

**PEFC/ NZS AS 4708 Programme  
Audit Report**

**South Wood Export Ltd  
10 July 2019**

## AsureQuality Limited PEFC/ NZS AS 4708 Programme Audit Report

|                             |  |
|-----------------------------|--|
| <b>Company Name:</b>        | Southwood Export Ltd   |
| <b>Address:</b>             | 45 Kekeno Place, Awarua, Invercargill  |
| <b>Type of Assessment:</b>  | Surveillance Audit.  |
| <b>Scope of Assessment:</b> | The purpose of this report is to document annual audit conformance of Southwood Export Ltd, hereafter referred to as SWEL. The report presents the findings of AsureQuality auditors who have evaluated company systems and performance against the forest management standards and policies to meet the requirements of AS NZS 4708 'Sustainable Forest Management' |

|                             |   |
|-----------------------------|---|
| <b>Assessment Standard:</b> | AS NZS 4708 'Sustainable Forest Management' |
|-----------------------------|---|

**Registration Number:** AQ-NZS/FMS-100717

**Conditions to be cleared by:** Graeme Gillies

**Assessor:** Addis Tsehaye

**Date of Assessment:** 8 – 10/7/2019

**Report written by:** Addis Tsehaye

**Signature:**



**Date:** 12/8/19

**Reviewed By:** Graeme Gillies

**Date:** 12/8/19

### Confidentiality Statement

All information obtained during this assessment will remain confidential to your company and AsureQuality. No information will be released to any other party except with your express permission in writing. The report must not be copied in part unless with the permission of the Customer or AsureQuality

## Introduction

This audit was carried out to assess the status of your management systems against the nominated standards NZS AS 4708. The assessment was carried out, in accordance with internationally recognised management system auditing practices against the scope stated in the report.

The assessor may have reported findings verbally, in comments to guides or in the closing meeting, for example, or formally in this report. Findings reported in this report will be identified as Non-conformances (C) or Observations (Obs). Non-conformances are elements that require corrective action to comply with the nominated standard(s) or Operator internal requirements. A timeframe for addressing non-conformances will be agreed during the audit and is shown in this report. Observations are not mandatory but are items you are urged to consider in the interest of good management practice.

The duration and scope of an assessment prevents assessors from covering all aspects of the business especially in relation to Occupational Safety and Health. The auditee remains responsible for regulatory and legal compliance of this system.

Although it is regarded as a final document the customer should review the report and comment as appropriate. Should there be a conflict relating to the contents AsureQuality is willing to discuss and amend the report providing the integrity of the findings is not compromised

Certification and/or Registration may not be granted or continued until all noted non-conformances have been appropriately addressed to the satisfaction of AsureQuality.

## Summary

### Executive Summary

The purpose of this audit was to determine the capability and effectiveness of SWEL's management system to ensure ongoing compliance with statutory and regulatory requirements, meeting its specified objectives and conformity of the management system to stated criteria within NZS AS 4708. The audit commenced at 11.00 a.m., Monday the 8<sup>th</sup> of July 2019.

This audit was the second of the 2 annual surveillance audits that SWEL will have before their Re-assessment audit in 2020.

The criterion to be assessed in this audit were determined in advance of the audit and these were: Criteria 2, 4, 6, and 8 plus other management aspects as identified in the SWEL "PEFC FM Surveillance Audit Plan".

This surveillance audit was based at the SWEL Main office in Invercargill with visits to four (4) forests on the 9<sup>th</sup> of July to examine implementation of procedures and processes in the field.

There was 1 non-conformance and 0 Observations resulting from this audit. These have been identified in the **Audit Finding and Required Action** section below.

## **Assessment Findings**

### **General Requirements**

SWEL have established their Defined Forest Area as one large set of individual forests all maintained under the same forest management plan. These forests are spread geographically across the Southland and South Otago Provinces and are all within 150 km of the Main office in Invercargill.

Ownership of these forests is divided between Southland Plantation Forest Company New Zealand Ltd (SPFL), South Wood Export Ltd (SWEL) and Kodansha Treefarm New Zealand Limited (KTNZ).

The total managed forest estate currently comprises fifty seven (57) individual mixed age forests with a stand area of 12,506 ha and a total legal area of approximately 17,885 ha. Species is predominantly Eucalyptus nitens grown on a short rotation (approx. 18 years) for the production of wood chip fibre.

