Forest Management
2018 Annual audit
Report for:

Hikurangi Forest Farm Ltd.
In
Gisborne, New Zealand

Report Finalized: 31 October 2018
Audit Dates: 13 - 15 August 2018
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Standard Conversions

1 mbf = 5.1 m³
1 cord = 2.55 m³
1 gallon (US) = 3.78541 liters

1 inch = 2.54 cm
1 foot = 0.3048 m
1 yard = 0.9144 m
1 mile = 1.60934 km
1 acre = 0.404687 hectares

1 pound = 0.4536 kg
1 US ton = 907.185 kg
1 UK ton = 1016.047 kg
1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Hikurangi Forest Farms Ltd., hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of Rainforest Alliance auditors who have evaluated company systems and performance against the Forest Stewardship Council™ (FSC®) forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through nonconformity reports.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

This report includes information which will become public information. Sections 1-3 and Appendix I will be posted on the FSC website according to FSC requirements. All other appendices will remain confidential. A copy of the public summary of this report can be obtained on the FSC website at http://info.fsc.org/.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

<table>
<thead>
<tr>
<th>Based on Company’s conformance with FSC and Rainforest Alliance requirements, the audit team makes the following recommendation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✅ Certification requirements <strong>met</strong>, certificate maintenance recommended</td>
</tr>
<tr>
<td>Upon acceptance of NCR(s) issued below</td>
</tr>
<tr>
<td>❌ Certification requirements <strong>not met</strong>:</td>
</tr>
</tbody>
</table>

Additional comments: Three (3) Major and Eight (8) Minor NCRs were identified during the audit.

Issues identified as controversial or hard to evaluate.
2.2. Changes in FMEs’ forest management and associated effects on conformance to standard requirements:

There was no change since the previous audit that has any effect on the FME’s forest management system covering silvicultural and harvesting operations and its environmental management. However, a new General Manager of the FME have been appointed and resumed his position in October 2017.

2.3 Excision of areas from the scope of certificate

Not applicable. Check this box if the FME has not excised areas from the FMU(s) included in the certificate scope as defined by FSC-POL-20-003. (delete the rows below if not applicable)

2.4. Stakeholder issues (complaints/disputes raised by stakeholders to FME or Rainforest Alliance since previous evaluation):

The purpose of the stakeholder consultation strategy for this assessment was threefold:

1) To ensure that the public is aware of and informed about the assessment process and its objectives;  
2) To assist the field assessment team in identifying potential issues; and 
3) To provide diverse opportunities for the public to discuss and act upon the findings of the audit.

The stakeholder consultation notification was developed and distributed by Rainforest Alliance via email 60 days prior to the audit. Further the audit team commenced the stakeholder consultation via phone calls and emails prior to the audit. There was not a public consultation during the audit. The individual consultation includes neighbors, iwi representatives and contractors who are directly affected by or interested with the Hikurangi Forest Farms’ (FME) forest management activities; other interested community members (specifically national/international and regional NGOs); representatives of the regulatory bodies within the central and local government offices and experts. Based on the stakeholders list supplied by FME the Audit team contacted a total of fifty (50) individuals (excluding FME’s employees) mainly by phone and some via email prior to the audit of whom thirty-eight (38) supplied input to the audit. Of those stakeholders who supplied information most were supportive of the FME.

However, the following issues were raised by stakeholders:

1. One (1) stakeholder submitted a formal complaint to FSC in relation to a legal dispute they had with the FME;  
2. Three (3) stakeholders complained in relation to the storm and flood event of June 2018 in the Gisborne Region; 
3. One (1) stakeholder raised issues related to environmental, silvicultural and socioeconomic aspects; 
4. One (1) stakeholder complained about issues in relation to joint-venture relationship; and 
5. One (1) stakeholder complained in relation to sharing a bridge.
A summary of all the stakeholders’ issues, FME’s response, and Rainforest Alliance’s (RA’s) response are presented in the table below.

<table>
<thead>
<tr>
<th>Complaints/disputes raised by stakeholders to RA and FME’s response</th>
<th>RA’s response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Complaint related to legal dispute</strong></td>
<td><strong>Complaint related to legal dispute</strong></td>
</tr>
<tr>
<td>A stakeholder submitted a complaint through their lawyers to FSC on the 24th of April 2018.</td>
<td>The audit team carried out a thorough investigation of the issue raised by the complainant against the FME’s response. As part of this investigation, the audit team reviewed all the documents supplied as part of the evidence; interviewed the FME’s General Manager also interviewed the complainant (Owner and Manager of the Company). From the interviews and email correspondences the audit team have confirmed that the FME have fulfilled the High Court’s ruling as follows:</td>
</tr>
</tbody>
</table>
| The main point of the complaint is summarized as follows: The FME had trespassed on the complainant’s land in February 2015 by felling and attempting to harvest 1.3 ha of pine trees growing on the land. The legal proceedings concluded on 5 April 2018 when the Auckland High Court issued judgment in favor of the complainant (a copy of that judgment was also presented as attachment to FSC) which stated that the complaint against the FME was justified and the FME’s claims (i.e. saying that the FME had a ‘give-and-take’ arrangement for the land where the trees were growing) against the complainant were rejected. The FME has confirmed that the judgment will not be appealed to the Court of Appeal. The High Court’s decision was, therefore, final. The complainant also stated that the litigation took three years to complete and has cost the complainant a significant amount in legal fees, only some of which have been recovered from the FME, and no measures were taken to avoid the loss incurred by the complainant. In addition to the above, the complainant submitted to RA copies of email correspondences they had with the FME’s General Manager. The emails were dated: 25 May 2018, 28 May 2018 and 19 July 2018. The main points of correspondence in these emails were about:  
(a) Agreement between the two parties in relation to permission given by the complainant to the FME’s staff and contractors to enter into the disputed land to undertake the planning and cleanup of the Area; and  
(b) Agreement between the two parties in relation to FME’s purchase and felling of the remaining trees and about its price offer for the trees.  
(c) Disagreements between the two parties about following FME’s complaint procedure prior to the complainant’s submission of its complaint to FSC. | a. Paid the necessary compensation to the complainant as per the court’s decision, covering:  
• Damage for the loss trees;  
• Exemplary damages; and  
• Costs  
b. Have sought permission from the complainant so that their staff and contractors can enter into the disputed land to undertake the planning and cleanup of the trees from the area where they were left piled up after they were felled by the FME in February 2015. The audit team have also confirmed the cleanup was completed on the 27th of August 2018, but pending the signing up of the release by the Owner and Manager of the complainant Company.  
c. Also, as a good will (not covered by the Court’s decision), the FME have accepted the complainant’s request to purchase and fell the remaining trees still standing on the 0.3 ha of disputed land, and paid a price asked by complainant. The main reason for this arrangement was the complainant does not have the necessary machinery and equipment to harvest these trees. However, the audit team concludes apart from their assumption of a ‘give and take’ arrangement with a previous landowner, and which the Court didn’t accept, the FME did not have informed consent given by the complainant to harvest the trees on the the complainant’s property.  
As a result Major NCR# 02/18 is identified against Indicator 2.2.3.  

