to the large area of surrounding national park, TPP plantation (3,008 ha) is a relatively small area. There is no possibility to expand the plantation.

### **Khao Kra Yang (KKY)**

The KKY is located in an area dominated by undulating hills and part of the area is mountainous with localized steep terrain. Elevations range from 200 meters to 700 meters (a.s.l.) The plantation consists of a single watershed, the Nam Kek River, which passes through the provincial capital town of Phitsanulok and joins the Nan river. Although the Nan river is not used for drinking water, there are irrigation dams down stream from Phitsanulok which are important to the agricultural sector of the area. Like TPP, the landscape surrounding KKY plantation is dominated by Tund Salang Luang National Park (789,000 rai or 126,240 ha) and farming communities. There is no opportunity to expand the plantation area.

#### **D. Annual allowable cut/or annual harvest area covered by management plan**

FIO ensures that annual wood harvest from its plantations does not exceed annual wood increment by comparing the planned annual wood harvest from each plantation, with the wood volume increment of that plantation. The increment is calculated from changes in the growing stock of the plantations as determined by annual forest inventories, conducted at a 5% sampling intensity.

Data from the inventories is compiled in a Forest Information System (FIS) which is used as the basis for determining timing and intensity of plantation thinning and final felling of commercial sized trees. Thinning intensity is prescribed to ensure that trees have sufficient space to achieve optimum growth rates. A long range plan (10 years) shows the annual area of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> thinnings and area scheduled for final felling, including the number and volume of trees to be harvested from each plantation. The sum of these volumes comprises the annual harvest. A check is made to ensure that the planned annual harvest does not exceed the increment for the plantation.

All operations are planned and implemented on a "compartment" basis, with each compartment representing one year's planting program. If the number of annual plantation compartments is less than the number of years in the cutting cycle (30 years), then the harvest program is adjusted by dividing the larger compartments (>1000 rai) into two parts and scheduling thinning and final felling over two years. to ensures continuity of wood harvest in each year of the cutting cycle.

Annual wood harvests are determined by the yields of areas scheduled for thinning and final felling as outlined in the management plan. The thinning and final felling schedules are as follows: 10 years - thin to 50 standing trees/rai; 15 years - thin to 35 trees/rai; 20 years thin to 25 trees/rai; and 30 years final felling of remaining 25 trees/rai and regeneration by selection of best coppice shoots. One dominant tree per rai is left as a seed tree. A volume check ensures that annual wood harvest does not exceed annual wood increment.

### **Thong Pha Phum (TPP)**

TPP's 10 year production plan (2000-2009) shows annual harvests ranging from 2,000 m<sup>3</sup> to 6,000 m<sup>3</sup>. This is much less than the annual wood increment (14,000 m<sup>3</sup>/year) on TPP's productive forest area (14,000 rai). Increment is calculated at 1 m<sup>3</sup> per rai (6.25 m<sup>3</sup>/ha/yr), giving an annual increment on the productive forest area of 14,000 m<sup>3</sup>/annum. At the present time increment exceeds harvest by a wide margin due to the immature age of the trees (1 to 22 years old). None have reached the age for final felling (30 yrs).

Thinning schedules have been shifted in recent years because prior to 1997, TPP had not obtained registration for its plantation under the forest plantation law. Harvesting wood was complex due to

bureaucratic procedures and thinning was often postponed. In 1997 TPP received its plantation registration and therefore thinning schedules have been accelerated to accommodate areas not thinned in earlier years. Harvest of non-wood forest products is not formally monitored at TPP.

### **Khao Kra Yang (KKY)**

The average annual harvest for the period 2000-2010 is 5,000 m<sup>3</sup>, ranging from 2,500 m<sup>3</sup> to 6,748 m<sup>3</sup>. Increment on the productive forest area of KKY is 9,000 m<sup>3</sup> (1m<sup>3</sup>/rai per year). Harvest of non-wood forest products is not monitored at TPP and although KKY partially records harvest of mushroom and bamboo shoot, it is not possible to determine if these harvests are sustainable.

#### **E. General description of objectives and content of management plan/system (Principles 7 & 8)**

FIO maintains a "Management File" for each plantation where all information is assembled, maintained and updated as new data becomes available. There is no single document called the "Management Plan". FIO Management Files contains FIO standard information, common to all plantations. This includes FIO policies and operational guidelines for the main plantation activities-- roads, site preparation, plantation establishment and maintenance, thinning, final felling, log marketing, etc. and procedures for monitoring and recording data on these activities to FIO's regional (sub-division) and central (HQ) management.

FIO management objectives are "to manage plantations containing a mixture of original (native) species and/or economic (rubber and fast growing exotic species) species while achieving:

- ◆ financial independence (economic viability);
- ◆ environmental sustainability; and
- ◆ employment and economic opportunities for local communities (social sustainability)."

Management objectives for specific activities are described in terms of physical targets.

For example: Objectives include:

- ◆ Manage "x" ha of forest plantations,
- ◆ Harvest "y" m<sup>3</sup> of logs annually from the plantations,
- ◆ Produce "x" tons of rubber from the y ha of rubber plantation
- ◆ Achieve income of B."x" million and profit of B."y" million (TPP), and
- ◆ Develop Forest village

The current Management Files used at TPP and KKY were prepared in the past 5 years, under a Swedish assisted Forest Management Project. The original forest management plans for these plantations were prepared in 1978 (TPP) and 1967(KKY), when their permits to reforest were granted. The long-term production plan covers the decade of 2000 to 2010. Plans for thinning, final felling, wood production, etc. are for the period 2000-2010. Information in the management file is updated as new information is available. Each year a new Annual Harvesting Plan replaces the former one.

### **Forest Inventory and Forest Information System**

- ◆ 100% plantation survival check is done in first year to determine survival rate and need for replanting.
- ◆ 5% general planning inventory is conducted annually during plantation development to monitor growth. From 2001, the inventory sample will decrease.
- ◆ 100% operational inventory of the plantations scheduled for harvest is conducted 1-2 years prior to harvest in order to confirm the yield and plan thinning and final felling operations.

The general plantation maps are at a scale of 1:50,000 and show topography, streams, main roads, compartment boundaries, neighboring land use, etc. Plantation Compartment maps are at scale of 1:10,000. (KKY also uses a 1:5,000 compartment map.) These maps include internal roads, buffer zones, planted and non-planted areas, and some information on environmentally sensitive sites and measures to be taken to reduce impacts of operations.

**Silvicultural System:** FIO's silviculture is based on the Swedish "Site-Adapted Forestry" concept, which considers site conditions and operating experience in determining silvicultural practices to be employed in each operating area. Teak is the main species planted at TPP and KKY. It is managed on an even-aged, poly-cyclic cutting system, with "low thinning" at 10, 15 and 20 years to remove trees of small size and poor form. This ensures that remaining trees have sufficient space, light, water and nutrients to achieve optimum growth rates. The remaining standing trees are harvested at 30 years. The rotation length (cutting cycle) is varied according to site; on good sites - 30 years and on poor sites - 35 years. The cutting cycle is designed to produce teak logs of a commercial size (>30 cm dbh) at final felling. The system aims for harvest of 25 trees per rai (156 trees per ha), each with an average volume of about 1 m<sup>3</sup>. Based on an average annual felling area of 625 rai (100 ha) per plantation, the annual final felling yield will be 12,500 m<sup>3</sup>. An additional 5,000 m<sup>3</sup> per year will be generated from thinning.

One dominant tree per rai is left for seed tree. Trees of native species, that regenerate in the plantations, are harvested during thinning, but also left to mature along with the remaining planted trees. Exceptionally large trees of native species are retained as "eternity trees". The timing and description of main silvicultural activities are generally done as in the following table:

**Schedule of Silvicultural Activities - FIO Teak Plantations**

<b><u>Activity</u></b>	<b><u>Timing</u></b>	<b><u>Description</u></b>
Planting	Year 1	100 trees/rai (625 trees / ha)
First Thinning	Year 10	Leave 50 trees/rai (312 trees/ha)
Second Thinning	Year 15	Leave 35 trees/rai (218 trees / ha)
Third Thinning.	Year 20	Leave 25 trees/rai (156 trees / ha)
Final Felling	Year 30	Harvest remaining trees. Leave 1 seed tree/rai
Regeneration	Year 30+	Select coppice shoots with best form/growth

Regeneration of plantation species following final felling is by selection of the coppice shoots with the best growth and form. If coppices fail to provide satisfactory regeneration, re-planting is done using planting stock (cuttings) from one of FIO's regional forest nurseries. Natural regeneration of native species is not planned for.

**Harvesting System:** FIO uses the following harvesting system features, which are common to both TPP and KKY:

- ◆ Chainsaws and axes are use to thinning/pruning trees at 10, 15, 20 years, Final Felling at 30 years.
- ◆ Elephants skid tree-lengths to plantation skid trails
- ◆ Farm tractor or rubber-tired skidder skids logs on skid trails to compartment log yard on main road.
- ◆ Manual labor measures, grades, cross-cuts, classifies and piles in sales lots for sale at log yard.
- ◆ Elephants and manual labor load logs onto trucks for transport on main forest roads and public roads.

- ◆ Road construction is undertaken by central, regional road construction units, which are responsible for road construction in a number of FIO plantations. The road systems for TPP and KKY are now complete and therefore no new road construction is planned.

### **Employees and Contractors**

About 70% of FIO's plantation managers and supervisors are graduates from Faculty of Forestry in Kasetsart University. Permanent plantation staff (managers, supervisors, technicians) ranges from 10 to 20 persons, who are engaged in planing, management, supervision and monitoring and assessing outputs and results

Plantation activities are undertaken by daily wage labor and contract employees, who are hired by local labor contractors -- often local village headmen. Although this labor contracting system minimizes fixed costs, it results in plantation management losing some control over the geographic source and quality of labor, working conditions, pay rates, etc. In many cases, local villagers, who were the intended beneficiaries of plantation employment, do not take FIO plantation work offered to them, due to pay rates which are not on par with what can be earned through employment elsewhere. Efforts to train workers in safe, efficient and environmentally friendly working practices are often frustrated by a constantly changing work force--as labor contractors select new workers whom they can make the most benefit. Often, economic migrants from near the Myanmar border account for increasing numbers of the plantation work force in TPP. Local villagers either migrate to Bangkok, Phuket, or other cities to find better paying jobs, or practice subsistence agriculture, hunting and gathering of forest products in nearby national parks

## **1.4 Environmental and Socioeconomic Context**

### **A. Environmental Context - Principles 6, 9 and 10**

#### **General FIO Policy**

FIO's policy is that approximately 5% of each plantation's area is to be maintained as "natural forest cover" to provide for conservation of biodiversity. Flora and habitat diversity in FIO's plantations are enhanced by suspending weeding once the commercial plantation trees are established, +/- 3 years, which permits a variety of in growth of trees and shrubs, creating a diversity of species and canopy heights in what would otherwise be a mono-culture crop of teak. Residents of nearby villages are encouraged to plant cash-crops during regeneration of harvested compartments (year 0 to year 3) and cultivate mushrooms, bamboo, and other food crops in the plantations, which also increases diversity of flora and habitat.

#### **TPP Plantation**

TPP is surrounded on three sides by National Parks, encompassing 370,000 hectares of forest. TPP plantation is only a minor part of the catchment feeding the downstream hydropower reservoir. With the large Thong Pha Phum National Park along its west boundary and the main river on the east, TPP's 17 km long and 2 km wide plantation provides a natural wildlife corridor between the park and the river – the main dry season water source. The National Parks of the region are home to a diverse wildlife population. TPP has set aside 6 % of the area as conservation zone. In the plantation, only one vulnerable species is found: the Queen Sirikit Crab. The Queen Sirikit Crab Reserve (48 ha) offers a partial corridor of natural vegetation for wildlife migration. This reserve does not span the entire distance between the park and the river. Wildlife migration could be enhanced by encouraging regeneration of natural vegetation in the plantation blocks to the west and east of the crab reserve.

#### **KKY Plantation**

The KKY plantation is also located in an area classified as National Park. In practice, the parks have been degraded by illegal agriculture and settlements. The immediate vicinity of KKY has limited forest cover. Given the sparse tree cover of the surrounding area, the plantation may play an important local role in decreasing the level of evaporation and increasing water retention.

Within the KKY Plantation, there is no registered endangered or threatened species. Habitat with *Dracaena lourieri* Gagnep has been set aside within KKY, but the plant is neither rare nor vulnerable.

Although steps are taken to minimize harvesting through the use of directional felling, elephant skidding and dry season logging, about 20-30% of KKY's plantation area is on steep slopes where erosion can be particularly high. KKY is taking further steps to mitigate against this by leaving "no felling" buffer-zones and establishing vetiver grass and other ground cover plants to assist in reducing erosion.

Neither plantation was deemed to possess High Conservation Value Forests.

## **B. Social Context - Principles 2, 3 and 4**

### **Background**

TPP and KKY operations have followed a similar FIO policy and pattern of planting economic tree species, particularly teak, while incorporating the Forest Village System. This system set out to halt the expansion of shifting agriculture and develop a stable labor force by establishing plantations and offering shifting cultivators the opportunity to work and live as forest farmers. FIO supplied villagers with a small plot of land (for home garden), a house and a number of services and infrastructure (electricity, piped water, access road, school and clinic). Forest villagers were also promised priority of employment opportunities on the plantation. They were allowed to plant cash-crops within young plantations and to collect non-timber forest products, such as bamboo shoots and mushrooms, to supplement their incomes. Over the years, many of these benefits have been extended to other communities living adjacent to FIO plantations.

At the time when these plantations were established, 20 to 30 years ago, the shifting cultivators did not have title to the land and therefore the government of Thailand or FIO offered no formal compensation payment. At the same time, other communities refused to surrender their rights to cultivate the land proposed for forest plantation. In many cases FIO's plantation plans were reduced, to exclude these "contested" lands. Due to government policy, in recent years, these villagers received title to their lands, while FIO forest villagers who cooperated with FIO have not. The FIO Forest Villagers resent this and some argue that they have been treated unfairly.

### **Interactions between Communities, Forest Plantation and Natural Forest Areas**

At TPP, the total population of the eight nearby villages is approximately 700 households. These include: 1) Baan<sup>4</sup>Ta Madeua (Plang<sup>5</sup> 1) – 125 households, 2) Baan Pak Lampilok (Plang 2) – no data available, 3) Baan Huay Kayeng (Plang 3) – 70 households, 4) Baan Prajam Mai (Plang 4) – 200 households, 5) Baan Rai Pa (Plang 5) – 80 households, 6) Baan Rai – 50 households, 7) Baan Paak Kok – around 30 households, and 8) Baan Ruam Jai – 80 households. Interactions between the surrounding communities and plantation have become less close. Both parties used to be closely related due to their dependent relationship regarding planting and maintenance of forest trees. Currently this maybe called a more independent relationship, rather different from the original establishment of both the plantation and its villagers (workers).

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<sup>4</sup> *Baan* means a village, in Thai language.

<sup>5</sup> *Plang* means a plot/plots, resulted from the village resettlement by the Electricity Authority due to the Khao Lhaem hydropower reservoir.

In **KKY**, there are nine nearby villages, with a total population of 961 households. These include : 1) Baan Nam Tok Poi – 70 households (the Forest Village included here – additional 52 households), 2) Baan Kang Kula – 54 households, 3) Baan Tham Prik – 56 households, 4) Baan Kaset Sook –220 households, 5) Baan Kaset Sampan –182 households, 6) Baan Poang Kae – 68 households, 7) Baan Poang Pa – 70 households, 8) Baan Tasana Nakorn – 70 households and 9) Baan Pak Poi – 119 households. The oldest village was Baan Poang Pa, which settled some 150 years ago with a few households that were hunters.

The number of workers at **TPP** ranges between 40 to 80 according to the work task and the TPP manager. Only 10-15 villagers from TPP's Forest Village, Baan Wang Nam Khieo (BWNK), work for TPP. Most workers are from the first village, Baan Ta Madeua (BTM), as that is village of the TPP foreman. However, many villagers prefer to work elsewhere to earn higher income. The number of daily workers has averaged about 50.

### **Land Ownership Patterns and Land Use**

**TPP** - The Forest Villagers of TPP only have informal use rights to 5 rai (0.8 hectare)/family. These families were landless or rented land at the time of plantation establishment. At present they are reasonably satisfied with this, but hope that in the long term they can get more land and title, similar to residents of the neighboring villages. The non-Forest Villagers are families that had to be resettled by the government of Thailand due to flooding of the reservoir, and who received 14 rai (2.2 hectares)/ family of arable land and one rai (0.16 ha.) for their home and garden. Some of these non-Forest Villages have been able to obtain legal land documents to the parcels of land they currently use.

The **KKY** plantation is quite different in this issue of land availability and rights. The KKY forest villagers have had no land for cultivation, and were only allowed to cultivate in the rows of the teak plantation. This kind of practice was called Taungya, which was originally from Burma (Myanmar at present). Such farming activities were stopped in 1984, due to unavailable land for inter-cropping (which will require final harvests and regenerating stands to be resumed.) The forest villagers were allotted 0.5 – 1 rai (0.08 – 0.16 ha.) for housing. From time to time, these forest villagers voice resentment of not having any permanent farmland. Those from ordinary villages can obtain legal land documents, similar to TPP.

### **Indigenous People's**

TPP and KKY have not had indigenous people, as per FSC definition. In TPP, most villagers migrated from the lower North of Thailand, e.g. Mae Sot of Tak province, Phrae province, and the Northeast. In KKY, most villagers moved into the area from nearby villages and districts, seeking territory expansion.

### **Worker's Issues**

The TPP workers claimed that the men's daily rate is 80 Baht, and the women's rate is 75 Baht. The KKY workers claimed that the men's daily rates are between 110-120 Baht, and the women's rates are 90-95 Baht. In general, the minimum daily wage for Karnchanaburi and Phitsanulok provinces is similar to the minimum daily wage of the entire country at 130 Baht, while the daily wage for a large province is at 140 Baht. FIO actually pays forest workers mostly on a piece-work rate, not daily rates, which can be increased if workers work harder and longer (productivity bonus). Although there is not a provincial or national minimum wage for the agricultural or forestry sector, as there is for other commercial sectors, the daily wages for both TPP and KKY would be lower than these other sectors. For a certified plantation unit, it is expected that there will be greater sharing of economic benefits amongst FIO workers and affected community members.

To address the low wages paid to workers, SmartWood required a precondition that would need to be met prior to granting certification status to this operation.

## 1.5 Products Produced

### A. Species and Products

#### **Thong Pha Phum (TPP)**

TPP's main products are logs and latex rubber sheets. TPP does not have wood processing facilities. About 50% of TPP's wood production is used in Kanchanaburi province -- 40% in the local district to satisfy demand for housing and furniture and 10% in other parts of the province. About 50% of TPP's wood production is used in other provinces -- 20% in FIO mills and 30% in private sector sawmills. No export of wood products internationally.

Latex production, transport services and eco-tourism are the main, non-wood enterprises of TPP, accounting for about one-third of TPP's revenue and profits. TPP provides transportation services, to wood buyers and rubber tappers. TPP's tourism facilities attract visitors to adjacent national parks and hydropower reservoir.

#### **Khoa Kra Yang (KKY)**

KKY's main products are teak logs and eco-tourism services. KKY does not have wood processing facilities. Wood production is sold as logs to other provinces where there are wood processing mills. About 15% of KKY's log production is sold to FIO mills and 85% to private sector mills. Approximately 34% of KKY's wood production is utilized within Phitsanulok province. No export of wood products internationally.

#### **TPP and KKY Non Timber Forest Products and Services**

Both TPP and KKY provide opportunity for non-timber forest products and services. NTFPs are collected, consumed and sold by local people with sales revenue going directly to them, not to FIO. These are small quantities from hunting, grazing & collecting bamboo shoots, tubers, mushrooms, etc. Local people also gain revenue and subsistence from agricultural products inter-cropped plantations.

### B. Actual and potential annual volumes produced

According to the long-range plans of both TPP and KKY, the average annual wood production for each plantation for the 10-year period 2001-2010 will be approximately 5,000 m<sup>3</sup>/yr.

#### **TPP Wood Production (1993-2009)**

Eucalyptus Logs	1993-99	13,609 m <sup>3</sup>	+/- 2,000 m <sup>3</sup> / year
Teak Logs	1997-99	3,347 m <sup>3</sup>	+/- 1,700 m <sup>3</sup> / year
Melia Logs	1997-99	1,759 m <sup>3</sup>	+/- 900 m <sup>3</sup> / year
Wood Production	1993-99	18,715 m <sup>3</sup>	+/- 3,000 m <sup>3</sup> / year
Wood Production	2000-09	49,181 m <sup>3</sup>	+/- 5,000 m <sup>3</sup> / year <sup>6</sup>
AAC	(see foot note)		+/-13,900 m <sup>3</sup> /year <sup>6</sup>

#### **KKY - Log Production Statistics (1998 - 2000)**

<sup>6</sup> AAC calculated on productive forest area (74% of TPP) = 13,900 rai @ 1 m<sup>3</sup>/rai/yr = 13,900 m<sup>3</sup> / year

<b>Year</b>	<b>Production</b>	<b>Volume</b>
1998 (actual) -	Log Production	778 m3
1999 (actual) -	Log Production	6,600 m3
2000 (estimate)	Log Production	6,784 m3

### **C. Description of current and future production/processing capacity and plans**

TPP's long term wood production plans indicate that wood yields will increase in the future, as plantations mature and more areas reach the age of commercial thinning and final harvest. Wood production is scheduled to increase from an annual average of 3000 m3 in the 1990s to an annual average of 5,000 m3 over the decade 2000-2009. Planned wood production for the year 2009 is 5,858 m3.