Maps and full details of all individual forests are held on file and within the GIS database at the main office. The Management plan identifies each forest group by ownership and each individual forest by location and name on 1:250,000 maps.

A description of the chain of custody system is described in the Forest Management Plan. There are no forests which are part certified. The loader drivers will be responsible for circling the appropriate designation, at the landing, for each truck load of logs.

The only loader driver currently operating in SWEL forests was interviewed as part of the field visit process. The operator had an excellent understanding of log identification by certified area and was deemed by the auditor to be competent to use the SWEL log docket system.

***This requirement is met.***

### **Criterion 1: Systematic Management**

#### *1.3 Implementation:*

The process of how contactors are deemed competent to implement the management system has not been completed (NC# 01/18). SWEL have given training to its contractors between the 2<sup>nd</sup> of and 4<sup>th</sup> of July 2019. The training records signed by contractors were presented during the audit and the NC was closed.

***This requirement is met.***

#### *1.3 Monitoring and Corrective action:*

A register of non-conformances has not been established (NC# 02/18). The organisation have developed a register system called "SWEL Internal CAR System", in which all non-conformances are registered. The document registers the description of the non-conformance, the date it was raised, the person responsible for the closeout and the date of the close out. As a result the NC was closed.

***This requirement is met.***

### **Criterion 2: Stakeholder engagement**

### *2.1 Identify Stakeholders:*

SWEL maintains a register of permanent stakeholders by forest to enable it to keep its stakeholders informed of its various operations. This register is updated on a regular basis by cross-referencing Land Information New Zealand property ownership data (via the property module on the TUMONZ software program) with the list of stakeholders on the system.

***This requirement is met.***

### *2.2 Stakeholder Engagement Plan:*

SWEL has a stakeholder engagement plan. Communication and consultation between the organization (SWEL) and its stakeholders may take place on both a formal and informal basis. The main purpose of the Stakeholder Engagement Plan is to outline the basis and procedure for conducting formal communications with stakeholders. It covers the consideration taken by SWEL in communicating with their stakeholders and how the company incorporates their feedback in the management of its forest operation. Records show that SWEL initially commissioned Business & Economic Research Limited (BERL) to conduct an evaluation report on the economic & social benefits or otherwise of establishing a hardwood resource in the Southland District. The report concluded that a positive social & economic outcome would be achieved by this venture. A copy of this report was available during the audit.

***This requirement is met.***

### *2.3 Stakeholder Participation:*

As per the Stakeholder Engagement Plan, during management planning and operations, input from community participation is considered and/or responded to. SWEL tries to pre-empt how a community might react to its management and operational decisions by completing an operational impact assessment form. This helps staff to recognise any environmental and stakeholder values which may be affected and ensures that staff notify the correct stakeholders. It also indicates what level of risk the operation will have on impacting values.

***This requirement is met.***

### *2.4 Stakeholders Affected by Forest Operations:*

The General Manager explained that stakeholders can be affected in several ways such as an increase in traffic and activity within and around forest blocks associated with harvesting and establishment operations; aerial or boundary spraying operations and maintenance of boundary fences. The policy of SWEL outlines the following to relieve any anxiety or concerns that stakeholders might have by (a) keeping them informed of what is happening, (b) listening to any questions and concerns that they might have and (c) taking practical steps to alleviate these concerns. Prior to commencing harvesting in a new area, the manager engages with representatives of the local community to keep them informed of plans and develop mitigation strategies for identified concerns. Typically this includes district councils, forest neighbours, schools & residents of any rural access roads affected by logging traffic and tangata whenua.

***This requirement is met.***

#### *2.5 Records:*

SWEL maintains all records related to communications with its stakeholders in either the stakeholder communication register spreadsheet, or the “Stakeholder Communications Folder”. Also, records of forest access permits are maintained in its Recreational Access Summary spreadsheet.

***This requirement is met.***

#### *2.6 Public Disclosures*

SWEL have not made publicly available on its website the summary of its management plan and the audit reports from its certifying body (CB), AsureQuality Ltd.

***This requirement is not met.***

Refer to **NC # 01/19**

### **Criterion 3: Biodiversity Values**

#### *3.1 Identify Biodiversity Priorities:*

During the 2018 audit the requirement for identifying biodiversity values within the plantation forests was not completed and as a result **NC # 03/18** was identified. At the writing of this report the organisation had sent its biodiversity assessment report completed by an external expert, Lloyd Esler. The auditor reviewed the 12-page report entitled: “**Report on the status of monitoring plots established by Southwood Exports**”, dated 7/8/19 (see Exhibit 1) and confirmed it addresses the requirement of the Standard. The auditor concludes SWEL have implemented the appropriate corrective action.