However, the audit team concludes apart from their assumption of a ‘give and take’ arrangement with a previous landowner, and which the Court didn’t accept, the FME did not have informed consent given by the complainant to harvest the trees on the the complainant’s property.  
As a result Major NCR# 02/18 is identified against Indicator 2.2.3.
**Interview with the complainant**

The owner and General Manager of the Company (complainant) requested to have a face-to-face meeting with the audit team. The audit team accepted the request and held the meeting at place of his choice in Gisborne on the afternoon of Monday the 13\textsuperscript{th} of August 2018. The complainant’s business partner was also present during the meeting.

During the meeting he explained that his company and associated companies have been seriously harmed financially by FME’s actions; and still bears extensive legal costs, administration costs, interest costs and loss of profits and opportunities they and their associated companies had in existing projects.

The audit team asked whether the above financial claims might have already been dealt with and considered by the High Court. His response was what the Court awarded his company was very little and was not enough to cover the full cost for any of them.

**FME’s Response**

During interview the FME’s General Manager presented the following points:

- a. The FME planted the trees on the 1.3 ha land based on a ‘give-and-take’ arrangement with the previous landowner.
- a. However, the ‘give-and-take’ arrangement was based on ‘hand shake’ (good faith) verbal agreement, and no formal signed agreement was signed. Such an arrangement between neighbors sharing a common boundary is a common practice throughout New Zealand, and the FME still have nearly 300 such arrangements with neighbors sharing common boundaries, and almost all of them are based on verbal agreements.
- b. After the trees were at a mature age the land was purchased by the current landowner (the complainant).
- c. Assuming that the ‘give-and-take’ arrangement was to be honored, in February 2015 the FME decided to harvest the trees. While the contractor was on the site and in the middle of harvesting the trees, the complainant stopped him and served the FME a trespass notice which led to the legal case.

Also, the audit team found that the FME does not have a system in place describing the remedial action process for the legal non-compliance identified following the High Court’s decision.

As a result Minor NCR# 01/18 is identified against Indicator 1.1.4.
d. The legal judgment by the High Court was in favor of the complainant. The court’s decision was based on the fact that the FME did not have a written agreement about the ‘give-and-take’ arrangement with the previous landowner. The FME accepted the High Court’s decision as final.

e. He also explained what the FME did following the Court’s decision:

i. “We have paid the necessary compensation to the complainant”. Following the audit, the FME General Manager sent further clarification (dated, 30/08/18) about the amounts of compensation (in NZ$) paid to the complainant as decided by the court to cover:

- Damage for the loss trees;
- Exemplary damages; and
- Costs

ii. “We have sought permission and agreed with the complainant so that the FME’s staff and contractors can enter into the disputed land to undertake the planning and cleanup of the Area”. Following the audit the FME General Manager sent the following confirmation via email (dated, 30/08/18):

“The Make Good of Area C, as referred to in the judgement, was substantially completed on Monday (27/08/18). *(Owner and Manager of the complainant Company) wanted a few things tidied up which will be completed this week, then hopefully he will sign the release, which we have left with him*”.

* = words in brackets were added by the auditor to replace name/s.

iii. “Also, as a good will (i.e. not covered by the Court’s decision), the FME have accepted the complainant’s request to purchase and fell the remaining trees on the 0.3 ha of disputed land, and paid a price asked by complainant”.

Copies of email correspondences (dated 25th and 28th May 2018) between the FME’s General Manager and Owner and Manager of the complainant Company confirm the FME have fulfilled the points outlined in e(i) – e(iii), above.

The General Manager also added that after all the above points were fulfilled the complainant sent to him an email (dated: 25 May 2018) which contains the following:

*We had made a complaint to the FSC and we were requested to approach you first to follow your
complaint procedure, We thought it reasonable to ask you first, Please confirm that you would like us to skip any HFF process and continue to the FSC directly”.

The Audit team also reviewed a copy of the General Manager’s email (Dated 28 May 2018) in response to the above which contains the following:

“As much as I can gather looking back the HFF dispute resolution procedure was generally followed. Our process also provides for any learnings from the results of a dispute resolution to be incorporated into guidelines or improving the dispute resolution process as part of continuous improvement. I am working on this at the moment, which will close the process out.

The complaint you have from an FSC point of view, I see as a continuation of the original complaint and therefore going through the same process again would not be productive. I think the best course of action for you is to steer your complaint to FSC who may decide to investigate how we followed our dispute resolution procedure in this case. We would of course cooperate fully with FSC should they decide to investigate”.

2. Complaints related to the storm and flood

The audit team received the following complaints in relation to the storm and flood event of June 2018 in the Gisborne Region.

a. Compliant by iwi group representative

On their email of -- a stakeholder representing iwi presented their concern to the Audit Team Leader. The main points covered are summarized as follows:

“…Recent events have raised major issues for us around how HFF and other forestry companies view their responsibilities in areas such as the East Coast. Heavy rain events in June-July resulted in severe negative downstream effects for the people of the wider Uawa-Tolaga Bay region including those of Te Aitanga a Hauiti and Ngati Ira. The results of a clear felling policy and reluctance to clear slash and debris from erosion prone hill country post felling, created the perfect opportunity for heavy rain to cause devastating flooding and associated slash and debris dams and deposits downstream on local farms, waterways and coastal beaches. Forestry companies including HFF and local district council have not accepted full responsibility for creating conditions which cause

Complaints related to the storm and flood

The audit team carried out a thorough investigation of the issue raised by the complainants against the FME’s response. As part of this investigation, the audit team reviewed all the documents supplied as part of the evidence including copies of consents, and expert study reports; interviewed the management and operation staff, contractors and stakeholders. The audit team also visited the flood/forestry debris affected properties and the surrounding beach within the Tolaga Bay region, and verified the magnitude of the damage.

The audit team could not find any evidence showing the FME was in breach of the harvest operation consents given to it by the Gisborne District Council other than abatement notices issued as a result of the storm damage. However, during the visit and assessment of the sites within the Te Marunga Forest where the landslide took place, the audit team observed that post-harvest slash left on skids located closer to slopes or on top of slopes had been washed away by the flood whereas slash left on skids far from the slopes on flat surfaces was left unaffected. Also, the expert study shows 494 new landslides, approximately one per hectare, were initiated on predominantly (21 – 35º) slopes. From this observation the audit team concludes that whilst the landslide and movement of the forestry debris
The fact that the forestry provides employment for descendants of our iwi puts us in a difficult position. This should not however abrogate those companies from taking responsibility for the damage caused, rectifying or compensating for that, and reviewing their clear felling and extractive policies in the management of their forests. I have no issue with openly sharing these comments with HFF.

b. Complaints by individuals

- The audit team received the following complaint during an interview (by phone) with a stakeholder on 30/07/08:

“The company have left a huge number of logs landed on my property. Only some of the logs were cleared and HFF have promised to clear the rest. The damage has caused me thousands of dollars in cost”.

- A second stakeholder sent the following to the audit team via email (dated, 01/08/18):

“Thank you for the opportunity to share my thoughts and concerns with regard to our neighboring forest. Firstly, the managing staff have been excellent to work with. They have been positive and proactive when problems have arisen. We have had a few incidents where damage has occurred to our property due to negligence in the forest the main one being a pine tree which was dropped over our boundary into our native bush area. This absolutely destroyed a chunk of our native area. Hikurangi management were great and remedied the situation to the best of their ability by repairing the fence and cutting an alternative track (the tree fell right across the bush track where my clients walk). However...it should not have happened and it breaks my heart every time I see the destruction which will take years to repair. There is nothing that will truly right it but for time.

