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Forest Management
2007 Annual audit
Report for:

Southland Plantation Forest
Company of New Zealand
Ltd.
in
Invercargill, Southland,
New Zealand

Certificate Code: SW-FM/CoC-1130
Audit Dates: 2\textsuperscript{nd} April – 4\textsuperscript{th} April 2007
Report Finalized: 30 May 2007
Auditors: Billy Hamilton
Operation Contact Address: Graeme Manley
Southwood Export Ltd.,
PO Box 7010,
Invercargill
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1. AUDIT PROCESS

1.1. Auditors and qualifications:

**Dr. Billy Hamilton**: Ecologist, BSc Honours 1st Class (Zoology), University of Otago; PhD, University of Otago. Billy has 13 years experience in ecological work, with emphasis on forest ecology, animal behaviour; ecology of indigenous freshwater fish species; predator prey interactions; aquatic habitat assessment, management of native species within forest ecosystems, and predator control. Ecologist, He was involved in Timberlands West Coast's (TWC) Resource Management Act (RMA) application to sustainable log beech forest. Private contracted work has included the assessment of indigenous biodiversity present within forest estates for several FSC certified forestry companies. Currently he is comparing the effects of aerial 1080 control operations on native biodiversity. Billy has served as a lead assessor on SmartWood’s New Zealand’s certification assessment panel since 2002 and has been involved in 29 Forest Management assessments/audits as well as several peer reviews.

1.2. Audit schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Location /main sites</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2(^{nd}) April 2007</td>
<td>Finegand Forest</td>
<td>New purchase, harvesting, roading, stream crossings.</td>
</tr>
<tr>
<td>3(^{rd}) April</td>
<td>Keen Forest</td>
<td>Harvesting, oil and fuel policies</td>
</tr>
<tr>
<td>3(^{rd}) April</td>
<td>Wallace Forest</td>
<td>Harvesting, stream crossing, Paropsis infestation</td>
</tr>
<tr>
<td>3(^{rd}) April</td>
<td>Hogg Forest</td>
<td>Mid rotation forest</td>
</tr>
<tr>
<td>3(^{rd}) April</td>
<td>Glynn Forest</td>
<td>Eriococcus infestation</td>
</tr>
<tr>
<td>3(^{rd}) April</td>
<td>McPherson's Forest</td>
<td>Harvesting new roading, culvert design, burn trials</td>
</tr>
<tr>
<td>3(^{rd}) April</td>
<td>Shangri Lai</td>
<td>Burn trial, indigenous beech remnant</td>
</tr>
<tr>
<td>4(^{th}) April</td>
<td>Main office Invercargill</td>
<td>Staff interviews, document review, closing meeting.</td>
</tr>
</tbody>
</table>

Total number of person days used for the audit: 3

= number of auditors participating \(1 \times \text{total number of days spent for the audit} 3\)

1.3. Sampling methodology:

The auditor reviewed hard copies and computer files of the company’s documentation at their head office. Field visits also gave the opportunity for the auditor to review contractors’ documentation on site. COC documentation was reviewed in the office and in the field where truck drivers were interviewed. The auditor also had the opportunity to visit local stakeholders to hold interviews. Other stakeholders were contacted by phone and during field visits. Forests visited were selected on diversity of operations being undertaken and the issues raised in previous CARs. The auditor visited sites of harvesting, road...
construction, culvert and stream crossing design, riparian zones, indigenous reserves, pest infestation areas, burn operations and general forest operation.

<table>
<thead>
<tr>
<th>FMU or Site audited</th>
<th>Rationale for selection</th>
<th>Group FMU belongs to and number of FMUs in the group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finegand</td>
<td>New purchase and inspection of stream crossings</td>
<td></td>
</tr>
<tr>
<td>Keen Forest</td>
<td>Harvesting operations</td>
<td></td>
</tr>
<tr>
<td>Wallace Forest</td>
<td>Harvesting operations, culvert design and insect pest infestation</td>
<td></td>
</tr>
<tr>
<td>Hogg Forest</td>
<td>Mid rotation forest</td>
<td></td>
</tr>
<tr>
<td>Glynn Forest</td>
<td>Insect pest infestation</td>
<td></td>
</tr>
<tr>
<td>McPherson’s Forest</td>
<td>Harvesting operations and new roading, culvert design.</td>
<td></td>
</tr>
<tr>
<td>Shangri Lai</td>
<td>Burn trial and protection given to indigenous beech remnant</td>
<td></td>
</tr>
</tbody>
</table>

1.4. Stakeholder consultation process

<table>
<thead>
<tr>
<th>Stakeholder type (NGO, government, local inhabitant etc.)</th>
<th>Number of stakeholders informed</th>
<th>Number of stakeholders consulted or providing input</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company employees</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Local contractors</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Local inhabitants</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

1.5. Changes to Standards (if applicable)
No changes to the standard have occurred since the last evaluation. For the conduction of this audit as well as for the conduction of previous audit/assessment the following standard was used:

*SmartWood Interim Standards for FSC Certification in New Zealand (Fifth Draft, February 2003).*

2. AUDIT FINDINGS AND RESULTS

2.1. Changes in the forest management of the FMO
Gregg Lindsay left the company during 2006 and while his position has been advertised there has been no replacement. In addition Shaun Foster is to leave the company shortly after the 2007 audit, his position has been advertised and a replacement appointed.
2.2. Stakeholder issues
All stakeholders spoken to during the audit were satisfied with SPFL as a landowner and local company. Stakeholders also found that the communications between SPBL and locals was effective and no major issues were outstanding. A review of the stakeholder register showed that most communication was with regards to spraying operations. Most of these were requests by neighbours for SPBL to spray boundary areas during their operations. Where possible SPBL has met their obligations as a responsible neighbour and any complaints have been dealt with in accordance with stated policy.

