FOREST MANAGEMENT CERTIFICATION REPORT

SECTION A: PUBLIC SUMMARY

Project Nr:	2405-UG
Client:	The New Forests Company (Uganda) Ltd
Web Page:	www.newforestscompany.com
Address:	P.O. Box 71435, Kansanga, Kampala
Country:	Uganda

Certificate Nr.	SGS-FM/COC-006224	**Certificate Type:**	Forest Management
Date of Issue	25 May 2009	**Date of expiry:**	24 May 2014

Forest Zone:	Tropical
Total Certified Area	12 607 ha
Scope:	Forest Management of the plantations of The New Forests Company (Uganda) Ltd for the production, harvesting, transport and sale of hardwood and softwood timber.

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Evaluation dates:	
Main Evaluation	9-13 March 2009
Surveillance 1	9-12 February 2010
Surveillance 2	
Surveillance 3	
Surveillance 4	
Date the current version of the report was finalised	2 June 2010

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Complaints and Disputes

Procedures for submitting complaints, appeals and disputes, and the SGS processing of such are published on **www.sgs.com/forestry**. This information is also available on request – refer contact details on the first page.

INTRODUCTION

The purpose of the evaluation was to evaluate the operations of The New Forests Company (Uganda) Ltd against the requirements of the QUALIFOR Programme, the SGS Group's forest certification programme accredited by Forest Stewardship Council.

1. SCOPE OF CERTIFICATE

The scope of the certificate falls within the Tropical Forest Zone and includes two Forest Management Units as described below.

Description of FMUs:				
Description	**Ownership**	**Area (ha)**	**Longitude E**	**Latitude N**
Namwasa	State	8 958	31° 40'	0° 39'
Kirinya	Private	3 649	33° 45'	0° 19'
TOTAL:		**12 607**		

Size of FMUs:		
	Nr of FMUs	**Area (ha)**
Less than 100 ha	0	0
100 to 1 000 ha in area	0	0
100 1 to 10 000 ha in area	2	12 607
More than 10 000 ha in area	0	0
Total	**2**	**12 607**

Total Area in the Scope of the Certificate that is:	
	Area (ha)
Privately managed	12 607
State Managed	0
Community Managed	0

Composition of the Certified Forest(s)	
	Area (ha)
Area of forest protected from commercial harvesting of timber and managed primarily for conservation objectives	4 104
Area of forest protected from commercial harvesting of timber and managed primarily for production of NTFPs or services	1 159
Area of forest classified as "high conservation value forest"	1 159
Area of non-forest managed primarily for conservation objectives	1 867[1]
Total area of production forest (i.e. forest from which timber may be harvested)	5 451
Area of production forest classified as "plantation"	7 344[1]

Composition of the Certified Forest(s)	
	Area (ha)
Area of production forest regenerated primarily by replanting	7 344[1]
Area of production forest regenerated primarily by natural regeneration	28

[1] subject to final field assessments and soil surveys.

List of High Conservation Values	
Description	**Notes**
Forests containing rare, threatened or endangered ecosystems.	The remaining natural forests at Namwasa are under extreme pressure and are threatened by illegal activities. These forests will be destroyed by illegal activities if they are not protected by the company and it is speculated that had the company not taken control, they would have been gone in less than 10 years. Also, review of surrounding areas shows no remaining forest patches under conservation.

Annual Timber Production				
Species (botanical name)	**Species (common name)**	**Area (ha)**	**Maximum Annual Sustainable Yield (m^3)**	
			Projected	**Actual**
Pinus caribaea	Carribean pine	3 538	65 000	No production yet
Eucalyptus grandis	Rose gum	2 157	75 000	No production yet
Totals		5 695	140 000	No production yet

List of Timber Product Categories	
Product	**Notes**
No timber is yet produced.	The main timber products will be hardwood and softwood sawlogs and poles.
Totals	

Approximate Annual Commercial Production of Non-Timber-Forest-Products				
Product	**Species**		**Unit of measure**	**Total units**
	Botanical Name	**Common Name)**		
None				

2. COMPANY BACKGROUND

2.1 Ownership

The New Forests Company Ltd is a Ugandan registered company that is 97 per cent owned by a UK Company called NFC Uganda UK Limited and the balance by two individuals and the East African Development Bank. Some 63% of the shares in NFC Uganda UK Limited are owned by a Holding Company called NFC Holdings Limited. NFC Holdings Limited is made up of a number of shareholders, mainly private individuals with British citizenship. The biggest shareholder is Mr

Julian Ozanne (British) who holds 39% of the company. The balance of the shares in NFC Uganda UK Limited is owned by HSBC bank (20,4%) and 16,1% by private individuals. The company is actively developing a portfolio of African forestry companies and has already other plantation operations in Tanzania and Mozambique with prospects for a further project in Rwanda.

2.2 Company Key Objectives

Objective	Notes
Commercial	
Establish commercial and profitable timber plantations of fast growing indigenous and exotic tree species, which have adapted well to the Ugandan environment and have successfully been grown in this country.	
Social	
Provide employment to rural communities where unemployment levels are very high.	
Identify community orientated up-liftment projects in which the company can assist in their facilitation and execution.	
Investigate and where appropriate initiate an outgrower scheme whereby the plantations would be a nucleus resource and centre of excellence providing extension assistance to the local community.	
Environmental	
Protect the remaining natural forests that occur along streams and restore those forests that have been destroyed and degraded by encroachers.	

2.3 Company History

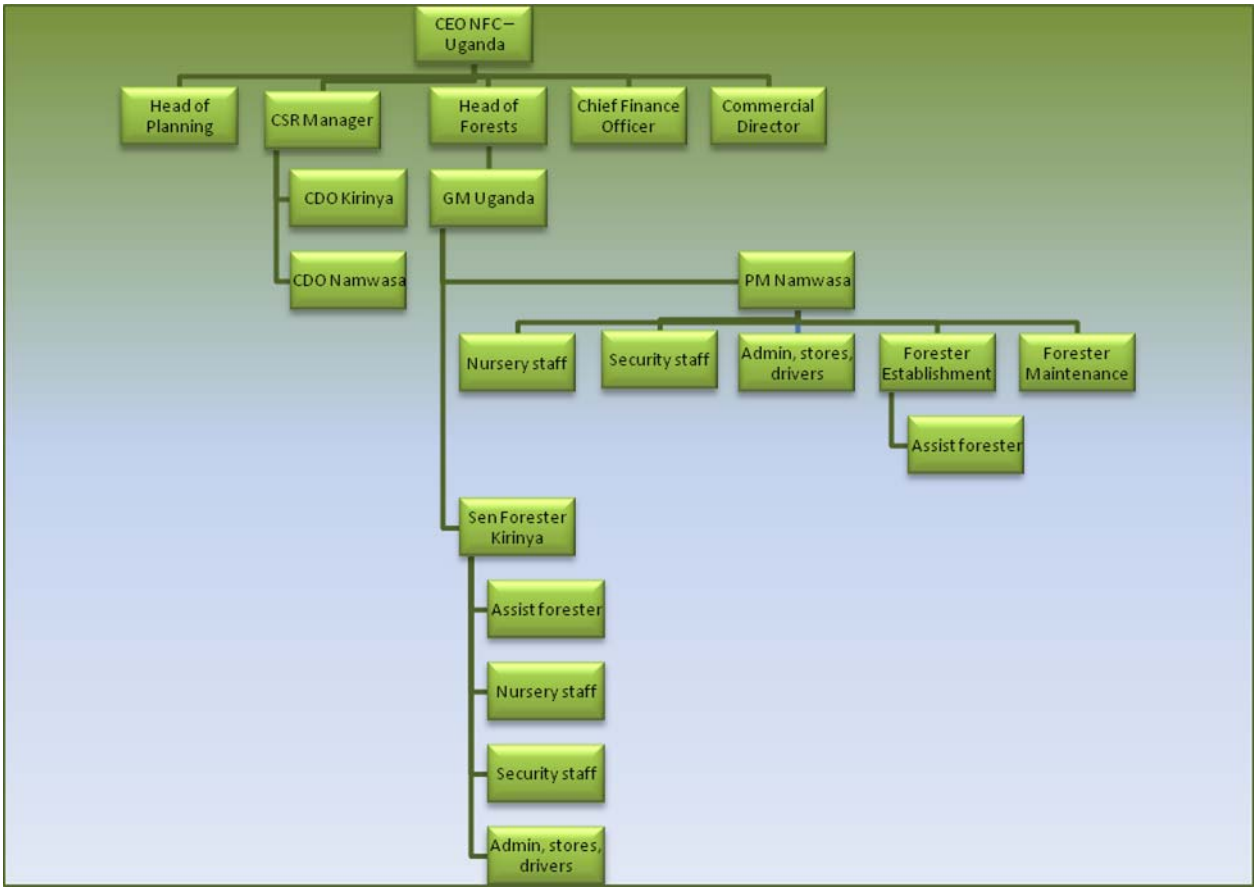
A lack of investment in plantation forestry during the political and economic instability of the 1970s and the 1980s has presented Uganda with a severe long-term structural gap between future timber demand and supply. Historically, much of the shortfall between supply and demand has been met by illegal logging and grey market imports from neighbouring DRC. However, this exploitation of natural forests faces serious diminishing returns and environmental opposition. In 2001 the government realised the long-term crisis in its forest industry and carried out a series of reforms to restructure the forestry department and encourage private sector investment. This opportunity was identified and the New Forests Company (Uganda) Ltd was established to provide an opportunity for long-term foreign private sector investment in commercial forestry projects on unutilized and/or degraded land in developing countries in Africa. It was conceived in 2003 and became operational in 2005. To date it has acquired 21 990 ha of degraded forest land and established nursery operations to support planting at a rate of 2 500 - 3 000 ha per annum. The company intended to apply for certification only when it is ready to enter the harvesting stage. However, a large financial institution, made a very significant investment into the company that provides it with financial stability subject to the company obtaining FSC certification for its operations. This necessitated an earlier application for certification than originally planned. Application has been made for the certification of the two more advanced plantations at 12 607 ha only at this point. The intention is to extend certification to the whole landholdings as soon as the other plantations are properly established. The company intends to make use of the carbon credits in the context of the Clean Development Mechanism of the Kyoto Protocol on the reduction of global warming. Considerable funds have been invested over the past two years in developing its carbon strategy with carbon consultants EcoSecurities. The company has already submitted a PDD (Project Design Document) and carried out a number of baseline vegetation, satellite and social studies. However, since the voluntary carbon credit market has slumped recently, the company will not actively pursue the carbon credit market at this stage. Its business model mixes commercial plantation forestry with the protection and regeneration of indigenous tree species and the promotion of biodiversity and environmentally sustainable land-use management. At the moment there are very few sustainable forestry plantations in Uganda, with more than 90% of the wood used in the country coming from

native forests. New Forests Company is a young forestry company which has sought since inception to follow FSC principles. It has demonstrated a positive approach to dealing with its neighbouring communities and developing a beneficial and consultative community development and CSR programme.

2.4 Organisational Structure

The company has a strong forestry management team, well staffed with fully qualified foresters who are versed in FSC principles and sustainable forestry practices. All operational work is undertaken by contractors and permanent employees are only used to plan and supervise field operations.

The broad organisational structure of the company is as follows:



2.5 Ownership and Use Rights

Namwasa is a gazetted central forest reserve (CFR) that has been properly leased by the National Forestry Authority (NFA) to the company. The reserve is owned by the Government of Uganda and is administered by the NFA. It was reserved in 1963 by the Kabaka's Government as woodland/wooded grassland and colonizing natural forest. It was transferred to the Central Government by Statutory Instrument (S1) No 176 of 1968 with all other forest reserves which used to be administered by the Kabaka's Government. The Company has paid its license fees to the NFA. The license is for a 50 year period. The Kirinya Farm is private land consisting of a conglomeration of a number of lease holdings allocated to Kirinya Sugar Works Ltd, a company owned by the Ochieng family. Three agreements are in place to sub-lease land from Kirinya Sugar Factory Estates Ltd. In the case of Namwasa, being a Central Forest Reserve, local people have customary rights such as the right to collect firewood and traditional food items. These rights are respected by the company. Both management units are virtually surrounded by small villages and rural land use activities such as small scale cultivation and grazing by livestock. In the case of Kirinya local communities have no rights as this is private land.

The company is seeking to extend its land portfolio in Uganda to about 40 000 ha and is in an on-going process of negotiation with other parties to acquire more suitable land both from Government and from private landowners.

2.6 Other Land Uses

In the case of Namwasa, being a Central Forest Reserve, local people have customary rights such as the right to collect firewood and traditional food items. These rights are respected by the company. In the case of Kirinya local communities have no rights as this is private land. Land encroachment is a particularly sensitive subject in Uganda with many instances of encroachment and conflict between land managers and local communities. Some of the neighbouring farmers at Kirinya have established cultivated fields in the wetlands on the plantations that have lead to conflict with the company – this practice has now been stopped. A significant land encroachment dispute exist on Namwasa – see Major CAR M09. The company is aware of the sensitivities and intends handling all interaction with local people with great circumspection.

2.7 Non-certified Forests

The owner/manager has some responsibility, whether as owner (including share or partial ownership), manager, consultant or other responsibility over the following forest areas:

Forest Name	Location	Total Area (ha)	Reason for exclusion
Luwunga (part of NFC)	Kiboga district, Uganda	9 383	Operations have hardly commenced on this estate and application will thus be made for FSC-certification only in 2010.
New Forests Malonda (*Eucalyptus* & pine plantations)	Niassa Province, Mozambique	20 000	The operations will be certified before harvesting commences.
New Forests Company (Tanzania) Ltd (*Eucalyptus* & pine plantations)	Kilolo district, Tanzania	14 000	The operations will be certified before harvesting commences.
Nyungwe Forest Buffer plantation (mainly *P patula*, *P oocarpa* and *E maidenii*)	Provinces of West and South Rwanda	13 000	A pre-scoping assessment aimed at eventual certification took place during 9-12 March 2009.
	Total	**56 383**	

3. FOREST MANAGEMENT SYSTEM

3.1 Bio-physical setting

Namwasa plantation is situated 130 km west from Kampala on the Fort Portal – Kampala highway in the Bukuya and Kassanda Sub-counties of Kassanda County of Mubende District. It is 8 958 ha in extent and is covered by maps 59/3 and boundary plan map L2663. Kirinya plantation is situated in Bujiri District. It is 3 153 ha in extent and is covered by the 1:50 000 ortho maps 73/1 – Nankoma and 73/2 - Lumino.

Geography:

Namwasa occupies a series of hills in the central part of Mubende District locally known as “Singo Hills”. Some of these hills mark the highest altitude (1 356 – 1 441 m) in the surrounding area. They are made up of Buganda-Tororo series of rocks which dominate most of central and part of western Uganda. They are mixed with other rock types known as Mityana series especially in the south western parts as found on Netulidde hills. The Buganda – Tororo series are largely made up of argillites that overlie the basal aranites. The parent rock has been dissected by numerous

permanent streams such as Mporogoma, Kayanja and Nabakazi and many other seasonal streams which retain flowing water only at the peak of the wet seasons. All these streams are tributaries of Namwasa river which is found on the north of the reserve. The whole reserve occurs at an altitude of 1 234 m to 1 444 m above sea level. The topography at Namwasa is mostly hilly (with some steep gradients in the south and west of the study area), but the valley in the north and northeast is fairly flat with most slope gradients in the valley being less than 10%. Wetlands and watercourses drain mostly in a northerly and northeast direction.
Kirinya has a slightly undulating topography with seasonal saturated wetlands. Elevation ranges between 1 000 m and 1 080 m with a few granite outcrops.

Ecology:

The FMUs are found in the rainfall range of 1 125 mm to 1 500 mm per annum. Although rain is experienced every month of the year, drier conditions occur during the two dry seasons, December to February and June to July. The rainfall is concentrated in two seasons, mid-March to May and October to November. Maximum temperature at Namwasa is likely to be similar to that of the nearby Mubende i.e 20^{o}C and the minimum would be about 16^{o}C. The mean daily temperature is estimated at 20^{o}C. No temperature information is available for Kirinya.

Prior to the removal of the natural forests and woodlands, the natural vegetation on Namwasa consisted of riparian forests dominated by *Markhamia lutea, Albizia coriaria, A. grandibracteata, Croton macrostachys*, and *Acacia polyacantha* forming the upper story while *Teclea nobilis* together with some thorny shrubs such as *Capparis tomentosa*, and *Carissa edulis* forming the outer ring. Immediately outside the riparian forests, that are usually found on either side of streams and spread out on the floodplains, are some grass species such as *Hyparrhenia cymberia.* They can grow up to 6m and is a good indicator of fertile soil and is associated with riparian forests and other fertile sites*. H. rufa* is also found on the edge of such forests. The lower reaches of the streams and floodplains are dominated by *Phoenix reclinata* (Mukindu), *Acanthus arborea* and *Harungana madagascariensis* and grasses such as *Leersia lexandra* on water logged swampy sites. Most of such vegetation has been lost and replaced by cultivated crops or weeds. For the sake of protecting water sources, such wetlands occurring within the forest reserve, needs careful protection so as to retain and enhance their role as water filtration areas.
Most of the woodland, away from the riparian forests, has been cleared by charcoal burners and by cultivators who are residents in the area. The previous woodland sites are now occupied by bushes such *as Acalypha neptunica* and *A.ornata* and other grasses especially *Panicum maximum and Brachiaria decumbens*. Where the fertility of the soil has been exhausted, *Imperata cylindrica* has taken over and forms a large proportion of the vegetation. In less accessible places, such as the summit of some hills, the woodlands are still intact and are predominantly dry *Combretum* savanna of the *Combretum-Cymbopogon* type and are dominated by *Combretum collinum*, *C. fragrans, Albizia zygia* and *Ficus sur* which form the upper story while the ground is covered by *Panicum maximum* and *Cymbopogon afronardus.* The dominant height of trees is up to 6m.
This current vegetation on Namwasa is largely dominated by grass with a lot of trees growing on termite mounds. The common grass species are *Cymbogon afronardus, Hyparrhenia filipendula and H. dissoluta*, with *Panicum maximum* in sheltered localities such as under tree shade. *Brachiaria decumbens* and *Cynodon dactylon* are associated with cattle kraals made by nomadic cattle grazers.