***This requirement is met.***

### **Criterion 4: Forest Productive Capacity**

#### *4.1 Identify Productive Capacity*

The management plan states that the major determinants of tree growth are climate and soils. Southland’s mild summer temperatures, consistent summer rainfalls, and low to nil evapotranspiration are particularly good for growing the company’s main species: E.nitens. However, the variations in soil and climatic conditions within some blocks on the SWEL estate mean that some areas are likely to be unsuitable for replanting in E. nitens in the second rotation. The basis for the company’s decision of not replanting E. nitens is based on a variety of factors including: crop yield and health and the options to improve the site for subsequent rotations. Where the decision is made not to replant using E. nitens, there are several options that could be considered: (a) Replant using another Eucalyptus species that is better suited to the site conditions; (b) Replant using a non-eucalypt timber species and (c) Use the land for non-timber purposes

***This requirement is met.***

#### *4.2 Identify Harvest Rates:*

At present SWEL use the market conditions to dictate its annual harvest rate is to be set at 320,000 GMT. This scenario has been modelled out within an excel spreadsheet using the available yield table data gathered from both permanent sample plots (PSP) and Inventory data to determine the sustainable cut. The management plan states: "A decision by one of the forest owners to place a temporary hold on replanting areas after harvesting for a period of 3 years has affected the sustainable cut by reducing the sustainable volume from 300,000 GMT to 270,000 GMT in the 2019 financial year. Further factors will most likely influence our annual cut in future years as other markets are found and as more data is collected on the forest estate a more accurate scenario can be predicted".

***This requirement is met.***

#### *4.3 Plan and Monitor Use:*

Growth and yield information collected from by inventory and PSP measurements and other forest evaluations. Forest yields are determined via the the company's Inventory programme. SWEL focuses on only a single grade (pulp) hence its stand volume is determined via basal area, pre-dominant mean tree height and stem counts. All inventory data is collected as either Pre-harvest or mid-rotation and stored within the SWEL database, it is then used in conjunction with the Growth Model to determine the Yield Table for the stand. The yield table is used to determine expected stand yields and for reconciliation of actual yield once harvested as determined by a combination of weigh-bridge and chip sampling figures.

The management plan explains that permanent sample plots (PSP's) are established at a frequency of 1 plot per 50 ha across the estate. From a management perspective, this will give the company a better growth indicator across the forest as well as an ability to compare forests and hence management techniques. However, the main purpose of these plots is to validate the growth model once enough data is collected. These plots are entered into the PSP measurement programme and measured annually to bi-annually.

***This requirement is met.***

#### *4.4 Infrastructure:*

The company's main infrastructure is roading. SWEL determines planning and development of forest infrastructure using its harvesting timetables. The management plan describes that it is unlikely that an individual forest is harvested in one operation; instead variations in the year of planting, market requirements, and other factors lead to a mosaic of age classes within and between forests. Hence, it is unlikely that the roading infrastructure on any individual forest will be completed totally in any one operation.

It is expected that the majority of the construction will be on a publicly tendered basis. Roading pattern for any forest will be heavily influenced by:

- Likely timing and intensity of harvest
- The expected bias towards summer logging
- The likely choice and mix of harvesting systems to be used
- Any potential to utilize low impact dry weather roading

- The availability (or not) of suitable road metal
- Cost
- Environmental Considerations

The majority of the forests are located on small (less than 300 hectares) parcels of land and generally ex-pasture land. Little 'all weather' roading was in place at time of purchase and minimal extensions of it were created at time of establishment. Instead, planning for any major roading cost is deferred until immediately prior to harvest.