I also have grave concerns for the mess that has been left behind in the creek, it is littered with slash which I am scared will wash down on us next winter. At present the creek which runs through the forest, then through our property to the river is a beautiful stony bottomed creek. My business incorporates walks along the beautiful creek but fear it will not be beautiful for long if the mess in the forest is not cleared up. I am also concerned about the negative effects this will create to the rest of our property and was mainly the result of heavy and unusual storm event in the Tolaga Bay region, the availability post-harvest slash on skids located near or on top of slopes had some level of contribution to the downslope movement of debris by the flood to the affected areas.

The other observation was some stakeholders commented that due to the huge negative impact left by the flood and the associated forestry debris during the storm, a number of the community members in the region have developed a level of ‘resentment or hate’ to the forestry companies and their operation in the region.

Based on the above observations, the audit team have identified the following non-conformances:

As a result Minor NCR# 03/18 is identified against Indicators 4.4.2 and 4.4.3.

Also, following the storm of June 2018 which resulted with a huge quantity of forestry debris on the properties of the surrounding communities and on the beach used by the community.

As a result Major NCR# 04/18 is identified against Indicator 4.5.3.

Although the Environmental Management System considers a number of potential environmental impacts it does not include those as a result of a major storm event such as that which recently occurred, hence no such assessment has been conducted

As a result Minor NCR# 05/18 is identified against Indicator 6.1.1.

Additionally, as a result of the Gisborne District Council issuing Abatement Notices retrospective of the storm event FME was considered to be in non-conformance.

As a result Minor NCR# 07/18 is identified against Indicator 6.3.3.
family in winters to come. With regard to the aerial spraying I am sure we will be notified so I can disconnect water and would greatly appreciate that spray is kept well away from our boundaries. I am not a fan of aerial spraying!!!

Again, the Hikurangi staff have been great to deal with but would really like to see some responsibility taken for keeping our water ways beautiful”.

**FME’s Response**

a. **Compliant by iwi group representative**

As the stakeholder were interested to share their concern with the FME, the audit team have given a copy of the email to the FME. The FME’s General Manager advised the audit team via email (dated, 17/08/18) he has been trying to contact the iwi group representative to resolve the issue, but without success so far, and the FME is committed to hold a meeting with them and resolve the issue. On his email he also mentioned the strong relation the FME have with the iwi group and their leadership and about recent meetings his management had with them about developing and assisting the steering committee of a Project they have developed and to get traction for their Project.

b. **Complaints by individuals**

The FME did not specifically responded in relation to what happened to individual property owners (i.e. specifically what might have happened to the first and second complaints by the first two individuals). The General Manager and Operation staff expressed that even though their company (FME) have been working hard to clean up the properties that they believe are directly affected by the forestry slash coming from their forest (mainly from Te Marunga Forest) during the storm, there is still more to do. They also expressed concern that the magnitude of the damage during the storm and flooding in June was beyond an individual forestry company’s response. It requires the joint effort by the Central Government, the Regional Council and all the forestry companies operating in the region. Also, the General Manager explained that his company (FME) have already engaged a geology expert (Dr Mike Marden of Marden Environmental Consultancy) to study and examine the causing factors contributing to the generation and transportation of sediment/slash during the storm events. The G/Manager presented to the audit team two (2) reports completed from this study as follows:
1. "Preliminary findings on factors contributing to sediment/slash generation and transportation during storm events on 3 – 4 and 11 – 12 June 2018, part Te Marunga Forest, Mangatokerau Catchment". July 2018 (29 pages); and

2. Capture of storm-related landslide damage towards developing a risk management strategy". 27/07/18 (44 pages)

An extract from the executive summary of the first report states: "The combination of high antecedent soil moisture conditions, rainfall intensities that exceeded that required to initiate landslides; the presence of thin, and porous tephric covered materials overlying an impermeable bedrock; surface drainage through tunnel gullies; and the absence of a mature vegetation cover were all factors that contributed to the severity of landsliding within "Crevasse study site. ...Following the June 2018 events, 494 new landslides, approximately one per hectare, were initiated on predominately (21 – 35º) slope".

"Crevasse study" is the name given by the author for his study area, affected by the storm (i.e. mainly within the Te Marunga Forest).

It should be noted here that the audit team’s continuous effort and request to get response from officials at the Gisborne Regional Council (which is the regulatory body in the region) was unsuccessful. The main objective of the request was to ascertain if there had been any breach of consent by the FME.

3. Complaints related to environmental, silvicultural and socio-economic aspects

A stakeholder sent the following to the audit team via email (dated: 01/08/18):

"Please find below our comments with regards to environmental, silvicultural and socioeconomic aspects of the plantation managed by Hikurangi Forest Farms Ltd.

- Following the death in the HFF forest a new critical rule was created as "worksafe wanted to see something had been done about it". The rule was reactive and not going achieve the ultimate goal of keeping our workers safer.
- In the region there were 3 deaths (All Maori decent), the community was effected immensely but there was no word from any of the principals. Individuals organised an industry blessing, the community was
waiting for something from forestry principals.

- Public perception of Forestry in the Gisborne region is very poor.
- Recent engagement of *(Contract H&S Staff)* has seen a much more active role in H&S, prior to this *(H&S Manager)* was scarcely heard from or seen. The lack of enthusiasm in the important role of H&S has been noticeable.
- HFF Policies & Procedures available online was discussed more than 2 years ago, this has come into effect in the past month. Contractors would be expected to action simple improvements such as this in much shorter time frames.
- Service Provider Management is tedious and varied between principals. It is putting pressure on our limited resources in the region eg. A Tyre company inducted 50+ times by contractors, then again by Principals (requiring forestry specifics for a business not predominately providing to forestry, including drug test and not necessarily encompassing the worker that will attend site, only the main contact)
- Environmental issues in the past 12 months include the Slash following the large rain event (featured on the news). HFF made comment to the media and have made significant efforts in remediation.
- Recent HFF communication around lack of toilet facilities onsite. With more women choosing forestry as a career this is an issue with signification H&S impacts.
- Contractors have lost faith in HFF Leadership some time ago, HFF was considered a prestigious place to work for now contractors are jumping ship.
- Reengaging workers and allowing them to be the experts in their roles would be a good start to rebuilding relationships. Workers deserve a seat around the decision making table as they are the ones whose lives are at risk, consultation is often mistaken for informing workers once the decisions have already been made. Workers need involvement earlier in the process.
- Monitoring of the extensive list of rules is required, driving to and from work is one of the highest risk activities. Road conditions are poor and comms are patchy, unused and there is a lack of accountability. Radio channel congestion is a huge issue which has been raised for years
• **HFF** did a radio channel change over and did not inform the Emergency Helicopter of new channels (this was rolled out very poorly with large groups missed). The emergency services then identified this during an emergency event. Again something that would not have been acceptable from a contractor and could have had dire impacts.

• Forestry principals should through the Eastland Wood Council come up with a consensus to streamline requirements from contractors so there is a greater understanding and more thorough implementation within work settings eg. PPE, Enviro

• When the new Enviro Standards came into effect there was a good opportunity for Principals to put together something so the industry understood it.