The Kirinya estate was formerly a forested area that was reduced to farm land in the 1980s and to date remains a highly disturbed area with wetland vegetation near the lake shore. Much of it was however fallow land at the time NFC acquired the lease. The area is now planted with *Eucalyptus* for poles and pine for timber production. The natural vegetation includes scattered *Phoenix reclinata* thickets with *Cyperus papyrus, and Cyperus latifolius* being the dominant herbaceous species. Other fairly common trees include *Milicia excelasa Ficus sur, Antiaris toxicaria* and *Markhamia lutea* - these are the remnants of trees that have remained isolated within the formerly cultivated areas. The herbaceous vegetation includes *Acmella caulirhiza, Aspilia africana, Bidens pilosa, Conyza floribunda, Galisonga parviflora, Commelina africana, Commelina benghalensis, Cyanotis sp., Cyperus difformis, Cyperus dives, Cyperus latifolius, Cyperus rotundus, Fimbristylis dichotoma, Fuirena umbellata, Scleria melanomphala, Desmodium salicifolium , Digitaria abyssinica, Imperata cylindrica, Leersia hexandra* and *Panicum maximum*. All these species are typical of disturbed areas especially wetland areas and are also common in secondary regrowth.

Soils:

The topsoils at Namwassa are predominantly dark-grey, sometimes black, with a depth of 10 – 30 cm, very fertile and productive. The subsoil is brown and occasionally red-brown. Approximately 69 % of the soils within the soil-surveyed area have an effective rooting depth (ERD) of greater than 60 cm. Approximately 10 %, 2 % and 57 % of the soils have ERD's of 60-90 cm, 90-120 cm and 150+ cm respectively. Namwasa has been demarcated into four productivity land types.

In the non-wetland areas at Kirinya the soils are deep, reddish sands, strongly acidic and low in organic content. These are typical of soils derived from granitic geologies. Only one main land type in terms of plantation productivity has been identified on Kirinya.

3.2 History of use

The Central Forest Reserves were created in the 1930's and the areas were largely unpopulated at the time. The Luwunga area (only to be included in the scope in 2010) was traditionally used as the hunting area of the local king and had a lot of game until the 1970's. Kirinya was also a natural forest area and unpopulated until the political upheaval in the period 1970-1985 when large areas of natural forests were destroyed in many parts of Uganda. Both management units are virtually surrounded by small villages and rural land use activities such as small scale cultivation and grazing by livestock. The net result of this situation is that there are currently no groups of local people claiming use rights or traditional occupation of the plantation areas concerned.

3.3 Planning process

A *short-term plan* (annual plan of operations) is linked to the sales plan. This APO is generated by the Plantation Manager before the beginning of each financial year.

A *medium-term plan* is compiled (5-year) that forecasts volumes and available tonnes.

A *long-term plan* is also compiled (equivalent to one rotation) that gives an indication of sustained yield of the plantation. Sustained yield is determined from periodic inventory exercises.

Both medium-term and long-term planning is designed to take into account potential disaster events such as fires and floods. Annual plan of operations are supported by a detailed budget that provides for planned and actual details to be monitored.

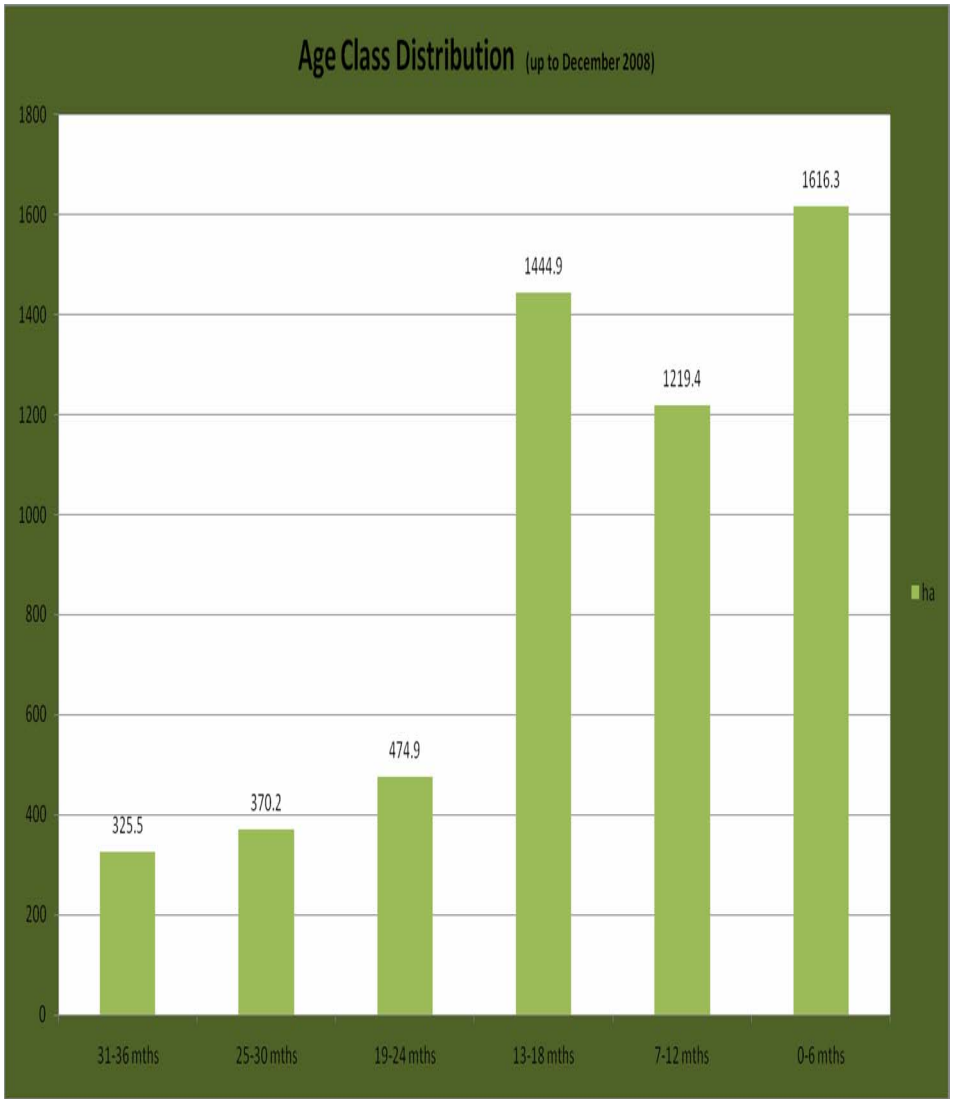
An integrated weed plan has been developed for each plantation, indicating pre-plant weeding, maintenance weeding, noxious weeding and conservation weeding. The basis for weed control and planning is planted compartments and conservation units. Priorities are based on the conservation significance and plant survival, the need to maintain cleared areas and the systematic clearing of new areas through the block weeding approach. Where possible, noxious weeding is focussed on areas of conservation significance and where the feasibility to achieve a maintenance phase is good.

3.4 Harvest and regeneration

The oldest planted areas are 3 years of age and no harvesting has yet taken place.
All compartments to be established are subjected to an EIA, the main purpose of which is to ensure that wetlands and riverine areas are not adversely impacted. Slash burning is taking place at Namwasa prior to and as part of establishment, but this will only be considered for Kirinya after the first rotation. Planting is done manually using a pitting system at an espacement of 2,5 X 2,5 m giving a stocking density of 1 660 sph (*Eucalyptus*) and 3,0 X 3,0 m or 2,7 X 2,7 m giving a density of respectively 1 111 sph or 1 370 sph in the case of pines. Planting takes place during the two rainy seasons in mid-March to April and September to October. Compartments with less than 80% survival are blanked within 8 weeks of planting. Weeding is undertaken chemically with glyphosate for the first two years. Alternatively manual slashing is used or areas made available for agro-forestry purposes which results in the simultaneous clearing of weeds. Pines are pruned at three stages up to 5 m from the ground (*Eucalyptus* are self-pruning) to reduce knotting and improve wood quality during the dry seasons, thus reducing the chance of fungal infections associated with

hot and humid conditions. Thinning will be done according to spp-specific regimes with clear-felling for pine at 18 years and for *Eucalyptus* at 8 years. All plantations are subjected to silvicultural audits annually. EIAs are compiled prior to the construction of any new roads, gravel pits, quarries or sandpits. Enumerations of between 5% and 10% will be conducted in all eucalypt stands in the third year and in the fourth year for pines. Mid-rotation enumerations will be conducted in most compartments, depending on compartment size and working circle. All compartments will be enumerated approximately one year before harvesting to accurately determine the volume and piece size needed for harvest scheduling and volume regulation.

The age-class distribution of the plantation resource is as follows:



Although harvesting has not yet commenced, planning procedures prescribe that low-impact harvest systems will be used which include dedicated extraction routes, wide tyres on wheeled equipment, cable extraction systems in sensitive areas and minimal wheeled-equipment traffic on roadside and depots.
All operations are carried out by contractors with the company only employing foresters to ensure that the correct standards are maintained.

3.5 Monitoring processes

A 5-year strategic monitoring programme has been compiled that will focus on the monitoring of environmental parameters that include biodiversity pattern (HCVF monitoring, conservation area rehabilitation), biodiversity process (long term bird counts, general fauna monitoring, general flora monitoring, red data spp, baseline spp monitoring) and socio-cultural monitoring (baseline studies, ASI). A system of community development officers is in place to monitor the social responses of

local communities – their interactions are supported by periodic questionnaire surveys on specific social subjects.

Plantation monitoring will be based on a network of PSPs, representative of age class, working circle, species and site quality. PSPs are the basis of growth and yield modelling. Data collected from these plots are used to develop site specific growth models. A secondary benefit of these plots is the monitoring of disease, insect damage or other growth influencing factors. Stand enumerations will be also be conducted at certain times during the lifespan of compartments. The final operational measurement will be comparing the delivered volumes from the harvested compartment to the predicted volume as determined from the pre-harvest enumeration. These post-harvest assessments are used to determine inefficiencies during harvest operations and modelling accuracies.

4. SOCIO-ECONOMIC AND ENVIRONMENTAL CONTEXT

4.1 Social aspects

	2009	2010
Number of own workers	31	50
Number of contract workers	± 620	± 1 100
Minimum daily wage for agricultural/forestry workers	US$1,5[1]	US$2,4 [1]
Infant mortality rates (under 5 years) (%)	6,6	6,6
Proportion of workers employed from the local population (%)	73	± 80

[1] no legal minimum wage exists; this represents the generally accepted level in the area and sector.

The first inhabitants of the two counties surrounding Namwasa were Baganda and Banyoro, later other tribes migrated to this area. Communities are now composed of Batooro, Banyarwanda, Bakiga, Bakonjo, Banyankole. Other nationalities including Congolese have immigrated into the area. Immigration into the Namwasa forest reserve has continued to the present day. The recent influx of immigrants occurred in the year 2005 when the New Forests Company commenced work in the two counties. The communities that settled in the area are largely integrated into the Baganda culture. The language spoken by the inhabitants is Luganda. Most of the land in these two counties is customary owned and a few own Milo land which they acquired from their ancestral parents. The majority of community members are engaged in subsistence farming. The crops grown include Bananas, Maize, Beans, Cassava and some Irish potatoes; coffee is being revived of recent, following a recent near collapse of the coffee industry due to coffee wilt disease. Coffee used to be the main cash crop in the area. Some of the farmers sell part of their produce for cash to enable them to buy manufactured commodities and cater for other household needs such as paying school fees for children and paying for medication. There are a number of trading centres within the project area where trade is mainly in manufactured goods and agricultural produce. Firewood is still the main source of fuel in the area. The main hospital is Mubende hospital in Mubende town. No health units are available in the project area. The nearest health unit is located 6 km from Namwasa. The entire population of the three sub-counties; Kassanda, Bukuya and Madudu are very appreciative to the NFC for their development in this area in terms of infrastructure such as construction of schools, roads, health centres and shallow wells. Latrines, plastic water tanks, furniture have been provided and jobs have been created and employment opportunities improved. Markets for produce, provision of free tree seedlings to the community members, boost of the Boda Boda (motorcycle) transport industry have been enhanced. About 63% of the workers at Namwasa are from the local sub counties. The community clearly enjoys good working relations with the NFC.

The Bugiri district where Kirinya is situated was originally inhabited by the Basoga tribe; that also dominates the area. Over the past 40 years there has been immigration of other tribes especially from the neighbouring districts that came into Bugiri district in search of better agricultural land. The area currently host other tribes including Basamya, Bateso, Badama (Luos), Banyole, Bagisu, Bakenye, Bagwere and Alur. The Alur and Bakenye were predominately fishermen who were attracted to the location by the presence of Lake Victoria. The other tribes are largely farmers. The

communities in the area are largely integrated into the Busoga culture. The language spoken by the inhabitants is Lusoga. Land tenure system in the area is either customary or freehold but largely customary. Most of the population are engaged in the production of food crops including rice, maize, beans, cassava, millet, groundnuts and simsim. Rice is produced mainly for the market while food crops are for subsistence. Animals reared include cattle, pigs, sheep, goats and chicken. Livestock rearing is also carried out by farmers who rear goats, sheep, and cattle and poultry. Other individuals derive their livelihood from fishing in Lake Victoria. The main cash crops include cotton and coffee. The main industries are coffee processing, rice threshing and maize milling. There is one major hospital, Bugiri Hospital in Bugiri town. There are two clinics located at Wakawaka and Budhia. The clinics are readily accessible to the population in the area. About 86% of the workers at Kirinya are from Budhaya and Bulidha sub counties.

4.2 Environmental aspects

Many of Uganda's natural ecosystems are undergoing conversion, degradation and decline in an unplanned and uncontrolled manner. Examples include – uncontrolled expansion of agricultural land; the erosion of soils and a decline in their fertility; falling quality and availability of water; unregulated encroachment and degradation of wetlands; encroachment of forest reserves; deforestation and the overgrazing of rangelands; and the invasion of weed species and bush encroachment. With the country's current population set to double by the end of the next decade, these pressures are bound to increase exponentially.

Natural forests and wetlands are similarly dwindling in Uganda. Mubende district still has many forest relics that originally supported a wide array of birds, mammals, reptiles and butterflies. Mammals historically included elephants, buffaloes, bush pigs, bushbucks and a rich assemblage of both small and large carnivores. However over the past 20 years most forests and woodlands in Mubende have been degraded through the activities of peasant farmers, illegal pit-sawyers and charcoal burners. Biodiversity has consequently been adversely affected through habitat loss and illegal hunting.
Kirinya has had plantings of sugar, maize and cassava since 1967. Any historic natural forest has disappeared with wetlands being the only naturally-vegetated areas remaining which are relatively untouched by farming activities. In general the remaining vegetation is largely dominated by grass and herbaceous weeds.

With over 80% of the Ugandan workforce involved in agriculture, soil erosion and declining soil fertility are significantly impacting the ability of the poor to meet nutritional needs. This is resulting in an increase in deforestation and encroachment on ecologically sensitive areas (such as wetlands), as poor people attempt to secure alternative income sources in the face of growing food insecurity.

Important environmental limitations that are more specific to the FMUs are the unknown effect of pests and diseases, periodic hail storms (especially to the east of the country), high rainfall that results in the flooding of lower lying areas and thereby disrupting transport and causing erosion. With the inevitable vegetation change, fire is also anticipated to increasingly become an environmental limitation as the fuel loads increase.

4.3 Administration, Legislation and Guidelines

Uganda is administered under a decentralised system of divisions referred to as districts. With decentralisation in 1998, local government (district and the sub-county) assumed most of the responsibilities formerly undertaken by the central government ministries. These included income tax collection, service provision, formulation of policies and laws, managing the environment and local forest reserves. The current local government in Uganda is organised into a five-tier system of elected representatives called Local Councils (LCs), from level one (LC1) to level five (LC5). The District Council or the fifth level (LC5) is the highest political organisation in a district. It comprises elected councillors who represent specific constituencies and interest groups, and is headed by the District Chairperson, who presides over meetings of the executive committee. Below the District Council is the County or Municipality Council (LC4) in the rural and urban settings respectively, which is an administrative unit. The sub-county (LC3) is the second level of local government. Below the LC3 are the Parish (LC2) and the Village (LC1) levels. Each Local Council at every level includes an executive committee of nine members and a position for the secretary for production and environment. Local governments have Production and Environment Committees (PECs), whose members are elected and downwardly accountable to local people. These committees are

empowered by the Local Government Act of 1997 and the National Forestry and Tree Planting Act (Government of Uganda, 1997, 2003) to manage the local environment and other natural resources, including preparation, approval, control, monitoring and overseeing the implementation of environment programmes. At the local government level, the District and Sub-county Councils have legislative powers, while the executive committee, which is part of the council, is responsible for executive functions, but it is answerable to the council. The executive (administrative) functions are exercised through a hierarchy of employed officials with the Chief Administrative Officer (at the district level), followed by the Assistant Chief Administrative Officer (County level), Sub-county and Parish chiefs at Sub-county and Parish levels, respectively. The executive committee initiates and formulates policies for approval by the council, oversees the implementation of central government programmes, including the management of natural resources and council's policies. It monitors the implementation of council's programmes, and receives and solves problems and disputes forwarded to it from lower local governments. Local organisations crafted and passed byelaws and resolutions that protect forest resources. District and sub-county governments have powers to formulate forest byelaws. This is provided for in sections 39 and 40 of the Local Government Act of 1997 (Government of Uganda, 1997) and the National Forestry and Tree Planting Act of 2003 (Government of Uganda, 2003). Many of these byelaws and resolutions address problems of deforestation, over exploitation of forest resources and protection of marginal areas and water sources. These are also intended to support national environment policy.