From 2001 onward, eco-tourism revenue is expected to increase due to completion of new tourist facilities, currently under construction. Latex production will increase from 2005 onward, as new rubber plantations established in 1998/1999 come into production. These increasing revenues and profits, along with continued revenue from wood production, will safeguard TPP's economic viability over the next 10 years.

KKY depends on wood sales for the majority of revenues and profits. Revenues are expected to increase in the near future as more of KKY's plantation mature and are scheduled for final felling. KKY's profitability is expected to increase with increasing wood production and eco-tourism development, thus ensuring continued economic viability of the integrated KKY operation.

### **D. Reference stable sources of product**

TPP - Between 10% and 20 % of TPP's wood production is sold to FIO wood processing mills. Other than this, there are no stable buyers of TPP products. Buyers change depending on market conditions.

KKY - About 15% of KKY's product is sold to FIO mills. There is very limited sawmilling capacity in Pisanulok Province. Therefore, nearly 70% of KKY's wood is sold to mills in Tak Province, 300 km from KKY, near the Myanmar border. Several mills are involved and buyers vary depending on the market. About 50% of KKY wood processed in Tak Province returns as processed wood products for use in Pisanulok Province.

## **1.6 Chain of Custody Certification**

### **A. Products Covered by Chain of Custody Certificate**

FIO does not have a chain of custody certificate for any of its six wood processing operations. FIO will require COC certification for any mills that will handle certified material from certified FIO plantations.

### **B. Approximate Annual Quantity of Products**

See section 1.5.B.

### **C. Chain of Custody Certificate Number**

SW-FM/COC-148

## **2 CERTIFICATION ASSESSMENT PROCESS**

### **2.1 Assessment Dates**

#### **Year 2000:**

<b>October 1 – 9</b>	Forest Assessment of FIO TPP & KKY Plantations
<b>Oct. 1</b>	Initial Assessment Team Meeting (Bangkok)
<b>Oct. 2</b>	Team met with FIO for general briefing (FIO HQ, Bangkok)
<b>Oct. 2-4</b>	Team assessment of TPP Plantation (Kanchanaburi Province)
<b>Oct. 5-7</b>	Team assessed KKY Plantation (Pitsanolkul Province)
<b>Oct. 8-9</b>	Team discussed criteria findings, scores, and conditions
<b>Oct. 9</b>	Team debriefed FIO on preliminary findings (FIO HQ, Bangkok).
<b>Oct. 10-16</b>	Team members write their draft assessment report sections.
<b>Oct. 17</b>	Team members submit draft assessment report sections to team leader.
<b>Oct. 18-25</b>	Team leader edits and finalizes the draft assessment report.
<b>Oct. 25</b>	Team leader submits draft assessment report to SmartWood HQ.
<b>Oct. 25-31</b>	SWHQ review draft assessment report.
<b>Oct. 31</b>	SWHQ submit draft assessment report to FIO & Thai translator.
<b>Nov. 15- Dec. 2</b>	FIO reviews draft assessment report and submits comments to SWHQ
<b>Dec. 4</b>	SWHQ sends draft assessment report to independent peer reviewers.
<b>Jan. 10</b>	Peer reviewer comments sent to SWHQ
<b>Jan. 24, 01</b>	SWHQ will make final certification decision and communicate this to FIO and stakeholders.
<b>April 1-4, 01</b>	Precondition verification field visit
<b>April 5, 01</b>	Precondition verification audit report
<b>May 21, 01</b>	SmartWood Headquarters final decision memo and finalization of public summary

## 2.2 Assessment Team and Peer Reviewers

**Team Leader: Mr. Jay Blakeney**, SmartWood Forest Management Assessor, Sarawak, Malaysia

- ◆ E-mail: juneau@pc.jaring.my
- ◆ Canadian National, Professional Forester with 35 years experience;
- ◆ B.Sc. Forestry, University of British Columbia (1965);
- ◆ Specialist in forest economics and business aspects of commercial forestry enterprises;
- ◆ Assessor with FSC-accredited certifier, SmartWood Program, Rain Forest Alliance (6 Yrs).

**Forester: Dr. Pearmsak Makarabhirom**, Community Forestry Outreach Program, Regional Community Forestry Training Center (RECOFTC), Bangkok, Thailand

- ◆ E-mail: ftcpms@nontri.ku.ac.th
- ◆ Thai National, Professional Forester and Forest Engineer;
- ◆ B.Sc. M.Sc in Forestry and Watershed Management, Kasetsart University, Bangkok;
- ◆ Ph.D. in Community Forest Management, Japan;
- ◆ 20 years experience - Royal Thai Forest Department - Social Forestry Assessment/Planning;
- ◆ International Experience -FAO Bangladesh and MRC/GTZ's international forestry programs;

**Socioeconomist Dr. Suree Lakanavichian**, Forest Resource Department, Chiang Mai University

- ◆ Email: agislknv@chiangmai.ac.th
- ◆ Thai National, Socio-Economist;
- ◆ Specialist in social aspects of natural resources management;

- ◆ B.Sc. in Forestry - specializing in biology and ecology, Kasetsart University, Bangkok;
- ◆ M.Sc. in Social Forestry, Kasetsart University;
- ◆ Ph.D. in Social Aspects of Natural Resource Management, University of California;
- ◆ Professor of Socio-economics, Forestry Department of Chang Mai University, Chang Mai;

**Ecologist:** **Ms. Mette Vinqvist**, Tropical Botanist, Nepcon Consultants, Denmark

- ◆ E-mail: [mv@nepcon.dk](mailto:mv@nepcon.dk)
- ◆ Danish National, Biologist (M.Sc.). specialist in tropical botany and ethnobotany;
- ◆ 10 years experience in assessment of impacts of development projects on the environment and ecology in the tropics (Latin America);
- ◆ Executive Director of NEPCon, a Danish consulting firm focused on the relationship between people, nature and ecology;

**Peer Reviewers:**

Two peer reviewers with international and Thai experience were selected. Both were at the PhD level with more than 30 years experience in academic, scientific, governmental and non-governmental forestry posts. One peer reviewer is a board member for a prominent Thai NGO, while the other is a Professor at a university in the eastern United States.

**Precondition Verification Audit Team**

*The team included three persons, one a SmartWood staff member and two Thai experts, who themselves were members of the original assessment team.*

**Dr. Pearmsak Makarabhirom**, Community Forestry Outreach Program, Regional Community Forestry Training Center (RECOFTC), Bangkok, Thailand

- ◆ Thai National, Professional Forester and Forest Engineer;
- ◆ B.Sc. M.Sc in Forestry and Watershed Management, Kasetsart University, Bangkok;
- ◆ Ph.D. in Community Forest Management, Japan;
- ◆ 20 years experience - Royal Thai Forest Department - Social Forestry Assessment/Planning;
- ◆ International Experience -FAO Bangladesh and MRC/GTZ's international forestry programs;

**Dr. Suree Lakanavichian**, Forest Resources Department, Chiang Mai University, Chang Mai, Thailand

- ◆ Thai National, Socio-Economist;
- ◆ Specialist in social aspects of natural resources management;
- ◆ B.Sc. in Forestry - specializing in biology and ecology, Kasetsart University, Bangkok;
- ◆ M.Sc. in Social Forestry, Yale University, USA;
- ◆ Ph.D. in Social Aspects and Policy of Natural Resource Management, University of California at Berkeley, USA;

- ◆ Professor of Socio-economics of Natural Resources, and Participatory Resource Management, Forest Resources Department of Chang Mai University.

**Jeffrey Hayward**, SmartWood Program, Rainforest Alliance

- ◆ Asia Pacific Regional Manager, SmartWood.
- ◆ M.Sc. Forestry, Univ. of British Columbia, Canada; Department of Forest Resources Management.
- ◆ B.A. in Latin American Development and Forestry, Univ. of Washington, USA.
- ◆ 10 years in natural resource management consulting, training, project management, and research.
- ◆ Experience in forest silviculture, ecology, inventory, and community forestry.
- ◆ Certification work includes: 10 forest management assessments, scoping evaluations, and/or audits; over 25 chain of custody assessments and/or audits.

## **2.3 Assessment Process & Stakeholder Consultation**

### **Main Assessment Process:**

The Forest Industries Organization of Thailand has been preparing for forest certification for the past 5 years. These preparations have recently focused on forest management planning at two of FIO's forest plantations--Thong Pha Phum (TPP) and Khao Kra Yang (KKY), with assistance from a Swedish Consulting Firm-- Scandia Consult Natura (SCC Natura) formerly Swedforest, financed by the Swedish International Development Agency (SIDA).

In June 2000, FIO requested proposals from a number of accredited forest certification bodies, to undertake the certification assessment of Thong Pha Phum (TPP) and Khao Kra Yang (KKY), forest plantations under the Forest Stewardship Council's (FSC) guidelines for sustainable forest management.

In late August 2000, SmartWood was advised that their proposal had been accepted for an assessment. SmartWood publicly announced the assessment (scheduled for October in order to permit stakeholder comment) at the beginning of September 2000. SmartWood submitted a Public Briefing Note to a large list of stakeholders inviting input, comment and opinion on FIO's plantation forest management and particularly of the two candidate plantations. The comments received helped shape the stakeholder consultation that occurred before, during, and immediately after the assessment.

During a week-long field visit to the two candidate plantations (October 2-8, 2000) the assessment team members visited representative plantations; assessed field conditions and operational practices; and discussed plantation management systems with the manager, staff and other stakeholders (particularly local community members, leaders, and other wood processors, etc.) In Appendix 2 of the final certification report is a List of Agencies and Persons Consulted.

The final certification decision was based on the findings of the field assessment and interviews with local community members, village leaders, FIO workers, and national NGOs and compliance with the certification precondition that resulted during the assessment process.

### **Precondition verification audit process:**

#### **Audit Overview**

FIO received the final certification report, including one precondition that applied to both plantations, on January 25, 2001. The draft report had been completed on October 31, 2000.

FIO submitted comments to the draft report on December 1, 2001. Of particular concern to the FIO senior management was precondition 1 (see section 2.1), which, as written, implied that FIO had not met the

Thai Labor Law. As FIO pointed out, the Ministry of Labor and Social Welfare had declared in 1997 that agricultural and forestry workers were not be bound to a minimum wage. FIO further made the case that due to their financial situation, expecting the TPP and KKY plantations to be paying workers at the level of a minimum wage that applies to other sectors of the economy, would be an unfair burden. FIO went on to state that because they are not bound to a minimum wage, that SmartWood should be comparing the payment and benefits for workers to what other employers were paying for the same kind of services. FIO felt that it would therefore be more appropriate for the precondition to be changed to a condition or recommendation. FIO also asked for a response to their comments on the draft report, and this was sent in a letter from Jeffrey Hayward on January 25, 2001 that accompanied the final report.

The revision of the report took into account input from FIO, SmartWood Headquarters staff, independent peer reviewers, and through interactions with Thai stakeholders. Although the precondition was not reduced to a condition or recommendation, FIO’s concerns were taken into consideration in that the precondition was modified so that it would not implicate FIO in breaking the law. However, the precondition continued to express the expectation that FIO would pay either a daily or piecemeal rate that would be on par with the regional minimum wage, which at the time of the precondition audit was about 130 baht.

In February 2001, FIO’s Steering Committee agreed to the precondition and to the precondition audit/budget. The audit was scheduled to begin on April 1, 2001.

**Sites Visited:**

The audit involved field visits to plantations KKY and TPP. The FIO Headquarters in Bangkok was not visited during the audit. FIO Headquarters staff responsible for their “FSC Sustainable Plantation Project” accompanied the audit team during the fieldwork. At each plantation, the first site visited was the unit office. In each instance, the auditors met with the plantation manager and his assistants upon arrival, and at other meetings, to discuss the issues of the certification process. Primary attention was placed on the plantation unit response to the precondition. However, FIO responses at relevant administrative levels, such as the Bangkok Headquarters or Sub-District Offices, were considered. These discussions provided FIO staff and auditors to have a dialogue on the plantation unit perception of the precondition, how FIO HQ had informed the plantation unit of required actions to take, what documents existed to verify the changes, and what were the details and conditions of implementation.

During the audit of KKY, the team visited the following sites:

- Semi-natural forest conservation area, 1969
- Cutting block 1968 (a 400 rai compartment, in which the team made six stops.)
- Forest Village of Nam Tok Poi

During the audit of TPP, the team visited the following sites:

- Log yard
- Cutting compartment 1981 (two stops within site of 20 year thinning.)
- Forest Village not visited as members were working.

**Personnel Interviewed during the precondition verification audit:**

The following people were consulted during the precondition verification audit:

Person interviewed	Position/Organization
<b>Khao Kra Yang (KKY) Staff</b>	
Mr Sumrit Patpien	Plantation Manager

Mr. Teerayuth Malathong	Assistant Manager
Mr Apichart	Assistant Manager
<b>Khao Kra Yang (KKY) Workers</b>	
Ms Bunsong Buasri, Ms Supaporn Potikul, Mr. Kraisri Kongwangtong, Mr. Satarn Srihawong, Ms Lamul Promduan, Ms Lamyai Paladyos, Mr Vinai Srihawong, Mr. Sangad Chuntasing, Mr Somboon Promduan, Ms Kanitta Sihawong, Mr. Pol Pulood, Ms Pid Pulood, Mrs. Ampai Jaikaewthi, Mrs Uraivan Deechui, Mr Nattapong Buasri,	Staking Crew – 1968 block  From Ban Nam Tok Poi, Moo 1, Tambon Kaeng Sopa, Wangthong district, Pitsanulok Province
Ms Pui Chohium, Ms Wasana Suwannakaew, Ms Namwan Chohium,	Crew marking logs at landing – 1968 block  From Ban Nam Tok Poi, “Forest Village”, Tambon Kaeng Sopa, Wangthong district, Pitsanulok Province.
Mr. Preecha Wongkaew, Mrs. Rabieb Pornpakdee, Mrs. Vilai Chermaka, Mr. Sura Chantasing, Mr. Somporn Chermaka, Mr. Kampai Chitnab, Mr. Somporn Tingthai, Mr. Pusit Chitnon, Mr. Hien Tingthai, Mr. Rung Sripeng; Mr. Payung Puted	Tree felling crew – 1968 block  From Ban Nam Tok Poi, “Forest Village”, Tambon Kaeng Sopa, Wangthong district, Pitsanulok Province.
Mrs. Vilai Yossuprom, Mrs. Chitchanok Cheyhum, Mrs. Somkit Ton-ok, Mrs. Malee Sripeng, Mrs. Kampun Suwannakerd, Mrs. Kampong Srihum, Mr. Pradit Ornpung, Mr. Samart Sripeng, Mr. Kam Khemklang, Mr. Polrom Konlin, Mr. Ittipol Baiklao	Bucking and log stamping crew – 1968 block  From Ban Nam Tok Poi, “Forest Village”, Tambon Kaeng Sopa, Wangthong district, Pitsanulok Province.
Mr Bunlai Chun-inga, Mr Prapart Kantee;	Felling crew – 1968 block  From Ban Nam Tok Poi, “Forest Village”, Tambon Kaeng Sopa, Wangthong district, Pitsanulok Province.

Person interviewed	Position/Organization
<b>Thong Pha Phum (TPP) Staff</b>	
Somchai Aewsakultong	Plantation Manager
Narongsak Pulperm	Plantation Assistant Manager
Prachak Suwandej	Plantation Assistant Manager
Sompob Ratanapongse	Ban Pong Sub-Division Manager
Banleng Chunwaowaam	Planning & Statistic Sub-Division Manager
<b>Thong Pha Phum (TPP) Workers</b>	
Veera Boonmee Pen Pienchob Boonsong Bunrod Lhui Lumyai	Bucking and log stamping crew – logyard From Ban Rai Village
Mr. Pun-eng Pumipaksuwan, (Owner of Boonchuai – elephant) Elephant rider Elephant assistant	1981 block – yarding crew. From Baan Parangkasi, Tambon Tub Kanun Sub-District, Thong Pha Phum District.
Mr Sanya Buranasombut, Mr. Amnuay Pookkun,	1981 block – felling crew From Baan Ruam Chai and Forest Village, Baan Rai.

Throughout the audit, the following FIO HQ staff was involved:

Mr. Prasert Prachit, Project Manager - Sustainable Plantation Project  
Mr. Monchai, Assistant Project Manager – Sustainable Plantation Project

#### Documentation reviewed:

##### FIO HQ:

FIO minutes of the meeting of the FIO Development Committee, February 15, 2001/KS-1510-537.

##### KKY:

Details of KKY Worker Wage Rates – February to December 2000

Details of KKY Worker Wage Rates – March 2001

Evidence of Payment Document for Contractors (Piecemeal Work)

Plantation timesheet with daily tally of worker rates

##### TPP:

Details of TPP Worker Wage Rates – April 4, 2001/Version 1

Details of TPP Worker Wage Rates – April 4, 2001/Version 2

Policy on Wages and Employment for TPP – April 4, 2001

Sample contracts for various tasks, April 4, 2001

TPP Plantation Wage Level Conclusion (From April 1, 2001) – document date: April 5, 2001

#### Maintenance of Documented Performance

SmartWood must verify that candidate FMO has maintained compliance with all ten FSC Principles during the period since the initial assessment. Changes in the operation’s forest management practices, policies and the socio-political environment may negatively affect certifiability. The following table lists the FSC Principles and documents any significant changes found during the audit.

FSC Principle	Changes in Operation (since the assessment)
---------------	--

P1:FSC Commitment/ Leg Compliance	<b>Changes:</b> No significant changes.
	<b>Comments:</b> Units were more aware of the certification principles, more aware of each condition. They are trying to understand these and have even gone towards meeting some of the conditions. With additional explanations of conditions from the audit team, they have an improved attitude towards the conditions. Upon first receiving the preconditions and conditions to certification, the company attitude was one of resistance, which possibly due to the fact that they had not passed the certification.
P2: Tenure & Use Rights & Responsibilities	<b>Changes:</b> No significant changes.
	<b>Comments:</b> The forest villagers of KKY continue to view that land tenure as the problem. But they do not know how to proceed with this. They may even be reluctant to talk to unit managers. During the consultative meetings with the NGO for the Social Investment Fund (SIF), the issue of land tenure was raised. It was suggested that KKY support the villagers claim to the Land Department in the sub-district. Because the villagers do not have much bargaining power or not paid attention to, KKY may be able to raise the profile of the issue.
P3 Indigenous Peoples' Rights	<b>Changes:</b> NA
	<b>Comments:</b>
P4: Community Relations & Workers' Rights	<b>Changes:</b> No significant changes.
	<b>Comments:</b> The company must continue to improve the communications between workers and the company. There is still not really any consultation.
	<p>Seniority and advancement in pay is not well recognized within the company. The long-term employees are not given a better rate than those with less experience, so loyalty is not really rewarded. Within a certain type of work, an employee with 1-day experience can earn as much as someone who has been there for 30 years. In relation to this, the audit team felt that it was important to recommend that the FIO plantations make greater efforts to promote loyalty and acknowledge skill within the workforce. FIO should consider the creation of a pay scale that will provide incentives based on performance and seniority.</p> <p>The unit managers and FIO HQ staff may not have the capacity to understand and implement community consultation.</p> <p>As many workers as can be fit into a six-wheel truck, approximately 80 are transported to and from the work site in a truck that is very crowded and potentially dangerous.</p>
P5: Benefits from the	<b>Changes:</b> No significant changes.

<b>Forest</b>	<b>Comments:</b> Related to issues of land availability, villagers continue to raise concerns that intercropping in newly coppicing plantations will not be feasible as there will not be sufficient space to develop their customary crops. FIO should consider providing an opportunity for farmers to learn more about intercropping with alternative species that can be grown under these conditions.
<b>P6: Environmental Impact</b>	<b>Changes:</b> No significant changes.
	<b>Comments:</b> FIO staff at KKY made the comment that they felt the SW assessment team made an oversight in the original report, not appreciating the full extent of conservation zones. The audit team was taken to visit a semi-natural forest site. Actually, the issue that the original team had made was not that there was insufficient area in conservation zones, but that the objectives behind such zones was not necessarily clear and not communicated well to the community.
<b>P7: Management Plan</b>	<b>Changes:</b> No significant changes.
	<b>Comments:</b> The FSC management file has become more organized.
<b>P8: Monitoring &amp; Assessment</b>	<b>Changes:</b> No significant changes.
	<b>Comments:</b> FIO developed a draft monitoring manual – including environmental and socio-economic indicators.
<b>P9: Maintenance of High Conservation Value Forest</b>	<b>Changes:</b> N/A
	<b>Comments:</b>
<b>P10: Plantations</b>	<b>Changes:</b> No significant changes.
	<b>Comments:</b> As addressed above.