• Enviro has been largely put to the side with H&S taking the front seat for some time”.

*Contract H&S staff and H&S Manager in the brackets were added by the auditor to replace names of people.*

**FME’s Response**

The stakeholder have raised different issues and comments in their submission (including support to the FME). Due to the mixed nature of the issues and comments, the FME presented their response in a tabular form as follows:

<table>
<thead>
<tr>
<th>Stakeholder Comment</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Following the death in the HFF forest a new critical rule was created as “worksafe wanted to see something had been done about it”. The rule was reactive and not going achieve the ultimate goal of keeping our workers safer.</td>
<td>HFF did their own investigation and concluded that there were some modification on the machine that may contributed to the incident, as well as the wearing of spike boots. Machines have been checked and a safety alert on spikes issued. Worksafe have not concluded their investigation yet so there is nothing more we can do at this point.</td>
</tr>
<tr>
<td>In the region there were 3 deaths (All Maori decent), the community was effected immensely but there was no word from any of the principals. Individuals organised an industry blessing, the community</td>
<td>HFF organised a site blessing with the family, crew, HFF staff and others involved. HFF also attended the tangi</td>
</tr>
<tr>
<td>was waiting for something from forestry principals.</td>
<td>and presented the immediate family with a koha.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Public perception of Forestry in the Gisborne region is very poor.</td>
<td>No response required.</td>
</tr>
<tr>
<td>Recent engagement of <em>(contract H&amp;S staff)</em> has seen a much more active role in H&amp;S, prior to this <em>(H&amp;S Manager)</em> was scarcely heard from or seen. The lack of enthusiasm in the important role of H&amp;S has been noticeable.</td>
<td>This was the reason for bringing <em>(Contract H&amp;S staff!)</em> on board. <em>(H&amp;S Manager)</em> was distracted by Optilog. I made the decision that we bring Tina on board to ensure that the H&amp;S effort continued whilst <em>(the H&amp;S Manager)</em> was involved in Optilog.</td>
</tr>
<tr>
<td><em>(Contract H&amp;S staff and H&amp;S Manager in the brackets were added by the auditor to replace names of people.)</em></td>
<td></td>
</tr>
<tr>
<td>HFF Policies &amp; Procedures available online was discussed more than 2 years ago, this has come into effect in the past month. Contractors would be expected to action simple improvements such as this in much shorter time frames.</td>
<td>HFF had to change their computer operating systems in order to have this functionality available for contractors. It was prioritised soon after I arrived and the system was migrated in June 2018.</td>
</tr>
<tr>
<td>Service Provider Management is tedious and varied between principals. It is putting pressure on our limited resources in the region eg. A Tyre company inducted 50+ times by contractors, then again by Principals (requiring forestry specifics for a business not predominately providing to forestry, including drug test and not necessarily encompassing the worker that will attend site, only the main contact)</td>
<td>HFF recognizes that service providers to the contracting force are an important part of the business, however due to these service providers not necessarily being familiar with forestry operations they pose a potential safety risk, which we cannot ignore. There is a process of induction and prequalifying which needs to be done to ensure the safety of all workers in the forest. I think we have got the system working well now, however in light of this comment, I will review it.</td>
</tr>
<tr>
<td>Environmental issues in the past 12 months include the Slash following the large rain event (featured on the news). HFF made comment to the media and have made significant efforts in remediation.</td>
<td>Happy that this has been recognized.</td>
</tr>
<tr>
<td>Recent HFF communication around lack of toilet facilities onsite. With more women choosing forestry as a career this is an issue with signification H&amp;S impacts.</td>
<td>We believe that each contractor needs to cater for their own unique circumstances on this subject. We</td>
</tr>
</tbody>
</table>
| Contractors have lost faith in HFF Leadership some time ago, HFF was considered a prestigious place to work for now contractors are jumping ship. | There was a period of 4 months where there was no senior leadership at HFF with the GM and Harvesting Manager leaving at the same time. This unsettled contractors, however I think with these positions now being replaced confidence will return over time.

Reengaging workers and allowing them to be the experts in their roles would be a good start to rebuilding relationships. Workers deserve a seat around the decision making table as they are the ones whose lives are at risk, consultation is often mistaken for informing workers once the decisions have already been made. Workers need involvement earlier in the process.

This is something that I, as GM, recognise, but certainly was not the case in the past. I have started by involving all HFF staff in decision-making processes (eg. All staff meetings, workshop on slash management)

I am working with our H&S Manager as to how we could structure involvement of contractors and their staff in an efficient and constructive manner.

Monitoring of the extensive list of rules is required, driving to and from work is one of the highest risk activities. Road conditions are poor and comms are patchy, unused and there is a lack of accountability. Radio channel congestion is a huge issue which has been raised for years.

The issue of radio channel congestion is due to the continual chatter of harvesting and cartage contractors on the radio. Very little of this is work related. We have continually told contractors to keep their chatter off the working channels. It helps for a while and then reverts back to where it was. HFF are considering the use of UHF radios for inter-crew chatter.

HFF did a radio channel change over and did not inform the Emergency Helicopter of new channels (this was rolled out very poorly with large groups missed). The emergency services then identified this during an emergency event. Again something that would not have been acceptable.

The changeover was request by Helicopter rescue as they had problems with having to use and remembering which frequency to use depending on which forest.
From a contractor and could have had dire impacts.

company requested the emergency helicopter, too have some consistency the helicopter rescue asked if a common frequency could be used so it was decided to use a fire emergency frequency which all forest companies use in a fire emergency event. Colvin’s was also involved in the decision.

This change took place approximately 2 years ago. All HFF crews were notified of this change and what frequency would be used in an emergency.

Forestry principals should through the Eastland Wood Council come up with a consensus to streamline requirements from contractors so there is a greater understanding and more thorough implementation within work settings eg. PPE, Enviro

As far as we are aware there is similarity amongst EWC members. However, some companies will have different requirements due to their particular circumstances. This needs to be allowed for.

When the new Enviro Standards came into effect there was a good opportunity for Principals to put together something so the industry understood it. The industry and the regulators are still in the process of working through what the new (1 May 2018) legislation means and how it is applied.

Enviro has been largely put to the side with H&S taking the front seat for some time”.

H&S tends to be more visible, which may drive this perception

### 4. Complaint related to joint-venture

On their email of 13th August 2018 to the audit team, a stakeholder and Joint-venture partner of the FME, representing iwi groups submitted a letter (a total of 5 pages) as attachment. On their email the stakeholder asked the audit team to give a copy of the letter to the FME. The letter outlines all of the issues and concerns they have with the FME, and outlines the following recommendations of remedy to fixing the problem as outlined below:

“Recommendations

Complaint related to joint-venture

From the email correspondences with the iwi spokesperson the audit team clearly understood that the main issue was related to the lack of a face-to-face meeting between the iwi leaders and FME General Manager at the Marae. Holding a face-to-face meeting is a mark of respect and an important cultural protocol for the iwi in the process of resolving any disputes and differences with them.

The FME have fully accepted all the concerns raised by the iwi on the letter and to fulfill the outlined recommendations; and the General Manager have
1. **HFF and Rangiwaho relationship begins at Rangiwaho Marae**, it is timely to host the Management and Owners of HFF at the Marae. We see this as fundamental to progressing a proactive space that recognizes ‘this is who we are - what we are about - the values that underpin us - what we have in common - what are our differences’ lets get on with it.