***This requirement is met.***

#### *4.5 Silviculture:*

The management plan states that the primary purpose of the SWEL estate is to provide a sustainable supply of hardwood fibre to the pulp and paper mills of its shareholders in Japan. Hence, the typical silvicultural regime for SWEL's forests is a 'plant-and-leave' regime for a pulp crop with a well-spaced and uniform crop which has an initial stocking of 800-1200 stems per hectare (varies with site). The eucalyptus forests were initially established predominately at a stocking of 1050 stems per hectare. Prior to planting, the site is root-raked and aerial-sprayed to kill any grass, weeds or regenerating eucalyptus, or burnt. Following planting, fertiliser is generally applied manually to boost growth. Spot-spraying may also be necessary to control weeds and prevent growth suppression. SWEL has a dedicated Forest Health Surveillance Programme in place to monitor forest health. If pests are present within the forest, then the appropriate strategy to isolate, minimise or eliminate the particular pest is undertaken.

***This requirement is met.***

#### *4.6 Establishment:*

The management plan states: "During the initial establishment of the DFA, forest establishment plans were developed taking into account terrain, soil type, soil depth, elevation, cultivation techniques, distance from the chipmill and species selection/provenance. Effective establishment of the second and subsequent rotation plantation crop is an important component to the overall forest regime. SWELs management approach is re-establishment through improved genetics and tree stocks rather than regeneration of the existing seed base/coppicing. Records of establishment plans are found in both hard copy format within SWELs archives and electronic form within "Geomaster" their stand records database.

***This requirement is met.***

#### *4.7 Damage to Growing Stock:*

Damage to growing stock can occur due to many reasons including animal browsing, disease, and occasionally mechanical damage during some roading/harvesting operations. The company monitors damage to the forest and mitigates when appropriate. Animal browsing is minimised through either the use of repellent sprays during establishment or controlled by the use of pest control contractors and recreational hunters as part of the Integrated Pest Management Strategy.

Mechanical disturbance is identified and mitigation planned for during the harvest planning stage (see **Error! Reference source not found.**) should damage occur to the forest growing stock. Restoration via rehabilitation and replanting (blanking) is always budgeted for in the following planting season.

***This requirement is met.***

#### *4.8 Unplanned Fire:*

FME has a comprehensive fire management plan, hazard identification and forest fire outbreak elimination and minimization plan in place. The plan includes emergency procedures in case of fire, key contact details for personnel and maps showing dams, ponds and other water supplies and clear access routes. All of the operational staff are required to undertake compulsory health and safety and fire hazard identification. Prior to 1<sup>st</sup> of July 2017 the company had a contractual agreement with Southern Rural Fire Authority and pays an annual levy to it so that in case of fire the Authority takes responsibility for organizing the firefighting crew. As a result whilst individual contractor's employees can be fire-fighters, contractual agreements do not include clauses covering obligations or responsibilities in forest fire management. As of the 1<sup>st</sup> July 2017 the Rural Fire Authority and Urban Fire Authority merged and became a new entity called Fire Emergency New Zealand (FENZ). They are at the beginning of a 3 year phase of restructuring and changes may take place during this period but the above protocols are still in place at this time.

***This requirement is met.***

#### *4.9 Non-Wood Products*

SWEL provides benefits to the public by providing weekend access to its forests for recreation and hunting. Also, public access for recreational purposes such as hunting and tramping is granted through a permit system which can be seen in the Permits Folder in the SWEL office. Also, the company provides access for neighbouring farmers to graze stock in some of their forests. Consideration is always given to this access during planning. The company keeps a table of NTFP in managed forests.

***This requirement is met.***

### **Criterion 6: Soil and Water Resources**

#### *6.1 Identify Soil and Water Values:*

SWEL managed forests follow the New Zealand Environmental Code of Practice for Plantation Forestry, through best environmental practises (BEPs), to avoid remedy or mitigate the effects of forest operations. Soil and water values form a component of its BEPs, especially those covering earthworks, harvesting and agrichemical usage. Adverse effects are mitigated or avoided by using appropriate management practices and considering potential problems early in the planning stage. For example, after mechanical site preparation, road and landing construction (earthworks) and burning operations, areas of bare soil increase, raising the risk of erosion. This can result in a reduction in water quality during heavy rain. The adverse effect of earthmoving and harvesting operations are minimized by choosing appropriate techniques, having appropriate operational supervision and maintenance, which avoids concentration of

runoff thereby keeping soil and suspended sediment out of waterways.