**New Preconditions or Conditions (if any):** No new preconditions were needed.

## 2.4 Assessment Guidelines

The certification assessment of the FIO plantations TPP and KKY was conducted using the *SmartWood Generic Guidelines for Assessing Forest Management*, (April 2000). SmartWood forest management guidelines have been approved by the Forest Stewardship Council as meeting their requirements for assessment of forest management. In the period prior to the assessment, SmartWood staff and assessors determined that there were no draft standards for forest management in Thailand. At present there is no FSC working group or endorsed FSC regional guidelines for Thailand. At the time of the assessment the final drafts of the ASEAN Regional Criteria and Indicators, which could have been considered, had not been released to the public. The guidelines used are available, in English, by contacting SmartWood or at the SmartWood homepage: [www.smartwood.org](http://www.smartwood.org).

## 2.5 Scoring

Immediately upon return to Bangkok from field visits to TPP and KKY, the assessment team met for two consecutive days to discuss their findings, conduct a quantitative scoring and identify conditions, where appropriate, for all criteria. Each member was responsible for ensuring subject areas related to his or her areas of expertise were adequately addressed. Based on the content and analysis of each criterion, a score was assigned for each using the following guide.

**Table 2. A guide to scoring, performance level, and compliance.**

Score	PERFORMANCE General Description	COMPLIANCE Pre-conditions, Conditions and Recommendations
N/A	Not an applicable criteria.	Not applicable, thus no pre-conditions, conditions or recommendations; criteria not used for score averaging
1	Extremely weak performance; strongly unfavorable / data lacking.	Pre-conditions required
2	Weak performance; significant improvement is still needed.	Pre-conditions optional; conditions required
3	Satisfactory performance	Conditions optional
4	Favorable performance	Recommendations; no conditions
5	Clearly outstanding performance	Recommendations possible, but not typical

The following definitions were used as the basis for corrective measures to be taken.

- ◆ **Pre-condition** - candidate operation must agree to and address before certification by SmartWood.
- ◆ **Condition** - candidate operation agrees to and must be addressed, during the 5 year certification period
- ◆ **Recommendation** - voluntary actions suggested by the assessment team, but are not mandated or required.

### **3 RESULTS, CONCLUSIONS AND RECOMMENDATIONS**

#### **3.1 General Discussion of Findings**

##### **Management Strengths and Areas Needing Improvement**

In general, the candidate FIO forest plantations are professionally managed by qualified staff committed to sustainable management of the forest plantations under their stewardship. The staff is well equipped with good offices, accommodations, field stations, transportation, communications, computers, etc. to facilitate their work.

The assessment team was impressed to see the degree to which the forests are being managed for multiple benefits. FIO is promoting eco-tourism, agroforestry is practiced in the young plantations, and local villagers are collecting and utilizing non-timber forest products. There is evidence that watershed values are considered in management. Stream bank buffer zones are maintained to reduce erosion. In these buffer zones, regeneration of native tree species is encouraged to reduce evaporation and erosion. On steep slopes, organic ground covers are established on unstable soils, check dams are constructed on streams; and harvesting plans modified to ensure adequate stand density and crown cover.

Forest security is a strong point to FIO management of the candidate plantations. There was no evidence that encroachment, wild fires, pest attack, or illegal felling have threatened or were likely to threaten the plantations. The plantations are secure, in spite of the many villages adjacent to the plantations, largely due to the good personal relationships that the present plantation managers have cultivated with village officials, who may also act as contractors to the plantation.

Although security is currently good, there are signs of pressure, particularly in Plantation Forest Villages, where adequate land has not been allocated to the community. Currently many villagers practice farming, hunting and gathering of forest products in National Parks near the plantations. In future, these arrangements may be curtailed. This would increase pressure on the plantation lands. For the reasons described above, the assessors believe that relations with the neighboring communities must be strengthened. Relations with adjacent communities cannot rely entirely on the personal goodwill of the current plantation manager. Relationships should be strengthened through actions that are more formal.

FIO could improve upon its consultation with the local communities. Villagers should be given the opportunity to be informed and to play more of a role in the process that influences decision making, particularly as it may impact their livelihood. Meetings should be held regularly. The agenda should be planned and circulated in advance to potential all interested parties. Results should be recorded to ensure that issues raised are acted upon. To facilitate this participatory process, the appointment of a staff member to be a Community Relations Officer (CRO) is recommended. A priority task for the CRO will be to work with local communities, plantation manager and FIO (regional and central management) to develop long-term, mutually acceptable solutions to the issues of land use rights, employment practices of local villagers, and other issues of concern.

These plantations are financially viable with revenues covering costs by a large gross margin. This would afford FIO opportunity to provide improved compensation, benefits, and working conditions to the forestry workers. Based on its consultation, the assessment team concluded that the current wage rates were not adequate, and that the worker's benefits should be increased, through increase wages, or other benefits. Significant numbers of "outside" workers make up the current labor force--apparently due to low wage rates, which local people find inadequate. FIO should find the way to make good on their policy of giving priority in employment to local residents. There is also a need to improve worker safety, provide adequate safety equipment and worker safety training.

The assessors found that the objectives, plans, monitoring and documentation of traditional forestry activities, such as plantation establishment, wood production and sales generally meet FSC standards. Considering the environmental and social impacts of plantation activities, the assessors noted that FIO could improve its monitoring, even research and analysis of current practices, in order to be able to assess the results and impacts. For example, non-timber forest products (of great importance to locals) are currently being harvested, but there is limited understanding of the harvest levels that can be sustained. There is considerable opportunity for improved environmental management, particularly in the area of conservation and promotion of bio-diversity in the plantations.

In conclusion, the assessors were favorably impressed by the management of the plantations and are confident that they can meet FSC Forest Certification program requirements. Priority attention needs to be paid to improving plantation worker's conditions (ie. wages, safety, contracting arrangements) and community relations (regular consultation and participation in plantation management, resolving issues of land use, and assistance in expanding sources of livelihood). The issue of worker compensation was given a pre-condition, which are actions that must be met BEFORE the plantations can be certified.

### **Precondition Compliance**

***Precondition 1: Prior to certification, FIO plantations will prepare verifiable documentation of workers' wages and other payments that will demonstrate and ensure that the daily wage, piecework production bonus, and/or any other benefits, are increased to meet or exceed the regional norm.***

**Findings (FIO HQ):** There was a meeting of the FIO Development Committee, on February 15, 2001 within which it was decided that these FIO plantations would need to increase the daily rate paid to workers to be equal or more than the regional norm. The Committee also indicated that these plantations would need to improve the piecemeal system so that the average rate paid to the workers would be equal to or more than the regional norm. The document did not indicate the values of the increase in Baht for either daily rates or specific piecework activities. This left the mechanism for deciding and implementing the specific changes to the plantation manager. However, it would be expected that guidance and coordination would come from FIO HQ. For this reason, the verification of compliance to the precondition had to be evaluated at the level of each plantation unit.

**KKY - Findings:** The audit team verified that KKY had implemented two improvements to address the precondition. First, the daily rate was increased to 130 Baht/day. In January, the daily rate was increased from 90 to 120 baht. This was raised to 130 baht in February 2001. Second, the piecework rates had increased for nearly all activities. (For the few rates that were not increased, it was verified in worker interviews that the rate paid was exceeding the regional norm.) Evaluation of the piecemeal rates indicated that they would permit the workers to meet or exceed 130 baht for a typical day of work.

Implementation of the new daily rate did involve a modification in unit procedures, as the working day was extended somewhat. With the pre-February daily rate, workers generally started at 7:30 and worked to 15:30. The current work day is generally from 7:30 to 16:30 or 17:00. Through triangulation in the field, the assessors found that the workers are pleased with this increase, even though they do have to work 1 to 1.5 hours longer per day, because they earn more money.

<b>Details of KKY Worker Wage Rates – March 2001</b>
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<b>Task</b>	<b>Present Pay</b>	<b>Past Pay</b>	<b>Diff.</b>
Felling	5.5 baht/tree	4.1 baht/tree	1.4
Marking of log dimensions	1.4 baht/tree	0.95 baht/tree	0.45
Recording stock	8.5 baht/tree	6.0 baht/tree	2.5
Marking color on logs	1.3 baht/tree	-	-
Hauler assistant (choke setting)	1.3 baht/log	0.9 baht/log	0.4
Sales accounting documents	25 baht/m3	16.9 bath/m3	8.1
Stamping logs, serial number	1.4 baht/tree	0.95 baht/tree	0.45
Piling logs	4 baht/log	2.72 baht/log	1.28
Cutting into lengths (bucking)	6.1 baht/tree	4.56 baht/tree	1.54
Uploading into truck	1.3 baht/log	0.9 baht/log	0.4
Staking	0.7/stake	0.7/stake	0
Inspecting logs transported by elephant	130/day	90/day	40
Guardian at logyard	130/day	90/day	40

It was also found, that KKY is making an effort to create more jobs for people. For example, KKY, through the Phitsanoluk sub-district office, is trying to support the Forest Villagers in seeking funds through the Social Investment Fund (SIF). KKY staff has endorsed the document calling for a small-scale project whereby the villagers can process some of very small diameter wood waste. FIO has supported the villagers' proposal to the Industrial Trade Promotion Department and the RFD.

The KKY management will still need to improve the system for documenting the pay to workers, so that this can be made more transparent to SmartWood auditors in the future. For example, the *Evidence of Payment Document for Contractors (Piecemeal Work)*, which is the document signed by the workers upon receipt of their payment, did not include the amount that each worker was paid. Apparently this amount is filled in later, after payment. To ensure fairness, and to be more transparent, the amount of Baht must be put down on the document prior to the payment of the wage to the worker.

**Findings – TPP:** Upon arrival to the TPP unit, at 16:00 on April 3, 2001, the initial finding was that the wage rate had not been increased to a level consistent with FIO HQ's policy for the units seeking certification. The unit management expressed reluctance to the precondition, defending the wage of 100 baht/day as one that offered a decent standard of living in the Thong Pha Phoom area. As it was clear to the FIO HQ staff, Sub-Division Manager, and Unit Manager that this response was not sufficient to meet the precondition, this group reconsidered the issue of the rate increase and after internal negotiations, decided that they would increase the rate.

During a period of 18 hours, TPP provided the auditors with two versions of the *Details of TPP Worker Wage Rates – April 3 and April 4, 2001*. It was expected that these changes would have been made and in effect prior to the visit of the audit team.

With the proposed wage rate changes of April 4, there were some rates that had been raised and some that had not been. It was evident that there were four or five tasks in which the rate was not increased, and it was questionable that the average worker could earn 130 baht in a typical day at that given piecemeal rate. Such tasks included: felling, elephant yarding, weeding, bucking, staking, and planting.

Because TPP management only approved the increased wages during the period of the audit, the auditors found in the field that the villagers and workers had not been paid at a new rate. In interviews, the workers repeatedly quoted the old rate as the rate that they were earning. In their perception, and daily lives, new wages had not come into effect.

The workers also provided a different perspective on how piecemeal pay rates were being applied and how the nature of changing field situations could make a task fall below, meet, or exceed the regional minimum. They also revealed additional areas of concern with regards to company compensation procedures, which should be worked on to reach a mutual agreement.

For example with the thinning felling, there is timber felled that workers are not paid for because it is smaller than the 30cm girth minimum set for payable volumes. Such small diameter wood is marked for felling and the fellers must fall it, so they should be compensated for the effort. On average, the fellers may fall 6 – 8 m3 in a typical day, however with a lot of smaller diameter wood, the actual paid volume may be 3 m3. At that level, the payment would be less than 130 baht/day when calculated out.

At the time of departure from the plantation TPP, the auditors had copies of contracts for unit worker tasks based on rates from the detail wage level documents from April 4, 2001. As these did not reflect a wage rate that the auditors felt was meeting the precondition, the unit was asked to submit verifiable documentation to the SmartWood office prior to completing the audit report.

*Details of TPP Worker Wage Rates – April 4, 2001*

	<b>Task</b>	<b>Present Pay</b>	<b>Past Pay</b>	<b>Difference</b>
1	Felling	70 Baht/m3	70 Baht/m3	0
2	Yarding	150 Baht/m3	150 Baht/m3	0
3	Weeding	120 Baht/rai	80 Baht/rai	40
4	Nursery	130 Baht/day	80 Baht/day	20
5	Bucking, stamping	5.5 Baht/log	5.5 Baht/log	0
6	Office	140 Baht/day	117 Baht/day	23
7	Guard	180 Baht/day	163 Baht/day	17
8	Timber collecting	130 Baht/day	80 Baht/day	50
9	Skidding	130 Baht/day	80 Baht/day	50
10	Replanting	20 Baht/rai	20 baht/rai	0
11	Staking	40 baht/rai	40 baht/rai	0
12	Replanting	130 baht/day	80 baht/day	50
13	Inventory	130 baht/day	80 baht/day	50

TPP was asked review and reconsider the wage calculation for items numbered 1, 2, 3, 5, and 11. SmartWood expected that wages be brought into accord with the regional norm. The detail wage level rates needed to be upgraded and new contracts sent to SmartWood, prior to considering that the precondition closed out. The documentation must state the effective date of implementation.

**On April 5, 2001, FIO faxed the documentation to SmartWood which indicated that the new wage level, as of April 1, 2001 will have to comply with the local standard wage**

**level of Labor and Social Welfare Ministry of Thailand. All piecework and daily rates were waged to the 130 baht minimum.**

**Conclusion:** Based upon the above finding the auditor finds that the:

**Precondition has been met with the addition of a new condition (number 26).**

### **3.2 Certification Decision**

This evaluation was conducted for the purpose of certifying Forest Industry Organization Plantations TPP and KKY as a SmartWood Certified Source. FIO plantations TPP and KKY have been found by the SmartWood assessment team to have areas that need significant improvement and hence warrant pre-conditions. Once these pre-conditions have been met, FIO plantations TPP and KKY will be eligible to be certified as a well-managed SmartWood Source contingent upon agreement to the conditions specified in the Assessment Report and the SmartWood certification contract.

Given that FIO has met the precondition, as detailed in section 3.1 above, SmartWood Headquarters recommends the certification of the Forest Industry Organization Plantations Thon Pha Phum and Khao Kra Yan as a SmartWood Certified Source.

### **3.3 Conditions**

#### **TONG PHA PHUM (TPP) PLANTATION and KHAO KRA YANG (KKY) PLANTATION**

The following summary listing of conditions pertaining to TPP and KKY plantations. The conditions below are binding requirements that FIO TPP and KKY must agree to, and which must be addressed, during the five-year certification contract period. The team identified several non-binding recommendations.

#### **Conditions applicable to TPP and KKY**

*Condition 1: By the end of year 1, FIO must verify the presence and location of any Watershed Class 1 areas in the plantation area and ensure that no economic activities are carried out there.*

*Condition 2: By the end of year 1, FIO must review the Local Administration Organization (TAO) Act (1994) and ensure that the plantations respect all of the act's requirements.*

*Condition 3: By the end of year 1, FIO will make available at the plantations clear documentation that payments were made for taxes and required fees made in the previous year, which specify date, quantity paid, and to whom.*

*Condition 4: By the end of year 1, FIO's Administrative Board should endorse its commitment to the FSC P&C and should communicate this commitment to a broad range of stakeholders, which may include staff, workers, local district administration, and neighboring communities.*

*Condition 5: By the end of the year 2, FIO plantations shall produce a complete list and an "Ownership Map" that includes the location, area, and period of validity, etc. for each parcel that FIO has land use rights.*

*Condition 7: By the end of year 1, FIO plantations should make plans to formalize existing informal land and resource use arrangements through written agreements or contracts. By the end of year 2, the plans should be implemented. [For example, these plans could be based on*

*“rights for responsibilities” so that specific use rights are granted to specific users (families, communities, worker groups, etc.,) in exchange for acceptance of responsibilities for protection and reporting on production (e.g. hunting, agroforestry, livestock raising, eco-tourism, and gathering of NTFPs) by the users.]*

*Condition 9: During the period of certification, FIO plantations should ensure that a significant portion of its work force originates from local villages. By the end of year 1, plantations must have an employment register that will document worker names, place of residence, nationality, identity card number, sex, age, and number of days worked.*

*Condition 10: By the end of year 1, FIO plantations will provide appropriate safety equipment to those requiring it. For example, footwear/snake protection for weeding; hard hats, high visibility vests, safety footwear for mobile equipment operators/assistants; boots, shin-protector chaps, and hearing protection for chainsaw operators.*

*Condition 11: By the end of year 1, FIO plantations will appoint one staff member with a mandate and responsibility for implementation and documentation of a formal public consultation process. (This staff member may be considered the “Community Relations Officer”). During the period of certification FIO will: 1) create an updated list of stakeholders, such as contract workers, FIO workers, community members, adjoining landowners, etc.; 2) create an updated list of neighboring villages, their locations and populations; 3) conduct regular meetings with stakeholders; 4) document outcomes of consultation meetings, 5) use these outcomes to assist in evaluating the social impacts of FIO activities.*

*Condition 12: By the end of year 2, FIO plantations must develop a policy and mechanism for formal resolution of grievances, including measures to refer unresolved issues to a higher forum to adjudicate.*

*Condition 15: Effective immediately, and during the certification period, site inspection with the purpose of evaluating the environmental impact of planned thinning, harvest, or site preparation activities should happen before commencing the operation. Observations in the form of an instruction note to the person responsible should form the basis for implementing the operation.*

*Condition 19: By the end of year 1, define a policy detailing identification, selection criteria, and protection of all eternity trees.*

*Condition 21: By the end of year 2, results of monitoring soil erosion and/or soil compaction from all-weather or dry weather logging should be incorporated into FIO plantation management planning.*

*Condition 23: By the end of year 2, FIO plantations shall revise the management file to produce an actual management plan that incorporates a wider range of forest management activities, including not only commercial wood production, but also agroforestry, ecotourism, NTFPs, conservation zone management, etc. This management plan should include (but not limited to) the following:*

- *objectives, prescriptions, and desired quantified results. (For each activity, it is important to indicate targets such as by whom? by when? how? how much?)*
- *the exact width of all buffer zones (streams, compartments, and outer boundary) and their desired characteristics/management prescriptions described (e.g. several layers of natural vegetation with a top layer of mature trees, no harvesting). Buffer zones throughout the plantation should be allowed to mature to full tree size without interruption.*

- *develop a system to incorporate results of past operations into annual and long term management planning and budgeting process, and provide for periodic revisions of the management plan..*
- *a training plan/schedule with training requirements and rationale identified by subject, target group, date, resources required -- trainers, budget, etc. Training should be coordinated by FIO HQ along with budget and resources to implement staff/worker training.*
- *a description of the procedure for determining the annual harvest and for checking this harvest level against the annual increment to ensure that harvest does not exceed increment.*

*Condition 24: By the end of year 1, FIO plantations should make the main points of the management plan available to a wide range of stakeholders (local administration, adjacent communities, staff and workers).*

*Condition 25: By the end of year 2, FIO plantations will develop a monitoring program as part of their overall management planning, particularly to include monitoring environmental conditions of the compartments and such social parameters as source of labor, level of employment, benefits received from agroforestry, NTFPs, eco-tourism, etc. from activities on the FIO land base. An implementation plan, with time frame, would be drafted and implementation commenced.*

*Condition 26: During the period of certification, FIO plantations will maintain daily wage rates, piecemeal rates, and/or other benefits for workers that consistently meet or exceed the regional standard rate.*

#### **Conditions applicable to TPP only**

*Condition 14: Before the introduction of new, exotic species, TPP must make a policy and procedures for evaluating the impact of exotic species and state provisions for their management*

*Condition 16: By the end of year 2, a simple system for protection and monitoring the condition of the Queen Sirikit Crab habitat should be developed and implemented by TPP. Guidelines for eco-tourism activities, as related to the Queen Sirikit Crab, must be elaborated.*

*Condition 17: By the end of year 1, TPP management must develop guidelines for eco-tourism and access to the rare bat cave, which should be done (to the greatest extent possible) together with Thong Pha Phum National Park.*

*Condition 22: By the end of year 1, TPP must develop guidelines for chemical use, which include a policy to reduce chemical application and to implement safe chemical application methods when they are used. As part of the guidelines, develop a program for training, so that FIO foremen will train workers in the proper safety precautions when applying herbicide and fungicide. Also produce a list and supporting documentation of all chemicals used in FIO plantations and nurseries.*

#### **Conditions applicable to KKY only**

*Condition 6: During the period of certification, KKY will take action to legalize KKY's land area related to forest plantation law -- in particular they must confirm their land use rights*

*Condition 8: By the end of year 2, KKY and Forest Villagers will have defined alternative long-term solutions to the issues of livelihood and land access. By end of year 3, these alternatives*

*will have been evaluated and a mutually acceptable solution to the Forest Villagers, RFD & FIO/KKY adopted & implemented.*