The following table lists the key national legislation, regulations, guidelines and codes of best practice that are relevant to forestry in the commercial, environmental and social sectors. This list does not purport to be comprehensive, but indicates information that is key to the forestry sector.

Legislation and regulation	**Notes**
The National Social Security Fund Act 1985	
Constitution of the Republic of Uganda 1995	
The Land Act of 1998	Any person who owns or occupies land must manage and utilise the land in accordance with the National Environmental Management Act (1995) and any other binding laws; it also stipulates land rental procedures.
The Employment Act 1977	
The Employment decree 1975	
The Employment regulations 1977	
The Workers Compensation Act 2000	
The National Forest Plan 2002	
The National Forestry and Tree Planting Act No 8 of 2003	Stipulates *inter alia* that forest produce must be harvested in accordance with the management plan and regulations made under this Act.
The National Environmental Management Act, 1995	Stipulates *inter alia* the need for EIA for afforestation projects and that an area within 30 m of a small river/stream be protected.
The Game Preservation and Control Act 1959	
The Uganda Wildlife Act,1996	
The Uganda Water Act, 1995	Provides for *inter alia* the protection of water sources from pollution of any kind.
The 2001 Forestry Policy for Uganda	
The Local Government Act, 1997	
Guidelines and Codes of Best Practice	**Notes**

5. CHANGES IN MANAGEMENT, HARVESTING, SILVICULTURE AND MONITORING

The following table shows significant changes that took place in the management, monitoring, harvesting and regeneration practices of the certificate holder over the certificate period.

Description of Change	Notes
SURVEILLANCE 1	
No significant changes.	
SURVEILLANCE 2	
SURVEILLANCE 3	
SURVEILLANCE 4	

6. PREPARATION FOR THE EVALUATION

6.1 Schedule

The Evaluation was preceded by a pre-evaluation by SGS QUALIFOR during 2-5 June 2008. This examined the management systems and identified any gaps that might preclude certification. Information gathered was used to plan the main evaluation. Key stakeholders were identified.

6.2 Team

The table below shows the team that conducted the main evaluation and the independent specialist(s) that were selected to review the main evaluation report before certification is considered.

Evaluation Team	Notes
Team Leader	Has an M Sc in Forestry/Nature Conservation, 33 years experience in forestry, involved with the FSC process since 1995, speaks English and Afrikaans, qualified lead auditor since 2004 and lead auditor trainer since 2007.
Local Specialist	Has a PhD, in Forestry, 13 years experience in forestry and teaching, involved in teaching and research since 2000, speaks English, Swahili and Ugandan local languages (Rukiga, Runyankore, Runyoro, Rutoro and Luganda), and has 3 years experience as local specialist on FSC assessments in Uganda.
Peer Reviewers	**Notes**
Peer Reviewer 1	Has a Ph.D. in Applied Ecology, 15 years experience in forestry internationally and currently works in academia.
Peer Reviewer 2	Has a Ph.D. in Environmental Economics, 16 years experience in forestry internationally and currently works in an international forestry research organisation.

6.3 Checklist Preparation

A checklist was prepared that consisted of the documents listed below. This checklist was prepared by adapting the QUALIFOR generic forest management checklist. The checklist used is the one in current use for all assessments in Uganda.

A copy of this checklist is available on the SGS Qualifor website, **www.sgs.com/forestry**.

Standard Used in Evaluation	Effective Date	Version Nr	Changes to Standard
SGS Qualifor: Generic Forest Management Standard (AD33) adapted for Uganda	11 April 2007	AD 33-UG-02	SA2010: None

6.4 Stakeholder notification

A wide range of stakeholders were contacted 6 weeks before the planned evaluation to inform them of the evaluation and ask for their views on relevant forest management issues, These included environmental interest groups, local government agencies and forestry authorities, forest user groups and workers' unions. The full list of stakeholders that were contacted is available from SGS. Responses received and comments from interviews are recorded under paragraph 13 of this Public Summary.

7. THE EVALUATION

The Main Evaluation was conducted in the steps outlined below.

7.1 Opening meeting

An opening meeting was held in Kampala. The scope of the evaluation was explained and schedules were determined. Record was kept of all persons that attended this meeting.

7.2 Document review

A review of the main forest management documentation was conducted to evaluate the adequacy of coverage of the QUALIFOR Programme requirements. This involved examination of policies, management plans, systems, procedures, instructions and controls.

7.3 Sampling and Evaluation Approach

A detailed record of the following is available in section B of the evaluation report. This section does not form part of the public summary, but includes information on:

- Sampling methodology and rationale;
- FMUs included in the sample;
- Sites visited during the field evaluation; and
- Man-day allocation.

The certification process was initiated by a pre-assessment that was conducted some nine months prior to the main assessment. The first day of the main assessment audit was spend on document review, followed by two days of field inspections. The audit team then split and one manday was spend on local stakeholder consultation while another manday was spend on national stakeholder consultation. Both the two plantations included in the scope were visited, thus no sampling was involved. The first surveillance assessment focused on document review and field visits to both plantations, with particular emphasis placed on investigating the land encroachment issue on Namwasa. A significant number of stakeholders were interviewed in this process.

7.4 Field assessments

Field assessments aimed to determine how closely activities in the field complied with documented management systems and QUALIFOR Programme requirements. Interviews with staff, operators and contractors were conducted to determine their familiarity with and their application of policies, procedures and practices that are relevant to their activities. A carefully selected sample of sites was visited to evaluate whether practices met the required performance levels.

7.5 Stakeholder interviews

Meetings or telephone interviews were held with stakeholders as determined by the responses to notification letters and SGS discretion as to key stakeholders that should be interviewed. These aimed to:

- clarify any issues raised and the company's responses to them;
- obtain additional information where necessary; and
- obtain the views of key stakeholders that did not respond to the written invitation sent out before the evaluation.

Nr of Stakeholders contacted	Nr of Interviews with		
	NGOs	Government	Other
MAIN EVALUATION			
144	3	15	29
SURVEILLANCE 1			
27	2	10	15
SURVEILLANCE 2			
SURVEILLANCE 3			
SURVEILLANCE 4			

Responses received and comments from interviews are recorded under paragraph 13 of this Public Summary.

7.6 Summing up and closing meeting

At the conclusion of the field evaluation, findings were presented to company management at a closing meeting. Any areas of non-conformance with the QUALIFOR Programme were raised as one of two types of Corrective Action Request (CAR):

- Major CARs - which must be addressed and re-assessed before certification can proceed
- Minor CARs - which do not preclude certification, but must be addressed within an agreed time frame, and will be checked at the first surveillance visit

A record was kept of persons that attended this meeting.

8. EVALUATION RESULTS

Detailed evaluation findings are included in Section B of the evaluation report. This does not form part of the public summary. For each QUALIFOR requirement, these show the related findings, and any observations or corrective actions raised. The main issues are discussed below.

8.1 Findings related to the general QUALIFOR Programme

PRINCIPLE 1: COMPLIANCE WITH LAW AND FSC PRINCIPLES	
Criterion 1.1 Respect for national and local laws and administrative requirements	
Strengths	
Weaknesses	

Compliance	**MA2009:** NFC management staff has a good understanding of the relevant national legislation. There is a copy of all of the relevant regulations available within the company. Part of the duties of the part-time environmental manager is to update this legal register annually. **SA2010:** The policies and laws regulating forest resource use are available to management and they, and other staff, demonstrated understanding of the policies and laws regulating forest resources management in Uganda.
Criterion 1.2 Payment of legally prescribed fees, royalties, taxes and other charges	
Strengths	
Weaknesses	
Compliance	**MA2009:** All payments are up to date. Receipts are available showing remittances to Uganda Revenue Authority (URA), employee contributions to National Social Security Fund (NSSF) and license fees paid to National Forestry Authority. The budget for the financial year 2008/2009 contained provisions for PAYE to URA and contributions to NSSF. **SA2010:** Required payments are up to date (December 2009) such as remittances to Uganda Revenue Authority and employee contributions to National Social Security Fund (NSSF). There is an operational budget for the year 2010 where salaries of staff and their employer contributions to NSSF are provided for. The operational budget also has a provision for land rental to NFA for the financial year 2010.
Criterion 1.3 Respect for provisions of international agreements	
Strengths	
Weaknesses	
Compliance	**MA2009:** Management is aware of CITES and a list of CITES species is available. The requirements of the ILO have been included into the human resource manual and the NFC code of conduct for contractors. A conservation management, planning and implementation procedure and a monitoring fauna and flora procedure is in place. They specify operational requirements and management guidelines for conservation management and monitoring of indigenous forests, woodlands, grasslands, threatened spp, wetlands/riparian zones and other special habitats such as rocky outcrops and cliffs in line with international best practices. The General Manager has been tasked with the responsibility for implementing these guidelines. **SA2010:** Unchanged from the main assessment.
Criterion 1.4 Conflicts between laws and regulations, and the FSC P&C	
Strengths	
Weaknesses	
Compliance	**MA2009:** There is no evidence of conflict that exists between national laws and the FSC Principles and Criteria. **SA2010:** Unchanged from the main assessment.
Criterion 1.5 Protection of forests from illegal activities	
Strengths	
Weaknesses	
Compliance	**MA2009:** There is a close working relationship between NFC, local communities, local leaders and resource use groups. The NFC Corporate and Social Responsibility Manger (CRS) and the Community Development Officers (CDOs) work and engage communities in whatever activities especially when handling complaints and offences resulting from the use of plantations like illegal grazing and illegal rice cultivation. Forest guards are employed to assist with security and identify problems and general issues such as erosion areas and poaching control. Poaching control, especially snare removal, is the main duty of the forest guards. A team of 7 forest guards on Namwasa and 3 at Kirinya with a vehicle currently patrol each plantation on an irregular basis for higher effectiveness. **SA2010:** The company has a number of measures in place to protect the forests. Seven security guards are in place on Namwasa and eight on Kirinya. They undertake regular patrols

	throughout the forests to monitor illegal activities. Two lookout towers on Namwasa and one on Kirinya further assist with the detection of unauthorised activities, besides their primary role of fire detection. Plantation boundaries are regularly re-opened and maintained to avoid cases of encroachment through ignorance of the exact boundaries. The company employs Community Development Officers (CDOs) and a CSR Manager who actively engages local people in activities related with plantation management as a way of building relationship with communities thus helping communities to appreciate the values of conserving forests.
Criterion 1.6 Demonstration of a long-term commitment to the FSC P&C	
Strengths	
Weaknesses	
Compliance	**MA2009:** The environmental policy of the company is available on the company website and states that they will meet the requirements of the Principles and Criteria of the Forestry Stewardship Council. A copy of the company's 6-monthly newsletter dated January 2009 indicating that NFC is undergoing a certification process under FSC have been sent to all stakeholders. It also states that the NFC is committed to sustainable commercial forestry and the protection of biodiversity, transparent management and refers to the availability of summaries of the management plans on the company website. The shareholders of the company intend to have all its forest properties in other African countries certified and this process is under way. **SA2010:** The company is committed to FSC and a public policy endorsed by the owner (CEO) is available on its website: www.newforestscompany.com stating that the company adheres to the forest management practices consistent with the Forest Stewardship Council Principles and Criteria. Management clearly confirmed its intention to eventually have all its forestry operations certified.
PRINCIPLE 2: TENURE AND USE RIGHTS AND RESPONSIBILITIES	
Criterion 2.1 Demonstration of land tenure and forest use rights	
Strengths	
Weaknesses	
Compliance	**MA2009:** Namwasa is a gazetted central forest reserve that has been properly leased by the National Forestry Authority (NFA) to the company. The reserve is owned by the Government of Uganda and is administered by the NFA. The Company has paid its license fees to the NFA. The license is for a 50 year period. The licence stipulates the responsibilities of both parties e.g. the need for an EIA, a management plan to be compiled and community outreach programme to be implemented by the company and the right to conduct inspections and conduct environmental audits by the NFA. The Kirinya Farm is private land consisting of a conglomeration of a number of lease holdings owned by a family. The company has three agreements in place to sub-lease land from Kirinya Sugar Factory Estates Ltd for a period of 49 years. **SA2010:** A financial model showing revenues, volumes and cash flows for the next 30 years is available that was revised in December 2009. There is also a business plan showing expected revenues for 2011-2031. The tree farming license for Namwasa Central Forest Reserve is for a period of 50 years (April 2005-April 2055) i.e. longer than one rotation, indicating the long term commitment of the company.
Criterion 2.2 Local communities' legal or customary tenure or use rights	
Strengths	
Weaknesses	
Compliance	**MA2009:** In the case of Kirinya there is no documentation of the customary tenure or use rights for local communities. There are no customary rights here because the area is private land. However, management provides communities with rights to multiple resource utilization and consumptive use through agro-forestry practices (Taungya system) using a permit system. In the case of Namwasa being a Central Forest Reserve, local people have customary or use rights such as the right to collect firewood and traditional food items, which have been documented in a baseline ecological and socio-cultural survey report. These rights are respected by the company.

	SA2010: Grazing of cattle was previously allowed on Kirinya in compartments with an average tree height of 5 m or more under a permit system to allow a set number of cattle into a designated area. However, the permit system for grazing and inter-row cropping has been revoked because of excessive trampling of trees by cattle and some people have destroyed young trees to increase the available area for crops.
Criterion 2.3 Disputes over tenure claims and use rights	
Strengths	
Weaknesses	**MA2009:** The most serious controversy is around Kirinya in relation to the illegal cultivation of rice on ± 20 ha. Records of meetings are available between CDOs and communities, government officials have been involved, two 3-day sessions with the rice farmers and community leaders were held, trespassers were persuaded to sign documentation acknowledging that they will vacate the area. Alternative income-generation opportunities have also been made available to the farmers such as an outgrowers scheme, agro-forestry and apiculture. The company is committed to solving this dispute amicably, even though it is clear that the actions of the community members are illegal. Three land claims have also been lodged by individuals on ± 400 ha in block C of Namwasa. The company perceives these claims to be false as they have an exclusive signed concession agreement with the National Forestry Authority. Since the NFA remains the actual landowner, these claims should be lodged with them and not with the company. The relevant boundaries are being re-surveyed by the NFA to determine whether the land claims are actually on the FMU or not. Due legal process is being followed to resolve the claims. Both the land claims and cultivation disputes (particularly since their validity is highly dubious) are not of such a magnitude or involve such a number of interests as to prevent the company from being certified. Nonetheless, although significant steps have already been taken, every effort should be made to obtain clarity and resolve these claims and dispute as a matter of urgency. This matter is not raised as a CAR as it is highly likely that these issues represent illegal situations or false representations against the company, but should nevertheless be resolved speedily to maintain cordial relations with stakeholders and communities. **Observation 01 was raised.** **SA2010:** In excess of 540 households (mostly from Rwanda) have recently illegally settled on Namwasa FMU. They have erected a large number of structures and started cultivating agricultural fields. Almost 2 000 ha of the FMU are affected where afforestation can not proceed, potentially impacting on the financial viability of the enterprise. Government, as the landowner, clearly indicated that these encroachments are illegal under the constitution and laws of Uganda and has attempted via numerous meetings/interactions at the highest political level to persuade the settlers to vacate the area peacefully. The company offered to make compensation available to facilitate the process, but this was declined by Government as it would set an unacceptable national precedent. The President of Uganda has intervened personally and the encroachers have been given until 28/02/2010 to leave the forest reserve. The settlers understand that they have no legal right to be on the FMU and at the time of the audit an estimated 60% of them had already left the area peacefully. Government spokesmen are confident that the due date will be adhered to. Although the company has acted responsibly, compassionately and within the parameters of the law, this situation represents a significant dispute that requires either a speedy resolution or a redefining of the boundaries of the FMU to exclude the area of conflict from the scope of the certificate. **Observation 01 was closed** and **Major CAR M09 was raised.**
Compliance	**MA2009:** A complaint and dispute resolution procedure has been developed to ensure that complaints and disputes are addressed through a transparent and well managed process. The procedure helps to monitor stakeholder satisfaction and handle the complaints received from them. It highlights the issues of forest access, land rights and tenure, sites of special significance and stakeholder participation which are the frequent cause of conflict and how they can be prevented and managed. The CSR Manager has been tasked with the overall responsibility of maintenance of a stakeholder register and the management of disputes/complaints on plantations. **SA2010:** An action plan was formulated and implemented after the surveillance assessment by the company to resolve the land encroachment issue on Namwasa FMU. The implementation of this action plan was verified during a Closure of Findings visit to Namwasa on 25/06/2010. It was found that the company drew up and circulated letters to all local leaders around the plantation informing people about available casual jobs and letting them know who to contact if they were interested in employment. The company physically opened all the boundaries in the contested areas so that everyone was fully aware exactly where the boundary was situated. Encroachers were allowed to harvest their annual crops and remove

	their structures and other portable properties. By 1st March 2010, the company surveyed the land and found that all illegal settlers on the plantation had voluntarily vacated the reserve. The National Forestry Authority (NFA) and district leadership confirmed that they officially declared the land free from any encroachers. There were no incidences of injury to the encroachers or forceful eviction reported during this process. Land preparation, road construction and planting activities took place without any security issues, and the Government security team left the area at the end of April 2010. About 500 ha of the formerly encroached land area have already been planted. The company employed private security guards to monitor the boundaries and ensure that encroachment may not reoccur since some of the encroachers bought some land adjacent to the FMU. Management indicated that it would continue providing support and work with the surrounding communities to ensure a long-term, mutually beneficial relationship. NFA officials consider Namwasa one of their most peaceful and successful experiences in encouraging illegal encroachers to voluntarily leave Central Forest Reserves and would like to use the model for controversial areas in the future. The company has followed peaceful means and acted responsibly to resolve the issue of encroachment and currently there are no tenure and/or use right dispute that are of substantial magnitude to affect the activities of the company. **Major CAR M09 was closed.**
PRINCIPLE 3: INDIGENOUS PEOPLES' RIGHTS	
Criterion 3.1 Indigenous peoples' control of forest management	
Strengths	
Weaknesses	
Compliance	**MA2009:** The Central Forest Reserves were created in the 1930's and the areas were largely unpopulated at the time. Kirinya was also a natural forest area and unpopulated until the political upheaval in the period 1970-1985 when large areas of natural forests were destroyed in many parts of Uganda. The net result of this situation is that there are no groups of local people claiming use rights or traditional occupation of the two areas concerned. The use of areas for rice cultivation on Kirinya is clearly an illegal situation, whilst the land claims by three individuals on Namwasa are refuted and due legal process is being followed. **SA2010:** There are no groups of local people with valid occupation rights of the two areas concerned. Kirinya is private land and Namwasa, being a central forest reserve, specifically exclude such rights.
Criterion 3.2 Maintenance of indigenous peoples' resources or tenure rights	
Strengths	
Weaknesses	
Compliance	Not applicable.
Criterion 3.3 Protection of sites of special cultural, ecological, economic or religious significance to indigenous peoples	
Strengths	
Weaknesses	**SA2010:** A rock outcrop on Kirinya used by local people for traditional ceremonial purposes has not been identified and described as such, nor indicated on plantation maps. **Minor CAR 14 was raised.**
Compliance	**MA2009:** A report on a baseline socio-cultural survey to identify any possible areas of special interest is available showing two sites of special cultural, historical, ecological, economic or religious significance on the FMU. One is a cultural site on Namwasa and the other is an aesthetic site on Kirinya. Clear management objectives have been identified and implemented for their protection. Contractors, workers, staff and communities in and around the forest plantations are aware of the ASI. There are no restrictions of access to these sites.
Criterion 3.4 Compensation of indigenous peoples for the application of their traditional knowledge	
Strengths	
Weaknesses	