2. Rangiwaho and HFF share what we have to offer each other - what our plans are for the future - where we can support each other in particular the following;

3. **Rangiwaho will initiate Ecological Restoration Plans**; Our Awa; waterways health and eco systems; tuna, koura, watercress, kaitieki Our Wahi Tapu; sites of significance, urupa, whenua tupuna, Our Ngahere remnant forests of significance; protection and reintroduction of taonga species, enhancement, seed source and whanau skill enhancement Riperian margin planning which works for the ecology of the habitat and activities on the whenua.

4. **Harvesting and future planting of the forests needs to be shared with Rangiwaho in a proper manner – a regular process which also requires the monitoring Ecological and Cultural sites of significance – as this has never occurred we are open to a process that works for all parties.**

5. **Cultural customary gathering of kai and materials for arts in important to our cultural existence - protocols are required to support this practice.**

6. **Education is an important foundation to nurturing the relationship with HFF. Rangiwaho are committed to bringing HFF owners, management, teams and others to the Marae to share and strengthen the histories, cultural values and aspirations of the tribe. These contributions are made in good faith with the first consideration to nga taonga tuku iho and the wellbeing of the whenua, moana, awa and whanau for future generations.**

Following their submission of the letter the iwi group representative (spokesperson) sent subsequent emails (dated: 14th and 16th of August 2018) to the audit team, to request the FME General Manager hold a face-to-face meeting with the community at the Marae stating the following:

“‘kanohi ki te kanohi’ face to face as words written can be blunt and not reflect the intentions of the person or people as a consequence the relationship”.

confirmed his willingness to hold a face-to-face meeting with the iwi leaders at their Marae very soon. The audit team concludes this issue is resolved.
The audit team leader asked for further clarification from the spokesperson and confirmed that the fundamental issue was the FME’s General Manager not being able to hold a face-to-face meeting with the community at their Marae, which is a mark of respect and a very important cultural protocol for the iwi in the process of resolving any disputes and differences with them.

**FME’s Response**

The General Manager confirmed to the audit team that the FME will address all the concerns raised on the letter and fulfill the outlined recommendations after holding a face-to-face meeting with the iwi leaders at their Marae very soon.

**5. Complaint related to sharing a bridge**

On her email of 9th July 2018 the stakeholder who is a Chairperson of Nuhiti Q Incorporation* (iwi) contacted RA and requested to have a meeting with the audit team during the audit.

On the 13th of August 2018 the audit team held a meeting with the stakeholder in a place of her choice in Gisborne, and asked about any concerns or issues she might have about the FME. The stakeholder explained that the main issue of concern is related to a bridge (known as Arero Road Bridge, over the Hikuwai river) the FME is sharing with her organization (Nuhiti Q Incorporation).

She explained that the Arero Road Bridge was given to Nuhiti Q Incorporation by the government. However, the FME have a right of way over the bridge to access their forest. Her concern was as the FME is planning to harvest their forest very soon she has requested the FME management to insure the bridge prior to starting logging so that in case of any damage the maintenance of the bridge is secured. Even though the FME’s Harvesting Manager assured her the bridge was already insured, but never shown her a copy of the insurance document.

*please note that the stakeholder did ask not to conceal their identity to the FME.

**FME’s Response**

The stakeholder advised the audit team she has always been dealing with FME’s Harvesting Manager and based on this understanding the audit team interviewed the Harvesting Manager.

**Complaint related to sharing a bridge**

The audit team visited the bridge and confirmed that it is the only access across the Hikuwai river, for both the Nuhiti Q Incorporation community and the FME’s Waipare Forest.

The audit team concludes the handling of the issue by the FME Management related to this culturally sensitive bridge to iwi is satisfactory.
He explained that the claim by Chairperson of Nuhiti Q Incorporation, saying that the bridge was given to them by the Government was incorrect. To prove that he presented a trail of email correspondence he had with officials at the Land Information New Zealand, asking for verification of title and ownership for the bridge. As a result of his enquiry he was given copy of Register (dated: 23rd May 1991), issued by the Department of Justice Land Registry Office. The register shows that the Arero Road Bridge is part of the Hikuwai river bed. Which means no one owns the bridge. Also, the email correspondence with the Land Information officials (dated: 22/05/18) shows the FME is responsible for the maintenance of the bridge.

He also explained that following obtaining of a copy the Registry about the ownership status and receiving guidance showing that the FME was responsible for the maintenance of the bridge, the FME insured the bridge. The audit team overserved a copy of the insurance certificate and which states: "Period of Insurance: 01/08/2018 to 01/05/2019".

The Harvesting Manager explained that he has been reluctant to inform the Chairperson of Nuhiti Q Incorporation. The main reason for that was she and her community have always believed the bridge belonged to them but have never investigated the truth from the Land Information (i.e. similar to what he did). As his upbringing was in the region he understands that it is culturally sensitive and unwise to tell iwi “you are incorrect” about what they hold as genuinely true.

Regarding the insurance, he said he is willing to show the Chairperson a copy of the insurance certificate.

2.5. Conformance with applicable nonconformity reports

The section below describes the activities of the certificate holder to address each applicable nonconformity report (NCR) issued during previous evaluations. For each NCR a finding is presented along with a description of its current status using the following categories. Failure to meet NCRs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Rainforest Alliance certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

<table>
<thead>
<tr>
<th>Status Categories</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
<td>Operation has successfully met the NCR.</td>
</tr>
<tr>
<td>Open</td>
<td>Operation has either not met or has partially met the NCR.</td>
</tr>
</tbody>
</table>
In the second NCR, the Descriptions of Nonconformance and Related Evidence section reads:

**Indicator 5.6.2**
The enterprise shall have a clear methodology to determine allowable cut and the sustainable harvest levels for the management unit have been calculated using the most up-to-date information, and do not exceed the levels that can be sustained.

The FME management plan states: “Current planning requires a higher level of cut for several more years to smooth out the older age class profile before we can maintain our sustainable cut”. However, this statement only describes what the FME describes increased (“ramp-up”) of the harvest volume of 80,000m³ which could be above and beyond the sustainable harvest level. Hence the FME have not defined the methodology to determine its annual suitable harvest level.

<table>
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**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
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 nonconformance.

**Timeline for Conformance:**
By the next annual audit

**Evidence Provided by Organization:**
FME presented the updated HFF Management Plan which includes the methodology determine its annual suitable harvest level.

**Findings for Evaluation of Evidence:**
The audit team reviewed the updated HFF Management Plan (Review date: 31/01/18) and confirmed Section 7.2.2 contains the methodology to determine the annual suitable harvest level as follows:

“The modelling tool Tigermoth is used to analyse yield tables and financial information to derive long-term sustainable cut options and produce valuation models for the estate. Yield tables are derived from the latest forest inventory data and updated on an annual basis. Additional constraints such as harvest age and maximum and minimum allowable annual harvest volumes are also inputted to avoid huge spikes and dips. Outputs of the model determine the ideal annual cut for the current and subsequent rotations. Multiple scenarios are required to determine the most suitable option to achieve a more even age class and HFFs long term goal of an achievable and consistent sustainable cut into the future without too much compromise in the short-medium term, and without large spikes and dips in the annual cut short or long term”.