***This requirement is met.***

### *6.2 Water Quality:*

Prior to any forestry operation such as harvesting and road works that may have environmental effects, SWEL perform an operational impact assessment. This will outline the specific activities involved; commencement date; whether a Resource Consent is required; stakeholder values associated with the site; which stakeholders need to be identified; risk value; and duration of effects of the operation. Contractors are notified of any reserve, riparian or other environmentally significant areas prior to commencement of the operation. The Management plan states: “waterway margins are not technically owned by SWEL but they will be also be monitored for operational damage, spread of noxious weeds or wilding trees. Planting and any other operational activities will not be carried out within 20 metres of a major waterway and at least ten metres from any permanently flowing watercourse. SWEL follows the guidance of the NZ Environmental Code of Practice for Plantation Forestry for:

- Felling vegetation in riparian zones (trees are always felled away from the waterway unless it is absolutely necessary to fell across waterway).
- All practicable steps are taken to prevent logs or trees from being dragged through the bed of a flowing river etc.
- Vegetation clearing.
- Fuels, oils or chemicals are not mixed or stored near a waterbody in case of contamination.
- All practicable steps are taken to ensure that disturbed vegetation, soil or debris are deposited or contained to prevent damming, flooding or erosion, fish passage and downstream property damage from occurring”.

***This requirement is met.***

### *6.3 Water Quantity:*

There is an ongoing monitoring of water quality & quantity in at least two sites within the SWEL managed forest estate. These sites are situated in areas that are deemed to be representative of stream types found throughout the SWEL estate and are undergoing harvesting operations. The sites are monitored quarterly to examine water quality over a period of harvesting using the ‘Stream Health Monitoring and Assessment Kit’ (SHMAK) provided by NIWA.

At each monitoring period a photo is taken of the stream and a SHMAK stream monitoring field plot sheet is filled out along with a stream dimensions measurement form and a stream bed life form. Any help needed in identifying aquatic fauna can be sought from Fish & Game or Environment Southland. All monitoring sites are pegged, coded, located using GPS and saved on the riparian management layer on the GIS System. A list of all riparian areas are found in the Environmental folder in the SWEL database.

***This requirement is met.***

#### *6.4 Soil Properties:*

SWEL evaluates Reduction in nutrient losses through fertilization, and monitors soil properties through assessment of environmental conditions that have been adhered to during the post operation audit. Also, soil compaction is assessed as part of establishment planning to help determine the degree of compaction caused by the harvesting system; the degree of looseness maintained in the old rip-lines as opposed to the inter-row zone; whether remedial ripping is required to ensure good tree growth and whether certain harvesting systems are unsuitable on certain soils or at certain times of the year.

Soil nutrient levels are assessed through Soil testing and correlating the results to Eucalyptus nutrient levels. As such the company uses soil testing to monitor Eucalyptus nutrient levels. Foliage sampling is used in conjunction with soil sampling as an aid to assist in managing tree growth and as a rough indicator of the types of nutrient deficiency also present. Foliage sampling commences at age 3 of the plantation.

***This requirement is met.***

#### *6.5 Pollution*

SWEL has procedures in place to protecting and enhancing where possible, biological diversity and ecosystem values. Regular monitoring of environmental parameters within the forests are undertaken where necessary to ensure that the effects of both natural and man-made events are minimised. The company has a mission Statement: "To preserve and maintain the ecologically significant areas, while maintaining good economic management practices within SWEL's forests". SWEL has procedures in place to record environmental incidents and to protect water ways from chemical spills.

***This requirement is met.***

### **Criterion 8: Cultural Values**

#### *8.1 Indigenous Peoples' Values:*

Te Ao Marama Inc. is an organisation which represents the four local iwi: Te Runaka O Awarua, Hokonui Runanga, Oraka/Aparima Runaka and, Waihopai Runaka. The operations of SWEL are wholly encompassed by the territory of these four iwi. Their offices are located at the Murihiku Marae, 408 Tramway Road, Invercargill and their operations are headed by Michael Skerrett. They are recognised by local territorial authorities as the representative of local iwi with respect to all resource management act (RMA) resource consent matters. Following a meeting with Te Ao Marama Inc. on the 3<sup>rd</sup> of February 2005 then updated on the 9<sup>th</sup> June 2017 a memorandum of understanding was formulated between SWEL and the iwi.

***This requirement is met.***

#### *8.2 Indigenous Peoples' Heritage Values:*

There are no known indigenous sites, either historical or current, within the SWEL estate that have particular importance for the traditional gathering of customary resources. However, it is likely that various waterways within the estate were used for the collection of eel (tuna) on an incidental basis. Access onto SWEL land by members of the local iwi for activities such as the gathering of customary foods/resources, is to be facilitated via the recreational access permit system.