Compliance	Not applicable.
PRINCIPLE 4: COMMUNITY RELATIONS AND WORKERS RIGHTS	
Criterion 4.1 Employment, training, and other services for local communities	
Strengths	
Weaknesses	**MA2009:** It was reported that some contractors do not always pay all their workers. One contractor had not paid some workers and had since January 2009 stopped offering services. Management indicated that the behaviour of the contractor was contrary to the code of conduct of NFC and they were in the process of terminating his services. A health care service provider (Kikandwa Health Care clinic) has also not been paid for services rendered in August 2008 and his services have since been terminated. **Observation 02 was raised.** **SA2010:** Employment contracts are not always awarded through a transparent process on the basis of clear criteria as evidenced by a number of workers (7) on Namwasa who have been in employ of a contractor for one month already, but did not yet have clarity on their wages. **Minor CAR 15 was raised.** One worker at Namwasa, working for a contractor who also undertakes chemical weed control, indicated that he was 16 years of age (records of birth are often not available in Uganda and this could therefore not be verified). This is in contravention of company policy that prohibits the employment of persons younger than 18 years, as well as ILO requirements. **Minor CAR 11 was raised.**
Compliance	**MA2009:** Corporate Social Responsibility (CSR) is a fundamental aspect of the company's business model. NFC's CSR philosophy incorporates the main pillars of the Global Reporting Index. These pillars include corporate governance, human resources, environmental conservation, community development, supply chain management and stakeholder communication among others. To facilitate this process practically an organizational structure has been put in place based on a CSR Manager at the Head Office in Kampala and Community Development Officers in the field. On average 73% of the NFC labour force originate from communities adjacent to the NFC plantations in line with the company target of not less than 70%. All workers employed were over 18 years old. Interviews with workers showed that wages were fair compared to those working outside the FMU. In addition, workers said that work outside FMU is irregular (limited) while for plantation contractors work is always available. Local communities have been trained in Participatory Rural Appraisal (PRA) to identify their greatest challenges to development and possible solutions to overcome those challenges. To date, NFC has invested the largest amount in educational projects with numerous examples at both plantations. One of the most pressing primary health challenges identified in the PRA was lack of access to clean water and poor sanitation. NFC decided to spend much of the first few years concentrating in these areas of health and examples of projects are available. Income generation projects have also been supported such as apiculture, fruit trees, agro-forestry and seedling-giveaways to promote the establishment of an outgrowers scheme. The company has clearly adopted a very progressive attitude towards community involvement and support – this was voluntarily also confirmed by almost all outside stakeholders. **SA2010:** The wages of workers are fair compared to what people earn working outside the FMU. A proper training plan for 2010 is in place that provides for specific targeted training for own employees and contractors on a wide range of subjects. The company continued with its various community upliftment programmes such as a community road maintenance programme for grading or maintaining community roads. About 20+ kms of community roads have been graded (impacting over 500 households). The company invested in community education, health and road construction and maintenance projects. A contractor internal audit system has been introduced which include the evaluation of the payment of workers. It is a company requirement that all contractors must maintain a register of signed pay sheets on which all workers must sign off their receipt of wage. **Observation 02 was closed.**
Criterion 4.2 Compliance with health and safety regulations	
Strengths	
Weaknesses	**MA2009:** All necessary substances and equipment, including PPE, are not always available at the work site. None of the workers were issued with protection against UV radiation (hats) and workers doing pruning were not issued with gloves, safety helmets and safety goggles. Drinking water was not always available at all worksites or in adequate volumes for a tropical climate. Tests to determine the suitability of drinking water for human consumption are not regularly performed. At some teams workers were expected to provide their own drinking water.

	Although the only exception, one large team had no trained 1st aider, 1st aid kit or supervisor at the worksite. No eyewash equipment was available at chemical stores. **Minor CAR 01 was raised.** Most workers live off the FMU. However, some of the worker accommodation at Kirinya had sleeping and cooking facilities inside the same room, constituting an unhealthy situation that is in contravention of ILO requirements for separation of such facilities. **Minor CAR 02 was raised.** Although there is an awareness programme on diseases such as malaria and HIV/Aids, its effectiveness is limited as evidenced through interviews with a number of workers who showed low levels of understanding and awareness. **Observation 03 was raised.** Evidence was available of some training courses given to workers – however, see Minor CAR 07 in 7.3. **SA2010:** Adequate procedures and their implementation regarding sanitary practices whilst in-field by all staff/workers are not in place. This may lead to pollution of water bodies and their contamination for human use. **Observation 09 was raised.** The sleeping rooms at the new housing complex on Namwasa have no beds and workers are expected to sleep on a reed mat on the floor. The toilets were very smelly (unhygienic), with considerable general littering in evidence at the accommodation areas on both plantations. There was no proper disposal of ash from the cooking area. **CAR 02 is kept open** to monitor the degree of management attention to the subject of adequate worker accommodation that complies, as a minimum, with the ILO code of practice on Health and Safety in Forestry.
Compliance	**MA2009:** The code of conduct for contractors as well as the human resource manual of the company stipulates the need for a safe and healthy work environment for all employees. These documents specify safety requirements and the procedures, PPE (gumboots, overalls, hats and raincoats are prescribed), safe equipment, first aid, clean drinking water, proper sanitation and the medical scheme available to its staff. Interviews revealed that workers do receive safety instructions at work from their supervisor and contractors every morning and at the start of a new task and the issued PPE were being used at all teams. **SA2010:** The company has a 2010 training programme for its entire staff specifying the training to be conducted and resources needed. The training programme covers a wide spectrum, including aspects of safety like first aid and safe use of chemicals. Company staff and contractors have already been trained in the safe and effective use of environmentally responsible agrochemicals. Workers receive safety instructions at work sites from their supervisor and contractors every morning and at the beginning of a new task. All workers were provided with basic PPE such as overalls, gumboots and hats. Where higher risks exist such as during chemical spraying more PPE items are issued such as nose and eye protection and gloves. Adequate drinking water and first aid kits were available at all work sites. First aid helpers had been trained and were in possession of the necessary certificates. Eye wash equipment was available at all chemical stores. **Minor CAR 01 was closed.** The company invested significant resources in upgrading worker accommodation at both Namwasa and Kirinya. Accommodation at Kirinya has been upgraded to provide separated sleeping quarters and cooking area, and was also repainted. A new worker accommodation complex was built at Namwasa. Management arranged for peer education training sessions on health awareness issues including HIV/aids and malaria. Some 80 people have been given this training. It is planned to do one more such training session in 2010. Interviews with contractors and workers indicated that they have been sensitised on malaria, HIV/AIDS, other STDS and voluntary HIV testing. The company is in the process of creating a health centre for each plantation with a full-time nurse and a roving medical doctor. **Observation 03 was closed**.
Criterion 4.3 Workers' rights to organise and negotiate with employers	
Strengths	
Weaknesses	
Compliance	**MA2009:** The code of conduct for contractors associated with the NFC and the HR manual of the company makes provision for employees to join any trade union - interviews with NFC staff and workers established that workers are indeed free to join unions. However, unionisation is not well developed in Uganda and no union exist that represents forestry workers. Communication between workers and management is established via worker representative meetings that are held monthly between plantation management and workers. Minutes are kept of such meetings. **SA2010:** Regular worker consultative meetings provide a forum through which workers interact with contractors. These meetings take place daily when they are being given work instructions. Unionisation is not well developed in Uganda and no union exists that represents forestry workers.

Criterion 4.4 Social impact evaluations and consultation	
Strengths	
Weaknesses	
Compliance	**MA2009:** Baseline socio-cultural surveys for both plantations were conducted. Aspects such as history, tribal groupings, human settlement, land tenure system, activities, education, health facilities, cultural sites, employment opportunities, power sources and community benefits are well covered in the two reports. The main social issues that have been identified at this stage revolve around the need for more employment opportunities, the fear of losing their livelihood as a result of the establishment of plantations and the need for assistance with a variety of local projects such as classrooms, roads and water supplies. More specific negative impacts identified were the lack of latrines, inadequate health units, inadequate clean water, poor infrastructure, poverty and low educational levels/illiteracy. The strategy of the company to address the identified issues comprises: 1. A CSR Manager has been appointed to manage the full strategy. 2. Community Development Officers have been employed to liaise directly with the communities on an on-going basis. 3. A budget has been provided for community projects. 4. Close relationships have been developed with the formal local village and government structures. NFC has made efforts to establish good communication with various stakeholders. For example its newsletter is posted on its website indicating current and future activities. It is also sent either as a hard copy to the stakeholders through the post office or e-mailed. Meetings with a large range of stakeholders are on-going with evidence of regular and recent meetings being available. A follow-up PRA process is planned after 5 years to determine progress and outstanding issues. **SA2010:** The main current issue raised by stakeholders against the company was the eviction of illegal encroachers in and around Namwasa plantation. The company is following due legal process to ensure that this problem is amicably resolved (refer 2.3). The company offered to make compensation available to facilitate the process, but this was declined by Government as it would set an unacceptable national precedent. All indications at this point are that the issue will be resolved in the near future. The company has an updated list of interested parties/stakeholders and minutes of meetings with stakeholders are available. This issue has subsequent to the surveillance assessment been peacefully resolved – see Major CAR M09 in 2.3.

Criterion 4.5 Resolution of grievances and settlement of compensation claims	
Strengths	
Weaknesses	
Compliance	**MA2009:** A documented complaint and dispute resolution procedure is in place. Negotiation, mediation or arbitration is prescribed to manage and resolve conflicts. Management regularly consults with contractors to ensure that workers are paid and that problems in this regard are solved. The most pressing dispute is the encroachment on the wetlands on Kirinya - see 2.3. **SA2010:** The company regularly consults with all its stakeholders and all peaceful means are explored in dispute resolution (refer 2.3.1).

PRINCIPLE 5: BENEFITS FROM THE FOREST	
Criterion 5.1 Economic viability taking full environmental, social, and operational costs into account	
Strengths	
Weaknesses	
Compliance	**MA2009:** The financial viability of NFC is sound which supports the long term sustainability goals of forest management. There is a good and growing local market for the products that the company will produce, and the growing conditions for their selected spp are good. An annual budget is available that makes provision, besides operational costs, also for conservation and community/social expenditures. Although the plantations are only 3 years old or younger, and no clear-fell harvesting will thus take place in the near future, management has identified and prescribed methods to minimise site disturbance and therefore ensure site productivity and

	maintain the ecological productivity of the forests **SA2010:** A 2010 budget is available that provides for riverine conservation, protection of historic sites, open area management and weed control. Social costs are also budgeted for such as assistance with the erection of two primary school blocks, 50% of the costs for a new high school, a health clinic, rain water tanks and the outgrower scheme. Management is under some pressure to start generating an income stream for the company and various options are currently being investigated.
Criterion 5.2 Optimal use and local processing of forest products	
Strengths	
Weaknesses	
Compliance	**MA2009:** The intention is to fully process all production locally, but the oldest trees are now three years old and clear-fell harvesting will only commence in 2013. The primary products will be sawlogs and poles. The pine logs will be processed on site at each plantation into sawtimber, and a sawmill will therefore be established at each plantation. One central pole treatment plant will be established for the production of *Eucalyptus* poles. The company will also investigate the suitability for sawn timber of indigenous hardwood species such as *Ficus*, *Khaya*, *Acacia*, *Albizia* and other spp and has already done some limited plantings of native spp. **SA2010:** Unchanged from the main assessment.
Criterion 5.3 Waste minimisation and avoidance of damage to forest resources	
Strengths	
Weaknesses	
Compliance	**MA2009:** Although harvesting will only commence in a number of years due to the young age of the trees, documentation on harvesting procedures is available that prescribes the harvest planning process to ensure, amongst others, the minimisation of any waste. Particular care is prescribed to avoid any damage to sensitive management zones. No waste was in evidence in the thinning compartments. All harvesting operations will be subject to four internal checking procedures at various stages of the harvesting operations, including a post-harvest assessment. **SA2010:** Unchanged from the main assessment. No harvesting has yet commenced.
Criterion 5.4 Forest management and the local economy	
Strengths	
Weaknesses	
Compliance	**MA2009:** All field operations are carried out by contractors and the main impact on the local economy is the use of these exclusively local contractors who very largely employ their workers from local communities. Nearly all supplies are obtained from local Ugandan companies. Charcoal production by local entrepreneurs is allowed in the bush clearing areas and the free grazing by cattle of local people is allowed in older compartments to assist with weed control. **SA2010:** Due to high mortality of seedlings from trampling by cattle, the company has changed its policy and does not now allow any grazing by cattle on the FMU. This policy may be revised once the stands have matured. This change was communicated to local communities.
Criterion 5.5 Maintenance of the value of forest services and resources	
Strengths	
Weaknesses	
Compliance	**MA2009:** The main forest services, other than timber production, that have been identified are the protection of the remaining natural forests and wetlands; and the provision of grazing and the opportunity for firewood collection by local communities once the plantations are properly established. Procedures have been developed and implemented to regulate various forestry activities such as herbicide use, road construction and opening of gravel pits in order to minimise the environmental impact of these operations.