The audit team also interviewed operation staff (including the Forestry and Harvest Managers) and obtained further clarification how the methodology is being applied. The audit team concludes that FME have implemented appropriate corrective actions.

**NCR Status:**
CLOSED

**Comments (optional):**

<table>
<thead>
<tr>
<th>NCR#</th>
<th>Standard &amp; Requirement</th>
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<td>Major</td>
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</tr>
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</table>

**Description of Nonconformance and Related Evidence:**

**Indicator 6.2.10**
“Assessment of the effect of activities that occur in threatened species reserve areas other than the primary management objective shall be progressively carried out in management plans.”

The EMS contains a ‘Performance Requirements Summary’ (PRS) to be completed as a measure of contractors performance against requirements set out in their contracts. This does not have any measures in place to show how environmental requirements are assessed and rated.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
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 nonconformance.

**Timeline for Conformance:**
By the next annual audit

**Evidence Provided by Organization:**
The PRS was attached to a schedule that has been replaced. The new requirement is now held within the “Contractor Performance Review Scorecard”.
Findings for Evaluation of Evidence:
The "Contractor Performance Review Scorecard" contains a section on Environmental performance requirements which are more detailed and able to be assessed by supervisors. The Scorecard lists the requirements, documents used to consider and a score indicating: Met, Mostly Met and Not Met. The new form is an improvement on the previous version and will need to be verified for its usage and implementation at the next audit. The audit team concludes that FME have implemented appropriate corrective action.

NCR Status: Closed

<table>
<thead>
<tr>
<th>NCR#</th>
<th>NC Classification</th>
<th>Description of Nonconformance and Related Evidence</th>
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<td>FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.2.13</td>
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<td>Minor X</td>
<td>Appendix IV</td>
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| Indicator 6.2.13 |
| "Management plans and work prescriptions for areas due for harvest or silviculture shall detail steps to be taken to protect rare, threatened or endangered species in production areas in accordance with 6.2.1." |

The assessment of work prescriptions and contracts during the transfer of harvest plans to contractors are to be completed using Engineering reports. However, these Engineering Completion reports are not being filled out properly as per internal requirements.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

Timeline for Conformance: By the next annual audit

Evidence Provided by Organization: The file containing all current and previous reports was provided to and sighted by the auditor.

Findings for Evaluation of Evidence: All Engineering Completion report filed subsequent to the date of the nonconformance have been filled out correctly by the relevant supervisors. A workflow process has been developed to ensure these reports continue to be completed and filled in correctly. Examples of these were:

- Huanui Forest - KFT (contractor) – Julian (supervisor) – 9/8/2017 (report date)
- Huanui Forest - Kuru (contractor) – Wayne (supervisor) – 5/8/2017 (report date)
- Waimanu Forest - BBC (contractor) – Julian (supervisor) – 3/10/2017 (report date)

The audit team concludes that FME have implemented appropriate corrective action.

NCR Status: Closed

Comments (optional):
**NCR#:** 05/17  
**NC Classification:** Major  
**Minor X**  

**Standard & Requirement:** FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.7.1  

**Report Section:** Appendix IV  

### Description of Nonconformance and Related Evidence:

**Indicator 6.7.1**  
“The **forest manager** shall comply, with NZ8409:2004 Management of Agrichemicals (or updates)”.

The Glyphosate records at the chemical store showed a mismatch between stock in hand and quantity recorded in the register.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

**Timeline for Conformance:** By the next annual audit  

**NCR Evaluation Type**  
On-site  
Desk Review  

**Evidence Provided by Organization:** The on-site log and record of chemical movement was presented to the audit team at the chemical and fire storage site.

**Findings for Evaluation of Evidence:**  
The records are held electronically on a computer sited in the fire store. This is separate from the chemical shed and is a requirement to maintain compliance with NZS 8409:2004 Management of Agrichemicals. The records were correct and accurate when compared to the inventory taken by the auditor from the chemical shed. The supervisor in charge of this operation explained that the error from the previous audit had been the result of an employee not filling out the withdrawal of chemical correctly or on time. New instructions have been relayed to all employees with access to ensure that updates occur when they actually happen not when convenient. This is also supplemented by signage instructing the same. It was also recognized that a column within the Excel spreadsheet, where records are held, was not updating automatically and this has now been resolved. The audit team concludes that FME have implemented appropriate corrective action.

**NCR Status:** Closed  

**Comments (optional):**

---

**NCR#:** 06/17  
**NC Classification:** Major  
**Minor X**  

**Standard & Requirement:** FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 7.2.2  

**Report Section:** Appendix IV  

### Description of Nonconformance and Related Evidence:

**Indicator 7.2.2**  
“There shall be procedures for incorporation of monitoring data into the management planning process”.

The audit team did not see any procedure showing how the monitoring data is used into the management planning process by the FME.
Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

Timeline for Conformance: By the next annual audit


Findings for Evaluation of Evidence:
- The audit team confirmed the Monitoring section in the management plan has been expanded to include a summary of the monitoring plan. The updated Monitoring Plan describes what parameters are to be monitored in more detail. Also, the Monitoring Plan also includes a process under the final section titled 'Monitoring Results', to ensure that where applicable monitoring results are incorporated into management planning.
- The audit team also confirmed a direct link to the Monitoring Plan has been included in the Management Plan for easy reference to the Monitoring Plan.
- The audit team interviewed the management representative who is responsible in revising and updating both the Management Plan and the Monitoring Plan and she confirmed that all the monitoring data collected during the audit year was reviewed and all applicable data was used in the planning process. The audit team concludes that FME have implemented appropriate corrective action.

NCR Status: CLOSED

Comments (optional):

<table>
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<tr>
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Description of Nonconformance and Related Evidence:

- **Indicator 8.1.4**
  - "A clear link between the monitoring plan and the management plan shall be established".

The audit team did not find sufficient evidence to show the link between the FME’s monitoring plan and management plan.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

Timeline for Conformance: By the next annual audit


Findings for Evaluation of Evidence:
- As shown in NCR#06/17, above the Monitoring section in the management plan has been expanded to include a summary of the monitoring plan. Also, the Monitoring Plan includes a process under the final section titled
‘Monitoring Results’, to ensure that where applicable monitoring results are incorporated into management planning.

The audit team also confirmed a direct link to the Monitoring Plan has been included in the Management Plan for easy reference to the Monitoring Plan.

The audit team interviewed the management representative who is responsible in revising and updating both the Management Plan and the Monitoring Plan and she confirmed that all the monitoring data collected during the audit year was reviewed and all applicable data was used in the planning process. The audit team concludes that FME have implemented appropriate corrective action.

**NCR Status:** CLOSED

**Comments (optional):**

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<td><strong>Report Section:</strong></td>
<td>Appendix IV</td>
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**Description of Nonconformance and Related Evidence:**

**Indicator 8.4.2 L**

"The results of monitoring shall be incorporated into periodic reviews of the management plan, policy and procedures".

FME did not supply to the audit team with any evidence showing the results of monitoring shall be incorporated into periodic reviews of the management plan, policy and procedures.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

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 nonconformance.

