



FOREST PLANTATION **REVIEW SERVICES**

**WHEN YOU NEED TO MITIGATE YOUR RISKS WITH FOREST PLANTATION PROJECTS, TALK TO THE LEADER
IN INDEPENDENT INSPECTION, VERIFICATION, TESTING AND CERTIFICATION.**



FOREST PLANTATION

Forest Plantations gain more and more importance for the future world supply with timber, wooden fiber and solid bio fuel. It is expected that in the year 2020, the most important part of Forest Products worldwide is derived from forest plantations. Approximately 4.5 million hectares of forest plantations are currently established every year in addition to the 190 Million Hectares already existing.

“..IN THE FUTURE, PLANTED FORESTS WILL HAVE AN INCREASING ROLE IN WOOD AND NON-WOOD FOREST PRODUCTS SUPPLY AS NATURAL FOREST AREAS AVAILABLE FOR THIS PURPOSE DECREASE OWING TO DEFORESTATION OR DESIGNATION FOR CONSERVATION OR OTHER PURPOSES...” FAO

Establishment and management of plantations, especially for precious timber species such as Teak, requires very high investments, with relatively long-term returns. Fiber for Paper Production is competitively produced from Eucalyptus varieties in large plantations in Latin America, Australia, New Zealand and South East Asia. In many countries of the world's South, governments are promoting the establishment of forest plantations through direct investments, or tax and other incentives.

THERE ARE OF COURSE UNPREDICTABLE AND UNAVOIDABLE UNCERTAINTIES AND EXTERNAL RISKS RELATED WITH INVESTMENTS IN FOREST PLANTATIONS, BESIDES THE LONG-TERM ASPECT:

- political and economic stability in the country of the plantation over the next two decades (tree growth period);
- ecological risks; social risks; natural disasters like windfall, storms, fire, insects, fungus attacks, floods, etc.

THERE ARE HOWEVER ALSO A NUMBER OF FACTORS THAT ARE ASSESSABLE AND RISKS THAT ARE AT LEAST PARTLY AVOIDABLE:

- site suitability for the species in question;
- growth models used for the calculation of the expected harvestable volumes;
- silvicultural techniques applied;
- soil management and fertilization;
- pest protection and assessment of undesirable species invasions risks and damage mitigation measures;
- genotype and quality of the seeds or the seedling material, and the harvestable trees;
- infrastructure, and transport and processing facilities;





Until now, if you aimed at minimizing risks and collecting factual information on those uncertainties, the source of this information was usually not an impartial and independent company.

HOW CAN YOU ASSESS THE RISKS AND UNCERTAINTIES OF A FOREST PLANTATION PROJECT BESIDES READING ANNUAL REPORTS AND STATEMENTS OF FINANCIAL AUDITORS, AND OTHER THIRD PARTY REMOTE ASSESSMENTS LIKE INDEPENDENT CERTIFICATION OF FOREST MANAGEMENT PRACTICES?

HOW CAN A FOREST OWNER PROVE WHAT HE IS DOING AND ATTRACT INVESTMENTS IN HIS VENTURE OF OFFER HIS FOREST FOR SALE ?

SGS Forest Product Services has established services for the industry. Plantation Review Service aims at filling the gap between any third party and internal assessments. By reviewing the plantation existence and state, as well as monitoring its growth and reviewing the valuation model of the plantation company,

SGS brings in an impartial and independent opinion based on a document review and on-site assessments. When the requirements are met, SGS provides a final statement on the plantation valuation model and the calculation of net present values based on available price indications in the forest product market.

SCOPE OF SERVICE

The Forest Plantation Review Service consists of an in-depth analysis of the company's plantation management, based on a combination of desk studies and field verifications.

The following elements of the plantation management are assessed:

- REVIEW OF AREAS
- NUMBER OF TREES AND TREE DIAMETERS ON STAND LEVEL
- GROWTH
- VOLUMES
- REVIEW OF THE SILVICULTURAL SYSTEMS
- REVIEW OF RISK MANAGEMENT

Important Notice:

All FPRS services are rendered in accordance with the applicable SGS General Conditions for Customized Audit Services accessible at http://www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitations of liability and to the clauses on indemnification, choice of law and jurisdiction which apply unless provided otherwise. By placing any work order, the Client confirms that he/she accepts these Conditions.

In no account may the information supplied be construed as investment recommendations. Interested persons should consult a qualified investment specialist before taking investment decisions.

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WHEN YOU NEED TO BE SURE

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