	SA2010: Unchanged from the main assessment.
Criterion 5.6 Harvest levels	
Strengths	
Weaknesses	**MA2009:** The company set the carrying capacity for grazing by cattle at 6 ha/TLU to ensure that over the long term cattle numbers do not exceed carrying capacity. However, although the carrying capacity of the forage for cattle is thus known, there is not a proper control system in place to determine the actual number of cattle on the FMU and thus ensure that the carrying capacity is not exceeded. **Minor CAR 03 was raised.** **SA2010:** Due to high mortality of seedlings from trampling by cattle, the company has changed its policy and does not now allow any grazing by cattle on the FMU. This policy may be revised once the stands have matured. The practice of inter-row cropping by local people of agricultural crops has similarly been stopped due to abuse of the system. However, evidence of illegal grazing by cattle was in evidence on both plantations. The difficulty in abruptly stopping such a traditional practice and the associated risks (e.g. arson) are acknowledged. Further meetings with local communities have been planned. **CAR 03 is therefore kept open** for another year to allow reasonable time for the amicable resolution of this illegal practice.
Compliance	**MA2009:** Sustainability is currently based on a simple area normality yield regulation approach where 1/rotation of the total planted area is scheduled for annual felling. A planting and harvesting schedule for pines and eucalypts for the period 2006 – 2037 is available showing the planted, clear-fell, re-establish, total planted and total temporary unplanted areas. The company is still in the afforestation phase and more detailed yield regulation exercises will be undertaken once plantations are fully established and better information is available on the specific growth rates determined for these areas. The current stands are too young to provide accurate growth and yields information at this point. Inventories will start in 2009 and only when this information becomes available will yield regulation be done on a volume basis. Management plans to obtain computerised yield regulation software to perform a much more sophisticated yield regulation on their growing stock. Although the first clear-felling of *Eucalyptus* is only scheduled for 2013 and for pines in 2024, management plans to implement such a planning system during April 2009. The company does not fell or remove any indigenous species from its land. **SA2010:** Detailed stand information is available for all compartments three years and older such as sph, dbh, height, site index, volume/tree, volume/ha, utilizable volume/ha, planting date, espacement, area and confidence limits where relevant. No analysis of predicted versus actual volumes can yet be done as harvesting is only expected to start in three years time.
PRINCIPLE 6: ENVIRONMENTAL IMPACT	
Criterion 6.1 Environmental impacts evaluation	
Strengths	
Weaknesses	
Compliance	**MA2009:** Formal EIAs were done separately for both plantations and the main potential environmental impacts were identified such as water pollution, soil erosion, fires, wastes, noise and dust. A schedule was compiled prescribing the specific mitigating measures for each anticipated impact. EIA certificates were issued for both plantations by the regulatory authority on the condition that, amongst others, a minimum protection zone of 50 m is left between the plantation and nearby streams. Management undertook a separate in-house EIA that is included in the management plan of each plantation e.g. it was found that illegal forest destruction in the past resulted in ecological degradation and it will be necessary to restore natural tree vegetation, protect it from charcoal burners and other illegal tree cutters, in order to restore suitable conditions for stream flow regulation. Any new site-disturbing development on a plantation is verified against the company procedures regarding change of land use to determine if an internal screening assessment or external EIA approval is required before development can begin. Evidence of the practical implementation of these prescribed EIA procedures were seen with an internal screening assessment form completed for all new road constructions. A range of documented procedures have been put in place and implemented to ensure that the environmental impact of forest operations is mitigated such as the use of buffer zones. The company has implemented an internal corrective action system to address both past and potential non-conformances. **SA2010:** An internal screening assessment process is in place for the evaluation of all site

	disturbing activities such as new roads and river crossings. The process includes evaluation of the development proposal, reasons for the development, environmental impacts of 10 categories, severity of impacts, consultation with interested and affected parties, alternatives and mitigating measures.
Criterion 6.2 Protection of rare, threatened and endangered species	
Strengths	
Weaknesses	**MA2009:** Although significant base line studies have been undertaken, the identification of RTE species in terms of e.g. the IUCN red data book classification remains incomplete with insufficient clarity on the occurrence of RTE spp in some of the main taxa e.g seven species of birds of conservation concern (globally or regionally threatened species) have bee identified. However, with the exception of perhaps two, these spp are very common throughout a large part of sub Saharan Africa (such as cattle egret, hadeda and black-headed heron) and their indicated threatened status is questioned. **Minor CAR 04 was raised.** The requirement for natural corridors to link the natural forests and other natural vegetation types is to a large extend well conformed to with adequate buffer zones between plantations and forests (5 m) or wetlands (50 m). However, there appears to be a need for a linkage of the corridors Z8 and Z10 on Kirinya and this should be investigated. **Observation 04 was raised.**
Compliance	**MA2009:** Baseline surveys on the flora, mammals and birds were conducted by a team of specialists that included a recognised EIA specialist, vegetation ecologist, sociologist, vertebrate ecologist and ornithologist. No mammals, three flora spp, and seven bird spp were identified as being of conservation concern. A range of measures have been prescribed and implemented to enhance the protection of threatened spp such as indigenous forests and woodlands within valleys and selected hill tops are conserved to create corridors, no activities are undertaken within 50 m from wetlands and illegal activities are combated. The largest threat to the conservation areas is the spread of noxious weeds and alien invasive species from the adjacent compartments into the riparian zones, snaring of birds and small mammals and the illegal logging of valuable tree species. These areas are patrolled by forest guards on a scheduled basis to monitor and control where possible these activities. **SA2010:** No critically endangered spp are currently known to occur on the FMU, but some of the lower conservation categories may be found e.g. some bird and rodent spp in the vulnerable category may potentially occur. Such potential spp have been identified and posters with colour photos distributed to plantations to assist field staff in the identification of these spp should they be encountered. Procedures are in place to afford such spp protection including the protection of sensitive habitats such as small forest patches and riparian zones during planting operations. IUCN red data lists have been prepared for mammals, birds, amphibians, reptiles and butterflies. These lists indicate the spp in these taxa that occur in Uganda, provide their conservation category and indicate which of these spp may potentially occur on the FMU, separately for each of the plantations. Some vulnerable and near threatened bird spp have been identified, the near threatened Temminck's pangolin, vulnerable African golden cat, as well as a number of threatened rodents. **Minor CAR 04 was closed.** The two corridors on Kirinya were linked by removing a 30 m wide belt of plantation between them to restore a natural link between them. This has effectively divided the plantation into two areas – this should provide meaningful conservation benefits over the long term. **Observation 04 was closed.**
Criterion 6.3 Maintenance of ecological functions and values	
Strengths	
Weaknesses	**MA2009:** Although work has been done on e.g. the floristic composition of the natural forest, no information is currently available on the natural regeneration and succession patterns in these forests. This is particularly relevant in the highly disturbed parts of the forests such as on the forest edges in riparian forests or other degraded parts of the forest. **Minor CAR 05 was raised.** **SA2010:** The company identified three MSc-level projects in collaboration with a local university. These studies will, amongst others, address the floristic composition of the natural forests, and the natural regeneration status of particularly the edges of forests as well as the central bulk of natural forests. A number of study sites will be identified based on e.g. the level of disturbance of the forests. Since these studies have not been properly formulated nor yet commenced, this **CAR 05 is kept open** to monitor the actual execution of the planned projects.
Compliance	**MA2009:** An annotated checklist of the species recorded on both plantations is available. The natural forests on the FMU are totally protected with no harvesting allowed. A restoration

	programme has been implemented in degraded areas by limited plantings with about 7 indigenous spp to assist with the recovery of degraded forest ecotones and to restore the original spp mix of these forests. Initially two areas at Namwasa plantation have been identified as conservation rehabilitation areas, but this has been overtaken by the identification of four HCVF areas on Namwasa that includes these two conservation areas into the four HCVF areas. **SA2010:** Various steps were taken to protect ecological functions e.g. an existing road through a stream on Kirinya lead to erosion and siltation of the river. The crossing was replaced by a proper river crossing with culverts that allowed the natural flow of the river to continue unimpeded. The construction was preceded by an internal screening process. Drainage problems in the nursery at Kirinya also lead to erosion concerns. The drainage was improved by introducing silt traps before water could enter lake Victoria.
Criterion 6.4 Protection of representative samples of existing ecosystems	
Strengths	
Weaknesses	
Compliance	**MA2009:** Some 24% of the FMU is not afforested with commercial spp and consist largely of natural forests, riverine wetlands and other herbaceous and grass communities. These areas are protected and are managed for conservation purposes. They are representative of the original vegetation, in so much as the remaining natural areas on the FMU do represent the original composition of the vegetation communities. **SA2010:** Unchanged from the main assessment.
Criterion 6.5 Protection against damage to soils, residual forest and water resources during operations	
Strengths	
Weaknesses	**MA2009:** More sensitivity is needed during afforestation. Evidence was seen on one plantation where the planting of 2 or 3 rows of pine trees between a road and a natural forest area is inappropriate, with more detrimental environmental consequences than can be justified by the limited commercial benefits. **Observation 05 was raised.** All foresters and most supervisors knew how to deal with accidental oil or chemical spills. However, no MAP was in stock for the treatment of contaminated soil. **Observation 06 was raised.** **SA2010:** Guidelines to prevent soil erosion from roads in terms of adequate road drainage structures and directing water into vegetation so that it could filter out any silt before reaching a water body are not consistently implemented in-field. Evidence of poor road drainage was seen on both Namwasa and Kirinya with few cross drains and side drains in evidence and no attempt to divert water off roads before water crossings. Surface erosion was present on a number of roads on both FMUs. **Minor CAR 13 was raised.**
Compliance	**MA2009:** Natural corridors and buffers along water courses are indicated on maps and are in place in-field with at least the legally required 50 m left open between such water courses and any compartment. A process of identifying areas not suitable for afforestation has been carried out on most parts of the plantations and is on-going. New road construction is a major environmental impact and a relatively low road density is maintained on the flat Kirinya, with a higher density on Namwasa, necessitated by the steep topography compared to Kirinya. EIAs are compiled for all new roads, new gravel pits, quarries or sandpits – or where a major expansion of an existing site is planned. Detailed prescriptions are in place and adhered to when building new roads to ensure minimum environmental damage during construction and that good road drainage is put in place for erosion control. An internal Corrective Action System for identifying, recording and monitoring progress with actions taken to address negative environmental impacts is in place. This system ensures that problem areas are recorded as part of normal operational practice and formally logged. This system is in practical use by foresters on both plantations. **SA2010:** The 2-3 rows of pine trees in Namwasa E4 between the road and the natural forest have been removed, thus allowing the road to be the boundary between the planted area and the natural forest. This will significantly facilitate more effective management of the forest ecotone and its conservation. **Observation 05 was closed.** Supervisors knew the correct procedures to deal with accidental chemical spillages and this has been implemented on occasion. Contaminated soil is collected in a bag or other container and taken to the MAP treatment facility that is available on each of the two plantations. MAP is now in stock on both

	plantations. **Observation 06 was closed.**
Criterion 6.6 Chemical pest management	
Strengths	
Weaknesses	**SA2010:** The consideration of alternatives for the use of chemical pesticides and the justification for their use has been inadequately determined. An integrated pest management plan is not available that fully explores all non chemical options for the control of pest and diseases such as prevention and biological control methods. **Minor CAR 10 was raised.**
Compliance	**MA2009:** No prohibited chemicals are being used by the company. The reduction in use of chemicals is company policy and mechanical, manual, grazing by cattle and agro-forestry practices such as the planting of various agricultural food crops among young trees are used to achieve this objective. The preferred method of weed control is currently manual, largely as a result of financial considerations. A number of documented procedures are in place and implemented that prescribes the correct and optimum use of chemicals. Information is available on both plantations on the usage rate for each chemical expressed on a rate/ha/year per catchment. The storage, handling, application and emergency procedures on both plantations comply with the ILO guidelines. **SA2010:** None of the chemicals currently in use (imidacloprid, glyphosate, triclopyr, Fluroxpyr and carbendazim) appears on the list of prohibited chemicals. The storage, handling, application and emergency procedures on both plantations comply with the ILO guidelines. Supervisors at teams in-field are very aware of the need to follow the correct safety procedures when using chemicals. Mono Ammonium Phosphate (MAP) beds for the treatment of contaminated soil have been constructed on each plantation within a bunded area, with outflow into an oil trap, and detailed documented procedures are available on the correct use of these facilities.
Criterion 6.7 Use and disposal of chemicals, containers, liquid and solid non-organic wastes	
Strengths	
Weaknesses	**MA2009:** Although some limited attempt is made to recycle e.g. old oils, no attempt is made to segregate wastes into basic waste categories such as bio-degradable and non bio-degradable – all types of waste is disposed into the same refuse pits thus preventing any possibility of recycling. **Minor CAR 06 was raised.**
Compliance	**MA2009:** Adequate sized bund walls are provided underneath the overhead fuel tanks and fire extinguishers are on site. Proper wash bays for vehicles have been constructed and are equipped with silt and oil traps. A storage area for used engine oil is available with arrangements to have old oils collected for off-site disposal. Empty chemical containers are safely disposed of. Hazardous waste generation is not substantial on the plantation and provision is made for its separate storage prior to safe disposal. **SA2010:** Waste bins for general wastes are available in e.g. worker accommodation areas. These bins are regularly collected and the wastes are deposited at the central fenced waste pit on the plantation. Waste is now separated into three basic categories i.e. plastics, glass and general waste. Oils are also separated and delivered to an agent in Kampala for recycling, whilst similar arrangements are in place with another agent for the recycling of plastics via moulding into other products. Recycling options remain limited under local conditions. **Minor CAR 06 was closed.**
Criterion 6.8 Use of biological control agents and genetically modified organisms	
Strengths	
Weaknesses	
Compliance	**MA2009:** No biological control agents or genetically modified organisms are used by the company. **SA2010:** No biological control agents or genetically modified organisms are used by the company.
Criterion 6.9 The use of exotic species	

Strengths	
Weaknesses	**MA2009:** The performance of the current two spp used for commercial afforestation is not consistently good and consideration should be given to company-specific trials that include a wider range of both exotic and indigenous tree spp, particularly as the latter category is not currently planted on a commercial scale due to a lack of information on the growth performance of potential candidate spp. There should also be a good probability of finding spp that are not as susceptible to termite damage as *E grandis.* **Observation 07 was raised.**
Compliance	**MA2009:** NFC has selected two pine and *Eucalyptus* spp as its primary commercial species because they are fast-growing, proven, commercial timber species well suited to Uganda's climate and conditions and able to meet the demands of its timber markets. This is largely based on earlier National Forestry Authority trials elsewhere in Uganda. The company has done some work on indigenous tree spp and has established a trial compartment of *Maesopsis eminii* as well as trial plantings of a few other native spp. No signs were seen in the field of any natural regeneration of the exotic spp used in afforestation escaping into the surrounding landscape. The company has a good consultation mechanism via community development officers in place that will identify quickly any detrimental off-site impacts. **SA2010:** The oldest exotic stands of *P caribaea* and *E grandis* are only 4 years old and no flowering has yet started. There is thus at the moment little risk of any spreading of these spp.
Criterion 6.10 Forest conversion to plantations or non-forest land uses	
Strengths	
Weaknesses	
Compliance	**MA2009:** Legal permits have been obtained from the National Forestry Authority to afforest plantation areas. This afforestation is occurring on degraded and non forest areas. Past encroachment, illegal pit-sawing and charcoaling operations and severe overgrazing in some parts of the FMU has lead to severe degradation of the indigenous forests and woodlands. Forest damage occurred over the past 40 years and was not under the control of the company. All areas currently being cleared for plantations are ex-bushland converted from their natural state to grassland and altered wooded environments, where structural alterations have occurred. The company developed a simple model to rate woodland according to its intactness, and if significantly degraded, considers the area available for plantations. If still intact, however, with a dominating tree component, the woodland is protected. This application was inspected in-field and it was concluded that no conversion of forests to plantations are currently taking place, but that plantations are established on extremely degraded bushlands and that all forested areas are included in the designated protected areas on the concession. The establishment of plantation forestry at Namwasa is seen as the only way to protect the remaining portions of natural forests and conserved woodland. The plantations will provide community benefits, notably employment and will provide clear, substantial, additional, secure long term conservation benefits across the management unit, by ensuring the protection of the remaining conservation areas on the plantation. This project is approved by the conservation organizations and authorities, and was addressed during the environmental impact assessment process and permitting process for the plantation. The current lease is for a 50 year period, which additionally will provide long term conservation benefits. No HCVFs are involved in the afforestation process. Natural corridors have been established between existing areas of natural vegetation for compliance with Criterion 10.2 and 10.5 and such corridors are in place to link the remaining protected natural areas. No conversion of natural forests takes place on Kirinya plantation. **SA2010:** All areas that were identified to be left as natural areas/forests during the afforestation phase were still intact at the time of the assessment. Management is very aware of the sensitivities around conversion of natural forests.
PRINCIPLE 7: MANAGEMENT PLAN	
Criterion 7.1 Management plan requirements	
Strengths	
Weaknesses	
Compliance	**MA2009:** A detailed management plan is available for each of the two FMUs that covers all the subjects required ito the standard, either in the management plan or associated documents such as management objectives, a detailed description of the overall environment including a

	site classification, environmental limitations, present neighbours and land use, issues of special interest and importance such as described in the baseline ecological and socio-cultural surveys including the identification of RTE spp, health and safety aspects, the environmental management system, an internal CAR system, training, environmental assessments for new developments, forest planning, silviculture, road management, management of natural areas, fuel and waste management. Plans are being implemented and a weekly management report is produced for each plantation to report on progress to head office. **SA2010:** The management plan compiled in 2009 is still in place and being used and complies with the requirements. Plans are being implemented and a weekly management report is produced for each plantation to report on progress to head office. This includes aspects such as details on progress with plantings (for each spp), marking, thinnings, seed sowing and pruning. For each activity the planned, actual and variance is indicated. Variances can be justified.
Criterion 7.2 Management plan revision	
Strengths	
Weaknesses	
Compliance	**MA2009:** The plantation management plans (currently version 3 dated March 2009) are updated annually. The company has access to recent scientific and technical information to ensure its planning is correctly updated. It is a member of the Forestry Technical Working Group that comprises all the main role players in forestry in Uganda – they meet quarterly to discuss technical aspects of forestry. The company has also appointed a part-time environmental manager who has experience in biodiversity conservation, and this will significantly assist in ensuring that managers are kept abreast of research developments in this field. **SA2010:** The next revision of the management plan is scheduled for March 2010. The company has initiated the introduction of a sophisticated integrated management system that will allow it to run a streamlined electronic document system efficiently and effectively within the framework of certification requirements.
Criterion 7.3 Training and supervision of forest workers	
Strengths	**MA2009:** The company has a good management structure and has competent senior managers in place who are well qualified (tertiary forestry qualification) and experienced. Supervisors are mostly products of a local forestry college and have completed a 3-year diploma course. Preference is given to new contractors who have either a forestry degree or equivalent. This situation at all levels of management is in excess of the norm on the continent.
Weaknesses	**MA2009:** Although a training needs analysis has been done for a large part of the work force, a properly structured training plan, scheduling the training courses required to address the identified needs has not been compiled and implemented. **Minor CAR 07 was raised.**
Compliance	**MA2009:** A system of inspection sheets e.g. on silviculture is in place that is used to monitor the performance of contractors. The inspection sheets are used by the foresters to check all aspects of a particular operation including productivity, work norms and quality. Training requirements are discussed at the monthly safety meetings held at plantation offices and the relevant parties make the necessary arrangements. To assist contractors a basic training matrix has been developed by the company and provided to the contractors, which allows them to identify which type of training would be best suited for their staff. Every contractor is responsible for his/her own training matrix with actual and planned dates for training on them. A training needs analysis has been done per job category and for the various skills required such as silviculture standards, first aid, supervisory skills, fire detection and suppression, use of PPE, chainsaw handling and maintenance, hazard identification and herbicide application. **SA2010:** The company has competent managers in place who are well trained and experienced in the forest industry. This is seen as the primary reason why the company has managed to quickly grow into the leading private sector forestry company in Uganda. A detailed contractors auditing system is in place that is used to evaluate the performance of contractors. This system evaluates contractors in four main areas i.e. delivery, ability, rates and SHEQ. A proper training plan for 2010 is in place that provides for specific targeted training for foresters, plantation managers and contractors on a wide range of subjects such as chemical weed control, basic work study, supervisory skills, contract management, time management, production planning and control, general record keeping, first aid, establishment techniques and chainsaw training. The courses are targeted on specific individuals with dates, costs and