**Timeline for Conformance:**

By the next annual audit

**Evidence Provided by Organization:**

FME presented its updated HFF Management Plan and Bat Management Plan

**Findings for Evaluation of Evidence:**

The audit team reviewed the updated Management Plan and the new Bat Management Plan, and interviewed operation and management staff, and confirmed the evidence showing the results of monitoring were incorporated during the revision of the management plan. The management representative outlined the following examples as part of the evidence:

- The development of a Bat Management Plan for a harvest area in Huanui Forest as a result of RTE monitoring in Huanui forest.
- Altering the harvest schedule for an area in Wakaroa where a falcon nest was discovered.
- A regime review for HFF is underway, due to Forest Industry research and monitoring showing the pruning is not necessarily the most productive regime.
- HFF recently reviewed the Monitoring of Native Forest Areas (formerly referred to as PMA surveys) for effectiveness, and in consultation with DOC have changed what we monitor. The review was in relation to determining health and maintenance and how to get the best out of our monitoring results and out pest/weed control. See review.
➢ HFF is also now looking to get an external contractor to monitor the effectiveness of the Integrated Pest Management Strategy (IPMS).
➢ Another example is in relation to Water Monitoring, HFF have adopted a more robust water monitoring system, as we have determined monitoring turbidity alone is not enough and have expanded to a system that includes stream habitat.

The audit team concludes that FME have implemented appropriate corrective action.

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2.6. New nonconformity reports issued as a result of this audit

<table>
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<td>Report Section:</td>
<td>Appendix IV</td>
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Description of Nonconformance and Related Evidence:

1.1.4 "Where legal non-compliances are identified corrective actions shall be implemented".

The audit team have identified the following:

1. The FME does not have a system in place describing the remedial action process for the legal non-compliance identified following the High Court's decision concerning the give and take trespass issue; and

2. In relation to the storm event, although FME have implemented some actions and offered further remedial work, this has been as a result of the storm effects, complaints and legal enforcement not as a result of the implementation of a system of remedial action being in place.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

Timeline for Conformance: Within 12 months following report finalization date

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<td>Report Section:</td>
<td>Appendix IV</td>
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</tbody>
</table>
Description of Nonconformance and Related Evidence:

2.2.3
“There shall be evidence that free and informed consent to forest operations affecting recognised use rights has been given by affected parties provided that any withholding of consent is neither vexatious nor frivolous”.

A stakeholder complained that the FME had trespassed on their land, felled and attempted to harvest 1.3 ha of pine trees growing on the land. However, the audit team found that the FME felled the trees on assumption of a ‘give and take’ arrangement with a previous landowner, and which the Court didn’t accept, and without informed consent given by the complainant to harvest the trees.

Corrective Action Request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

Timeline for Conformance: 3 months from report finalization

NCR Evaluation Type
On-site ☒ Desk Review ☐

Evidence Provided by Organization:
PENDING

Findings for Evaluation of Evidence:
PENDING

NCR Status:
OPEN

Comments (optional):

NCR#: 03/18
NC Classification: Major
Minor X

Standard & Requirement:
FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 4.4.2; 4.4.3

Report Section: Appendix IV

Description of Nonconformance and Related Evidence:

4.4.2
“The management plan for the defined forest area shall contain a section presenting the results of periodic social impact assessments, appropriate to the scale of operations”.

4.4.3
“Management activities and policies shall be modified, as appropriate, in response to the results of social impact assessment”.

Some stakeholders interviewed commented that due to the huge negative impact left by the flood and the associated forestry debris during the June 2018 storm event in the Tolaga Bay which resulted with a huge quantity of forestry debris dumped on the properties of the surrounding communities and on the beach used by the community. As a result a number community members in the region have developed a level of ‘resentment or hate’ to the forestry companies and their operation in the region.

However, the FME has not taken into consideration to complete a social impact assessment about this storm and modify its management activities and policies following the outcome a social impact assessment.

Corrective Action Request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
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 nonconformance.

<table>
<thead>
<tr>
<th><strong>Timeline for Conformance:</strong></th>
<th>12 months from report finalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NCR Evaluation Type:</strong></td>
<td>On-site ✔ Desk Review □</td>
</tr>
<tr>
<td><strong>Evidence Provided by Organization:</strong></td>
<td>PENDING</td>
</tr>
<tr>
<td><strong>Findings for Evaluation of Evidence:</strong></td>
<td>PENDING</td>
</tr>
<tr>
<td><strong>NCR Status:</strong></td>
<td>OPEN</td>
</tr>
<tr>
<td><strong>Comments (optional):</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Major NCR: 04/18

**NC Classification:** Major X Minor

**Standard & Requirement:** FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 4.5.3

**Report Section:** Appendix IV

**Description of Nonconformance and Related Evidence:**

4.5.3 “Measures shall be taken to avoid, or lessen the risk of similar loss or damage occurring on subsequent occasions”.

Following the storm of June 2018 which resulted with a loss and damage of the properties of the surrounding communities, FME have not taken measures to avoid, or lessen the risk of similar loss or damage occurring in subsequent occasions.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

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 nonconformance.

**Timeline for Conformance:** 3 months from report finalization

**NCR Evaluation Type:** On-site ✔ Desk Review □

**Evidence Provided by Organization:** PENDING

**Findings for Evaluation of Evidence:** PENDING

**NCR Status:** OPEN

**Comments (optional):**

### Major NCR: 05/18

**NC Classification:** Major Minor X

**Standard & Requirement:** FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.1.1

**Report Section:** Appendix IV

**Description of Nonconformance and Related Evidence:**

6.1.1 “The forest manager shall systematically identify and assess the potential site specific environmental impacts (including on-site processing facilities) prior to commencement of all site disturbing activities carried out within the management unit appropriate to the scale and intensity of forest management unit”.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

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 nonconformance.

**Timeline for Conformance:** 3 months from report finalization

**NCR Evaluation Type:** On-site ✔ Desk Review □

**Evidence Provided by Organization:** PENDING

**Findings for Evaluation of Evidence:** PENDING

**NCR Status:** OPEN

**Comments (optional):**
The FME's Environmental Management System considers a number of potential environmental impacts but not those as a result of a major storm event such as that which recently occurred, hence no such assessment has been conducted.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

**Timeline for Conformance:**
Within 12 months following report finalization date

**NCR Evaluation Type**
On-site [x]  Desk Review [ ]

**Evidence Provided by Organization:**
PENDING

**Findings for Evaluation of Evidence:**
PENDING

**NCR Status:**
OPEN

**Comments (optional):**

<table>
<thead>
<tr>
<th>NCR#</th>
<th>NC Classification:</th>
<th>Standard &amp; Requirement:</th>
<th>Report Section:</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/18</td>
<td>Major</td>
<td>FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.3.1</td>
<td></td>
</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**

**6.3.1**
*“Actions to minimize topsoil loss during harvest and replanting shall be implemented”.*

Subsequent to the recent storm event damage in FME forests it has been identified that current control measures may be insufficient and that a plan of action in this regard going forward has not been implemented.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

**Timeline for Conformance:**
Within 12 months following report finalization date

**NCR Evaluation Type**
On-site [x]  Desk Review [ ]

**Evidence Provided by Organization:**
PENDING

**Findings for Evaluation of Evidence:**
PENDING

**NCR Status:**
OPEN

**Comments (optional):**

<table>
<thead>
<tr>
<th>MAJOR NCR#</th>
<th>NC Classification:</th>
<th>Standard &amp; Requirement:</th>
<th>Report Section:</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/18</td>
<td>Major X</td>
<td>FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.3.3</td>
<td></td>
</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**