*Condition 13: By the end of year 1, KKY should identify existing & potential erosion areas, revise management prescriptions on such areas so as to exclude these from production forestry - thinning and final felling - at least until they are stabilized (by planting of appropriate ground cover).*

*Condition 18: Within one year of certification, initiative should be taken to compile a list of the most important plant and animal species of the area. In the case any rare, threatened, or endangered species are identified, then this should immediately be reflected in the KKY management plan.*

*Condition 20: By the end of year 1, the KKY management plan should clearly state that conservation areas are areas to be left to natural regeneration and not to be harvested.*

## APPENDIX 1 : Agencies & Persons Contacted & Consulted By the Assessment Team

<b><u>FIO Management Bangkok and Divisional Offices</u></b>		
<b><u>Agency</u></b>	<b><u>Person</u></b>	<b><u>Designation</u></b>
Forest Industries Organization (FIO)	Mr. Chittiwat Silapat	Head of Planning/Budget Div.
"	Mr. Winai Subrungruang	Dept. Managing Director
"	Col. Aduldej Chakrabandhu	Managing Director
"	Mr. Prasert Prachit,	Project Manager - Certification

<b><u>Other Stakeholders</u></b>		
<b><u>Agency</u></b>	<b><u>Person</u></b>	<b><u>Designation</u></b>
RECOFTC	Dr. Somsak Sukwong	Executive Director
RECOFTC	Ms. Karen Edwards	Training Coordinator
FAO	Mr. Tang Hontat	Chief Technical Advisor
Office of Rubber Replanting Aid Fund	Ms. Pongpen Summapan	Director General
Office of Rubber Replanting Aid Fund	Mr. Suvit Mungmai	Director Research & Planning
Thailand Environmental Institute	Anonymous	
Kachanaburi Conservation Chamber	Anonymous	
Royal Forestry Department	Anonymous	

### **TPP PLANTATION**

<b><u>TPP Plantation Officers</u></b>
Mr. Banleng Chanwowowam, FIO's Regional Manager.
Mr. Buntung, former plantation manager
Mr. Tanus Aewsakultong, present plantation manager
Mr. Prajuk, assistance manager
Mr. Sadej Uihuan, foreman
<b><u>List of TPP Villagers Consulted during Stakeholder Meetings.</u></b>
Mr. Chamnean Suriyawongsa, teacher, Huay Kayeng School, Tong Pha Phum
Mr. Pirom Chun-no-tip, teacher, Forest Association School, Tong Pha Phum
Mr. Prayad Jindafong, foreman, Tong Pha Phum
Mr. Bunneum Duangjan, village chief, Tamadua village, Tong Pha Phum
Mr. Chun Bunchang, villager, Ban Rai village, Tong Pha Phum
Mrs Sairung, village chief, Rai Pa village,
Mr. Sing Prai, member of Tambol Administration Organization

### **KKY PLANTATION**

<b><u>KKY Plantation Officers</u></b>
Mr. Sumrit, Patpien, manager
Mr. Sompong Sommitra, Chief, Phitsanulok Division
<b><u>List of KKY Villagers Consulted during Stakeholder Consultations</u></b>
Mr. Narong Singto, villager,
Mr. Somsak Ratanawaraha, village chief
Mr. Somdej Orndung, village chief and elephant owner
Mr. Somsue Pimon, elephant owner
Mr. Jiem Wongwandee, worker, member of forest village
Mr. Tung Sanyos, villager, Namtok Poi village
Mrs La Paladyos, villager, Namtok Poi village
Mrs Buama, Namtok Poi village

**SmartWood Certification Annual Addendum to the Public Summary for  
Forest Industry Organization (FIO), 2002**

**1.1 Audit Process**

- A. Audit year: 2002**
- B. Dates of Audit: May 22 to May 30, 2002**
- C. Audit Team:**

**Jeffrey Hayward**, is Asia Pacific Regional Manager, SmartWood Program. M.Sc. Forestry, (Univ. of British Columbia, Canada); B.A. Latin American Development and Forestry (Univ. of Washington, USA). He has conducted silviculture and ecology research for the B.C. Ministry of Forests and UBC Alex Fraser Research Forest in Canada. In Oregon State, he worked for the federal government in the U.S. Bureau of Land Management in forest inventory and timber sale administration. Three years as U.S. Peace Corps community forester in Guatemala, providing technical extension services in a tripartite agroforestry and conservation of natural resources program. Private forestry consulting for the B.C. Ministry of Forests, the FSC and IIED. Publications include research on forest certification and forest silviculture. He has conducted 15 forest management assessments, scopings, and/or audits; conducted over 40 chain of custody assessments and/or audits; and been an instructor of four assessor-training courses (US, Malaysia, Japan, and Fiji).

**Dr. Pearmsak Makarabhirom**, Ph.D. in Community Forest Management, Japan; B.Sc. M.Sc in Forestry and Watershed Management, Kasetsart University, Bangkok. Dr. Makarabhirom is staff at the Community Forestry Country Support Program, Regional Community Forestry Training Center (RECOFTC), in Bangkok, Thailand. He is a Thai National, a Professional Forester and Forest Engineer. Dr. Makarabhirom has 20 years experience with the Royal Thai Forest Department, in /Community Forestry Assessment, Research, Planning, and training. His international experience includes work with the FAO in Bangladesh, the MRC/GTZ's international forestry programs and consultancy works in the region, specifically in Laos and Vietnam. *He was SW Team member on the Forest Industry Organization assessment and audits in Thailand.*

**Dr. Suree Lakanavichian**, Ph.D. in Social Aspects and Policy of Natural Resource Management, University of California at Berkeley, USA; M.Sc. in Social Forestry, Yale University, USA; B.Sc. in Forestry - specializing in biology and ecology, Kasetsart University, Bangkok. She is currently working at the Forest and People Research Centre, Forest Resources Department, Chiang Mai University, Chiang Mai, Thailand. Dr. Lakanavichian is a Professor of Socio-economics and Policy of Natural Resources, and Participatory Resource Management at Chiang Mai University. She is a Thai National and Socio-Economist of Natural Resources, who has been a specialist in social aspects and policy of natural resources management for several years. She has worked as a consultant on various projects related to Sustainable Forest management in Thailand, P.R.China and Vietnam. *Dr. Lakanavichian was a SW Team member of the Forest Industry Organization assessment and audits in Thailand.*

- D. Audit Overview:**

The Forest Industry Organization (FIO) was certified in June 2001, with certification code SW-FM/COC-048, June 2001. This is the first annual audit of FIO. At the time of the original assessment, October 2000, two plantation units were assessed, and these were considered to be the first two entries in a FIO certified pool. As FIO had developed a management system that would be applied similarly in all of the units that would eventually be part of the certified pool, SmartWood proposed to FIO in July 2000, that at the time of the SmartWood annual audit, the scope of the certification could be expanded. FIO could propose new entrants to the certified pool that would be considered for certification.

At the time of the original proposal, FIO had planned to enter five new plantations at the time of the first year annual audit. SmartWood would use the first annual audit and subsequent audits to determine what is an acceptable number of new plantations for FIO to add in a year. As SmartWood confidence in FIO management of the certified plantations increases, then more units will be permitted to enter under the group certificate at one time, upon completion of an annual or semi-annual audit of a sample of the new plantations. If FIO performance and compliance to FSC and SmartWood requirements is marginal, then SmartWood will restrict the entrance of new plantation units.

This annual audit was structured to spend 1 to 1.5 days auditing FIO compliance to first year certification conditions at each of the original two FIO plantations within the certified pool, Thom Pha Phong (TPP) and Khao Kra Yong (KKY). There were 14 conditions for TPP and 15 conditions for KKY to be evaluated during the first year annual audit. Of these conditions, 11 were general, applicable to both, and meaning that they would most likely be applicable to any plantation unit to be included within the certified pool. SmartWood expected good performance on complying with these first year conditions as indication that FIO was prepared to admit other plantation units into the certified pool. Furthermore, SmartWood auditors would be evaluating the level of FIO integration of methods developed to address conditions within the management planning files of new entrants to the certified pool.

The management plans and FSC files for all five new entrants were to be reviewed in a cursory desk audit in order for the audit team to select the specific plantation units to evaluate/audit. SmartWood gave FIO the option of removing any of the five plantation units from consideration as a member to the certified pool prior to submitting any of the chosen plantations for a field audit. Although FIO responded that it was confident all units were prepared to be in the certified pool, SmartWood explained to FIO that there still may be situations that FIO may not have sufficiently estimated as barriers to certification compliance. SmartWood made it clear to FIO that as part of an expansion of scope to the certificate, SmartWood must audit a sample of new entries with the expectation that any (inferring all) would meet FSC criteria. If any that were sampled and assessed were not in compliance that could jeopardize the entrance of all new units.

After SmartWood conducted a desk review of the plantation management files, it was our opinion that for one of the plantation units, Ta Pla, there were land tenure issues for which a well-documented process of consultation or consent between villagers, FIO, and/or the Thai government did not exist. In short, landless immigrants to the area of the current plantation migrated from a dam construction area, in the mid 1960s. The re-settlement was under the authority of the Electric Generation Authority of Thailand, and unfortunately other farmers already claimed the land/location to where EGAT sent the migrants. Since these migrants needed land to cultivate, they moved along to the area that eventually became the current Ta Pla plantation. Although these migrants were not legal occupants, and had no legal title, by the time of plantation establishment in 1972, they had been cultivating the area for around 8 or 9 years. To this date, the families of these migrants still do not have title to land of their own.

FIO was informed that such situations would pose a high risk for non-compliance with Principle 2 of the FSC P&C. FIO should not consider that units with such unresolved land tenure issues be included as part

of the certified pool. At least not until a well-documented process of consultation and consent, that is open and participatory, provides evidence that villagers who were using land (even if as squatters) at the time of the original plantation establishment are in agreement with the existing boundaries of the FIO plantation and do not hold FIO responsible for providing them with land for cultivation. (However, to the extent that it is permissible under Thai law and regulations of the Plantation Forest Act, FIO is encouraged to make available opportunities for villagers to cultivate land within the plantation wherever possible.) It was not then the authority and responsibility of FIO, or Ta Pla plantation, to resolve the land tenure needs of these Thai villagers. Actually, the Thai State and the government ministries that are responsible need to address unresolved land claims issues like this one, so that FIO can carry out its management system. SmartWood believes that as a precedent, prior to any future plantation units being considered certifiable, there must be evidence of a process that has been undertaken to determine consent existing amongst these villagers for the established plantation boundaries.

After discussion of this situation with the Ta Pla managers and FIO FSC Program Manager, SmartWood recommended that Ta Pla not be considered as a potential entrant to the certified pool. It was thereby determined that the pool for consideration would consist of four new units:

- |    |  |           |
|----|--|-----------|
| 1. | Sisatchanalai (SL) plantation in Sukhothai | 2,503 ha. |
| 2. | Wangchin (WC) plantation in Phrae          | 2,292 ha. |
| 3. | Tungkwian (TK) plantation in Lampang       | 2,242 ha. |
| 4. | Maemai (MM) plantation in Lampang          | 3,284 ha. |

The audit team decided to spend 1.5 days at Sisatchanalai, 0.5 day at Wangchin, and 1.5 days at Tungkwian, in addition to visits to the previously assessed units (KKY and TPP). In summary, of the 6 units that will comprise the FIO certified pool, the audit team visited 5 of the units during the current annual audit.

**E. Sites Visited:**

1. FIO sawmill, Kiakkai district, Bangkok, 22 May 2002
2. Thong Pha Phum (TPP) Plantation, Karnchanaburi province, 23-24 May 2002
3. Khao Krayang (KKY) Plantation, Phitsanulok province, 24-25 May 2002
4. Srisatchanalai (SL) Plantation, Sukhothai province, 25-26 May 2002
5. Wang Chin (WC) Plantation, Phrae province, 26-27 May 2002
6. Tungkwian (TK) plantation, Lampang province, 27-28 May 2002

**F. Personnel Interviewed:**

The following people were consulted during this audit:

Person interviewed	Position/Organization
Mr. Prasert Prachit	FIO Standardization Division Head
Mr. Aree Choosee	
Mr. Tanut Aewsakulthong	TPP Plantation Manager
Mr. Preecha Indraprun	TPP Assistant Manager
Mr. Sadej Hauyauan	TPP Assistant Manager
Mr. Narongchai Cholaprap	TPP Assistant Manager
Mr. Sumrit Patpean	KKY Plantation Manager
Mr. Potjamarn Keatroong	KKY Foreman
Ms. Siriluk Srilabut	KKY Assistant Manager (Tourism)
Ms. Wassana Maiphum	KKY Assistant Manager (Biology)
Mr. Someat Klaylor	KKY Foreman

Mr. Suwan Pongjareon	SL Plantation Manager
Mr. Phirat Seelasorn	SL Assistant Manager (Logging)
Mr. Rittakone Nunloy	SL Assistant Manager (Reforestation)
Mr. Sukit Junthong	TP Plantation Manager
Mr. Kamongwai Daengchompoo	TP Foreman
Mr. Yongyut Werapong	WC Plantation Manager
Mr. Worapote Khambai	WC Assistant Manager
Mr. Manas Chaisuk	TK Plantation Manager
Mr. Sathit Tosawachit	TK Assistant Manager
Mr. Preecha Rod-on	TK Assistant Manager
Mr. Kanchit Ruengsawat	MM Plantation Manager
Mr. Paisan Chaisan	MM Assistant Manager

#### Interviews at TPP, Katchanaburi province

Person interviewed	Position/Organization
Mr. Paiboon Kamngoen	TPP permanent worker (driver)
<b>Ms. Somboon Yuangthaisong</b>	Daily worker
Mr. Amnuay Phukwan	Daily worker
Mr. Yheng Wangkaew	Daily worker
Mr. Lhui Boonrod	Daily worker

#### Interviews at KKY, Phitsanulok province

Person interviewed	Position/Organization
Ms. Kampai Jaikaewthi	Daily worker
Ms. Lamduan Pinthong	Daily worker
Ms. Rundon Pinthong	Daily worker
Ms. Nongkran Tulachai	Daily worker
Ms. Huan Donphai	Daily worker
Ms. Sathan Sihawong	Daily worker
Mr. Nathapong Buasingh	Daily worker

#### Interviews at SL, Sukhothai province

Person interviewed	Position/Organization
Ms. Jon Sripeng	Daily worker
Ms. Sangdeun Sirirat	Daily worker
Ms. Panawan Kampang	Daily worker
Mr. Anamai Thaithon	Daily worker
Ms. Yupin Kaedkaew	Daily worker
Mr. Sem Thaithon	Daily worker
Ms. Chid Chujui	Daily worker
Mr. Suchon Peungzap	Daily worker
Mr. Sakol Peungzap	Daily worker
Ms. Nampheung Pheongphai	Daily worker
Mr. Somsak Sa-nguan	Daily worker
Mr. Chaleng Sa-nguan	Daily worker
Mr. Boy Reu-srichan	Daily worker
Mr. Sali Konsaton	“Baan Bancheun” Villager & SL Daily worker
Ms. Sangdeun Sirirat	“Baan Bancheun” Villager & SL Daily worker

Mr. Koan Onyim	“Baan Bancheun” Villager (used to work at SL plantation)
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### Interviews at WC, Phrae province

Person interviewed	Position/Organization
Mr. Yong Deetui	Villager & Shop-owner
Mr. Sawai Koedpum	Villager & Daily worker (night guard)
Ms. Lhoeu Samrit	Villager
Ms. Chom Limbunchum	Villager & Part-time worker (cook)
Mr. Bamrung In-lho	Daily worker (logyard)
Ms. Chum Sithisenarak	Villager

### Interviews at TK, Lampang province

Person interviewed	Position/Organization
Mr. Sod Kuangkam	Villager (used to work for TK plantation)
Mr. Chart Kuangkam	Daily worker (driver, for school children)
Mr. Pud Kang-onta	Villager
Ms. Malee Kuangkam	Villager & Daily worker (cook)
Ms. On Muangma	Villager

#### G. Documentation reviewed:

*FIO Plantation Management Plan to Comply with FSC P&C, Khao Kra Yang Plantation;*  
*FIO Plantation Management Plan to Comply with FSC P&C, Thom Pha Phum Plantation;*  
*FIO Plantation Management Plan to Comply with FSC P&C, Srisatchanalai Plantation;*  
*FIO Plantation Management Plan to Comply with FSC P&C, Ta Pla Plantation;*  
*FIO Plantation Management Plan to Comply with FSC P&C, Wang Chin Plantation;*  
*FIO Plantation Management Plan to Comply with FSC P&C, Tungkwian Plantation;*  
*FIO Plantation Management Plan to Comply with FSC P&C, Maemai Plantation;*  
*Payment Registers, All FIO Plantations;*  
*TPP Royalty Fees, Compartments 2521 & 2511 being logged.*  
*TPP wage rates: daily rates, piece-meal rates.*  
*TPP teak logs sold during June 2001 – May 2002.*  
*KKY “almost completed” Employment Register, totaling 234 workers.*  
*KKY wage rates: piece-meal rates, monthly and annual rates, and total amount paid during February-December 2001.*  
*KKY daily wage rates and activities, March 2001.*  
*KKY population data of surrounding villages.*  
*KKY elephant-hired details: elephants’ names and owners’ addresses.*

## 1.2 General Audit Findings and Conclusions

FIO has issued a policy statement committing to support FSC on all units according to an FIO Plantation Management Plan that complies with FSC and P&C. Efforts have been made to systematize and standardize the management planning in accord with the FSC P&C for all units in the certified forest areas.

There are still some managers within the FIO system that are in a process of learning what it takes to practice management consistent with FSC Principles and Criteria or SmartWood requirements. The management at FIO HQ is certainly interested in accelerating the entrance of units into the certified pool. However, the performance in the management units does not yet translate the newly created management files into action. In some significant areas, there are large gaps between current actions and certification conditions, and some areas in which the compliance of the organization must be improved as efforts were not taken to address certification conditions.

One area of weakness, which carries forth from the findings of the original assessment, is the apparent inconsistency with which FIO workers, especially forest villagers, are compensated to a level equivalent with the regional norm. FIO had received a precondition in the original assessment for this reason and had worked to improve the situation by the time of the precondition audit. FIO will need to ensure that its plantation units are demonstrating a higher level of commitment to the benefits to the forest villagers.

Given that some issues affecting the lives of forest villagers are outside of FIO control (land reform or redistribution) it has been emphasized through conditions related to Principles 2, 4, and 5 that FIO must make strong efforts to address issues within FIO control. Primarily, these would be through a level of distribution of benefits, wages, and compensation equivalent to the regional norm for the province of the plantation unit; through safe and fair working conditions with adequate safety equipment and training; and through a higher level of communication and consultation with local communities, especially the forest villages, to identify ways to enhance their livelihoods in manners feasible for FIO and acceptable to the forest villagers.

Regretably, during the on-site audit visits, there were substantive areas that need to be improved to be in compliance with FSC Principles 2, 3, and 5 - for which Corrective Action Requests have been issued.

For this reason, further explained in the confidential section of the audit report, **the SmartWood team makes the recommendation that the FIO certificate not be expanded to include any additional plantation units at this point in time. Prior to the inclusion of any new plantation units, CARs 4 and 5 must be closed out. At that point in time, the four new plantation units evaluated during the May 2002 audit would be recommended for inclusion within the existing FIO certificate.**

To verify compliance with CARs 4 and 5, an on-site field visit would be necessary by at least one SmartWood assessor.

### 1.3 Status of Conditions and Corrective Action Requests (CARs)

#### A. Compliance Summary of Previously Issued Conditions and CARs

Not met:	Partially Met:	Closed:
Condition 24 replaced by CAR 13-2002	Condition 22 replaced by CAR 12-2002	Condition 20
Condition 17 replaced by CAR 10-2002	Condition 19 replaced by CAR 11-2002	Condition 14
Condition 15 replaced by CAR 9-2002	Condition 13 replaced by CAR 9 - 2002	Condition 1
Condition 11 replaced by CAR 8-2002	Condition 9 replaced by CAR 4-2002 and CAR 5-2002	Condition 2
Condition 10 replaced by CAR 6-2002 and CAR 7-2002	Condition 7 replaced by CAR 3-2002	Condition 3
	Condition 6 replaced by CAR 2-2002	
	Condition 4 replaced by CAR 1-2002	

#### B. New CARs Issued in this Audit

**CAR 1 – 2002: Within 6 months, FIO must put into action communication of what its commitment to FSC P&C means in terms of its policies, plans, and activities, especially to the broad range of stakeholders.**

**CAR 2 – 2002:** By the time of the next annual audit, KKY shall proceed with steps necessary to register the lands of the office, arboretum, and seed orchard (for itself) and of the forest village area (for the forest villagers).

**CAR 3 – 2002:** By the time of the next annual audit, NTFP collection and other informal resource uses are to be formalized by participatory methods among the users and FIO officers. FIO will implement plans and agreements that are in written form.

**CAR 4 – 2002:** Within 6 months, and prior to inclusion of any new plantation under the FIO certificate, minimum pay must be raised to the regional minimum wage and the plantation authority undertaking the responsibility of this raise must be supported in doing so by the FIO HQ.

