



## Corrective Action Request Verification Report

<b>Organization Name:</b>	Sino Forest Corporation, Gaoyao City Jiayao Forestry Development Company, Limited,
<b>Certificate Code:</b>	SW-FM/CoC-1146
<b>Location:</b>	Gaoyao, Guangdong Province, Peoples' Republic of China
<b>Report Date:</b>	November 19, 2007

### I. AUDIT PROCESS

Auditor, qualifications:	Xiao Jianmin PhD works in the Research Institute of Forestry Policy and Information, and has seven years forestry research background. He had participated in CoC/FM training programs in Bali, Indonesia in 2006 and 2007. And he has carried out CoC/FM assessment and audit in China.
Audit date:	Nov 19, 2007
Review process: (Documents reviewed, persons interviewed, etc.)	The review process involved review and evaluation of the procedures and documents sent to SmartWood by Company. The following documents submitted by FME were reviewed: Special Habitat Restoration Plan 2007, Special Habitat Report 2007 and Special Habitat Appendices.
Audit overview:	Christian Sloth sent the audit report and documents from Sino Forest Corporation to Xiao Jianmin. In the morning of Nov 19, 2007, Xiao reviewed the audit report and SW China Interim Standards 2006 Dec 28. In the afternoon, Xiao finished the Corrective Action Request Verification Report.
Changes to procedures since last audit:	Qianghua He, Deputy General Manager has taken over the daily management duties of JFDC from Lu Qiding who has <del>retired</del> been assigned to be in-charge of some other management duties at JWDC.

### II. CAR REVIEW

<b>CAR #:</b> 02/06	<b>Reference Standard #:</b> Criterion 6.2, 6.3, 9.1, 10.5
<b>Non-compliance:</b> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	JFDC plantations may contain unique areas of remnant ecosystems/habitats. These unique ecosystems are not surveyed, documented and designated for protection or restoration.
<b>Corrective Action Request:</b> JFDC shall survey, document, map and develop and implement restoration and protection measures for unique or remnant ecosystems or habitats.	
<b>Timeline for Compliance:</b> By the next annual audit	

**Audit findings:** JFDC's documents show that some potential unique areas have been surveyed and

documented. JFDC has drafted some feasible manage plans in order to protect and restore those potential unique areas.

JFDC has established three new documents and accompanying maps, including:

1. "Special Habitat Restoration Plan 2007";
2. "Special Habitat Report 2007";
3. "Special Habitat Appendices"; and,
4. Maps updated according to the new documents.

From June 2007 to September 2007, five staff with experience from the JFDC carried out special habitat survey. At first, they use the topographic maps with the scale 1:10,000 to analyze the potential special habitats. Secondly, they made a field survey to verify those potential special habitats. Finally, eight plots were selected as special habitats to be continuously monitored and temporarily protected; the total area is 79.5 ha. Permanent special habitats for conservation may be set up depending on the continuous monitoring results.

The standards to select the special habitat areas shall fulfill a) and one of the standards between b), c), and d) as below:

- a) human impact to the plot is small;
- b) areas with natural springs;
- c) plot with special features;
- d) areas that are potentially habit for medium to large animals and birds, insects or plants.

In total eight plots were selected as potential special habitat areas.

The main protection measures planned are:

- a) to reduce the human impact, some remedy activities should carried out if there are perceived negative impacts;
- b) to protect the integrity of water and vegetation
- c) to establish special habitat area file for documentation and survey;
- d) to establish protection mechanism and update "The Technical Guideline to Prevent Biodiversity Destruction"(SFFMS-EP-011);
- e) to improve the environmental protection knowledge by training the relevant staff;
- f) to promote environmental protection knowledge to local community.

**Status:** Closed

**Follow-up Action:** Field survey in next audit.

### III. CONCLUSIONS

**Audit Conclusions:**

- CAR(s) closed
  - No follow-up required
  - New CAR issued (document new noncompliance in CAR table below)
- CAR(s) open
  - Company shall be suspended (Major CAR is not met)
  - Minor non-conformance has become a major non-conformance (see CAR tables below)

**Comments/ Follow-up actions at next audit:**

The auditor notes that the next annual audit should include field survey, to check forest management operation to confirm that the FME implements as per forest management plan requirements.

**Corrective Action Requests (CARs):**

None

**Report Approved by:** Christian Sloth

**Date:** 26 November 2007