***This requirement is met.***

### *8.3 Other Heritage Values:*

The forest management plan states that any sites that show evidence of human activity of an age greater than 100 years (pre. 1900) are granted automatic protection under the Historic Places Act 1993, irrespective of whether they have been previously recorded, or damaged/alterd. This means that it is against the law to damage the sites without the authority of the Historic Places Trust. Such sites include, but are not limited to; pa (fortifications), umu (earth ovens), urupa (burial areas), old roads, gold mining sites and human remains.

On a forested land, archaeological sites are generally difficult to detect. Pa remains are typically characterised by broad terraces and/or ditches near hill tops while, umu are characterised by one or more shallow, round depressions in the ground, often found in association with pa remains. The company has information regarding identifying and managing these sites see the Archaeological Site Recording document in ([I:\Archaeological](#)). The folder also contains a registry of archaeological sites and forests which have been found free of archaeological sites and can be updated. There is also a hardcopy file 'Archaeological' available in the company's office.

***This requirement is met.***

### *8.4 Legal and Traditional Uses*

As contained in the memorandum of understanding (MOU) between SWEL & Te Ao Marama Inc., there are no known sites, either historical or current, within the SWEL estate that have particular importance for the traditional gathering of customary resources.

***This requirement is met.***

#### *Other:*

The FME have added a section to their website about PEFC certification. However the use of the letters PEFC and references to this are trademark protected and as such the FME needs to have approval to use them prior to use, refer to NC 04/18. SWEL have not addressed this non-conformance and this is elevated to MAJOR.

***This requirement is met.***

Table 1 – List of field site visited on 9<sup>th</sup> July 2019

| Sites visited       | Forest FMU Type/Features                               | Operations/ activities/ other   | Comments   |
|---------------------|--|---|--|
| Marshal forest      | Mixed-age plantation                                   | Assessment of harvest operation, log forwarding and transportation, road and culvert.                                       | Four (4) separate sites were visited within the forest   |
| Happy Valley Forest | 13 – 14 year old planation of E.nitens                 | Assessment of roads and broken culvert due to land slip on the edge of a stream.  |  |
| Grove Burn Forest   | Mixed-age plantation of Radiata pine                   | Assessment of active harvest operation, log forwarding and transportation, road and culvert.                                | Three (3) separate sites were visited within the forest. |
| Chamberlain Forest  | Mixed-age plantation                                   | Assessment of active harvest operation, log forwarding and saw log transportation, road and culvert and post-harvest sites. | Four (4) separate sites were visited within the forest.  |
| Hogg Forest         | Mixed-age plantation and land preparation for planting | Assessment posit-harvest sites, road and culvert  | Two (2) separate sites were visited within the forest.   |

Table 2 – List of FMU's

| FMU            | Forest Type/Features | Total Area | Planted Area |
|----------------|----------------------|------------|--------------|
| See appendix 1 |                      |            |              |

Table 3 – List of Staff Consulted

| Name              | Title                  | Contact     | Type of Participation |
|-------------------|------------------------|-------------|-----------------------|
| Graeme Manley     | General Manager        | 03 218 2073 | Interview             |
| John Filmer       | Silviculture Manager   | 03 218 2073 | Interview             |
| John Rope         | Roading Manager        | 03 218 2073 | Interview             |
| Takayuki Ichimura | Deputy General Manager | 03 218 2073 | Interview             |
| Yolly Vargas      | Accounts               | 03 218 2073 | Interview             |

Table 4 – List of Stakeholders Consulted

| Name           | Organization       | Contact         | Type of Participation |
|----------------|--------------------|-----------------|-----------------------|
| Waka West      | Ngahere Harvesting | C/o 03 218 2073 | Interview             |
| John Pahl      | M&M Logging        | C/o 03 218 2073 | Interview             |
| Kieran Egerton | M&M Logging        | C/o 03 218 2073 | Interview             |
| Marty van der  | Harvesting         | C/o 03 218 2073 | Interview             |

|               |                 |                 |           |
|---------------|-----------------|-----------------|-----------|
| Hoorn         |                 |                 |           |
| Scott Bradley | Brad Forwarding | C/o 03 218 2073 | Interview |
| Geoff John    | Friend Forestry | C/o 03 218 2073 | Interview |

