

Audit guide for audited companies

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This guide is intended for audited companies, it presents information on the progress of the audit and the elements to prepare.

We do **Due Diligence** for legal and deforestation free products

OBBOIS est spécialiste de l'évaluation de conformité et aide les entreprises à évaluer et justifier le niveau de risques, relatifs à la légalité et la déforestation, de leurs produits et de leurs chaînes d'approvisionnement.

Nous réalisons des évaluations de conformité depuis plus de 15 ans et avons construit une solide expérience dans l'industrie forestière et du bois.



15 YEARS OF EXPERIENCE

OBBOIS experts have nearly 15 years of experience in supporting companies with chain of custody certification, due diligence implementation and certification audit for certification bodies.

Compliance audit is an important part of our activities.



WE ARE QUALIFIED AUDITORS

Because they have a major role in the running of our missions, we bring a great importance to the training and qualification of our auditors. We also carry out certification audits for control body in Europe and Africa. These qualifications strengthen the credibility of our support and the quality of our technical solutions.



GREAT EXPERIENCE

We work in most forest and industrial countries in the world and with main importers in the forest relative industry. Our experts have a large experience in the forest-wood-paper sector.



INDEPENDENCE

Our recognition is based on our qualifications and methodologies which guarantee our objectivity and independence. To insure independent audits, ISO standards are fundamental bases for the realization of our conformity assessments.

We are engaged with you to defend the findings of our audits with the competent authorities if necessary.



ETHIC

Experts commissioned by OBBOIS undertake to act in transparency, in good faith, to be impartial, to carry out their work independently, to avoid any conflict of interest and to respect the laws and regulations in force. Observations and information collected are treated with ethics and in respect of the author or owner. If any conflicts of interest are perceptible, they are identified and documented.



OUR IMPACT

We are aware of the constraints that a due diligence system can cause on the various processes of the company. We will therefore strive to offer the most relevant and least restrictive technical solutions, while ensuring their reliability and compliance over the long term.



REASONS FOR THE AUDIT

When the level of risk at the country or region level does not allow a conclusion of a low risk, compliance checks at the level of forest origin and/or the supply chain are necessary to justify a low risk.



We therefore carry out documentary and on-site audits, depending on the risks specific to each situation. Documentary assessments effectively make it possible to verify the legal establishment of the company and its tax compliance. On-site evaluations make it possible to verify traceability and declarations of origin, as well as all compliance criteria (logging practices, labor and local population rights, environmental management, etc.). Furthermore, the documentation of countries with weak governance may be considered insufficient by the competent authorities (lack of effective controls).



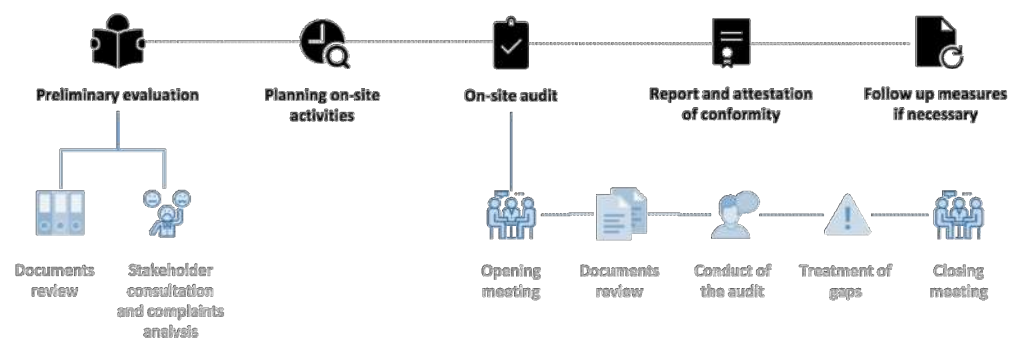
THE SCOPE OF THE AUDIT

The conformity assessment is based on a determined scope or that we determine by collecting information in the supply chain and at the level of forest origins. Depending on needs, the scope can be limited to a range of products or specific origins.



THE AUDIT PROCESS

Our audits are carried out according to standardized processes and procedures, and by qualified auditors. The auditor's mission is to demonstrate compliance. Its work therefore consists of collecting proof of conformity (observations, interviews, documents, etc.) which will make it possible to irrefutably present the conformity of the company and the sources of supply and thus of the products included in the audit scope.



Preliminary evaluation

We might begin our missions with a preliminary documentary analysis. Conducted off-site, this initial evaluation will make it possible, in particular, to identify additional elements that the company can prepare, help to build a suitable visit program, and to ensure a more efficient and targeted on-site evaluation.