**CAR 5 – 2002:** Within 3 months, and prior to inclusion of any new plantation under the FIO certificate, the register of the workers must be improved to clearly indicate the tasks and number of days worked by each worker, for the work/task accomplishment per month, along with the exact amount of payment - in order to make the information applicable for audits.

**CAR 6 – 2002:** By the time of the next annual audit, FIO shall implement systematic rules and policies within all certified plantations, to offer adequate and similar worker compensation to workers injured on the job and to fairly handle worker health and safety issues, particularly workplace accidents and incidental death.

**CAR 7-2002:** By the time of the next annual audit, FIO shall implement systematic training of workers in use of appropriate safety equipment and practices. Training is particularly important for workers in high risk or high skill operations, such as chainsaw operators or log yarders. Training programs shall be taught by experienced individuals, and utilize appropriate manuals and experiential coursework. FIO shall ensure that all workers are equipped with adequate safety equipment, and using it, for their jobs.

**CAR 8-2002:** Within 6 months, FIO shall demonstrate that in all certified plantations there is at least one Community Relations Officer with proper training in place and functioning with the full support of FIO management.

**CAR 9-2002:** Within 6 months, all FIO certified plantations shall implement pre-harvest site inspection with the purpose of evaluating the environmental impacts (to any sensitive areas, eternity trees, river or edge buffers, conservation areas, research areas, high erosion areas, etc.) from planned thinning, harvest, or site preparation operations. Site inspections are to happen before commencing the operation and the results need to be given in written form and explained to operators.

**CAR 10-2002:** Within 6 months, TPP management shall develop guidelines for eco-tourism and access to the rare bat cave, and implementation is taking place.

**CAR 11-2002:** By the time of the next annual audit, FIO shall specify protection methods for eternity trees. The following actions shall take place: marking all eternity trees (on the tree itself), mapping the marked trees on the map, systematic monitoring and reporting methods on status and condition of eternity trees.

**CAR 12-2002:** By the time of the next annual audit, TPP shall implement and document its plan to reduce chemical use and to implement a safety standard for chemical applications.

**CAR 13-2002: By the time of the next annual audit, FIO shall make available for all certified units, a public summary of the management plan detailing relevant policies, plantation maps, logging operation plans, wood sales, etc. This should be made available to key stakeholders and workers both in terms of written documents (i.e., pamphlet or handout) and described a stakeholders meetings.**

## SmartWood Certification Annual Addendum to the Public Summary for Forest Industry Organization, 2003 CAR Verification Audit

### 1.1 Audit Process

- A. **Audit year: 2003 (CAR VERIFICATION AUDIT)**
- B. **Dates of Audit: January 20 to 24, 2003**
- C. **Audit Team:**

**Jeffrey Hayward**, is Asia Pacific Regional Manager, SmartWood Program. M.Sc. Forestry, (Univ. of British Columbia, Canada); B.A. Latin American Development and Forestry (Univ. of Washington, USA). He has conducted silviculture and ecology research for the B.C. Ministry of Forests and UBC Alex Fraser Research Forest in Canada. In Oregon State, he worked for the federal government in the U.S. Bureau of Land Management in forest inventory and timber sale administration. Three years as U.S. Peace Corps community forester in Guatemala, providing technical extension services in a tripartite agroforestry and conservation of natural resources program. Private forestry consulting for the B.C. Ministry of Forests, the FSC and IIED. Publications include research on forest certification and forest silviculture. He has conducted 15 forest management assessments, scopings, and/or audits; conducted over 40 chain of custody assessments and/or audits; and been an instructor of four assessor-training courses (US, Malaysia, Japan, and Fiji).

**Dr. Suree Lakanavichian**, Ph.D. in Wildland Resource Science, specializing in Social Aspects and Policy of Natural Resources at University of California at Berkeley, USA; M.Sc. in Social Forestry, Yale University, USA; B.Sc. in Forestry - specializing in Biology and Ecology, Kasetsart University, Bangkok. She is currently working as a Director of the Forest and People Research Centre, Forest Resources Division, Faculty of Agriculture, Chiang Mai University, Chiang Mai, Thailand. Dr.Lakanavichian is also a Professor of Socio-economics and Policy of Natural Resources, Participatory Resource Management and Sustainable Forest Management at Chiang Mai University. She is a Thai National who has been a specialist in social aspects and policy of natural resources management for several years. She has worked as a consultant on various projects related to Sustainable Forest management in Thailand, P.R.China, Lao PDR. and Vietnam. *Dr. Lakanavichian was a SW Team member of the Forest Industry Organization assessment and audits in Thailand.*

#### D. **Audit Overview:**

The audit was conducted January 20 to 24, 2003 in order to verify that the Forest Industry Organization (FIO) performance to meet CARs that were raised in the report from the annual audit of May 2002. There were six CARs that were under evaluation at this time, while eight additional CARs remain to be evaluated at the next annual audit. In conjunction with this audit of FIO, the Forest Stewardship Council, FSC, conducted a monitoring audit of SmartWood. Two FSC auditors and one Thai expert comprised the FSC auditing team.

FIO was first certified in June 2001, with certification code SW-FM/COC-048. This was the second monitoring audit from SmartWood since the time of certification. Only two plantation units are included, at this time, by the FIO certificate, Thong Pha Phum (TPP) and Khao Kra Yang (KKY). The results from the annual audit of 2002 were that SmartWood had determined that the FIO certificate not be expanded to include

any additional plantation units. Since the time of the original certification, SmartWood had proposed to FIO that the scope of the certification could be expanded to include new plantation units, provided that an audit took place prior to such expansion. SmartWood issued two CARs during the 2001 annual audit, CARs 4 and CAR5, for which on site verification and satisfactory compliance would be a requirement prior to the inclusion of any new plantation units within the existing FIO certificate. To verify compliance with CARs 4 and 5, an on-site field visit was conducted by two SmartWood assessors as mentioned above.

The SmartWood verification audit began on January 20, 2003 at the headquarters of FIO in Bangkok at 9:00am. There was a brief planning session between the audit team and FSC auditors and FIO, with all parties proceeding to a meeting room in which a small gathering of organizations had been invited to meet with FIO, FSC, and SmartWood from 10:00am to 12:00pm. The purpose of the meeting was to introduce the organizations involved in the audit, to ask questions of FIO related to their certification plans and objectives, and to raise to FIO any particular stakeholder concerns of those in attendance.

The primary issues raised by SmartWood in the opening meeting with FIO were:

1. What is FIO's plan and priorities for expansion of the certification?
2. What level of support will be provided to the FIO SFM office?
3. What resources will be provided to the units seeking certification?
4. How is the company strengthening its relationship with local forest villagers?
5. How is the company involving locals more in the planning?
6. What changes had occurred since the past audit.

A short briefing from the Managing Director, indicated that FIO does want to see that it's entire forest estate be certified. In fact, the goal was for this entire process to be completed within one year. The MD was aiming to increase the financial support necessary to expand the project. The demand for certified wood is increasing for FIO. To respond to heightened demand and the policy from the MD to increase the number of certified units, the new FIO SFMO was created in June 2002. The SFM office will be responsible for monitoring compliance of plantation units to FSC P&C, providing technical management services to small and private non-FIO plantations, and for technical consulting on COC. The SFM office has increased the number of personnel in its staff over the past six months.

This verification audit was structured to spend 0.5 to 1.0 days at each of the FIO plantation units that were still in the queue to be included under the FIO certificate since the May 2002 audit. As there were no CARs raised on KKY from the 2002 annual audit, only TPP was to be audited from the original certified units.

- |    |  |           |
|----|--|-----------|
| 1. | Sisatchanalai (SL) plantation in Sukhothai | 2,503 ha. |
| 2. | Wangchin (WC) plantation in Phrae          | 2,292 ha. |
| 3. | Tungkwian (TK) plantation in Lampang       | 2,242 ha. |
| 4. | Maemai (MM) plantation in Lampang          | 3,284 ha. |

The audit team decided to spend 1.0 day at TPP, and then continued to spend 0.5 days each at Sisatchanalai, Wangchin, Maemai, and Tungkwian. In summary, the audit team aimed to visit 5 of the 6 units that would comprise the current FIO certified units, if CARs were sufficiently met during the current CAR Verification audit. For TPP and SL, the FSC auditors were present. For the remaining units, SW auditors alone conducted the evaluations.

There was a closing meeting with the SFMO staff in Tunkwian Plantation during which the company was briefed of new CARs and systems' changes that would need to be addressed by FIO in the short term.

## **E. Sites Visited:**

FIO Headquarters, Bangkok, 20 January 2003

Thong Pha Phum (TPP) Plantation, Karnchanaburi province, 20-21 January 2003

Plantation office

Compartment 2525; 20-year stand, 4 months after 2<sup>nd</sup> thinning;

Compartment 2525; eternity trees, edge zone, riparian zone;

Log yard

Srisatchanalai (SL) Plantation, Sukhothai province, 22 January 2003

Plantation office;

Compartment 2524; 21-year stand, active operations;

Riparian zone;

Wang Chin (WC) Plantation, Phrae province, 23 January 2003

Plantation office;

Compartment 2525; 20-year stand, recently finished;

Riparian zone;

Maemai (MM) Plantation, Lampang province, 23 January 2003

Office

Compartment 2511; active operations, final harvest; planting site; roadside buffer zone;

Compartment 2522; 24-year old stand, low thinning in May 2002;

Tungkwian (TK) plantation, Lampang province, 24 January 2003

Office

## **F. Personnel Interviewed:**

The following people were consulted during this audit:

### **Stakeholders & FIO Meeting at FIO HQ**

<b>Person interviewed</b>	<b>Position/Organization</b>
Mr. Chittiwat Silapat	FIO SFMO, Director
Mr. Prasert Prachit	FIO Sustainable Forest Management Office (SFMO), Head of Division
Mr. Paisan Chaisan	FIO SFMO staff
Ms. Kanyarat Pingkhasan	FIO SFMO staff
Ms. Chinna Phoueaknang	FIO SFMO staff
Mr. Thammrat Yoojongdee	FIO SFMO staff
Mr. Surasit Kaewmuangmool	FIO SFMO staff
Ms. Lumduan Amampai	FIO SFMO staff
Mr. Piyapan Wannamanee	FIO SFMO staff
Mr. Monchai Noyrith	SFMO FIO
Mr. Wirat Ruengchaisri	SFMO FIO
Mr. Veera Songboonkaew	Northern FIO
Mr. Banleng Chanwowwam	Southern FIO
Mr. Somphop Rattanapongs	Southern FIO
Mr. Suwan Pongjaroen	SL Plantation Manager

Mr. Voravuth Kouphavonrek	Shun Thai Co., Ltd.
Ms. Karen Edwards	RECOFTC
Mr. Bordin Kinawong	Federation Forest Co-op of Thailand
Mr. Winai Krethong	Population and Community Development Association
Dr. Aroon Chomcharn	Santi Forestry (Holding) Co.,Ltd.; Senior Executive Vice President
Mr. Nikhom Laemsak	Kasetsart University, Faculty of Forestry
Mr. Hubert De Bonafos	FSC Team
Mr. Tien-ake Tiyaongpattana	FSC Auditing Team
Mr. Alistair Monument	FSC Team

#### Interview no.1 at TPP, Karnchanaburi province

Person interviewed	Position/Organization
<b>Mr. Somphob Ratanapong</b>	TPP Plantation Manager (acting); Ban Poang Sub-division Manager
Mr. Preecha Indraprung	TPP Assistant Manager
<b>Mr. Sadej Hui-ouan</b>	TPP Assistant Manager
Mr. Narongchai Cholaphab	TPP Assistant Manager
Mr. Chittiwat Silapat	FIO SFMO, Director
Mr. Prasert Prachit	FIO Sustainable Forest Management Office (SFMO), Head of Division
Mr. Paisan Chaisan (observer)	FIO SFMO staff
Ms. Kanyarat Pingkhasan (observer)	FIO SFMO staff
Ms. Chinna Phoueaknang (observer)	FIO SFMO staff
Mr. Thamrat Yoojongdee (observer)	FIO SFMO staff
Mr. Surasit Kaewmuangmool (observer)	FIO SFMO staff
Ms. Lumduan Amampai (observer)	FIO SFMO staff
Mr. Piyapan Wannamanee (observer)	FIO SFMO staff

**Remarks:** Observer means the person whom were at the meeting but no interview. In this case, the observers have been the SFMO staff whom were recently recruited and need to learn about the Audit.

#### Interview no.2at TPP, Kanchanaburi province

Person interviewed	Position/Organization
Ms. Wassana Wongwai	Ajaan (teacher), Tha Maduae School
Mr. Boonphong Po-ngern-ngarm	Ajaan, Thailand Forestry Association School
Mr. Worayuth Kumsin	District Assistant Chief, Huay Kha-Yeng TAO
Mr. Boonniem Duangchan	Village Headman, Baan Tha Maduae

**Remarks:** The stakeholders came a little later than the beginning of the TPP Audit (Interview no.1) although at first we planned to conduct the Stakeholder Consultation altogether, so they listened to the Interview no.1 for a while. Then they were asked to go for an interview outside the meeting room by the SW Auditor and the FSC Auditor as the strategy for keeping both interviews going and avoiding awkwardness.

#### Interview no.3 at TPP, Kanchanaburi province

Person interviewed	Position/Organization
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Ms. Somchit Sudaban	Daily worker
<b>Ms. Saengdao Amsura</b>	Daily worker
Ms. Siprai Samankasikorn	Daily worker
Ms. Pratuan Sihera	Daily worker
Ms. Hud Singlo	Daily worker
Mr. Apinan Saekwang	Daily worker
Rewat Saekwang	Daily worker
Mr. Boonsong Boonrod	Daily worker

<b>Interviews no.1 at SL, Sukhothai province</b>	
<b>Person interviewed</b>	<b>Position/Organization</b>
Mr. Suwan Pongjaroen	SL Plantation Manager
Mr. Boonkoea Suwannit	Sukhothai Sub-division Manager
Mr. Pairat Seelasorn	Mae San Plantation Manager (acting), last audit – SL Assistant Manager
Mr. Rittikorn Nunloy	SL Assistant Manager
Mr. Piya Rittiya	SL Assistant Manager
Mr. Tanongsak Anuvaitaya	Bandan Lanhoi Assistant Manager

<b>Interviews no.2 at SL, Sukhothai province</b>	
<b>Person interviewed</b>	<b>Position/Organization</b>
Mr. Narong Nammakorn	Daily worker
Mr. Samruay Chantong	Daily worker
Mr. Niyom La-po	Daily worker
Mr. Woramed Theoutong	Daily worker
Mr. Pathawee Zaisaeng	Daily worker
Mr. Somchai Nammakorn	Daily worker
Mr. Rom La-po	Daily worker
Ms. Rassamee La-po	Daily worker
Mr. Boy Soea-sichan	Daily worker

<b>Interview no.1 at WC, Phrae province</b>	
<b>Person interviewed</b>	<b>Position/Organization</b>
Mr. Wimon Jianratanasawad	WC Plantation Manager
Mr. Sathit Tosvichit	Mae Sin – Mae Soong Plantation Manager (acting), last audit – WC Assistant Manager
Mr. Krittipan Chansanga	WC Assistant Manager
Mr. Phumsit Ma-dee	WC Assistant Manager
Mr. Supakit Enmee	Mae Maan Assistant Manager (current – help work at WC)

<b>Interview no. 2 at WC, Phrae province</b>	
<b>Person interviewed</b>	<b>Position/Organization</b>
Mr. Pairoa Mad-in	Daily worker
Mr. Kaat Mingma	Daily worker
Mr. Boonla Kamkum	Daily worker
Mr. Huang Thaimai	Daily worker
Mr. Bantom Pa-lhiam	Daily worker

Mr. Ek Ta-loen	Daily worker
Mr. Kriangsak Pongpanngob	Permanent worker (driver)
Mr. Buntiang Takong	Daily worker
Mr. Bamrung In-lho	Daily worker
Mr. Aran Takaew	Daily worker
Mr. Chan Roentem	Daily worker
Mr. Bunchu Tanbut	Permanent worker (driver)

#### Interviews at MM, Lampang province

Person interviewed	Position/Organization
Mr. Prawut Jina	MM Plantation Manager
Mr. Suchat Yimmee	MM Assistant Manager
Mr. Pisut Wasinamekin	MM Assistant Manager
Mr. Taweezap Saothong	MM Permanent worker
Mr. Preecha Ongsakun	MM Permanent worker

#### Interview no.1 at TK, Lampang province

Person interviewed	Position/Organization
Mr. Manas Chaisuk	TK Plantation Manager
Mr. Worapot Kambai	TK Assistant Manager
Mr. Prakasit Nangwong	TK Assistant Manager
Ms. Wiphada Phewsawad	TK Assistant Manager
Ms. Prapasri Srisakjai (observer)	Village Headwoman, Baan Mae Tan Noi, Tambon Wiang Tan
Mr. Kammoon Wongtua (observer)	TAO member, Baan Mae Tan Noi
Ms. Siriya Chaiyatan (observer)	TAO member, Baan Tungkwian, Tambon Wiang Tan
Mr. Sa-ard Yod-ut (observer)	Village Headman, Baan Tungkwian

#### Interview no.2 at TK, Lampang province

Person interviewed	Position/Organization
Ms. Prapasri Srisakjai	Village Headwoman, Baan Mae Tan Noi, Tambon Wiang Tan
Mr. Kammoon Wongtua	TAO member, Baan Mae Tan Noi,
Ms. Siriya Chaiyatan	TAO member, Baan Tungkwian, Tambon Wiang Tan
Mr. Seng Peng-one	TAO member, Baan Tungkwian
Mr. Sa-ard Yod-ut	Village Headman, Baan Tungkwian
Ms. Duangdoen Panyo	TAO member, Baan Na-ngoan, Tambon Mae San
Mr. Saluay Moraduk	Village Headman, Baan Na-ngoan
Mr. Sanan Chaiyakhan	TAO member, Baan Na-ngoan

#### G. Documentation reviewed:

*Overview Document, FIO Sustainable Forest Management*  
*FIO Group Certification Organizational Responsibility Chart for SFM to Comply with FSC.*  
*FIO Staff Attendance Register for Internal Training on FSC at Nakornratchasrima, August 13 – 14, 2002*

*FIO Staff Attendance Register for Internal Training on FSC at Khonkhaen, August 15 – 16, 2002*

*FIO Staff Attendance Register for Internal Training on FSC at Sriracha, August 20 - 21, 2002*

*FIO Staff Attendance Register for Internal Training on FSC at Banpong, August 27 - 28, 2002*

*FIO Staff Attendance Register for Internal Training on FSC at Suratthanee, August 29-30, 2002*

*FIO Plantation Management Plan to Comply with FSC P&C, Thom Pha Phum Plantation;*

*FIO Plantation Management Plan to Comply with FSC P&C, Srisatchanalai Plantation;*

*FIO Plantation Management Plan to Comply with FSC P&C, Wang Chin Plantation;*

*FIO Plantation Management Plan to Comply with FSC P&C, Tungkwian Plantation;*

*FIO Plantation Management Plan to Comply with FSC P&C, Maemai Plantation;*

*(All including the additional 23 new sections)*

*Payment Registers, All FIO Plantations;*

*Payment Records, All FIO Plantations;*

*FIO Public Summary for Plantation Units: TPP, SL, WC, MM, TK.*

## **1.2 General Audit Findings and Conclusions**

This was a CAR verification audit that focused primarily on the CARs issued from the May 2002 annual audit, as reported to FIO in the audit report sent to the company in July 2002 and finalized in September 2002. Therefore, the emphasis of the audit was on specific outstanding issues, however, where areas of weakness were identified, as they could be during any audit of an FM certificate, SmartWood has issued new CARs or recommendations to FIO, or indicated that pre-existing CARs with deadlines for completion in May 2003 were not yet met.

Since the past SmartWood audit, a number of positive changes had occurred to improve the performance of FIO forest management. For example, FIO made efforts to systematize the implementation of its forest management objectives for plantation units that were seeking to comply with FSC. The company endeavors to channel a proper level of investment into its plantation forest programs. There was a newly created office namely, the Sustainable Forest Management Office (SFMO) created in June 2002, whose function is to work directly with forest plantations and assist them in the implementation of their forest management plans. This SFMO team had increased in size, with 21 members, as of January 2003 and was getting out to the plantations on a regular basis.

FIO had expanded the scope and definition of its objectives for realizing FSC compliant certification. The framework of policies and planning documents for the forest management planning file had expanded. There was more definition of FIO standards for biological conservation, economic and social sustainability. The company continues to implement buffers and conservation zones of varying widths and protection, particularly for water and soil quality. The company continues to sell 20% of the teak logs to local villages and has worked together with local communities to create some cooperatives and local sawmills. The plantation units are conducting stand improvement thinning cuts and limited final harvests, maintaining a conservative cutting level. FIO has been promoting this program at industry, government, and academic exhibitions, on announcement boards at the plantation offices, and through the home page.