Table 5 – Summary of Stakeholder Concerns/Comments and AQ Response

| Category    | Stakeholder Concern/Comment | AsureQuality Response |
|-------------|-----------------------------|-----------------------|
| Criterion 1 | Nil                         |                       |
| Criterion 2 | Nil                         |                       |
| Criterion 3 | Nil                         |                       |
| Criterion 4 | Nil                         |                       |
| Criterion 5 | Nil                         |                       |
| Criterion 6 | Nil                         |                       |
| Criterion 7 | Nil                         |                       |
| Criterion 8 | Nil                         |                       |
| Criterion 9 | Nil                         |                       |

### Audit Finding and Required Action

The findings are identified as either Non-conformities (NC) or Observations (O). Non-conformities require actions that are considered necessary to correct omissions/deficiencies and meet the requirements of compliance standards. They are categorised as follows:

**Critical** Actions or inactions that lead to the total loss of confidence in the manufactures compliance with the programme, or actions/inaction that will lead to product not complying with testing specifications of the standards.

Critical Non Conformances to be closed within 2 working days.

**Major** Actions or inactions that if not attended to urgently will lead to a total loss in confidence in the ability of the manufacturer to meet the requirements of the standards.

Major Non Conformances to be closed within 7 working days.

**Minor** An audit finding that reveals an isolated incident of Non Conformance that has no direct impact on the integrity of the product.

Minor Non Conformance shall be closed prior to the next audit.

**Observation** A finding of the audit which does not constitute a non conformance, but which if not addressed may lead to a non conformance in future audits.

An expected timeframe for addressing non-conformity will have been agreed during the audit and is shown in the assessment findings table. When the non-conformity (ies) has been addressed to the satisfaction of the assessor you will be issued with a statement of compliance.

Observations do not require responses but may assist in the overall improvement of your systems.

Findings from the 2108 surveillance audit

| NC or Obs      | Audit Finding and Required Action   | Due By                               | Completed Date | Auditor Signature |
|----------------|---|--------------------------------------|----------------|-------------------|
| NC 01/18       | <p><b>Finding: 1.3 Implementation:</b><br/>The process of how contactors are deemed competent to implement the management system has not been completed</p> <p><i>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br/>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</i></p>      | By the time of the next annual audit | 08/07/19       | A.T               |
| NC 02/18       | <p><b>Finding: 1.3 Monitoring and Corrective action:</b><br/>A register of non-conformances has not been established</p> <p><i>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br/>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</i></p>   | By the time of the next annual audit | 08/07/19       | A.T               |
| NC 03/18       | <p><b>Finding: 3.1 Identify Biodiversity Priorities:</b><br/>The requirement to identify biodiversity values within the plantation itself has not been done.</p> <p><i>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br/>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</i></p> | By the time of the next annual audit | 08/07/19       | A.T               |
| MAJOR NC 04/18 | <p><b>Finding: Other:</b><br/>FME does not have approval to use the PEFC trademarks.</p> <p><i>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br/>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent</i></p>  | Within 7 working days a              |                |                   |

|                  |  |     |  |  |
|------------------|--|-----|--|--|
|                  | <i>recurrence of the non-conformance.</i>  |     |  |  |
| Obs 01/18        | FME should consider updating the FMP and internal procedures to accommodate the requirements of the 'National Environmental Standards' which have recently been approved.      | N/A |  |  |
| Obs 02/18<br>5.1 | FME should record details of Forest Health surveys and the actions taken as a result of the findings.  | N/A |  |  |
| Obs 03/18<br>7.1 | A review has been planned to look at the viability of carbon trading should still been conducted as per the FMP.   | N/A |  |  |
| Obs 04/18<br>9.6 | FME is still responsible to ensure that contractor employees are adequately compensated and that the contractor meets all their obligations under the various employment laws. | N/A |  |  |

**Findings from this audit:**

| NC or Obs   | Audit Finding and Required Action   | Due By                               | Completed Date | Auditor Signature |
|-------------|---|--------------------------------------|----------------|-------------------|
| NC<br>01/19 | <p><b><i>Finding 2.6: Public Disclosures</i></b></p> <p>Organization have not made publicly available on its website the summary of its management plan and the audit reports from its certifying body (CB), AsureQuality Ltd.</p> <p><i>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</i></p> <p><i>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</i></p> | By the time of the next annual audit |                |                   |
|             |   |                                      |                |                   |

Report ends