Public complaints made by stakeholders will be analysed during the audit (on-site and off-site) and the company will be asked to provide additional evidence to support its compliance if there is specific accusations. If necessary, we therefore propose a consultation of the Ministry in charge of forests, and other stakeholders (NGO, civil society, national experts, etc.). This consultation includes the identification of stakeholders and their consultation in individual interviews.

Planning of on-site activities

The scope of the evaluation is specified before the visit (concessions, products, services, subcontracting, etc.) and validated with the audited company, and the logistical conditions refined (travel time, people to meet, access time to different places, etc.). This includes ensuring that all the elements necessary to assess the level of performance will be available for all requirements and to avoid round trips from one site to another depending on availability of information.

The audit plan will also take into account sampling rules established for multi-site organizations to be audited. These rules can apply to forest concessions, industries and contractors. This involves defining, depending on the number of sites with similar activities (industries, concessions, subcontractors), the proportion of sites to be audited for a company.

Number of sites with similar activities (x):	1	2	3>4	5>9	10>11	12>16	17>25	26>36	37>44	45>49	50>64
Number of sites to be audited in initial audit = \sqrt{x}	1	2	2	3	4	4	5	6	7	7	8
Number of sites to be audited in surveillance audit = $0.6 \sqrt{x}$	1	1	2	2	2	3	3	4	4	5	5

This preparation phase also allows the company to prepare, collect and consolidate the necessary documentation, as well as inform the staff to meet and ensure its availability.

On site audit

Opening meeting

The opening meeting aims to present briefly the team, the objectives of the diagnosis and the audit procedures, but also to validate the scope of the audit (concessions, activities, subcontractors, etc.) and the program (logistical aspects). This step allows the company to understand the activities that will be carried out in its facilities, which will encourage its opening and facilitate the realization of the audit. During this meeting, the company will also be able to introduce itself. The presence of leaders and service managers at this meeting is highly recommended.

Document review

Reviews and documentary collections aim to identify the requirements set by the company and / or the forestry administration. These include commitments made with the development plan, authorizations issued for the company, etc.

Conduct of the audit

The audit is carried out with professionalism and objectivity. The findings are based on factual and irrefutable facts. Thus, the auditor will have to go to the field to assess compliance:

- Meeting of the managers and executives of the company;
- Meeting of the staff of the company;
- Meeting of stakeholders (optional);
- Visit logging sites;
- Visit of the industries*;
- Visit the camps.

The quality system of the company will be evaluated: human and technical resources, procedures, company commitment, training, etc. This evaluation aims to highlight the tools to ensure long-term compliance of the company and the level of compliance with the legal requirements.

Treatment of gaps

Nonconformities are always based on factual, objective and irrefutable facts. They are discussed with the company which could possibly bring additional elements to the auditor. It may be associated with recommendations or corrective and preventive actions.

Restitution meeting

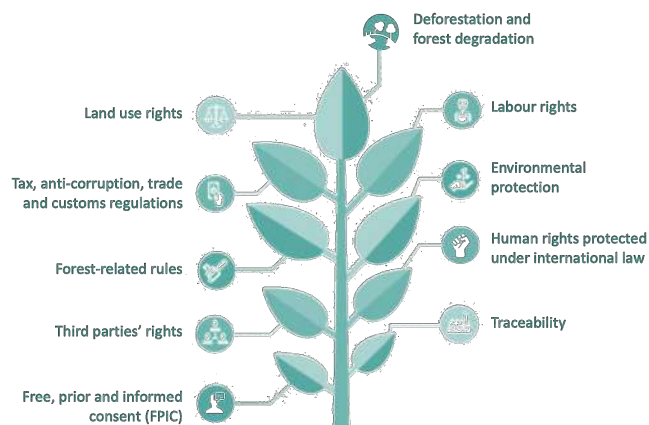
At this meeting, the auditors usually thank their interlocutors for their availability and have facilitated access to the necessary information, then recall the objectives of the diagnosis. They present their general observations concerning the positive points and those to be improved, then present the observed discrepancies: the gap, the cause, the corrective and preventive action tracks that can be implemented, the associated recommendations and the following steps (follow-up discrepancies, report, next visit, etc.).



AUDIT CRITERIA

The evaluations are based on the criteria defined by the various international regulations in the fight against illegal logging and deforestation.

These criteria cover in particular all the requirements of Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 relating to the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation, as well as Regulation (EU) No 995/2010 which it repeals (European Union Timber Regulation - EUTR).