The commitment to push for certification of all units, and provide the necessary investment to do so, was clearly stated by the Managing Director, Mr. Chanatt Laohawatana. FIO has issued eight policies to direct the implementation of management practices and systems on all plantations. These are considered to be their guiding directives for Sustainable Forest Management and have received endorsement at the highest level of the organization, signed by the Managing Director. At all plantations these policies have been posted on

highly visible signboards. This information is publicly available to anyone who would approach the plantation.

Admittedly, FIO can still improve its ability to communicate what it intends to do and to involve more people in the discussion of those plans prior to their implementation. In the main, while preparing to do so, FIO has not clearly defined what are the criteria, timetable, and priorities for selecting new units into the certified pool. This information needs to be made more explicit and more clearly communicated to a broader range of stakeholders. Although some organizations are being informed of the basic policy of FIO to attain certification on all units, there are many stakeholders who would like to receive more detailed information on progress and plans of FIO's certification program. For this weakness, CAR 1 – 2003 was raised. Pamphlets summarizing some of the basic information on each plantation unit have been prepared and need to be more widely distributed (and provide more detailed data on thinning and harvest plans – compartments, timing, volumes to be extracted – and policies and information on NTFPs and other issues most relevant to Forest Villagers).

The extent to which FIO is able to lead effective stakeholder consultation must be improved. FIO did confer the responsibility of Community Resource Officer (CRO) for all plantations, and in most cases there were two. However, the responsibilities of the CRO were split with other work responsibilities on the plantation, as it has proved not feasible to expect hiring of an entirely new and separate position. The basic understanding of the need for the position and the functions of the position was still weak. The Terms of Reference (ToR) or Position Description for the CROs currently working has not been suitably developed. To satisfy these shortcomings, FIO SFMO had arranged for a training workshop held at Chiang Mai University during 3-6 February 2003 for training the CROs to work with stakeholders. For each plantation, one CRO is expected to learn intensively and to be able to properly function in their role at participating plantations. While this is a positive first step, it has come later than expected by SmartWood, and therefore CAR-4-2003 was issued during this audit. It is evident that a single training will not suffice to cover all of the training needs for these positions and FIO must be committed to maintain ongoing training for the CROs and other staff.

General employee welfare is improving and across all plantation units, the wages had risen above the norm for the agricultural sector. However the wages for the units seeking entrance to the certified pool had not been raised to the point of the provincial/regional minimum wage. Wages have been raised, but not to the point expected by SmartWood.

The following clarification of SmartWood's position on the wage rate for workers on FIO certified plantations was made: *All worker pay **must** be raised to the level of the official government published regional minimum wage for any unit prior to it being included under the FIO certificate. For FIO to maintain certification, the wage must remain at or above the minimum wage for any unit in the certified pool. Failure to maintain wages at or above the official government published minimum wage shall result in the suspension of the FIO certification.*

Worker protective equipment, such as helmets and gloves, is being provided by the FIO plantations. In general, there is consistent statement that workers who need to have such equipment, but do not come to work with it, are not permitted to work. Such equipment usage was observed in the field. No chemicals are being used in the certified plantations, so protective equipment for that use is not needed. Between the plantations to be considered for inclusion in the group there was some inconsistency in the level of health and medical support offered to workers, which will be evaluated more fully at the next annual audit.

FIO is providing informal 'training', which is basically on-the-job instruction whereby operators with more years on the job are instructing junior and assistant workers in machine operation and safety.

However, this has not been formal training, nor has it resulted in a standardized training program, and this is an area of weakness that requires improvement. Progress is needed by FIO towards completion of CAR-7-2002, so that systematic training of workers in use of appropriate safety equipment and practices is implemented. Training is particularly important for workers in high risk or high skill operations, such as chainsaw operators (who use older chainsaws without modern safety devices) or log haulers. Training programs shall be taught by experienced individuals, and utilize appropriate manuals and experiential coursework.

Some informal employment without proper identification and official age details for a younger contracted individual would be outside of FIO policy and ILO conventions. There was unexpected evidence at TPP that a 14 year-old boy had come to the harvesting site during our audit. Plantation and SFMO staff argued that the boy probably came to help his family doing piece-meal work. After a critical discussion, it was agreed that this unacceptable, and sent an official letter to his family stressing that he or any under aged children cannot work at the Plantation. For this reason the new CAR 5 - 2003 was raised.

Eternity trees are being protected, and most are marked in the field. The methods for signing the trees to ensure identification and inventory of such trees is not yet consistent and progress is needed with respects to CAR 11 – 2002, as some trees are still not properly labeled. Buffer zones, particularly along the watercourses, are being put in place in the field and on maps. Depending on the plantation, these zones can provide areas of conservation value and diversity. The FIO concept and planning for these buffer areas could be improved, and made more explicit, especially for areas where restoration and native species planting are envisioned.

Overall, FIO has made more efforts to consolidate and strengthen their planning apparatus for the districts to be considered as certified. The young team of the SFMO, including those staff responsible to internally audit the plantation units, must be more critical of plantation weaknesses with respects to meeting CARs from SmartWood. Similarly, the FIO HQ needs to be able to ensure that there is consistent application and implementation of its policies, especially as they relate to FSC certification.

**The conclusion from this CAR Verification audit is that not all CARs have been closed out. SmartWood does not recommend the addition of any new units to the FIO certificate at this time. Furthermore, the portions or aspects of CARs that were not met are expected to be addressed immediately, as per new CARs. The evaluation of all new CARs and the pre-existing CARs will be required for the next annual audit, to be scheduled no later than May 31, 2003, but preferably sooner. If the company is not able to close out the significant CARs issued, the certificate will be suspended until that time by which FIO can demonstrate compliance.**

### **1.3 Status of Conditions and Corrective Action Requests (CARs)**

#### **A. Compliance Summary of Previously Issued Conditions and CARs**

##### **CARS EVALUATED:**

###### **Closed:**

**CAR 9-2002: Within 6 months, all FIO certified plantations shall implement pre-harvest site inspection with the purpose of evaluating the environmental impacts (to any sensitive areas, eternity trees, river or edge buffers, conservation areas, research areas, high erosion areas, etc.) from planned thinning, harvest, or site preparation operations. Site inspections are to happen**

**before commencing the operation and the results need to be given in written form and explained to operators.**

**CAR 10-2002: Within 6 months, TPP management shall develop guidelines for eco-tourism and access to the rare bat cave, and implementation is taking place.**

Partially Met:

**CAR 1 – 2002: Within 6 months, FIO must put into action communication of what its commitment to FSC P&C means in terms of its policies, plans, and activities, especially to the broad range of stakeholders.**

**CAR 4 – 2002: Within 6 months, and prior to inclusion of any new plantation under the FIO certificate, minimum pay must be raised to the regional minimum wage and the plantation authority undertaking the responsibility of this raise must be supported in doing so by the FIO HQ.**

**CAR 5 – 2002: Within 3 months, and prior to inclusion of any new plantation under the FIO certificate, the register of the workers must be improved to clearly indicate the tasks and number of days worked by each worker, for the work/task accomplishment per month, along with the exact amount of payment - in order to make the information applicable for audits.**

**CAR 8-2002: Within 6 months, FIO shall demonstrate that in all certified plantations there is at least one Community Relations Officer with proper training in place and functioning with the full support of FIO management.**

**CARS TO BE EVALUATED AT NEXT AUDIT, WHICH WERE REVIEWED FOR PROGRESS ONLY:**

**CAR 2 – 2002: By the time of the next annual audit, KKY shall proceed with steps necessary to register the lands of the office, arboretum, and seed orchard (for itself) and of the forest village area (for the forest villagers).**

**CAR 3 – 2002: By the time of the next annual audit, NTFP collection and other informal resource uses are to be formalized by participatory methods among the users and FIO officers. FIO will implement plans and agreements that are in written form.**

**CAR 6 – 2002: By the time of the next annual audit, FIO shall implement systematic rules and policies within all certified plantations, to offer adequate and similar worker compensation to workers injured on the job and to fairly handle worker health and safety issues, particularly workplace accidents and incidental death.**

**CAR 7-2002: By the time of the next annual audit, FIO shall implement systematic training of workers in use of appropriate safety equipment and practices. Training is particularly important for workers in high risk or high skill operations, such as chainsaw operators or log yarders. Training programs shall be taught by experienced individuals, and utilize appropriate manuals and experiential coursework. FIO shall ensure that all workers are equipped with adequate safety equipment, and using it, for their jobs.**

**CAR 11-2002: By the time of the next annual audit, FIO shall specify protection methods for eternity trees. The following actions shall take place: marking all eternity trees (on the tree itself), mapping the**

marked trees on the map, systematic monitoring and reporting methods on status and condition of eternity trees.

CAR 12-2002: By the time of the next annual audit, TPP shall implement and document its plan to reduce chemical use and to implement a safety standard for chemical applications.

CAR 13-2002: By the time of the next annual audit, FIO shall make available for all certified units, a public summary of the management plan detailing relevant policies, plantation maps, logging operation plans, wood sales, etc. This should be made available to key stakeholders and workers both in terms of written documents (i.e., pamphlet or handout) and described a stakeholders meetings.

CAR 14-2002 – By the time of the next audit, FIO HQ shall complete the written procedures for FIO internal auditing and evaluation of certified or potentially certifiable plantation units, which would stipulate the frequency of such audits, as well as reporting requirements, corrective action methods (including internal suspension), and indications for training requirements. SmartWood audits will verify FIO adherence to this policy.

## **B. New CARs Issued in this Audit**

**CAR 1 – 2003: Effective immediately, and evaluated prior to May 31, 2003, FIO will provide a clear explanation of its certification expansion plans. These shall state the plantations scheduled for certification and provide evidence of the prioritization of their inclusion in the FIO certificate, including the timeline and approximate dates for inclusion. National, regional, and local stakeholders must be notified of these plans and invited to comment.**

**CAR 2 – 2003: Effective immediately, and evaluated prior to May 31, 2003, FIO shall maintain an up to date list of the applicable minimum wage for each province or district, which is annually announced and published by the Government through the Ministry of Labor. FIO SFMO staff must be aware of recent changes and must review pay rates during internal audits.**

**CAR 3 - 2003 Effective immediately, and evaluated prior to May 31, 2003, FIO must standardize the Employee Register and ensure consistent use of this register among all units that are to be included under the FIO certification.**

**CAR 4 – 2003: Effective immediately, and evaluated prior to May 31, 2003, FIO shall finalize a fully developed Terms of Reference or Position Description so that all CROs clearly understand their roles and responsibilities. The generic TOR should be consistent with all plantations.**

**CAR 5 – 2003: Effective immediately, and evaluated prior to May 31, 2003, FIO shall terminate all employment of any person under the age of 15 years and inform, through written and formal means, to the families of such under aged persons that the individual shall not be working in any means within the plantation unit.**

**CAR 6 – 2003: Effective immediately and prior to any additional sale or transfer of certified products, FIO shall submit for and receive approval from SmartWood for the use of the FSC logo and trademark on log shipments, advertising and public relations documents.**

**SmartWood Certification Annual Addendum to the Public Summary for  
Forest Industry Organization - Plantations at Thong Pha Phum and Khao Kra Yang, 2003**

**1.1 Audit Process**

- A. Audit year:** 2003
- B. Dates of Audit:** June 19 to June 27, 2003
- C. Audit Team:**

**Dr. Suree Lakanavichian**, Ph.D. in Social Aspects and Policy of Natural Resource Management, University of California at Berkeley, USA; M.Sc. in Social Forestry, Yale University, USA; B.Sc. in Forestry - specializing in biology and ecology, Kasetsart University, Bangkok. She is currently working at the Forest and People Research Centre, Forest Resources Department, Chiang Mai University, Chiang Mai, Thailand. Dr.Lakanavichian is a Professor of Socio-economics and Policy of Natural Resources, and Participatory Resource Management at Chiang Mai University. She is a Thai National and Socio-Economist of Natural Resources, who has been a specialist in social aspects and policy of natural resources management for several years. She has worked as a consultant on various projects related to Sustainable Forest management in Thailand, P.R.China and Vietnam. *Dr. Lakanavichian was a SW Team member of the Forest Industry Organization assessment and audits in Thailand*

**Marc Hiller, Forester.** B.A. Political Science and Human and Natural Ecology (Emory Univ., USA). He worked with SmartWood Asia-Pacific from March 2001 to July 2003. He has conducted 13 forest management and over 60 chain-of-custody assessments and audits. Worked with numerous forest managers and conservation organizations on High Conservation Value Forest issues, and worked for over two years in West Kalimantan, Indonesia on community forestry project supported by Harvard University. There, he focused on training communities to conduct inventory and monitoring activities, harvest planning, and mapping.

**D. Audit Overview:**

FIO was first certified in June 2001, with certification code SW-FM/COC-048. This was the third monitoring audit from SmartWood since the time of certification. This current annual audit was conducted June 19 to 27, 2003 in order to undertake annual evaluation of the Forest Industry Organization (FIO) performance to meet CARs and Conditions that were raised in the original certification assessment report (finalized 2001), the annual audit of May 2002, and a Verification Audit of January 2003. Two plantation units are included at this time under the active FIO certificate, Thong Pha Phum (TPP) and Khao Kra Yang (KKY). The audit was also intended to expand the scope of the certified units to include 4 additional units.

In May 2003 SmartWood changed the scope of the FIO certificate from a resource manager/group certificate type to a traditional forest management certificate containing the two plantation units Thong Pha Phum (TPP) and Khao Kra Yang (KKY), as it was determined that FIO did not meet FSC requirements for a group certificate. Since the time of the original certification, SmartWood had discussed with FIO that the scope of the certification could be expanded to include new plantation units, provided that an audit took place prior to

such expansion. Under a group model, FIO could have chosen a number of units to be included in a 'certified pool' and SmartWood would then audit a sample of these units to determine compliance of group members to the certification requirements. However, the results from the annual audit of 2002 were that SmartWood determined that the FIO certificate could not be expanded to include any additional plantation units in a certified pool. Currently, under the single FM certificate, expansion of the certificate scope to include additional plantation units would occur only when the specified units are proposed to be added by FIO and after successful performance has been verified on site by SmartWood.

The SmartWood Annual Audit of 2002 resulted in 14 Corrective Action Requests (CARs). One of these CARs was due to be evaluated in 3 months after submission of the final audit report, five were due in 6 months, and the remainder was to be evaluated during the 2003 Annual Audit. As one of the CARs from the 2002 annual audit required on site verification (and satisfactory compliance prior to the inclusion of any new plantation units within the existing FIO certificate), an on-site field visit was conducted during the Verification Audit in January 2003. The results of the Verification Audit were that two CARs were closed and 4 partially met, with 6 new CARs created to be completed by the 2003 annual audit scheduled for May or June 2003.

The SmartWood annual audit for 2003 began on June 19, 2003 at the headquarters of FIO in Bangkok at 9:00am. There was a brief planning session between the audit team and FIO regarding the field visits and schedules. The purpose of the meeting was to introduce the 2003 annual audit, to review the CARs raised from the Annual Audit of 2002, the Verification Audit in January 2003, and to discuss the Conditions issued from the original assessment. Some general areas of progress were briefly presented by FIO before any particular CARs and Conditions were audited.

The primary issues raised by SmartWood in the opening meeting with FIO were:

7. What is FIO's plan and priorities for inclusion of new units within the current FM certification?
8. What resources will be provided to the units seeking certification?
9. What level of support will be provided to the FIO SFM Office?
10. How is the company strengthening its relationship with other stakeholders, in addition to the local villagers?
11. How is the company strengthening its relationship with local forest villagers?
12. How is the company involving locals more in the planning?
13. What changes had occurred since the past audit?

The Managing Director (MD) of FIO has stressed repeatedly that the entire certification process is aimed towards the goal of incorporating all plantation units under the single certificate. The MD was aiming to increase the financial support necessary to expand the project. The demand for certified wood is increasing for FIO. To respond to heightened demand and the policy from the MD to increase the number of certified units, the new FIO Sustainable Forest Management Office (SFMO) was created in June 2002. The SFMO has been responsible for monitoring compliance of plantation units to FSC P&C, providing technical management services to small and private non-FIO plantations, and for technical consulting on COC. The SFMO has increased the number of personnel in its staff over the past year and the SmartWood observations indicate that SFMO officers seem to be working diligently in their responsible tasks.

A public meeting was held in Bangkok on Saturday, June 20, 2003. The meeting announcement was widely circulated by SmartWood and cooperating organizations. SmartWood organized the meeting with stakeholders to discuss issues relating to FIO's forest management. The Rainforest Alliance/SmartWood program stated the reason for the meeting was that we were concerned that broader input from NGOs and other civil society groups be received regarding the FIO certificate. SmartWood has endeavored in past

assessments and audits to speak to villagers, workers, and national/local NGOs and wanted to build on that effort to have a higher level of discussion and feedback. Key stakeholder NGOs were contacted by Thai nationals and sent faxes in Thai. Despite SmartWood's intentions to have broad participation, attendance at the meeting was very limited and disappointing. Discussion covered the following issues: a) FIO forest management goals/objectives; b) conservation issues within FIO managed areas; c) social issues regarding FIO management; d) general concerns relating to conservation and forest management in areas surrounding FIO's plantation units, with particular to TPP and KKY; and, e) SmartWood Interim Forest Management Standards for Thailand.

This annual audit was structured to spend 1.0 to 1.5 days at each of the FIO plantation units that either required on-site field auditing or were still in the queue to be included under the FIO certificate since the May 2002 and January 2003 audits. FIO had requested that SmartWood consider expansion to include the units of Sisatchanalai, Wangchin, Tungkwian, and Maemai (all inspected at the 2002 annual audit and the 2003 verification audit.) As the Verification Audit was undertaken at TPP during January 2003, and there were no field based CARs raised on TPP, the auditors evaluated TPP documented progress and performance with TPP managers at the FIO headquarters on 20 June 2003. KKY was scheduled to have on-site field evaluations. The results of the performance on-site and through document review would be used to determine compliance to existing Conditions and CARs for both KKY and TPP.

#### **E. Sites Visited:**

1. FIO Headquarters, Bangkok, 20 June 2003
2. Khao Kra Yang (KKY) Plantation, Phitsanulok province, 22-23 January 2003
  - 1) Plantation office
  - 2) Compartment 2512; after final harvest in 2001, soil erosion,
  - 3) Compartment 2514; after final harvest in 2002, weeding and teak coppicing;
  - 4) Compartment 2513; after final harvest in 2002, eternity trees, edge zone, riparian zone;
  - 5) Log yard (2516)
3. Srisatchanalai (SL) Plantation, Sukhothai province, 24 June 2003
  - 6) Plantation office;
  - 7) Compartment 2526; 20-year stand, thinning, buffer zone, eternity trees;
  - 8) Compartment 2532; 14-year stand, stream bank and conservation zone;
  - 9) Log yard;
4. Wang Chin (WC) Plantation, Phrae province, 25 June 2003
  - 10) Plantation office;
  - 11) Compartment 2526; 20-year stand, active thinning operation, semi-natural forest area;
  - 12) Log yard;
5. Tungkwian (TK) plantation, Lampang province, 26 June 2003
  - 13) Office
6. Maemai (MM) Plantation, Lampang province, 23 June 2003
  - 14) Office
  - 15) Local wood (cottage) industry in the station.

#### **F. Personnel Interviewed:**

The following people were consulted during this audit:

### FIO Meeting at FIO HQ

Person interviewed	Position/Organization
Mr. Chittiwat Silapat	FIO Sustainable Forest Management Office (SFMO), Director
Mr. Prasert Prachit	FIO SFMO, Head of Division
Mr. Paisan Chaisan	FIO SFMO staff
Ms. Kanyarat Pingskhan	FIO SFMO staff
Ms. Chinna Phoueaknang	FIO SFMO staff
Mr. Thammarat Yoojongdee	FIO SFMO staff
Mr. Surasit Kaewmuangmool	FIO SFMO staff
Ms. Lumduan Amampai	FIO SFMO staff
Mr. Pipat Chimplee	FIO SFMO staff
Mr. Piyapan Wannamanee	FIO SFMO staff
Mr. Prasit Thintara	FIO SFMO staff
Mr. Wirat Ruengchaisri	SFMO FIO
Mr. Veera Songboonkaew	Northern FIO, Division Head
Mr. Suvit Sukwiboon	Southern FIO, Director
Mr. Somphop Rattanapongs	Southern FIO, Ban Poang Sub-division Manager & Acting Manager of TPP
<b>Mr. Sadej Hui-ouan</b>	Ban Poang Sub-division
Mr. Narongchai Cholaphab	TPP Assistant Manager
Mr. Kere Thauanmaun	TPP Assistant Manager
Mr. Pichai Rujirotsuwan	Northern FIO, Phitsanulok Sub-division Manager

### Stakeholders Meeting at RECOFTC, Kasetsart University, Bangkok

Person interviewed	Position/Organization
Ms. Karen Edwards	RECOFTC*
Mr. Poom Pinthep	RECOFTC*
Mr. Sa-ard Romruensukarom	Eu-Tech (Eucalyptus Technology Co.,Ltd.), Chachoengsao province
Mr. Keith Barney	Center for International Forestry Research (CIFOR), currently a Ph.D. candidate conducting research in Thailand
Dr. Charles B. Mehl	Mekong Environment and Resource Institute (MERI)

**Remarks:** RECOFTC\* means Regional Community Forestry Training Center, an international organization based at Kasetsart University, Bangkok, and the above two persons were behaving as facilitators at the beginning and stakeholders from the middle towards the end of the meeting.