	presenter indicated. Actual training was already done on some courses on both plantations – attendance registers are available. **Minor CAR 07 was closed.**
Criterion 7.4 Public availability of the management plan elements	
Strengths	
Weaknesses	
Compliance	**MA2009:** Summaries of the main elements of the management plans are available on the company website. **SA2010:** Unchanged from the main assessment.
PRINCIPLE 8: MONITORING AND EVALUATION	
Criterion 8.1 Frequency, intensity and consistency of monitoring	
Strengths	
Weaknesses	**SA2010:** The analysis of water samples only provides information on the chemical composition of samples. The lack of information on *E coli* contamination reduces the usefulness of these analyses to determine whether the water tested is fit for human use. **Observation 08 was raised**.
Compliance	**MA2009:** A document is available on the five year strategic monitoring plan for the company for 2009 – 2013. The document covers monitoring as related to the environment, whilst the daily monitoring of forestry silviculture or harvesting activities are covered by the company's Environmental Management System procedures and policies. Both documents specify the frequency and intensity of monitoring. The environmental parameters being monitored include biodiversity pattern (HCVF monitoring, conservation area rehabilitation), biodiversity process (long term bird counts, general fauna monitoring, general flora monitoring, red data spp, baseline spp monitoring) and socio-cultural monitoring (baseline studies, ASI). Although monitoring has only very recently started, the results of current monitoring are available in a document that summarises the existing situation and knowledge base. Examples are available of corrective actions identified through the monitoring process that were appropriately implemented and closed out. **SA2010:** A monitoring procedure document for flora and fauna is in place and being carried out. A comprehensive document on Ecological and Socio-Cultural Monitoring Programme for the period 2009 – 2013 is available that provides for the monitoring of HCVF monitoring, conservation area rehabilitation monitoring, long term bird count monitoring, general fauna surveys, general flora surveys, IUCN red data species monitoring, baseline species monitoring, socio-cultural baseline assessment and areas of special interest monitoring. Each element is addressed under the headings requirements for monitoring, monitoring protocol, summary of results and monitoring frequency. The results are up to date until 2009 and the next update is scheduled for March 2010. An internal environmental audit was conducted by the company's part-time environmental manager. This resulted in a number of internal CARs and Observations being raised that have either already been closed out, or is process.
Criterion 8.2 Research and data collection for monitoring	
Strengths	
Weaknesses	
Compliance	**MA2009:** Stand enumerations will be conducted in all eucalypt stands in the third year and in the fourth year for pines. The oldest *Eucalyptus* compartments are currently three years of age and their enumeration will be done in 2009. Mid-rotation enumerations will be conducted in most compartments, depending on compartment size and working circle. All compartments will be enumerated approximately one year before harvesting to accurately determine the volume and piece size needed for harvest scheduling. Although harvesting has not yet commenced due to the young age of the stands, procedures have been compiled to implement a system of post harvest audits. A number of baseline surveys on the major flora and fauna taxa have been undertaken and it is planned to repeat these surveys every five years to determine meaningful changes. The company is currently in the process of conducting a baseline social survey based on interviewing 90 households in the vicinity of each plantation. The objective of the survey is to determine the impact of the company's activities on local people. The results will be available by April 2009. A system of inspection sheets is in place that is used to monitor the performance

	of contractors that must be signed off by the forester, the contractor and the plantation manager before payment for that activity can be passed to the contractor. **SA2010:** No commercial harvesting of timber products took place since the main assessment. All thinnings will be done to waste, except if a viable market opportunity presents itself. Stand enumerations are conducted in all eucalypt stands in the third year and in the fourth year for pines. Detailed stand information is available for all compartments older than 3 years. No commercial harvesting of NTFPs is undertaken. Production statistics are available for all activities undertaken by the company on a monthly and YTD basis. These statistics are compared between budget and actual, and variances indicated.
Criterion 8.3 Chain of custody	
Strengths	
Weaknesses	**MA2009:** Although chain of custody procedures are in place, no documentation is available for the thinning volumes at the timber depot. **Minor CAR 08 was raised.**
Compliance	**MA2009:** A chain of custody timber sale procedure document is available that stipulates the procedure to ensure that no mixing of certified and uncertified material occurs. All timber sold from the plantation log depot must be accompanied by a weigh bill or despatch note. To control and verify timber sales, a weekly stock take will be done to ensure that timber on depot, at roadside and weigh-bill/dispatch notes reconcile to the available timber. No uncertified timber purchased from other companies will be allowed to enter the FMU. Since no clear-felling has yet started, and only very limited volumes of thinning material is available, the risk of mixing is very low. **SA2010:** A COC procedure system has been formulated. However, no certified timber is being produced as harvesting is only planned to start in three years time. The sale of thinning material has been stopped and currently thinnings are done to waste. There is therefore no COC system required at this point. **Minor CAR 08 was closed.**
Criterion 8.4 Incorporation of monitoring results into the management plan	
Strengths	
Weaknesses	
Compliance	**MA2009:** Actual monitoring activities only started in November 2008 and the initial results have been incorporated into a document on this subject. Since management plans are updated annually, there has been no opportunity yet to incorporate these results into management plans. The results of the first biological monitoring exercise on baseline ecological studies on the FMU have been used to assess the occurrence of HCVFs – resulting in the identification of four such HCVF areas on Namwasa. These HCVFs have been identified, mapped and management prescriptions compiled. This has also lead to adaptations to the monitoring procedures to address their monitoring requirements. The identification of the HCVFs furthermore resulted in changes to the weed control plan to include weed control operations in these areas as well. **SA2010:** Not assessed during this surveillance visit.
Criterion 8.5 Publicly available summary of monitoring	
Strengths	
Weaknesses	
Compliance	**MA2009:** A public summary of monitoring results has been put on the company website. **SA2010:** A comprehensive document on Ecological and Socio-Cultural Monitoring Programme for the period 2009 – 2013 is available on the company website that provides for the results of monitoring up until 2009, and the next update is scheduled for March 2010. The company has also produced a comprehensive sustainability report for the period January 2008 to June 2009. This addresses subjects such as company profile, stakeholder engagement, sustainability strategy and economic, environmental and social performance. This is a substantial report that goes significantly beyond the average reporting on this subject.
PRINCIPLE 9: HIGH CONSERVATION VALUE FORESTS	

Criterion 9.1 Evaluation to determine high conservation value attributes	
Strengths	
Weaknesses	
Compliance	**MA2009:** An assessment of High Conservation Values was undertaken by the company, using environmental consultant advice - both national and regional. Four forests covering 1 159 ha in total have been identified as HCVFs on Namwasa as being forests containing rare, threatened or endangered ecosystems. A detailed document is available on the procedures that were followed to identify the HCVFs on the FMU. The baseline surveys were conducted by a team of specialists that included a recognised EIA specialist (accredited with NEMA and holds a MSc in environmental and resource assessment), vegetation ecologist, sociologist, vertebrate ecologist and ornithologist. These baseline studies were evaluated by a regional experienced environmental consultant to determine compliance with the HCVF requirements. **SA2010:** Not assessed during this surveillance visit.
Criterion 9.2 Consultation process	
Strengths	
Weaknesses	
Compliance	**MA2009:** A detailed report on the HCVFs is available that includes management prescriptions. These prescriptions have been compiled by a consultant who incorporated the views of specialists on EIA, vertebrate and vegetation ecologists, ornithologist and sociologist inputs. These baseline studies were evaluated by an environmental consultant from South Africa with experience in FSC certification and who has been involved with HCVFs in certified forests in a number of other companies. No HCVF has been identified for its socio-economic or cultural attributes. **SA2010:** Not assessed during this surveillance visit.
Criterion 9.3 Measures to maintain and enhance high conservation value attributes	
Strengths	
Weaknesses	
Compliance	**MA2009:** Separate documentation is available on the biological and social attributes in a study on the baseline ecological and socio-cultural aspects of the area. These cover aspects such as floristic and faunal descriptions, biodiversity and socio-cultural evaluation of the local communities. A comprehensive document is available on the company website on the monitoring of ecological and socio-cultural aspects that include details of the four HCVFs, how they were identified, a short description and the specific monitoring requirements for them. All four the HCVFs, constituting the core areas for total protection on the FMU, are totally protected with no harvesting allowed and regular patrols to prevent any further damage to these forests. A system of natural corridors is in place linking the HCVFs to avoid fragmentation and to enable the movement of biotic elements between these forests. **SA2010:** Not assessed during this surveillance visit.
Criterion 9.4 Monitoring to assess effectiveness	
Strengths	
Weaknesses	
Compliance	**MA2009:** All HCVFs will be monitored using photo monitoring on an annual basis. Detailed PSP monitoring of each site will additionally be conducted every five years. The PSP concept has not yet been further developed and actual monitoring is limited to photo-monitoring at this point. The photo-monitoring is used to monitor rehabilitation, alien plants and edge effects; whilst PSPs will be used for more detailed monitoring on e.g. regeneration, spp and canopy changes and illegal felling. Photo-monitoring of 12 key sites has commenced in 2009 with the first detailed PSP monitoring scheduled for 2010, and again in 2015. A map showing their positions is available. Since monitoring has only started very recently, it is not possible to use this information for adaptive management purposes yet. **SA2010:** A photo monitoring system of the HCVF is in place. Instead of an internally managed

	PSP system, the company has approached a local university to sponsor three MSc students to undertake specialised research on various aspects of the natural forests, including an evaluation of its regeneration status. The company is in a learning curve to establish the most effective and practical way to conduct natural forest monitoring under local circumstances.
PRINCIPLE 10:PLANTATIONS	
Criterion 10.1 Statement of objectives in the management plan	
Strengths	
Weaknesses	
Compliance	**MA2009:** The management objectives for the plantations and on conversion have been formulated as: 1. Establish commercial and profitable timber plantations of fast growing tree species indigenous and exotic, which have adapted well to the Ugandan environment and have successfully been grown in this country. 2. Protect the remaining natural forests that occur along streams and restore those forests that have been destroyed and degraded by encroachers. The company has within a very short space of time (since 2005) developed into the largest plantation company in Uganda and is involved in various projects to continue with its expansion. All the remaining natural forests on the FMU are totally protected and the majority received HCVF status. The company is committed to the protection of these forests and a system is in place to manage this process. The company is making significant progress in achieving its own objectives. **SA2010:** Significant progress has been made in the achievement of the management objectives for the plantations: 1. The establishment of pines has been successful and good MAIs are being achieved. The *Eucalyptus* has been less successful with an erratic performance due to termites, blue gum chalcid and sometimes poor site matching. 2. Complete and effective protection has been given to natural forests and other open natural areas. These, particularly the natural forests, would have been decimated were these protection measures not in place.
Criterion 10.2 Plantation design and layout	
Strengths	
Weaknesses	
Compliance	**MA2009:** The riparian zones and natural forest areas are indicated on maps, are too a large extent linked through a system of natural corridors to promote the movement of animals and birds, and procedures are in place and adhered to that prevent any planting of commercial spp within 5 m of any natural forest area. Buffer zones to identify natural areas are clearly indicated on maps and ensure that the prescribed 5 m from natural forests and 50 m from rivers are maintained. Compartment boundaries follow natural features resulting in a large variation in block size and shape, and contours and road design similarly blends in well with the natural landscape. **SA2010:** Unchanged from the main assessment.
Criterion 10.3 Diversity in composition	
Strengths	
Weaknesses	
Compliance	**MA2009:** Two exotic tree spp are currently used in the bulk of the commercial plantings. This choice is largely based on earlier NFA trials elsewhere in Uganda. The NFA is responsible for species and provenance research to determine the best species and provenances most adapted to tree planting sites in Uganda. The company uses a number of indigenous tree spp such as *Khaya senegalensis, Melia volkensii, Afzelia africana, Albizia coraria, Milletia exelsa* and *Bathedavia mvule* for enrichment plantings along e.g. disturbed forest edges and have also established a ± 30 ha trial compartment of *Maesopsis eminii* on Namwasa and a small experimental planting of *Bathedavia mvule* on Kirinya. The maximum clear-cut area of plantations is documented in company procedures.

	SA2010: Only two exotic spp are used in almost all commercial plantings, with only another two spp i.e. *P oocarpa* and *E cloeziana* used on a very small scale – see 10.4.
Criterion 10.4 Species selection	
Strengths	
Weaknesses	**MA2009:** The performance of the current two commercial spp is not consistently good and consideration should be given to company-specific trials that include a wider range of both exotic and indigenous tree spp, particularly as the latter category is not currently planted on a commercial scale due to a lack of information on the growth performance of potential candidate spp. There should also be a good probability of finding spp that are not as susceptible to termite damage as *E grandis.* **Observation 07 was raised.** **SA2010:** Only two exotic spp are used in almost all commercial plantings, with only another two spp i.e. *P oocarpa* and *E cloeziana* used on a very small scale. This is based on trials by NFA elsewhere in Uganda. The performance of the two main spp is in places poor, particularly that of *E grandis*. Some 200 ha of *E grandis* have been identified on Kirinya for replanting with *P caribaea* – currently the only alternative spp available in practice. There is a clear need for company-specific field trials over a much wider range of spp, to identify more spp suitable for the local growing conditions and management objectives. **Observation 07 was closed and Minor CAR 16 was raised.**
Compliance	**MA2009:** NFC has selected *Pinus caribaea* and *Eucalyptus grandis* as its primary commercial species because they are fast-growing, proven, commercial timber species well suited to Uganda's climate and conditions and able to meet the demands of its timber markets. The NFA is responsible for species and provenance research to determine the best species and provenances most adapted to tree planting sites in Uganda. They also establish seedling and clonal seed orchards to improve the genetic quality of seed for selected tree species such as *Pinus caribaea* and *Eucalyptus grandis*. NFC purchases third-generation improved seeds through the National Tree Seed Centre of the NFA, with additional pine supplies sourced from Brazil and Australia and *Eucalyptus* from South Africa.
Criterion 10.5 Restoration of natural forest	
Strengths	
Weaknesses	
Compliance	**MA2009:** A range of measures have been prescribed and implemented to enhance the protection of threatened habitats. Indigenous forests and woodlands within valleys and selected hill tops are conserved to create corridors, no activities are undertaken within 50 m from wetlands and illegal activities are combated. Areas around rocky outcrops are left to regenerate with natural forest species. A programme of enrichment of the natural forests by planting indigenous tree species is in place. **SA2010:** Unchanged from the main assessment.
Criterion 10.6 Impacts on soil and water	
Strengths	
Weaknesses	
Compliance	**MA2009:** A detailed soil survey has been undertaken by a consultant on the current planted area of Namwasa and it is planned to complete the soil survey of the whole of Namwasa by end of 2009 and to initiate the soil survey process on Kirinya during 2009. The main emphasis and application of the soil data and maps was to assess the afforestation potential. The soil properties indicate that the area is suited to both pine and *Eucalyptus* commercial trees. The most sensitive areas are the wetlands and hydromorphic soils and the specialist report recommended that these areas should be protected and a wetland delineation procedure should be carried out – both recommendations have been implemented with no planting of these areas and a procedure in place to avoid non-conformance areas. No obvious major erosion or other degraded areas were in evidence on the FMU. Some limited soil erosion occurs on roads. This is being addressed through improved drainage of roads. Evidence was seen of good drainage on the roads on both plantations with adequate camber, cross drains and side drains to direct any water off road surfaces. **SA2010:** Kirinya was fully planted before the soil survey could be undertaken. There is thus no immediate need for a soil survey on this plantation. The soil survey of Namwasa is completed

	and that on Luwunga will start in February 2010.
Criterion 10.7 Pests and diseases	
Strengths	
Weaknesses	**SA2010:** The preparation of fire belts, at least on vulnerable boundaries, is not receiving sufficient attention with very little evidence of actual fire belts in place and in a condition that will meaningfully assist to control wild fires. **Minor CAR 12 was raised.**
Compliance	**MA2009:** The two main pest problems of concern are termites in some young *Eucalyptus* stands and the blue gum chalcid in older *Eucalyptus* stands. The termites are combated using an allowable chemical pesticide Imidacloprid and the blue gum chalcid is addressed by removal of affected trees during thinning operations. Termites are the bigger of these two pests, and the company has conducted trials to assess the effectiveness of various chemicals. Imidacloprid was selected as being the only effective chemical that could be used in terms of the list of prohibited chemicals. Biological control options are not currently available. Although uncontrolled fires are not a major factor under local conditions, steps are in place to prevent, detect and suppress any forest fire. **SA2010:** Management has decided to change the spp to pine in some areas on Kirinya where chalcid damage to *Eucalyptus* stands was too severe, particularly if termites were also a problem in that area. This is a good example of a biological/silvicultural solution to a pest problem.
Criterion 10.8 Monitoring of impacts, species testing and tenure rights	
Strengths	
Weaknesses	
Compliance	**MA2009:** No signs were seen in the field of any natural regeneration of the exotic spp used in afforestation escaping into the surrounding landscape. The company is particularly pro-active on local stakeholder consultation and have a good consultation mechanism via community development officers in place that will identify quickly any detrimental off-site impacts. No complaints have yet been raised by local stakeholders on any such impacts. **SA2010:** No change from the main assessment.
Criterion 10.9 Plantations established in areas converted from natural forests after November 1994	
Strengths	
Weaknesses	
Compliance	**MA2009:** Forest conversion took place during the political disturbances in Uganda during the 1970's and 1980's. The company only took possession of the FMUs in 2005 and is not involved in any conversions. Plantations are not established on land that was converted from natural forest since November 1994. **SA2010:** No change from the main assessment.