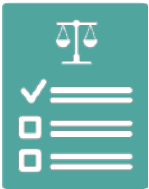
NB: Detailed criteria are provided in the appendix



MANAGEMENT OF GAPS AND RISK REDUCTION MEASURES

If, during the conformity assessment, gaps are identified, risk reduction measures must be implemented. They generally result in the implementation of corrective and preventive actions according to an established action plan associated with deadlines. Implementation of the action plan thus makes it possible to reduce the level of risk considered. If major non-conformities appear during the audit, an action plan will be validated with the audited company. This action plan will be followed by the auditors and the report will be updated if the company can resolve any issues within three months of the on-site audit.

This process is carried out according to procedures to guarantee the independence of the auditor and the objectivity of the conclusions.



AUDIT CONCLUSIONS

Our reports present all the elements required by the EU regulations, in particular the procedures for carrying out the audit, the identified risk and if applicable the risk reduction measures determined with the supplier.

The reports present the contextual aspects of the evaluation (perimeters, audit conditions, etc.) and contain sufficient elements allowing the reader to understand the course of the evaluation and the level of performance identified (by principles and criteria). It will also present identified gaps and associated conditions, audit findings, and recommendations for monitoring compliance.

Report can be prepared in English or local language and are available only to the clients of the audit.



GET PREPARED!

Check the scope of the audit, the sampling and the logistic

The assessment is carried out for a specific scope which was defined with the information communicated to us before the audit. This scope has been communicated to you and cannot, except in special cases, be subject to modification during the audit. If the scope of activity turns out to be different from that planned, this may result in a major non-compliance making it impossible to conclude on the level of compliance.

Before the auditor arrive, please check with him the sampling to be done (sites to be visited) and the logistic.

Get your documentation available

Our auditor come to collect conformity evidence, he will need our help to observe and justify your compliance. Thank you to reserve a good welcome to him and help him the best way you can to make is job and for logistic.

The audit time is limited, we need to access easily to the documentation and sites to be visited. Please get all documentation ready that can help the auditor work with efficiency. We recommend that the company communicate the following documents before the audit and make sure the auditor can be able to access them during the on-site audit :

1A The scope is clearly defined	List of origins (Forest management units (FMU), Owner, Operator of forest management and logging, Species by FMU), Production plants (Name, Company, Adress, Geolocation, Species)
1B The harvesting activities do not contribute to deforestation and forest degradation	Geographical data of the forest concession (KML format): polygon of each forest management unit
1C Traceability of origin is insured	Traceability procedures; Records of quantities purchased and sold with details on the sources of supply (supplier and associated harvesting sites)
2A Land use rights	Texts on the allocation or transfer of forest titles ; Business establishment documents ; Operating license if applicable ; List of eventual subcontractors (and applicable documentation as mentioned for the company) ; Payments for harvest rights ; Receipts of payment of applicable forest taxes
2B Environmental protection	Waste disposal register* (used oils, batteries, filters, etc.), treatment contracts, etc.
2C Forest-related rules	Forest management plans and related documents (approvals, annual operational plans, annual authorizations , etc.)
2D Third parties' rights	Possible specifications appended with the forest title
2E Labour rights	Personnel register*, employment contracts*, pay slips*, statements of working hours, drinking water analyses, etc.
2F Human rights protected under international law	Procedures, social engagements, etc.
2G Free, prior and informed consent (FPIC)	Free, prior and informed consent (FPIC) procedures, participatory maps, complaints mechanism, etc.
2H Tax, anti-corruption, trade and customs regulations	Statements of annual log production and destinations ; Statements of annual inputs (volume by origin) of each industrial unit ; Exportation files*

* Documents to be consulted on site by the auditor. This list is indicative and the auditor can ask for more precise documentation.

Send us your geolocation data

To comply with European regulatory changes, it is now essential to provide the geographical data of the forest concession (KML format): polygon of each forest management unit. Please, send your geographical data at contact@obbois.com

Detailed audit criteria

1 The timber is deforestation-free

12.2.1 1A The scope is clearly defined

1A1 Companies have to define a precise scope of the DDS application covered by OBBOIS verification, including:

- List of origins: Forest management units (FMU), Owner, Operator of forest management and logging, Species by FMU
- Production plants : Name, Company, Adress, Geolocation, Species

1A2 The company must provide geolocation coordinates of relevant plots of land

1A3 The owners, executors and industries are registered to the competent authorities

12.2.2 1B The harvesting activities do not contribute to deforestation and forest degradation

1B1 If applicable, the plantation is not established on land that was not covered by primary forests before 31 December, 2020

1B2 The harvesting will not imply the conversion of forest to agricultural use

12.2.3 1C Traceability of origin is insured

1C1 The company ensure forest products traceability from the forest to the trade or transformation units

1C2 The traceability of supplies (forest origin) is ensured

1C3 If all the products processed by the company are not acceptable (evaluation scope limited), the company is able to separate acceptable products from non-acceptable products

1C4 The company must have records of quantities purchased and sold. These records must identify the sources of supply (supplier and associated harvesting sites) and volumes purchased per period.