### Interview no.1 at KKY, Phitsanulok province

Person interviewed	Position/Organization
<b>Mr. Sukit Chanthong</b>	KKY Plantation Manager
Mr. Wanich Sriprom	KKY Assistant Manager
<b>Mr. Chumnong Kesdee</b>	KKY Assistant Manager
Mr. Potjaman Koedrung	KKY officer
Ms. Lumduan Amampai	FIO SFMO staff/KKY
Mr. Prasert Prachit	FIO Sustainable Forest Management Office (SFMO), Head of Division
Mr. Prasit Thintara (observer)	FIO SFMO staff

Mr. Thammarat Yoojongdee (observer)	FIO SFMO staff
Mr. Piyapan Wannamanee (observer)	FIO SFMO staff
Mrs. Pensri Juiwaramit (observer)	FIO SFMO staff

**Remarks:** Observer means a person, whom was at the meeting but no interview. In this case, the observers have been the SFMO staff whom was assisting the audit process and need to learn about the audit.

#### Interview no.2 at KKY, Phitsanulok province

Person interviewed	Position/Organization
Ms. Chantana Sripeng	villager, Baan Namtok Poi (Forest Village hamlet)
Mr. Pa-yung Poothet	villager, Baan Namtok Poi (Forest Village hamlet)
Mr. Jian Wangwandee	villager, Baan Namtok Poi (Forest Village hamlet)
Mr. Charoon Khaopom	villager, Baan Namtok Poi (Forest Village hamlet)
Mr. Roay Kaewmee	Village Headman, Baan Poangkae (Mhoo 8), Tambon Baan Yaeng
Mr. Thonglho Khantee	Assistant Village Headman, Baan Kasetsampan (Mhoo 7), Tambon Baan Yaeng
Mr. Ngoen Intpeng	Village Headman, Baan Kasetsuk (Mhoo 5), Tambon Baan Yaeng
Mr. Narong Petchbeungprao	Kamnan (Tambon chief), Tambon Baan Yaeng
Mr. Somsak Rattanawaraha	Village Headman, Baan Namtok Poi (Mhoo 1), Tambon Kangsopa
Mr. Pachara Puangrungrong	Ajaan, FIO-2 School, Baan Namtok Poi
Mr. Chalerm Kongkhieu	Director, FIO-2 School, Baan Namtok Poi
Mrs. Songkran Khantee	villager, Baan Kasetsampan (Mhoo 7), Tambon Baan Yaeng
Staff Sergeant Lhek Channak	Police Sub-station, Tambon Kangsopa
Mrs. Panomrak Suthapot	Chief of Baan Namprom Heath Station
Mr. Chanasorn Srisingh	Public Health officer, Baan Namprom Heath Station

**Remarks:** The stakeholders consultation lasted about 2 hours (10:30-12:40 hrs), and then we had luncheon together.

#### Interview no.3 at KKY (logyard), Phitsanulok province

Person interviewed	Position/Organization
Mr. Pisit Saenwanna	Daily worker
<b>Mr. Boonlai Chan-intha</b>	Daily worker
Mr. Suthon Yossuprom	Daily worker
Mr. Suwan Wanthongsuk	Daily worker
Mr. Suyan Phromma-int	Daily worker

#### Interviews no.1 at SL, Sukhothai province

Person interviewed	Position/Organization
Mr. Suwan Pongjaroen	SL Plantation Manager
Mr. Jirawut Sangsri	SL Assistant Manager
Mr. Rittikorn Nunloy	SL Assistant Manager
Mr. Piya Rittiya	SL Assistant Manager

Mr. Boonkoea Suwannit	Sukhothai Sub-division Manager
Mr. Pipat Chimplee	FIO SFMO staff/SL
Mr. Prasert Prachit	FIO Sustainable Forest Management Office (SFMO), Head of Division
Mr. Prasit Thintara (observer)	FIO SFMO staff
Mr. Thammarat Yoojongdee (observer)	FIO SFMO staff
Mr. Piyapan Wannamanee (observer)	FIO SFMO staff
Mrs. Pensri Juiwaramit (observer)	FIO SFMO staff

### Interviews no.2 at SL, Sukhothai province

Person interviewed	Position/Organization
Mrs. Unreun Karunanam	Ajaan, Baan Donrabiang School
Mrs. Somluan Kamzap	Ajaan, Baan Donrabiang School
Mr. Sawaang Bussara	Ajaan, Baan Paksaan School
Mrs. Wida Jomprasert	permanent staff, Forest Protection Unit ST.7 (Huay Zuang)
Mr. Ong-art Ngam-ngon	Forestry Officer (5), Forest Protection Unit ST.7 (Huay Zuang)
Mr. Chira Zongput	Forestry Technician (5), Huay Zuang Plantation
Mr. Plaan Kanthason	Baan Pangsak (Mhoo 18), Tambon maesin
Mr. Wong Yamon	Village Headman, Baan Maehoo (Mhoo 5), Tambon Maesin
Mr. Khong Chanmanee	Village Headman, Baan Haadkae (Mhoo 13), Tambon Maesin
Mr. Wirot Numlhek	Village Headman, Baan Sato (Mhoo 6), Tambon Maesin
Mr. Chalerm Kamnam	Village Headman, Baan Bancheun (Mhoo 12), Tambon Maesam
Mr. Chalo Chan-ouam	Village Headman, Baan Ponglampang (Mhoo 17), Tambon Maesin
Mr. Amnuay Whaansanit	Village Headman, Baan Wangkhonwon (Mhoo 7), Tambon Maesam
Mr. Boonchub Toaepan	Chief of Forestry Office, Srisatchanalai district
Mr. Amnuay Fakfai	Wood-buyer, Soongmen district, Phrae province
Mr. Chaowarat Iamkamchan	Assistant Village Headman, Baan Haadkae (Mhoo 13)
Mr. Charoen Kumraks	Assistant Village Headman, Baan Sato (Mhoo 6)
Mr. somchai Pengdit	Assistant Village Headman, Baan Pangsak (Mhoo 18)
Mr. Chaleo Phuekdang	Forest Protection Officer, Forest Protection Unit ST.7 (Huay Zuang)

**Remarks:** The stakeholders consultation lasted about 2.5 hours (12:30-15:00 hrs).

### Interview no.1 at WC, Phrae province

Person interviewed	Position/Organization
Mr. Wimon Jianratanasawad	WC Plantation Manager
Mr. Chairat Kimprathet	WC Assistant Manager
Mr. Krittiphol Jansanga	WC Assistant Manager
Mr. Kriangsak Payungsankul	Mae Sin – Mae Soong Plantation Manager

Mr. Chaiyut Kampiranont	Mae Sin – Mae Soong Plantation
Mr. Surasit Kaewmuangmool	FIO SFMO staff/WC
Mr. Prasert Prachit	FIO Sustainable Forest Management Office (SFMO), Head of Division
Mr. Prasit Thintara (observer)	FIO SFMO staff
Mr. Thammarat Yoojongdee (observer)	FIO SFMO staff
Ms. Lumduan Amampai (observer)	FIO SFMO staff
Mr. Piyapan Wannamanee (observer)	FIO SFMO staff
Mrs. Pensri Juiwaramit (observer)	FIO SFMO staff

### Interview no. 2 at WC, Phrae province

Person interviewed	Position/Organization
Mr. Sawang Sikaew	Village Headman, Baan Wang Leuk (Mhoo 4), Tambon Napoon
Mr. Wichian Polrit	Chair, Tambon Administrative Organization (TAO), Tambon Napoon
Mr. Banpot Deepoh	TAO member, Baan Wang Leuk (Mhoo 4)
Mr. Plung Wonglha	TAO member, Baan Wang Leuk (Mhoo 4)
Mr. Noppdol Senakul	S.O., Baan Wang Leuk (Mhoo 4)
Mr. Chin Wongwing	TAO member, Baan Pamai (Mhoo 8) “Forest Village”
Mr. Sriton Fungamchai	TAO member, Baan Pamai (Mhoo 8) “Forest Village”
Mr. Prayoon Punjiti	TAO member, Baan Don Kwang (Mhoo 5)
Mr. Song Eoywan	Assistant Village Headman, Baan Haadrua (Mhoo 6)
Mrs. Pikul Boonsung	Ajaan, Baan Haadrua School
Mr. Kaneung Tapeek	Village Headman, Baan Pamai (Mhoo 8)
Mr. Sangad Kahcharoen	Kamnan (Tambon Chief), Tambon Napoon

**Remarks:** The stakeholders consultation lasted about 2 hours (10:15-12:15 hrs), and then we had luncheon together.

### Interview no.1 at TK, Lampang province

Person interviewed	Position/Organization
Mr. Worapot Kambai	TK Plantation Manager (acting)
Mr. Prakasit Nangwong	TK Assistant Manager
Mr. Chalernsak Tumhiran	Manager, TK plantation and Service Sub-division
Ms. Wiphada Phewsawad	Assistant Manager, TK plantation and Service Sub-division
Ms. Kanyarat Pingkhasan	FIO SFMO staff/TK
Mr. Prasert Prachit	FIO SFMO, Head of Division
Mr. Prasit Thintara (observer)	FIO SFMO staff
Mr. Thammarat Yoojongdee (observer)	FIO SFMO staff
Ms. Lumduan Amampai (observer)	FIO SFMO staff
Mr. Piyapan Wannamanee (observer)	FIO SFMO staff
Mr. Pipat Chimplee (observer)	FIO SFMO staff
Mr. Surasit Kaewmuangmool (observer)	FIO SFMO staff
Mrs. Pensri Juiwaramit (observer)	FIO SFMO staff

**Interview no.2 at TK, Lampang province**

Person interviewed	Position/Organization
Phra Sawat Siripunyo	Wat (temple) Tungkwian
Ms. Prapasri Srichatjai	Village Headwoman, Baan Mae Taan Noi (Mhoo 8), Tambon Wiang Taan
Mr. Prawes No-ai	Assistant Village Headman, Baan Tungkwian (Mhoo 6), Tambon Wiang Taan
Mrs. Kalya Wongprasert	S.O., Baan Huayrian (Mhoo 7)
Ms. Sangdeun Nilkaew	Baan Tungkwian Nursery (pre-school children)
Ms. Wiangthong Inthong	Lampang Livestock Research and development Center
Mr. Kamol Rangmanee	Forestry Officer (5), Forestry Operation Center 4, Hangchart district
Mr. Chana Diawwilai	Chief, Khuntarn National Park
Mr. Chumpol Chantakol	Ajaan, Baan Huayrian School
Mr. Charoen Chiangloei	Assistant Village Headman, Baan Huayrian (Mhoo 7), Tambon Wiang Taan
Mr. Chamlong Rangsun	Village Headman, Baan Huayrian (Mhoo 7)
Mr. Thaworn Tapasen	Village Headman, Baan Maesun-Poangqwak (Mhoo 5)
Police Captain Paiboon Petchdee	Hangchart district police station, Lampang
Mr. Suparb Leurach	Village Headman, Baan Sompoi (Mhoo 6), Tambon Maesun
Mr. Sawang Uttama	Village Headman, Mhoo 3, Tambon Maesun
Mr. Chart Kuangkham	Representative of Baan Pamai (Forest Village), part of Baan Tungkwian (Mhoo 6)
Mr. Pornchai Indee	permanent staff, TK Plantation
Mr. Panus Thongbo	permanent staff, TK Plantation

**Remarks:** The stakeholders consultation lasted about 2 hours (9:30-11:30 hrs), and then we had luncheon together.

**Interviews no.1 at MM, Lampang province**

Person interviewed	Position/Organization
Mr. Prawut Jina	MM Plantation Manager
Mr. Suchat Yimmee	MM Assistant Manager
Mr. Teerayut Malathong	MM Assistant Manager
Mr. Taweezap Saothong	MM Permanent worker
Mr. Kanchit Reuangswat	Lampang Sub-division Manager
Mr. Paisan Chaisan	FIO SFMO staff/MM
Mr. Prasert Prachit	FIO SFMO, Head of Division
Mr. Prasit Thintara (observer)	FIO SFMO staff
Mr. Thammarat Yoojongdee (observer)	FIO SFMO staff
Ms. Lumduan Amampai (observer)	FIO SFMO staff
Mr. Piyapan Wannamanee (observer)	FIO SFMO staff
Mr. Pipat Chimplee (observer)	FIO SFMO staff
Mr. Surasit Kaewmuangmool (observer)	FIO SFMO staff
Mrs. Pensri Juiwaramit (observer)	FIO SFMO staff

**Interviews no.2 at MM, Lampang province**

<b>Person interviewed</b>	<b>Position/Organization</b>
Mrs. Amporn Kreumai	Chair, Tambon Administrative Organization (TAO), Tambon Baan Lang, Muang district, Lampang province
Mr. Chusak Kreuchan	Kamnan (Tambon chief), Tambon Baan Lang
Mr. Somsak Ya-nawong	Village Headman, Mhoo 6, Tambon Baan Lang
Mr. Sa-ard Penkol	Village Headman, Baan Luang (Mhoo 11), Tambon Baan Lang
Mr. Pun Meekrua	Village Headman, Mhoo 9, Tambon Baan Lang
Mr. Sawang Kaewping	Village Headman, Baan Sobmai (Mhoo 2), Tambon Baan Lang (incl. Forest hamlet)
Mr. Wisut Kunkul	Mae Wang-Kiew Lom Irrigation and Maintenance Project, Tambon Baan Lang
Mr. Sawaang Fongkham	Mae Wang Conservation Group, Lampang
Ms. Sura-ampan Pengto	Secretary, TAO chairwoman, Tambon Baan Lang

#### **G. Documentation reviewed:**

Overview Document, FIO Sustainable Forest Management  
 FIO Group Certification Organizational Responsibility Chart for SFM to Comply with FSC  
 FIO Plantation Management Plan to Comply with FSC P&C, Thom Pha Phum Plantation  
 FIO Plantation Management Plan to Comply with FSC P&C, Khao Kra Yang Plantation  
 FIO Plantation Management Plan to Comply with FSC P&C, Srisatchanalai Plantation  
 FIO Plantation Management Plan to Comply with FSC P&C, Wang Chin Plantation  
 FIO Plantation Management Plan to Comply with FSC P&C, Tungkwian Plantation  
 FIO Plantation Management Plan to Comply with FSC P&C, Maemai Plantation

(All including the additional 23 new sections)

Payment Registers, All FIO Plantations

Payment Records, All FIO Plantations

FIO Public Summary for Plantation Units: TPP, KKY, SL, WC, TK and MM.

Timber Production Records – Mae Mai; Wang Chin

FIO Internal Audit Procedures; Monthly and Annual Audit Checklists

Site Inspection Reports – All plantations

Soil Erosion Monitoring Data – All plantations

SmartWood Certification Assessment Report for FIO, January 24, 2001

SmartWood Certification Audit Report for FIO, May 2002

SmartWood CAR Verification Audit Report for FIO, January 2003

FSC Annual Monitoring of SmartWood 2003, Forest Management Audit – Forest Industry Organization; SW-FM/COC-148

#### **1.2 General Audit Findings and Conclusions**

This 2003 annual audit focused primarily on the Corrective Action Requests (CARs) issued by SmartWood in the May 2002 annual audit and the January 2003 CAR Verification Audit, as well as to monitor conditions from FIO's assessment report. Therefore, the emphasis of the audit was on specific, targeted issues. Where areas of weakness were identified, as they may be during any audit of an FM certificate, SmartWood issued new CARs or recommendations to FIO, or indicated that pre-existing CARs with deadlines for completion in May 2003 were not yet met and new deadlines set. The audit was

also used to address areas of weakness that the FSC had identified with SmartWood's auditing in the past and which required SmartWood to purposefully address and correct.

The following is a general summary of the performance of FIO in implementing a management system and practices according to FSC principles and criteria. Areas of strength and weakness are organized broadly by principle headings. Those areas related to issues that were raised as concerns by FSC will be noted accordingly within this discussion.

#### *Principle 1*

Since the past SmartWood audit, a number of positive changes had occurred to improve the performance of FIO forest management on certified plantations and those seeking to be included in the scope of the certificate. FIO made efforts to systematize the implementation of its forest management objectives for plantation units that were seeking to comply with FSC. The Sustainable Forest Management Office (SFMO), created in June 2002 to work directly with forest plantations to assist them in the implementation of their forest management plans, had increased its team in size to 21 staff members. Since January 2003, the SFMO has been working with plantation unit managers at the plantations on a more regular basis. During the current annual audit, SFMO staff showed significant improvement in their familiarity and understanding of the SW CARs and Conditions, as well as the means to correct weaknesses and gaps. SFMO staff had a better understanding of their roles and responsibilities than previously.

The commitment to push for certification of all units, and provide the necessary investment to do so, was clearly stated by the Managing Director (M.D.), Mr. Chanatt Laohawatana. FIO continues to endeavor to channel more investment into its plantation forestry programs. FIO has issued eight policies to direct the implementation of management practices and systems on all plantations. These are considered to be their guiding directives for Sustainable Forest Management and have received endorsement at the highest level of the organization, and signed by the M.D. At all plantations, these policies have been posted on highly visible signboards. This information is publicly available to anyone who would approach the plantation. As a means for satisfying one of the existing CARs, these policies are now presented in public summary pamphlets and booklets and have been distributed widely. FIO has made a nationally available summary of its management plan. Stakeholders can receive from FIO clear information on TPP and KKY, the only certified plantations, as well as those that FIO is working to bring up to the FSC standard. The plan includes a time frame for which different units are already under the SW certificate and when different units are expected to be audited for inclusion within the FSC certification.

#### *Principle 2*

There was progress in dealing with the arrangements of informal land and resource use. For example, forms for villager collection of NTFPs were available in a few plantations. There were also efforts by the responsible staff in employing participatory techniques for acquiring information of available resources and their uses.

However, issues of developing formality and systems for customary uses that are permitted on an informal basis, through greater stakeholder consultation, remain a weakness of the plantation units evaluated. The plantation staff or SFMO staff has limited understanding of how those informal uses can affect plantation management planning. In general, FIO plantations could still improve in terms of the data collection on NTFP harvesting and other informal resource utilization.

#### *Principle 3*

SmartWood maintains that Principle 3 and its criterion are not applicable to the two certified plantation units, as per the original assessment. In the past year, the FIO certificate had been reduced to a simple

certificate covering the 2 plantations and upon further evaluation, auditors concluded that P3 does not apply in these areas.

During the current audit, SmartWood revisited this issue at the request of the FSC. The social assessor checked with stakeholders in meetings at all units as to the self-awareness or identification of villagers in the affected areas as “Indigenous”. In the attendance at the many meetings, and while the people came from various backgrounds, all of those people stated that they did not consider themselves or, there to be, "Indigenous people" in the areas. As with the first assessment, the auditor considered the ethnicity and inhabitants of the Forest Villages and surrounding communities. The overwhelming finding has been that the forest villagers living around each plantation unit came from either nearby villages/districts, or moved in as migrants from a few villages far away. These migrants to the area, both prior to and after the plantation establishment did not express an indigenous claim or legal/customary ownership to these lands.

As such, SmartWood has evaluated the impacts from plantation management on local communities and relations of the company with villagers through principles 1, 2, 4, and 5.

#### *Principle 4*

The organization’s commitment to improvement and forest certification, as well as the hard work exhibited by SFMO and plantation unit staff has led to tangible benefits for employees and communities as well as improved management in forest areas. Hundreds of FIO workers received training this year on health and safety issues by professional health, safety, and heavy equipment experts. Workers are now better protected by the purchase of workman’s compensation and health insurance. FIO has worked to identify local and national stakeholders and begun communicating with groups on forest management and conservation. A FIO commitment to “effective microorganisms” is leading to the end of chemical use on all FIO lands.

General employee welfare is improving across all plantation units, and wages had risen above the norm for the agricultural sector. However the wages for the new units seeking to be included within the scope of the FIO FM certificate had not been raised to the level of the provincial/regional minimum wage announced by the Government. Wages have been raised, but not to the threshold expected by SmartWood.

The following clarification of SmartWood’s position on the wage rate for workers on FIO certified plantations was made in the January 2003 Verification Audit report and would **still apply**: *All worker pay **must** be raised immediately to the level of the official government published regional minimum wage for FIO to be SmartWood-certified, and for any unit prior to it being included under a resumed FIO certificate. In the future, for FIO to maintain certification, the wage must remain at or above the minimum wage for any certified unit. Failure to maintain wages at or above the official government published minimum wage shall result in the suspension of the FIO certification.*

The Group Accidental Insurance bought by FIO covers worker compensation owing to injuries from workplace accidents. All plantation units, including the plantations to be considered for inclusion in the certified area, participate in the Group Insurance plan, which was bought by FIO HQ. It is assured that the injured workers will receive health care and payment during their sickness and absence from work. FIO plantation units are providing worker protective equipment, such as helmets and gloves. In general, there is consistent statement that workers who need to have such equipment, but do not come to work with it, are not permitted to work. Such equipment usage was observed in the field. No chemicals are being used in the certified plantations, so protective equipment for that use is not needed.