2.3. Compliance with applicable corrective actions

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in noncompliances being upgraded from minor to major noncompliances with compliance required within 3 months or face suspension or termination of the SmartWood certificate. The following classification is used to indicate the status of the CAR:

<table>
<thead>
<tr>
<th>CAR Status Categories</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
<td>Certified operation has successfully met the CAR and addressed the underlying noncompliance.</td>
</tr>
<tr>
<td>Open</td>
<td>Certified operation has not met the CAR; underlying noncompliance is still present. CAR becomes a Major CAR with a 3 month deadline for compliance</td>
</tr>
</tbody>
</table>

CAR #:  
Condition 16  
Reference Standard #: 6.2

Non-compliance:  
Major ☐  Minor ☒

SPFL staff in general are unaware of what species were in the past classified as rare, threatened or endangered and are now redefined as nationally critical, nationally endangered, nationally vulnerable, in serious decline or gradual decline.

Corrective Action Request:
SPFL must develop and implement a system that trains forest employees in recognition of rare threatened and endangered species present within their estate. In tandem with this, SPFL should provide an incident record for the recording of such species’ presence.

Timeline for Compliance: By the third annual audit

Audit findings:
SPBL has built up a photograph sheet to help contractors and staffs recognize species that are present or likely to be present within their forest. During the field visits it was found that SPBL were able to identify native falcon by sight and also knew of locations for native lizard species. Contractors have also reported sightings of RTE species through to the company and these are collected and recorded on an Excel incident file.

Status: CLOSED
The management plan is updated as a part of the annual budget process. The budget identifies the program for the coming year and indicates any changes in the plan. All changes are submitted to the SPFL General Manager, Josh Hanayama, in Brisbane for approval. All staff members have input to this process.

SPFL have a very intensive growth-monitoring program in place to provide more realistic information than can be obtained from the Growth Model. However there is no evidence that this information is being incorporated into the growth modelling system to provide more accurate forecasting.

Corrective Action Request:
Results from PSP plots should be incorporated into the growth modeling system.

Timeline for Compliance: By the third annual audit

Audit findings:
Data from SPFL’s PSPs have been used by the University of Canterbury NZ School of Forestry as part of a management case study. This study used the PSP data to truth and evaluate the growth model. It was found from the study that the growth model developed by the Eucalyptus Cooperative for *E. nitens* tends to under estimate trees grown in Southland. SPBL is aware of the limitation of the growth model and adjusts its estimates of growth accordingly. PSP data are continually being collected to aid in future research.

Status: CLOSED

Follow-up Action (if applicable): NONE

In addition to the above CARs the auditor evaluated Company activities related to the Observations that were identified during the 2006 Annual Audit:

1. Observation: The data on the effects of grazing on riparian areas should be presented at the 2007 audit (Criterion 6.4):

   Monitoring data has been presented to the auditor. This data showed that that in most sites there was little evidence of adverse effects through sheep browsing. Therefore the data suggests that the effects of sheep on riparian zones are minimal.

2. Observation: Evidence of the adoption of SPBL’s BMPs with regards to appropriate culvert design should be viewed during the 2007 audit.(Criterion 6.5):

   Roading was inspected at Finegand, McPhearson and Shangri La. New roads were viewed at both Finegand and McPhearson and generally complied with the BMPs (see observation above). Culvert design and installation within McPhearson were of a high quality and fish were seen both and below the culvert showing that migration is occurring.

3. Observation: SPFL should ensure a summary of stakeholder issues, including the permits issued is completed annually, categorised, and given to the auditors at the 2007
audit. This summary should include social values derived in the audit period. (Criterion 8.1):

A summary sheet showing stakeholder concerns was available during the audit. In addition, a breakdown of recreational activities for permits was supplied.

4. Observation: Progress on the timeline for RTE species assessment should occur and be viewed during the 2007 audit. (Criterion 6.2):

SPBL commissioned a lizard survey during 2007. This survey showed that several species of conservation note were present within their estate. Recommendations have been included within the report and SPBL is investigating the appropriate measures to undertake for species protection.

2.4. New corrective actions issued as a result of this audit

NONE

2.5. Audit observations

Observations are very minor problems or the early stages of a problem that does not of itself constitute non-compliance, but which the auditor considers may lead to a future non-compliance if not addressed by the client.

<table>
<thead>
<tr>
<th>Observation</th>
<th>Reference Std #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observation 01/07: Stakeholder list is not up to date, e.g. residents near Wallace are not included on the stakeholder list and the stakeholder list for Finegand did not include neighbours or interested parties. Company should make sure that the stakeholder list is kept up to date.</td>
<td>4.4</td>
</tr>
<tr>
<td>Observation 02/07: Stream at Finegand is flowing freely after road construction blockage has been removed following SWEL harvesting March 2007</td>
<td>6.1</td>
</tr>
<tr>
<td>Observation 03/07: Audit system should be kept up to date to ensure rubbish is removed from forest.</td>
<td>6.7</td>
</tr>
</tbody>
</table>

2.6. Audit decision

It was found that SPFL has been fulfilling the requirements of their FSC certification and I recommend that they maintain this status without any new CARs.