9. CERTIFICATION DECISION

SGS considers that the New Forests Company (Uganda) Ltd's forest management of its plantation operations in the Mubende and Bugiri districts of Uganda can be certified as:

i. There are no outstanding Major Corrective Action Requests

ii. The outstanding Minor Corrective Action Requests do not preclude certification, but the New Forests Company (Uganda) Ltd is required to take the agreed actions before 30 November 2009. These will be verified by SGS QUALIFOR at the first surveillance to be carried out about 12 months from the date of the issuance of the certificate. If satisfactory actions have been taken, the CARs will be 'closed out'; otherwise, Minor CARs will be raised to Major CARs.

iii. The management system, if implemented as described, is capable of ensuring that all of the requirements of the applicable standard(s) are met over the whole forest area covered by the scope of the evaluation;

iv. The certificate holder has demonstrated, subject to the specified corrective actions, that the described system of management is being implemented consistently over the whole forest area covered by the scope of the certificate.

10. MAINTENANCE OF CERTIFICATION

During the surveillance evaluation, it is assessed if there is continuing compliance with the requirements of the Qualifor Programme. Any areas of non-conformance with the QUALIFOR Programme are raised as one of two types of Corrective Action Request (CAR):

01. **Major CARs** - which must be addressed and closed out urgently with an agreed short time frame since the organisation is already a QUALIFOR certified organisation. Failure to close out within the agreed time frame can lead to suspension of the certificate.

02. **Minor CARs** - which must be addressed within an agreed time frame, and will normally be checked at the next surveillance visit

The full record of CARs raised over the certification period is listed under section 11 below.

The table below provides a progressive summary of findings for each surveillance. A complete record of observations demonstrating compliance or non-compliance with each criterion of the Forest Stewardship Standard is contained in a separate document that does not form part of the public summary.

MAIN EVALUATION	
Issues that were hard to assess	There were some initial concerns identified during the pre-assessment about potential conversion issues. However, these were adequately addressed both prior to and during the audit. See 6.10 for more detail.
Number of CARs raised	No Major CARs and 8 Minor CARs were raised.
SURVEILLANCE 1	
Issues that were hard to assess	A significant land encroachment issue cropped up on Namwasa. However, all stakeholders gave consistent testimony that allowed clear a perspective to be gained on the situation as reflected in Major CAR M09. This CAR was addressed and satisfactorily closed out as verified during a Closure of Findings visit on 25/06/2010.
Number of CARs closed	5 Outstanding CARs were closed during the ssurveillance audit and the Major CAR M09 was closed out during the subsequent COF visit.
Nr of CARs remaining open	3 Outstanding CARs from previous evaluations were not closed.
New CARs raised	1 New Major CAR and 7 Minor CARs were raised. The 1 new Major CAR was closed out during a COF visit after the surveillance audit.
Certification Decision	The forest management of the forests of New Forests Company (Uganda) Ltd remains certified as: ▪ The management system is capable of ensuring that all of the requirements of the applicable standard(s) are met over the whole forest area covered by the scope of the evaluation; and ▪ The certificate holder has demonstrated, subject to the specified corrective actions, that the described system of management is being implemented consistently over the whole forest area covered by the scope of the certificate.
SURVEILLANCE 2	
Issues that were hard to assess	
Number of CARs closed	
Nr of CARs remaining open	

Nr of New CARs raised	
Certification Decision	
SURVEILLANCE 3	
Issues that were hard to assess	
Number of CARs closed	
Nr of CARs remaining open	
Nr of New CARs raised	
Certification Decision	
SURVEILLANCE 4	
Issues that were hard to assess	
Number of CARs closed	
Nr of CARs remaining open	
Nr of New CARs raised	
Certification Decision	

11. RECORD OF CORRECTIVE ACTION REQUESTS (CARS)

CAR #	Indicator	CAR Detail					
01	4.2.5	**Date Recorded>**	13/03/2009	**Due Date>**	1st surveillance	**Date Closed>**	12/02/2010
		Non-Conformance:					
		All necessary substances and equipment, including PPE, are not always available at the work site.					
		Objective Evidence:					
		None of the workers were issued with protection against UV radiation and workers doing pruning were not issued with gloves, safety helmets and safety goggles. Drinking water was not always available at all worksites or in inadequate volumes for a tropical climate. At some teams workers were expected to provide their own drinking water. One large team had no trained 1st aider, 1st aid kit or supervisor at the worksite. No eyewash equipment was available at chemical stores.					
		Close-out evidence:					
		Appropriate PPE was available at all worksites visited. For examples all workers were provided with overalls, gumboots and hats. Where higher risks exist such as during chemical spraying more PPE items are issued such as nose and eye protection and gloves. Adequate drinking water was available at all work sites. First aid kits were available at all work sites and were adequately equipped with gloves, bandages and drugs like painkillers and antiseptics. First aid helpers had been trained and were able to explain the procedures that must be followed in case of an injury or chemical contamination. Eye wash equipment was available at all chemical stores.					
02	4.2.9	**Date Recorded>**	13/03/2009	**Due Date>**	Next surveillance	**Date Closed>**	dd mmm yy
		Non-Conformance:					
		Worker accommodation does not always comply with the ILO code of practice on health/safety in forestry.					
		Objective Evidence:					

<table>
<tr><th>CAR #</th><th>Indicator</th><th>CAR Detail</th></tr>
<tr><td></td><td></td><td>
<u>MA2009:</u> Some of the worker accommodation at Kirinya had sleeping and cooking facilities inside the same room, constituting an unhealthy situation that is in contravention of ILO standards for separation of such facilities.

<u>SA2010:</u> The company has invested significant resources in upgrading worker accommodationat both Namwasa and Kirinya. Accommodation at Kirinya has been upgraded to provide separated sleeping quarters and cooking area, and was also repainted. A new worker accommodation complex was built at Namwasa. However, the sleeping rooms at this new comlex have no beds and workers are expected to sleep on a reed mat on the floor. Interviews indicated that this is not the customary practice in the area any more. The toilets were also very smelly (unhygienic), with considerable general littering in evidence at the accommodation areas on both plantations. There was no proper disposal of ash fro the cooking area.

This CAR 02 is kept open to monitor the degree of management attention to the whole subject of adequate worker accommodation that complies, as a minimum, with the ILO code of practice on Health and Safety in Forestry. It is not raised to a Major CAR at this point as significant improvements to the general standard of worker accommodation have been made in the past year.

Close-out evidence:
</td></tr>
<tr><td>03</td><td>5.6.3</td><td>
<table>
<tr><td>Date Recorded></td><td>13/03/2009</td><td>Due Date></td><td>Next surveillance</td><td>Date Closed></td><td>dd mmm yy</td></tr>
</table>
Non-Conformance:

It is not known whether the authorised harvesting of Non Timber Forest Products exceed the replenishment rate over the long term.

Objective Evidence:

<u>MA2009:</u> Cattle grazing is allowed on the FMU's. The company set a figure of 6 ha/LSU, as the minimum carrying capacity to ensure that over the long term (taking regional differences and climate variability and plantation areas into account) cattle numbers do not exceed the carrying capacity. However, although the carrying capacity of the forage for cattle is known, there is not a proper control system in place to determine the actual number of cattle on the FMU and thus ensure that the carrying capacity is not exceeded.

<u>SA2010:</u> Due to high mortality of seedlings from trampling by cattle, the company has changed its policy and does not now allow any grazing by cattle on the FMU. This policy may be revised once the stands have matured. This change was effected in June 2009 and communicated to local communities. However, evidence of illegal grazing by cattle was in evidence on both plantations.

The difficulty in abruptly stopping such a traditional practice and the associated risks (e.g. arson) are acknowledged. Further meetings with local communities have been planned. CAR 03 is therefore kept open for another year to allow reasonable time for the amicable resolution of this illegal practice.

Close-out evidence:
</td></tr>
<tr><td>04</td><td>6.2.1</td><td>
<table>
<tr><td>Date Recorded></td><td>13/03/2009</td><td>Due Date></td><td>1st surveillance</td><td>Date Closed></td><td>12/02/2010</td></tr>
</table>
Non-Conformance:

RTE species and their habitats present (or likely to be present) on the FMU have been inadequately identified and documented.

Objective Evidence:

Although significant base line studies have been undertaken, the identification of RTE species in terms of e.g. the IUCN red data book classification remains incomplete with insufficient clarity on the occurrence of RTE spp in some of the main taxa.
</td></tr>
</table>

<table>
<tr><th>CAR #</th><th>Indicator</th><th colspan="6">CAR Detail</th></tr>
<tr><td></td><td></td><td colspan="6">Close-out evidence:</td></tr>
<tr><td></td><td></td><td colspan="6">IUCN red data lists have been prepared for mammals, birds, amphibians, reptiles and butterflies. These lists indicate the spp in these taxa that occur in Uganda, provides their conservation category and indicate which of these spp may potentially occur on the FMU, separately for each of the plantations. Common names and scientific names are provided. Posters have been prepared and are available on plantations that provide pictures and background information on spp that may be found on the plantation. No critically endangered spp have thus far been identified. Some vulnerable and near threatened bird spp have been identified, the near threatened Temminck's pangolin, vulnerable African golden cat, as well as a number of threatened rodents.</td></tr>
<tr><td>05</td><td>6.3.1</td><td>Date Recorded></td><td>13/03/2009</td><td>Due Date></td><td>Next surveillance</td><td>Date Closed></td><td>dd mmm yy</td></tr>
<tr><td></td><td></td><td colspan="6">Non-Conformance:</td></tr>
<tr><td></td><td></td><td colspan="6">The status of the FMU with regard to regeneration and succession is inadequately known.</td></tr>
<tr><td></td><td></td><td colspan="6">Objective Evidence:</td></tr>
<tr><td></td><td></td><td colspan="6"><u>MA2009:</u> Although work has been done on e.g. the floristic composition of the natural forest, no information is currently available on the natural regeneration and succession patterns in these forests. This is particularly relevant in the highly disturbed parts of the forests such as on the forest edges in riparian forests or other degraded parts of the forest.

<u>SA2010:</u> The company identified three MSc-level projects in collaboration with Makarere University in Kampla. These studies will, amongst others, address the floristic composition of the natural forests, and the natural regeneration status of particularly the edges of forests as well as the central bulk of natural forests. A number of study sites will be identified based on e.g. the level of disturbance of the forests.

Since these studies have not been properly formulated nor yet commenced, this CAR 05 is kept open to monitor the actual execution of the planned projects. It is not raised to a Major CAR as sufficient evidence was available that the matter is being actively pursued between the company and the university, and that projects of this nature takes time to implement.</td></tr>
<tr><td></td><td></td><td colspan="6">Close-out evidence:</td></tr>
<tr><td></td><td></td><td colspan="6"></td></tr>
<tr><td>06</td><td>6.7.1</td><td>Date Recorded></td><td>13/03/2009</td><td>Due Date></td><td>1st surveillance</td><td>Date Closed></td><td>12/02/2010</td></tr>
<tr><td></td><td></td><td colspan="6">Non-Conformance:</td></tr>
<tr><td></td><td></td><td colspan="6">Managers do not ensure that non-organic waste, including those generated by contractors, are recycled where possible.</td></tr>
<tr><td></td><td></td><td colspan="6">Objective Evidence:</td></tr>
<tr><td></td><td></td><td colspan="6">Although some limited attempt is made to recycle e.g. old oils, no attempt is made to segregate wastes into basic waste categories such as bio-degradable and non bio-degradable – all types of waste is disposed into the same refuse pits thus preventing any possibility of recycling.</td></tr>
<tr><td></td><td></td><td colspan="6">Close-out evidence:</td></tr>
<tr><td></td><td></td><td colspan="6">Waste is now separated into three basic categories i.e. plastics, glass and general waste. Oils are also separated and delivered to an agent in Kampala for recycling, whilst similar arrangements are in place with another agent for the recycling of plastics via moulding into other products. Recycling options remain limited under local conditions.</td></tr>
<tr><td>07</td><td>7.3.5</td><td>Date Recorded></td><td>13/03/2009</td><td>Due Date></td><td>1st surveillance</td><td>Date Closed></td><td>12/02/2010</td></tr>
</table>

<table>
<tr><th>CAR #</th><th>Indicator</th><th>CAR Detail</th></tr>
<tr><td></td><td></td><td>Non-Conformance:</td></tr>
<tr><td></td><td></td><td>A formal long term training plan is not available.</td></tr>
<tr><td></td><td></td><td>Objective Evidence:</td></tr>
<tr><td></td><td></td><td>Although a training needs analysis has been done for a large part of the work force, a properly structured training plan, scheduling the training courses required to address the identified needs has not been compiled and implemented.</td></tr>
<tr><td></td><td></td><td>Close-out evidence:</td></tr>
<tr><td></td><td></td><td>A proper training plan for 2010 is in place that provides for specific targeted training for foresters, plantation mangers and contractors on a wide range of subjects such as chemical weed control, basic work study, supervisory skills, contract management , time management, production planning and control, general record keeping, first aid, establishment techniques and chainsaw training. The courses are targeted on specific individuals with dates, costs and presenter indicated. Actual training was already done on e.g. uses of chemicals in weed control during 15-18/12/2009 on both plantations – attendance registers are available. Most courses consist of a combination of classroom and practical training.</td></tr>
<tr><td>08</td><td>8.3.2</td><td>
<table>
<tr><td>Date Recorded></td><td>13/03/2009</td><td>Due Date></td><td>1st surveillance</td><td>Date Closed></td><td>12/02/2010</td></tr>
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</td></tr>
<tr><td></td><td></td><td>Non-Conformance:</td></tr>
<tr><td></td><td></td><td>Documentation of origin and destination of all certified forest products is not available for products held at landing and stacking areas.</td></tr>
<tr><td></td><td></td><td>Objective Evidence:</td></tr>
<tr><td></td><td></td><td>Although chain of custody procedures are in place, no documentation is available for the thinning volumes at the timber depot.</td></tr>
<tr><td></td><td></td><td>Close-out evidence:</td></tr>
<tr><td></td><td></td><td>No commercial harvesting is currently taking place and none is planned for the next three years. The sale of thinning material has been stopped and currently thinnings are done to waste. There is therefore no COC system required at this point.</td></tr>
<tr><td>M09</td><td>2.3.3</td><td>
<table>
<tr><td>Date Recorded></td><td>12/02/2010</td><td>Due Date></td><td>11/08/2010</td><td>Date Closed></td><td>26/05/2010</td></tr>
</table>
</td></tr>
<tr><td></td><td></td><td>Non-Conformance:</td></tr>
<tr><td></td><td></td><td>An unresolved tenure and/or use right dispute exists that is of substantial magnitude and which involves a significant number of interest groups.</td></tr>
<tr><td></td><td></td><td>Objective Evidence:</td></tr>
<tr><td></td><td></td><td>SA2010: In excess of 540 households (mostly from Rwanda) have recently illegally settled on Namwasa FMU. They have erected a large number of structures and started cultivating agricultural fields. Almost 2 000 ha of the FMU are affected where afforestation can not proceed, potentially impacting on the financial viability of the enterprise. Government, as the landowner, clearly indicated that these encroachments are illegal under the constitution and laws of Uganda and has attempted via numerous meetings/interactions at the highest political level to persuade the settlers to vacate the area peacefully. The company offered to make compensation available to facilitate the process, but this was declined by Government as it would set an unacceptable national precedent. The President of Uganda has intervened personally and the encroachers have been given until 28/02/2010 to leave the forest reserve. The settlers understand that they have no legal right to be on the FMU and at the time of the audit an estimated 60% of them had already left the area peacefully. Government spokesmen are confident that the due date will be adhered to.

Although the company has acted responsibly, compassionately and within the parameters of the law, this situation represents a significant dispute that requires either a speedy resolution or a redefining of the boundaries of the FMU to exclude the area of conflict from the scope of the certificate.</td></tr>
</table>

<table>
<tr><th>CAR #</th><th>Indicator</th><th colspan="6">CAR Detail</th></tr>
<tr><td></td><td></td><td colspan="6">Close-out evidence:</td></tr>
<tr><td></td><td></td><td colspan="6">An action plan was formulated and implemented by the company to resolve this situation.

The Plantation Manager, Foresters, and Community Development Officer (CDO) maintained regular communication with the government security team on the ground as they sensitized illegal settlers to ensure everyone knew about the 28th February 2010 deadline for voluntary vacation from the forest reserve. The company also drew up and circulated letters to all local leaders around the plantation informing people about available casual jobs and letting them know who to contact if they were interested in employment. The company physically opened all the boundaries in the contested areas so that everyone was fully aware where the boundary was situated and what constituted inside and outside the Reserve. Encroachers were allowed to harvest their annual crops and remove their structures and other portable properties. Interviews with local people confirmed that none of the encroachers was hurt and that all encroachers adhered to the presidential directive and voluntarily left the area before the set deadline of 28th February 2010. By 1st March 2010, the company surveyed the land and found that all illegal settlers on the plantation had voluntarily vacated the reserve. The National Forestry Authority (NFA) and district leadership confirmed that they officially declared the land free from any encroachers. There were no incidences of injury to the encroachers or forceful eviction reported during this process. The Government security team remained on the ground through April to continue securing the boundaries and ensuring the company could continue with its planting preparation work without any disturbances. Land preparation, road construction and planting activities took place without any security issues, and the Government security team left the area at the end of April 2010. About 500 ha of the formerly encroached land area have already been planted. The company employed private security guards to monitor the boundaries and ensure that encroachment may not reoccur since some of the encroachers bought some land adjacent to the FMU. Management indicated that it would continue providing support and work with the surrounding communities to ensure a long-term, mutually beneficial relationship.