There was clear improvement in the training of workers. FIO is providing formal 'training', which is organized on three subjects at each plantation unit. There were: 1) Safety training, 2) First-aid training, and 3) Chainsaw Operation technique and safety training. Systematic training of workers in the use of appropriate safety equipment and careful use of heavy equipment has been implemented satisfactorily, with evidence (pictures and manuals) provided to auditors. Training programs were taught by experienced individuals from proper institutions, utilizing appropriate manuals and experiential coursework.

An employment register at each plantation is regularly completed. There were no incidences of informal employment without proper identification and/or workers younger-than-15 years' old working for the plantation. FIO policy following the Thai labor law and ILO conventions was clear that neither piece-meal-work individuals nor contracted families could bring under-age children to help in the plantation. Each plantation and SFMO staff showed the policy statement regarding the official age of workers.

The extent to which FIO is able to lead effective stakeholder consultation in various issues still can be improved. For this audit, there was some evidence at each plantation that Community Resource Officer (CRO) with the SFMO staff assistance could exercise some participatory workshops and discussions with local stakeholders. However, the themes and methods are similar at all the evaluated units. It led the auditors to suspect that most activities were conducted and supervised by the SFMO staff whom were trained on Participatory Social Impact Assessment Methodology (PARSIAM), with limited leadership by the CROs themselves. It will be more useful for the CROs and SFMO officers to understand the principles and conceptual framework of PARSIAM and be able to adapt various methods for particular topics that are applicable in each plantation unit, not only following the same examples from the training. It is evident that a single training was helpful, however it does not suffice to cover all of the training needs for these positions and FIO must be committed to maintain ongoing training for the CROs and other staff. It should also be noted that on-the-job training on participatory methods by the SFMO staff is only a starting point for conveying the basic principles and techniques on participatory methodology. Nevertheless, the basic understanding of the need for the position and the functions of the position were more prevalent than at the Verification Audit. The CROs and SFMO staff have participatory developed the Terms of Reference (ToR) or Position Description for the CROs currently working at plantation units. The implementation of the ToR remains to be seen, as there has been a weakness in analytical capability of the CROs after completing the outcomes of the participatory meetings/workshops.

#### *Principle 7 and 8*

In most cases, FIO has worked to improve management plans by creating new policies and objectives. However, many of the policy documents (to provide general guidance and methodologies) could be developed to provide more written operational guidance and detailed protocols for implementation. Some areas of the management file will need continued improvement, including:

- a. More sophisticated justification of growth and yield and annual allowable harvest calculations;
- b. The harmonization of short term and long term harvest plans with AAC calculations and FIO's stated goal of 30 year rotation for teak plantations; and,
- c. The standardized documentation and records to accompany logs from the forest to the log yard.

FIO has created several programs to monitor the positive and negative impacts of its management. Although many of the programs are already implemented (e.g. soil erosion, internal management audits), unit employees often complete monitoring sheets without full consideration and have not been analyzing data following collection.

#### *Principle 9*

**Within the context of Thailand, FIO teak plantations may include rare, threatened, or endangered**

species or ecosystems that may be fundamental to the basic needs of local communities. However, the existence of possible RTE species does not by their virtue alone define HCVPs. Such RTEs can be covered effectively by Principles 6, 7, and 8. It is the opinion of SmartWood that on the KKY and TPP plantations, FIO has sought to identify, delineate, and protect areas of important need for conservation, however, that for the ecological attributes of these forest plantations within the surrounding landscape these two units do not constitute HCVPs.

The Thai government has established substantial areas of National Park around both of these plantation units, which would likely be considered HCVPs and which should contribute to the ecological and social services in a more significant and meaningful way, with respect to FSC definition of HCVs, than either of the small certified plantation units. For example, there are 4 National Parks adjacent to KKY, namely: 1) Thung Salang Luang (789,000 rai, established in 1963); 2) Phu Hin Rong Kla (191,875 rai, established in 1984); 3) Nam Tok Chart Trakarn (339,375 rai, established in 1987); and 4) Kang Jed Kwae (136,250 rai). To the west, north and south of TPP lie the National Parks 1) Thong Pha Phum, Khao Laem, and Sai Yoke, which in total cover 370,000 ha. It is important to recognize that any High Conservation Value Forest that might have been present in the current plantation area in former times was gone by 1978, when the plantation was established, on shifting agricultural land. No substantial regeneration of natural vegetation has established since to any substantial degree. Where remnant natural forest was left, this has been put into conservation zones and preserved in the form of eternity trees.

FIO has conducted biodiversity surveys. FIO has identified areas of very important conservation value in and near the TPP plantation, such as the Queen Sirikit Crab reserve (in the plantation) and the Bat Cave (in the national park). The one vulnerable species that lives within the plantation area – the Queen Sirikit Crab, also called the three-colored crab (*Demanietta Sirikit*), has habitat in swamp area within TPP, which has been protected as strict conservation zone (56 ha), it is clearly marked on the plantation map and in the field. Several activities are now planned to protect the species. In 2003, TPP developed an agreement with local communities regarding the protection of the crab. The agreement delineates the protected and outlines appropriate land uses in areas surrounding the habitat. An inventory of the species was conducted in 2002. Following the inventory, TPP created a firebreak, developed and improved signage regarding the species, its habitat and eco-tourism rules, and built a walking trail to ensure tourists do not damage habitat. Although TPP has developed management goals and a number of activities to help protect the Queen Sirikit Crab, the unit has not fully developed and implemented its monitoring protocol.

Immediately outside the border of TPP, in Thong Pha Phum National Park, is a cave housing the world's smallest bat, Kitti's Hog-nosed bat (*Crasconycteris thonglongyai*). This cave is located in a relatively steep hillside with the main access to the cave via a trail through TPP. FIO has prepared guidelines for eco-tourism to help enforce measures – to the extent that it has jurisdiction – over more benign visitation practices to the cave.

**It can be said, that even without a formal HCVP assessment, managers have taken several steps (in terms of evaluations, management and monitoring) to protect many of the values that the HCVP concept hopes to protect.**

### *Evaluation*

Plantation units have conducted biodiversity studies and compiled lists of RTE and protected species to identify if RTE species survive in plantation areas. Prior to thinning and harvesting, all harvest blocks are surveyed for eternity trees, riparian zones, and conservation zones. Managers have communicated with local communities to learn about the goods and services villagers obtain from plantation forests. FIO managers have not communicated or collaborated with scientific and

conservation organizations to determine if these groups believe the FIO plantation areas are critical from a biodiversity perspective.

### *Management*

FIO plantation areas contain numerous patches of native and semi-native vegetation as well as many individual mature trees within plantation blocks. All semi-natural, natural, and riparian forest areas are classified as conservation forest. Within plantation areas, many, if not most, individual trees of native species are not felled during harvesting activities. Managers have worked together with local villagers to establish basic rules regarding the harvesting of non-timber plant products and hunting within plantation areas.

### *Monitoring*

FIO has not developed specific monitoring programs to measure the effectiveness of measures to protect conservation areas, for which SmartWood has issued conditions and CARs. Basic monitoring of soil erosion and biodiversity occurs, though auditors believe that monitoring procedures should be improved. Each plantation unit has staff assigned to monitor and protect forest areas from encroachment and unauthorized activities. However, monitoring does not yet effectively occur for NTFP collection and adherence to collection rules or for water quality of streams running through FIO plantations.

However, FIO has not conducted special evaluations for the presence of social high conservation values within its plantation areas. Plantation unit management plans do not address this issue specifically – though many aspects of this issue are covered through other areas of FIO activities.

Thus, while FIO plantations have not conducted a specific evaluation of social high conservation values within its plantations, managers have conducted inspections and studies to identify important conservation values and implemented strategies to maintain natural forest areas and forest resources. Further, local communities have been consulted and are more involved in management decisions affecting forest resources.

SEE CAR 7-2003 BELOW.

Overall, FIO has made more efforts to consolidate and strengthen their planning apparatus for the plantation units to be considered as certified. The young team of the SFMO, including those staff responsible to internally audit the plantation units, must be more critical of plantation weaknesses with respects to meeting Conditions and CARs from SmartWood. Similarly, the FIO HQ needs to be able to ensure that there is consistent application and implementation of its policies, especially as they relate to FSC certification.

**The conclusion from this annual audit is that not all Conditions and CARs have been closed out.**

**The auditors do not recommend the expansion of the FIO certificate to include any new plantation units at this time. Furthermore, the portions or aspects of CARs that were not met are expected to be addressed immediately and according to timelines specified within new CARs, which treat the incomplete elements of the pre-existing CAR.**

**Based on input from the auditors, SmartWood headquarters (HQ) has reached a decision that the FIO certificate shall be suspended, effective December 1. SmartWood HQ recommends that the evaluation of all new CARs which have immediate completion deadlines will be required for**

monitoring in another Verification Audit, which would be scheduled upon notification by FIO that it is ready for such an audit, in order to resume certification.

### 1.3 Status of Conditions and Corrective Action Requests (CARs)

#### A. Compliance Summary of Previously Issued Conditions and CARs

Closed Conditions	Closed CARs	Partially Met
	CAR 1-2003	
Condition 12	CAR 3-2003	CAR 2-2003
Condition 15	CAR 4-2003	CAR 6-2003
Condition 16	CAR 5-2003	Condition 5
Condition 18	CAR 2-2002	Condition 7
Condition 21	CAR 3-2002	Condition 8
Condition 25	CAR 6-2002	Condition 23
	CAR 7-2002	Condition 26
	CAR 11-2002	
	CAR 12-2002	
	CAR 13-2002	
	CAR 14-2002	

**Closed:**

**CAR 1 – 2003:** Effective immediately, and evaluated prior to May 31, 2003, FIO will provide a clear explanation of its certification expansion plans. These shall state the plantations scheduled for certification and provide evidence of the prioritization of their inclusion in the FIO certificate, including the timeline and approximate dates for inclusion. National, regional, and local stakeholders must be notified of these plans and invited to comment.

**CAR 3-2003:** Effective immediately, and evaluated prior to May 31, 2003, FIO must standardize the Employee Register and ensure consistent use of this register among all units that are to be included under the FIO certification.

**CAR 4-2003:** Effective immediately, and evaluated prior to May 31, 2003, FIO shall finalize a fully developed Terms of Reference or Position Description so that all CROs clearly understand their roles and responsibilities. The generic TOR should be consistent with all plantations.

**CAR 5-2003:** Effective immediately, and evaluated prior to May 31, 2003, FIO shall terminate all employment of any person under the age of 15 years and inform, through written and formal means, to the families of such under aged persons that the individual shall not be working in any means within the plantation unit.

**CAR 2 – 2002:** By the time of the next annual audit, KKY shall proceed with steps necessary to register the lands of the office, arboretum, and seed orchard (for itself) and of the forest village area (for the forest villagers).

**CAR 3 – 2002:** By the time of the next annual audit, NTFP collection and other informal resource uses are to be formalized by participatory methods among the users and FIO officers. FIO will implement plans and agreements that are in written form.

**CAR 6 – 2002:** By the time of the next annual audit, FIO shall implement systematic rules and policies within all certified plantations, to offer adequate and similar worker compensation to workers injured on the job and to fairly handle worker health and safety issues, particularly workplace accidents and incidental death.

**CAR 7-2002:** By the time of the next annual audit, FIO shall implement systematic training of workers in use of appropriate safety equipment and practices. Training is particularly important for workers in high risk or high skill operations, such as chainsaw operators or log yarders. Training programs shall be taught by experienced individuals, and utilize appropriate manuals and experiential coursework. FIO shall ensure that all workers are equipped with adequate safety equipment, and using it, for their jobs.

**CAR 11-2002:** By the time of the next annual audit, FIO shall specify protection methods for eternity trees. The following actions shall take place: marking all eternity trees (on the tree itself), mapping the marked trees on the map, systematic monitoring and reporting methods on status and condition of eternity trees.

**CAR 12-2002:** By the time of the next annual audit, TPP shall implement and document its plan to reduce chemical use and to implement a safety standard for chemical applications.

**CAR 13-2002:** By the time of the next annual audit, FIO shall make available for all certified units, a public summary of the management plan detailing relevant policies, plantation maps, logging operation plans, wood sales, etc. This should be made available to key stakeholders and workers both in terms of written documents (i.e., pamphlet or handout) and described a stakeholders meetings.

**CAR 14-2002 –** By the time of the next audit, FIO HQ shall complete the written procedures for FIO internal auditing and evaluation of certified or potentially certifiable plantation units, which would stipulate the frequency of such audits, as well as reporting requirements, corrective action methods (including internal suspension), and indications for training requirements. SmartWood audits will verify FIO adherence to this policy.

**Condition 12:** By the end of year 2, FIO plantations must develop a policy and mechanism for formal resolution of grievances, including measures to refer unresolved issues to a higher forum to adjudicate.

**Condition 15:** Effective immediately, and during the certification period, site inspection with the purpose of evaluating the environmental impact of planned thinning, harvest, or site preparation activities should happen before commencing the operation. Observations in the form of an instruction note to the person responsible should form the basis for implementing the operation.

**Condition 16:** By the end of year 2, a simple system for protection and monitoring the condition of the Queen Sirikit Crab habitat should be developed and implemented by TPP. Guidelines for eco-tourism activities, as related to the Queen Sirikit Crab, must be elaborated.

**Condition 18:** Within one year of certification, initiative should be taken to compile a list of the most important plant and animal species of the area. In the case any rare, threatened, or endangered species are identified, then this should immediately be reflected in the KKY management plan.

**Condition 21:** By the end of year 2, results of monitoring soil erosion and/or soil compaction from all-weather or dry weather logging should be incorporated into FIO plantation management planning.

**Condition 25:** By the end of year 2, FIO plantations will develop a monitoring program as part of their overall management planning, particularly to include monitoring environmental conditions of the compartments and such social parameters as source of labor, level of employment, benefits received from agroforestry, NTFPs, eco-tourism, etc. from activities on the FIO land base. An implementation plan, with time frame, would be drafted and implementation commenced.

**Partially Met:**

**CAR 2-2003:** Effective immediately, and evaluated prior to May 31, 2003, FIO shall maintain an up to date list of the applicable minimum wage for each province or district, which is annually announced and published by the Government through the Ministry of Labor. FIO SFMO staff must be aware of recent changes and must review pay rates during internal audits

**CAR 6 – 2003:** Effective immediately and prior to any additional sale or transfer of certified products, FIO shall submit for and receive approval from SmartWood for the use of the FSC logo and trademark on log shipments, advertising and public relations documents.

**Condition 5:** By the end of the year 2, FIO plantations shall produce a complete list and an "Ownership Map" that includes the location, area, and period of validity, etc. for each parcel that FIO has land use rights.

**Condition 7:** By the end of year 1, FIO plantations should make plans to formalize existing informal land and resource use arrangements through written agreements or contracts. By the end of year 2, the plans should be implemented. [For example, these plans could be based on “rights for responsibilities” so that specific use rights are granted to specific users (families, communities, worker groups, etc.) in exchange for acceptance of responsibilities for protection and reporting on production (e.g. hunting, agroforestry, livestock raising, eco-tourism, and gathering of NTFPs) by the users

**Condition 8:** By the end of year 2, KKY and Forest Villagers will have defined alternative long-term solutions to the issues of livelihood and land access. By end of year 3, these alternatives will have been evaluated and a mutually acceptable solution to the Forest Villagers, RFD & FIO/KKY adopted & implemented.

**Condition 23:** By the end of year 2, FIO plantations shall revise the management file to produce an actual management plan that incorporates a wider range of forest management activities, including not only commercial wood production, but also agroforestry, ecotourism, NTFPs, conservation zone management, etc. This management plan should include (but not limited to) the following:

- objectives, prescriptions, and desired quantified results. (For each activity, it is important to indicate targets such as by whom? by when? how? how much?)
- the exact width of all buffer zones (streams, compartments, and outer boundary) and their desired characteristics/management prescriptions described (e.g. several layers of natural vegetation with a top layer of mature trees, no harvesting). Buffer zones throughout the plantation should be allowed to mature to full tree size without interruption.
- develop a system to incorporate results of past operations into annual and long term management planning and budgeting process, and provide for periodic revisions of the management plan..
- a training plan/schedule with training requirements and rationale identified by subject, target group, date, resources required -- trainers, budget, etc. Training should be coordinated by FIO HQ along with budget and resources to implement staff/worker training.

- a description of the procedure for determining the annual harvest and for checking this harvest level against the annual increment to ensure that harvest does not exceed increment.

**Condition 26:** During the period of certification, FIO plantations will maintain daily wage rates, piecemeal rates, and/or other benefits for workers that consistently meet or exceed the regional standard rate.

#### **B. New CARs Issued in this Audit<sup>7</sup>**

Note: Numbering of CARs begins where the CARs from the January 2003 audit left off.

**CAR 7-2003:** By the next audit, FIO managers must conduct a more formal assessment for the presence of social high conservation values within its certified plantations. If such social high conservation values are determined to exist, then management and monitoring activities should be developed (in coordination with stakeholders) to ensure their continued presence. If FIO managers conclude that social HCVs do not exist, this must be justified with written evidence.

**CAR 8-2003:** PRIOR TO REINSTATEMENT OF THE CERTIFICATE FIO shall improve the chain-of-custody system, so that the system consistently documents the movement of logs from the cutting blocks to the log yard. If FIO plans to sell short logs as FSC certified, then FIO must be able to trace these logs from cutting block to log yard.

**CAR 9-2003:** PRIOR TO REINSTATEMENT OF THE CERTIFICATE the active plantation units, and those to be included in the scope of the certificate, must update their minimum wage according to the regional minimum wage announced by the Government on New Year's Day each year.

**CAR 10 2003 –** PRIOR TO REINSTATEMENT OF THE CERTIFICATE FIO must submit photos to SmartWood Asia-Pacific documenting all signs hung in FIO plantations or offices that use the FSC logo or letters. SmartWood must approve all signs. All signs determined to be in violation of FSC and SmartWood labeling and logo rules must be removed from FIO facilities.

**CAR 11 2003 –** PRIOR TO REINSTATEMENT OF THE CERTIFICATE, FIO must have all content related to FSC certification on its websites, brochures, signs, pamphlets, catalogues, advertisements, etc. approved by SmartWood prior to use. All FIO materials and information regarding FSC certification determined to be inconsistent with FSC and SmartWood labeling rules or that has not been approved by SmartWood must be removed from FIO's website or discontinued (in the case of printed materials).

**CAR 12-2003:** By the next annual audit FIO plantations must complete the formalization of their approach to informal uses of land and other resources for NTFP collection, hunting, agroforestry, and eco-tourism and incorporate this into the management plan.

**CAR 13-2003:** By the next annual audit, FIO plantations will provide an integrated "land ownership map" that should include FIO's legal boundaries and will demonstrate the legal rights to the areas it is managing.

**CAR 14-2003:** By the time of the next annual audit, KKY must conduct participatory discussions with the forest villagers to product a written plan that explicitly identifies alternatives for their livelihood and land access for each forest management unit in the current plan period (either 5 or 10 years).

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<sup>7</sup> Note: the numbering of these CARs picks up where the previous audit from 2003 left off.

**CAR 14-2003:** By the time of the next annual audit, KKY must conduct participatory discussions with the forest villagers to product a written plan that explicitly identifies alternatives for their livelihood and land access for each forest management unit in the current plan period (either 5 or 10 years).

**CAR 15-2003:** By the next annual audit, TPP will rigorously implement the protocol to monitor the health of the Queen Sirikit Crab and its habitat within TPP plantations

**CAR 16-2003:** By the next annual audit, all plantations shall synthesize the findings from FIO biodiversity studies and existing RFD RTE lists to develop a list of species known to exist or have a high likelihood of existing within each certified plantation area.

**CAR 17-2003:** By the next annual audit, FIO will have its approach to soil erosion/compaction control and monitoring reviewed by qualified independent senior technical specialists. The results of this review are expected to be used in revising FIO's practices in terms of control and monitoring.

**CAR 18-2003:** By the next annual audit, FIO certified units must estimate increment rates based upon a consistent data set, preferably collected by regional FIO plantations.

**CAR 19-2003:** By the next annual audit, FIO certified units must clearly specify the dominant harvest plan ten-year or twenty year that is in force for each plantation.

**CAR 20 2003:** By the next annual audit, FIO shall produce guidelines buffer zone widths.

**CAR 21-2003:** By the next annual audit, FIO must incorporate regular audits of plantation unit chain-of-custody systems into FIO's internal monitoring procedures. COC monitoring should evaluate if COC procedures are being followed in the field, if documentation is complete and accurate, and should track a sample of logs from the forest through sale to ensure that logs can be traced to the source.

**CAR 22 2003:** PRIOR TO REINSTATEMENT OF THE CERTIFICATE FIO/SFMO and plantation staff - particularly CROs, must standardize the draft social monitoring plans and begin implementation