2 The timber is legally harvested

12.2.4 2A Land use rights

2A1 The owner of the area and the executors are legally registered to the competent authorities

2A2 The forest property is registered in the Forest Registry

2A3 The owner of the land (or its representatives) is allowed to manage the forest and organize logging

2A4 The steps to obtain the forest titles have been followed

2A5 There is no conflict on limits or they are treated to be solved

12.2.5 2B Environmental protection

2B1 The company use the reduced impact logging methods prescribed by law

2B2 If the company operate in a protected area, the required authorizations have been awarded

2B3 Hunting and illegal activities (poaching) are controlled by the company

2B4 The waste is treated appropriately, in forest as well as in industries

2B5 The company conducted all the applicable environmental impact assessments, in forest as well as in industries. They are validated and an environmental management plan is implemented.

12.2.6 2C Forest-related rules

Including forest management and biodiversity conservation, where directly related to wood harvesting

Commitments to forest management

2C1 The management agreement between the owner and the private company (timber or logging company) is valid

2C2 The commitments concerning forest management are implemented

2C3 A valid Logging Program is available and have the same validity as the Forest Exploitation License

2C4 The calculation of standing timber volume is realized according to the regulation

Periodic harvest authorizations

2C5 A valid Forest Exploitation License is available

2C6 The Logging Program is validated and formally closed when the harvesting has finished

Boundaries respect

2C7 The limits of the area to be harvested are clearly identified and trees are identified before harvesting

2C8 The size of harvested areas since the awarding of the forest titles are known

Harvesting operations

2C9 The company mark the tree stumps, logs and processed products according to law

2C10 The company implement the requirements contained in the operating regulations, the management plan, the specifications and the forest regulation

12.2.7 2D Third parties' rights
2D1 The company respect the local communities' rights
12.2.8 2E Labour rights
2E1 The staff delegates have been elected and received training relevant to the performance of their duties
2E2 The company formalize its relations with the workers
2E3 The company respect the age requirements laid down in national legislation
2E4 The company pay workers according to the regulations in force and fulfil all the obligations towards the transferred or dismissed workers
2E5 The company respect the working hours
2E6 The company respects the conditions of safety, health and hygiene at work
2E7 Subcontractors legality: The company respects contracts with subcontractors, the company verify that all subcontractors operate legally
12.2.9 2F Human rights protected under international law
2F1 The freedoms of opinion, expression and trade union activity are guaranteed within the company
2F2 All workers are affiliated with social security and benefit from social benefits
2F3 If the company provides housing for workers and/or their families, it guarantees the rights to liberty and security of person, adequate food, education and adequate housing
2F4 The company treat its workers with equality and no discrimination
12.2.10 2G Free, prior and informed consent (FPIC)
<i>The principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples</i>
2G1 The company must develop and implement a procedure to: <ul style="list-style-type: none"> - Identify the Indigenous Peoples concerned and their representatives - Document geographic and demographic information through participatory mapping - Design a participatory communication plan and carry out iterative discussions through which project information will be disclosed in a transparent way - Reach consent, document Indigenous Peoples' needs that are to be included into the project, and agree on a feedback and complaints mechanism - Conduct participatory monitoring and evaluation of the agreement - Documenting lessons learned
2G2 The owner of the land (or its representatives) has access, on demand, to information from the executor about the planning and execution of the logging program
12.2.11 2H Tax, anti-corruption, trade and customs regulations
Taxes payment
2H1 The company make its forest taxes declarations in accordance with its activities and pay its forest taxes
2H2 The company make its others taxes declarations in accordance with its activities and pay its others taxes
Transport
2H3 The company use the Circulation Guides issued through the Forest Production System, based on the volume approved in the Forest Harvesting License
2H4 The use of the Circulation Guides is made according to legal prescription and there is no mix of origins during transportation
Sales
2H5 Customs formalities are respected
2H6 The sales and delivery documents make it possible to verify that the wood delivered comes from the evaluated perimeter
2H7 The company is able to provide all information necessary to produce the due diligence statement to enter the EU market, including geolocation of all plots of land where the timber was produced and the date or period of production

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