NFA officials consider Namwasa one of their most peaceful and successful experiences in encouraging illegal encroachers to voluntarily leave Central Forest Reserves and would like to use the model for controversial areas in the future. The company has followed peaceful means and acted responsibly to resolve the issue of encroachment and currently there are no tenure and/or use right dispute that are of substantial magnitude to affect the activities of the company.</td></tr>
<tr><td>10</td><td>6.6.4</td><td>Date Recorded></td><td>12/02/2010</td><td>Due Date></td><td>Next surveillance</td><td>Date Closed></td><td>dd mmm yy</td></tr>
<tr><td></td><td></td><td colspan="6">Non-Conformance:</td></tr>
<tr><td></td><td></td><td colspan="6">The consideration of alternatives for the use of chemical pesticides and the justification for their use has been inadequately determined.</td></tr>
<tr><td></td><td></td><td colspan="6">Objective Evidence:</td></tr>
<tr><td></td><td></td><td colspan="6">An integrated pest management plan is not available that fully explores all non chemical options for the control of pest and diseases such as prevention and biological control methods.</td></tr>
<tr><td></td><td></td><td colspan="6">Close-out evidence:</td></tr>
<tr><td></td><td></td><td colspan="6"></td></tr>
<tr><td>11</td><td>4.1.10</td><td>Date Recorded></td><td>12/02/2010</td><td>Due Date></td><td>Next surveillance</td><td>Date Closed></td><td>dd mmm yy</td></tr>
<tr><td></td><td></td><td colspan="6">Non-Conformance:</td></tr>
<tr><td></td><td></td><td colspan="6">Persons under 18 years of age are employed to carry out hazardous operations e.g. pesticide application.</td></tr>
<tr><td></td><td></td><td colspan="6">Objective Evidence:</td></tr>
</table>

CAR #	Indicator	CAR Detail					
		One worker at Namwasa, working for a contractor who also undertakes chemical weed control, indicated that he was 16 years of age (records of birth are often not available in Uganda and this could therefore not be verified). This is in contravention of company policy that prohibits the employment of persons younger than 18 years, as well as ILO requirements.					
		Close-out evidence:					
12	10.7.4	**Date Recorded>**	12/02/2010	**Due Date>**	Next surveillance	**Date Closed>**	dd mmm yy
		Non-Conformance:					
		Adequate measures are not always taken to protect the forest from fire.					
		Objective Evidence:					
		The preparation of fire belts, at least on vulnerable boundaries, is not receiving sufficient attention with very little evidence of actual fire belts in place and in a condition that will meaningfully assist to control wild fires.					
		Close-out evidence:					
13	6.5.2	**Date Recorded>**	12/02/2010	**Due Date>**	Next surveillance	**Date Closed>**	dd mmm yy
		Non-Conformance:					
		Guidelines developed to define acceptable operational practices are not always implemented.					
		Objective Evidence:					
		Guidelines to prevent soil erosion from roads in terms of adequate road drainage structures and directing water into vegetation so that it could filter out any silt before reaching a water body, are not consistently implemented in-field. Evidence of poor road drainage was seen on both Namwasa and Kirinya with few cross drains and side drains in evidence and no attempt to divert water off roads before water crossings. Surface erosion was present on a number of roads on both FMUs. A practical road maintenance plan should be developed and adhered to, to provide a structure for effective road maintenance activities.					
		Close-out evidence:					
14	3.3.1	**Date Recorded>**	12/02/2010	**Due Date>**	Next surveillance	**Date Closed>**	dd mmm yy
		Non-Conformance:					
		Sites of special cultural, historical, ecological, economic or religious significance have not all been identified, described and mapped in co-operation with affected or interested stakeholders.					
		Objective Evidence:					
		A rock outcrop on Kirinya used by local people for traditional ceremonial purposes has not been identified and described as such, nor indicated on plantation maps.					
		Close-out evidence:					
15	4.1.2	**Date Recorded>**	12/02/2010	**Due Date>**	Next surveillance	**Date Closed>**	dd mmm yy
		Non-Conformance:					

CAR #	Indicator	CAR Detail					
		Employment contracts are not always awarded through a transparent process on the basis of clear criteria.					
		Objective Evidence:					
		A number of workers (7) on Namwasa who have been in employ of a contractor for one month already did not yet have clarity on their wages.					
		Close-out evidence:					
16	10.4.1	**Date Recorded>**	12/02/2010	**Due Date>**	Next surveillance	**Date Closed>**	dd mmm yy
		Non-Conformance:					
		Selection of species is not based on documented trials that demonstrate their suitability to the site and management objectives.					
		Objective Evidence:					
		Only two exotic spp are used in almost all commercial plantings, with only another two spp i.e. *P oocarpa* and *E cloeziana* used on a very small scale. This is based on trials by NFA elsewhere in Uganda. The performance of the two main spp is in places poor, particularly that of *E grandis*. This issue was identified during MA2009 as Observation 07. Some 200 ha of *E grandis* have been identified on Kirinya for replanting with *P caribaea* – currently the only alternative spp available in practice. There is a clear need for company-specific field trials over a much wider range of spp, to identify more spp suitable for the local growing conditions and management objectives.					
		Close-out evidence:					

12. RECORD OF OBSERVATIONS

OBS #	Indicator	Observation Detail			
01	2.3.3	**Date Recorded>**	13/03/2009	**Date Closed>**	12/02/2010
		Observation:			

<table>
<tr><th>OBS #</th><th>Indicator</th><th colspan="4">Observation Detail</th></tr>
<tr><td></td><td></td><td colspan="4">Three land claims have been lodged on ± 400 ha in block C of Namwasa. The company perceives these claims to be false as they have an exclusive signed concession agreement with the National Forestry Authority. Since the NFA remains the actual landowner, these claims should also be lodged with them and not with the company. The relevant boundaries are being re-surveyed by the NFA to determine whether the land claims are actually on the FMU or not. Due legal process is being followed to resolve the claims.

Rice cultivation is also taking place on ± 20 ha in wetlands on Kirinya in contravention of the national wetland policy as well as constituting trespassing. Management tried since June 2008 to stop this practice, using the community development officer to mediate with the community, involved government officials, had two 3-day sessions with the rice farmers and community leaders, and persuaded trespassers to sign documentation acknowledging that they will vacate the area. Alternative income-generation opportunities have also been made available to the farmers such as an outgrowers scheme, agro-forestry and apiculture. The community agreed to finally vacate the area by March 2009, but has not yet done so. The company has proceeded to slash the remaining rice fields and intend to initiate token arrests by the police should illegal cultivation resume.

Limited encroachment and illegal cultivation are also taking place on Namwasa. This is clearly illegal in terms of the lease agreement between the NFA and the company and is being addressed by the community development officers to solve in an amicable way.

Both the land claims and cultivation disputes (particularly since their validity is highly dubious) are not of such a magnitude or involve such a number of interests as to prevent the company from being certified. Nonetheless, although significant steps have already been taken, every effort should be made to obtain clarity and resolve these claims and dispute as a matter of urgency. This matter is not raised as a CAR as it is highly likely that these issues represent illegal situations or false representations against the company, but should nevertheless be resolved speedily to maintain cordial relations with stakeholders and communities.</td></tr>
<tr><td></td><td></td><td colspan="4">Follow-up evidence:</td></tr>
<tr><td></td><td></td><td colspan="4">See Major CAR M09 in respect to the encroachment on Namwasa. The cultivation of riparian or wetland areas on Kirinya has been stopped and no evidence of any such current cultivation could be detected.</td></tr>
<tr><td rowspan="3">02</td><td rowspan="3">4.1.7</td><td>Date Recorded></td><td>13/03/2009</td><td>Date Closed></td><td>12/02/2010</td></tr>
<tr><td colspan="4">Observation:</td></tr>
<tr><td colspan="4">It was reported that some contractors do not always pay all their workers. One contractor had not paid some workers and had since January 2009 stopped offering services. Management indicated that the behaviour of the contractor was contrary to the code of conduct of NFC and they were in the process of terminating his services. A health care service provider (Kikandwa Health Care clinic) has also not been paid for services rendered in August 2008 and his services have since been terminated.</td></tr>
<tr><td></td><td></td><td colspan="4">Follow-up evidence:</td></tr>
<tr><td></td><td></td><td colspan="4">Management introduced a work order system that pre-authorise any work before it starts. This pre-authorisation goes to the contractor and this then accompanies the contractor’s invoice upon completion to the company. Payment is thus based on a pre-authorisation document plus the invoice – there were currently no outstanding invoices. Payments are passed twice per month to contractors to assist their cash flow. A contractor internal audit system has also been introduced which include the evaluation of their payment of workers. It is a company requirement that all contractors must maintain a register of signed paysheets on which all workers must sign off their receipt of wage.</td></tr>
<tr><td rowspan="2">03</td><td rowspan="2">4.2.10</td><td>Date Recorded></td><td>13/03/2009</td><td>Date Closed></td><td>12/02/2010</td></tr>
<tr><td colspan="4">Observation:</td></tr>
</table>

OBS #	Indicator	Observation Detail			
		Although there is an awareness programme on diseases such as malaria and HIV/Aids, its effectiveness is limited as evidenced through interviews with a number of workers who showed low levels of understanding and awareness.			
		Follow-up evidence:			
		Management arranged for three peer education training sessions on health awareness issues including HIV/aids and malaria. Some 80 people have been given this training on the two plantations between April to June 2009. It is planned to do one more such training session in 2010. The company is in the process of creating a health centre for each plantation with a full-time nurse and a roving medical doctor – these centres will be certified by the Ministry of Health and will be able to undertake HIV/aids and malaria testing. Voluntary testing shows that the current HIV/aids infection rate amongst workers and their families varies between 2-5%.			
04	6.2.4	**Date Recorded>**	13/03/2009	**Date Closed>**	12/02/2010
		Observation:			
		The requirement for natural corridors to link the natural forests and other natural vegetation types is to a large extent well conformed to. However, there appears to be a need for a linkage of the corridors Z8 and Z10 on Kirinya and this should be investigated.			
		Follow-up evidence:			
		These two corridors were linked by removing a 30 m wide belt of plantation between them to restore a natural link between the two corridors. This has effectively divided the plantation into two areas with a natural corridor between them – this should provide meaningful conservation benefits over the long term. The company is considering a similar exercise in respect of two other natural corridors that can be linked.			
05	6.5.1	**Date Recorded>**	13/03/2009	**Date Closed>**	12/02/2010
		Observation:			
		More sensitivity is needed during afforestation. Evidence was seen in Namwasa E4 where the planting of 2 or 3 rows of pine trees between a road and a natural forest area is inappropriate, with more detrimental environmental consequences than can be justified by the limited commercial benefits.			
		Follow-up evidence:			
		The 2-3 rows of pine trees have been removed, thus allowing the road to be the boundary between the planted area and the natural forest. This will significantly facilitate more effective management of the forest ecotone and its conservation.			
06	6.5.4	**Date Recorded>**	13/03/2009	**Date Closed>**	12/02/2010
		Observation:			
		All foresters and most supervisors knew how to deal with accidental oil or chemical spills. However, no MAP was in stock for the treatment of contaminated soil. This is raised as an observation only since no spills have been recorded yet as few pieces of heavy equipment are in use and the potential for accidental spills is currently low.			
		Follow-up evidence:			
		MAP is now in stock on both plantations and an effective MAP treatment facility has been implemented on both plantations.			
07	10.4.1	**Date Recorded>**	13/03/2009	**Date Closed>**	12/02/2010
		Observation:			

OBS #	Indicator	Observation Detail			
		Only two exotic tree spp are currently used in commercial plantings. This is largely based on earlier NFA trials elsewhere in Uganda. The performance of the current two spp is not consistently good and consideration should be given to company-specific trials that include a wider range of both exotic and indigenous tree spp, particularly as the latter category is not currently planted on a commercial scale due to a lack of information on the growth performance of potential candidate spp. There should also be a good probability of finding spp that are not as susceptible to termite damage as *E grandis.*			
		Follow-up evidence:			
		This Observation was closed and Minor CAR 16 was raised.			
08	8.1.4	**Date Recorded>**	12/02/2010	**Date Closed>**	dd MMM yy
		Observation:			
		The analysis of water samples only provides information on the chemical composition of samples. The lack of information on *E coli* contamination reduces the usefulness of these analyses to determine whether the water tested is fit for human use.			
		Follow-up evidence:			
09	4.2.2	**Date Recorded>**	12/02/2010	**Date Closed>**	dd MMM yy
		Observation:			
		Adequate procedures and their implementation regarding sanitary practices whilst in-field by all staff/workers are not in place. This may lead to pollution of water bodies and their contamination for human use.			
		Follow-up evidence:			

13. RECORD OF STAKEHOLDER COMMENTS AND INTERVIEWS

Nr	Comment	Response
	Main Evaluation	
01	The Head of forest management at a university in Uganda indicated his awareness of the company and its activities such as good community development projects and an outgrowers scheme. NFC helps the university with practical training for its students. Plantation forestry now has a positive profile in Uganda. He was very positive about the concept of certification. His only concern was the competition for land to grow food that plantation forestry represents.	Positive comments acknowledged. The company has introduced agro-forestry practices on its land that allows the production of food crops amongst young trees, thus at least partially addressing the concern about food security.

Nr	Comment	Response
	Main Evaluation	
02	The Director: Plantations at the NFA knew the company and was pleasantly surprised by the recent developments in plantation forestry in the country – so much so that they can not supply all the demand for seed. He indicated that the national target for Uganda is to have 150 000 ha of plantations by 2025, of which 50 000 ha should be that of NFA, and 100 000 ha that of the private sector. Field officers of the NFA visit the NFC for inspections, and no negative reports have yet been delivered by them. He believes the company may be frustrated as it wants to expand, but can not easily get more land from NFA in Uganda.	Positive comments acknowledged. The company is looking at alternative sources of land, both outside and inside Uganda, and has had some considerable success in this regard.
03	The Executive Director at the NFA was familiar with the NFC. He believes the company made a good start and particularly commended them on their community development approach – which he considered to be very good. They are also doing well in the environmental field with significant natural areas protected on their land. He sees their challenges as encroachment and that they want more land than the NFA can make available to them.	Positive comments acknowledged. The need for more land is addressed via land options in neighbouring countries and by considering deals with private land owners in Uganda.
04	A Project Manager at the Sawlog Production Grant Scheme (SPGS) knew NFC well and confirmed that they are the biggest plantation company in Uganda at the moment. NFC is very co-operative in bringing their staff on SPGS training courses. The company is viewed as being very strong on corporate social responsibility and was highly commended in this regard. Their actions let local people see plantation forestry in a positive way and the larger scale on which they operate is also improving and creating a constructive impression about plantation forestry in Uganda. SPGS members have been taken to Namwasa and the company was very open and co-operative to share information and to listen to criticism. He believes NFC can do more to better train people at labourer level for the tasks that they are required to do.	Positive comments acknowledged. The criticism about insufficient training was also identified during the audit and resulted in Minor CAR 07.
05	A staff member of an environmental NGO indicated his familiarity with Namwasa, but not Kirinya. NFC discussed community involvement ito their CSR programme with them and studied their models on bee-keeping, fruit tree cultivation and health care centres to learn from their experience. This ENGO has not had any negative feedback about NFC and their relationship with the company has been positive. This ENGO also undertakes work in the Mubende district where Namwasa is situated and has not come across any negative comments about NFC.	Positive comments acknowledged.

Nr	Comment	Response
	Main Evaluation	
06	This person is a FSC member in his personal capacity and has also applied to become the FSC contact person for Uganda – this is in process. He is a forester and social scientist by training. He knows NFC and sees them as a serious company who is creating an impact in the forestry industry in Uganda. He has visited Namwasa twice and was impressed by e.g. their community outreach programme and the consolidation of natural forest areas to create connecting corridors. They handle their workers reasonably and he could see that they want to do things correctly. His only criticism was that there are some signs of poor site-spp matching and that there was a poor crop in some areas – possibly due to too fast an expansion rate.	Positive comments acknowledged. The poor growth in some areas, linked to site-spp matching, was also picked up in the audit and resulted in Observation 07.
07	It was reported that some contractors do not always pay all their workers. One contractor had not paid some workers and had since January 2009 stopped offering services. A health care service provider (Kikandwa Health Care clinic) has also not been paid for services rendered in August 2008.	Management indicated that the behaviour of the contractor was contrary to the code of conduct of NFC and they were in the process of terminating his services. The services of the Health Care Service Provider has since been terminated, but management undertook to investigate this matter.
08	A large number (41) of interviews were also conducted in-field with employees, contractors, health and education officials, local government officials and community members. No significant negative issues were detected (other than those that resulted in Observations 02 and 03) and it is clear that the company has been successful in gaining the support of local communities and their support structures.	
	Surveillance 1	
	Surveillance 2	
	Surveillance 3	
	Surveillance 4	

14. RECORD OF COMPLAINTS

Nr	Detail		
	Complaint:	**Date Recorded >**	13/03/2009

	Detail		
	Objective evidence obtained:		
	Close-out information:	**Date Closed >**	dd MMM yy
	Complaint:	**Date Recorded >**	dd MMM yy
	Objective evidence obtained:		
	Close-out information:	**Date Closed >**	dd MMM yy
	Complaint	**Date Recorded >**	dd MMM yy
	Objective evidence obtained:		
	Close-out information:	**Date Closed >**	dd MMM yy

End of Public Summary