**6.3.3**
*"The forest manager shall comply with any resource consent".*
FME has been issued a number of abatement notices which allege that the FME has not conformed with some resource consent conditions. These notices are all on FME file A06-5001-01.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

**Timeline for Conformance:** 3 months from report finalization

**NCR Evaluation Type**
- On-site [x]
- Desk Review [ ]

**Evidence Provided by Organization:** PENDING

**Findings for Evaluation of Evidence:** PENDING

**NCR Status:** OPEN

**Comments (optional):**

---

**NCR#:** 08/18  
**NC Classification:** Major | Minor X

**Standard & Requirement:** FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs); COC 1.1

**Report Section:** Appendix V

**Description of Nonconformance and Related Evidence:**
The FME have not identified the responsible person for its COC control system in its documented procedure.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

**Timeline for Conformance:** Within 12 months following report finalization date

**NCR Evaluation Type**
- On-site [x]
- Desk Review [ ]

**Evidence Provided by Organization:** PENDING

**Findings for Evaluation of Evidence:** PENDING

**NCR Status:** OPEN

**Comments (optional):**

---

**NCR#:** 09/18  
**NC Classification:** Major | Minor X

**Standard & Requirement:** FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs); COC 1.3

**Report Section:** Appendix V

**Description of Nonconformance and Related Evidence:**
FME have not included Recordkeeping procedures to ensure that all applicable records related to the production and sales of FSC certified products are maintained for a minimum of 5 years.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
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 nonconformance.

**Timeline for Conformance:**
Within 12 months following report finalization date

**NCR Evaluation Type**
On-site [ ] Desk Review [x]

**Evidence Provided by Organization:**
PENDING

**Findings for Evaluation of Evidence:**
PENDING

**NCR Status:**
OPEN

**Comments (optional):**

<table>
<thead>
<tr>
<th>NCR#</th>
<th>10/18</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement:</td>
<td>FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs); COC 5.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Section:</td>
<td>Appendix V</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**
FME have used the FSC logo without approval on its newsletter and invoices.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
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 nonconformance.

**Timeline for Conformance:**
Within 12 months following report finalization date

**NCR Evaluation Type**
On-site [ ] Desk Review [x]

**Evidence Provided by Organization:**
PENDING

**Findings for Evaluation of Evidence:**
PENDING

**NCR Status:**
OPEN

**Comments (optional):**

<table>
<thead>
<tr>
<th>NCR#</th>
<th>11/18</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement:</td>
<td>FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs); COC 5.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Section:</td>
<td>Appendix V</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**
FME have not included in its procedure that all trademark review and approval correspondence with Rainforest Alliance is kept on file for a minimum of 5 years.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
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 nonconformance.

**Timeline for Conformance:**
Within 12 months following report finalization date

**NCR Evaluation Type**
On-site [ ] Desk Review [x]
2.7. Audit observations

Observations can be raised when issues or the early stages of a problem are identified which does not of itself constitute a nonconformance, but which the auditor considers may lead to a future nonconformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a NCR in the future (or a pre-condition or condition during a 5 year re-assessment).

<table>
<thead>
<tr>
<th>OBS 01/18</th>
<th>Reference Standard &amp; Requirement: FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.3.2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description of findings leading to observation:</strong></td>
<td></td>
</tr>
<tr>
<td>Although there are policies and procedures in place to minimize adverse effects on water quality and aquatic ecology, the result of a recent major storm event has highlighted where areas of improvement could be identified within current procedures.</td>
<td></td>
</tr>
<tr>
<td><strong>Observation:</strong> FME should ensue to have additional procedures to specifically address significant rain events.</td>
<td></td>
</tr>
</tbody>
</table>

3. AUDIT PROCESS

3.1. Auditors and qualifications:

<table>
<thead>
<tr>
<th>Auditor Name</th>
<th>Addis Tsehaye</th>
<th>Auditor role</th>
<th>Audit Team Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications:</td>
<td></td>
<td>Has PhD and F.For.Sc (Distinction) Degrees from the University of Canterbury, New Zealand and a B.Sc (Honors) Degree from the University of Wales, UK.</td>
<td>Is currently working as an Auditor with AsureQuality Ltd.</td>
</tr>
<tr>
<td>Auditor Name</td>
<td>Graeme Gillies</td>
<td>Auditor role</td>
<td>Auditor</td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------</td>
<td>--------------</td>
<td>---------</td>
</tr>
<tr>
<td>Qualifications:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• He is a professional forester and specialist in wood products processing industries with over 25 years experience in the field.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has completed the FSC Transition Exam successfully in April 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• He has been Auditor and Lead Auditor with Rainforest Alliance for 49+ FM/COC and 140+ COC audits and assessments in New Zealand and Australia.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor Name</td>
<td>Justinas Janulaitis</td>
<td>Auditor role</td>
<td>Witness Auditor</td>
</tr>
<tr>
<td>Qualifications:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• NEPCon Certifications Director &amp; Director of Traceability.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has B.Sc. Biology, Supplementary Economy Courses diploma and M.Sc. Business Economy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• FSC certification expert in NEPCon with more than 200 FSC forest management assessments and audits in 8 European countries covering more than 25 million hectares of forestland with NEPCon since 2006.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has been conducting 200+ FSC CoC audits in diverse types of industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has conducted 20+ FSC Expert training courses as lead trainer for FSC Forest Management Certification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor Name</td>
<td>Laura Janulaitiene</td>
<td>Auditor role</td>
<td>Observer</td>
</tr>
<tr>
<td>Qualifications:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Senior Specialist in the Nature Protection Division at the Department of Forest Management and Biodiversity Protection in the Ministry of the Environment of the Republic of Lithuania</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has M.Sc. in Biology with focus on botany and M.Sc.in Internal Auditing.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.2. **Audit schedule**

<table>
<thead>
<tr>
<th>Date</th>
<th>Location /Main sites</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 August 2018</td>
<td>HFF Office, Gisborne</td>
<td>• Opening Meeting with senior management and operation staff.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Audit team interviewed staff and reviewed documentation against FSC Principles and criteria as applicable to this audit and review of conformance documents for open NCRs during the 2017 Audit</td>
</tr>
<tr>
<td>14 August 2018</td>
<td>Various forestry sites</td>
<td>• Assessment of the flood/forestry debris affected properties and the surrounding beach within the Tolaga Bay area during the June 2018 storm;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessment of plantation forests, reserves and HCVs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessment of active operation sites and interview of contractors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessment of soil and water and riparian zones</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessment of wood tracking system (COC)</td>
</tr>
<tr>
<td>15 August 2018</td>
<td>HFF Office, Gisborne</td>
<td>• Continuation of document review and staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessment of Chemical storage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Staff interview;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Closing meeting</td>
</tr>
</tbody>
</table>

Total number of person days used for the audit: 6

= number of auditors participating 2 \( \times \) average number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation 3

3.3. **Sampling methodology:**

The audit team applied a comprehensive strategy to achieve results through review documents, direct observation in the field and interview of staff and contractors and other stakeholders. The documents reviewed includes the sustainable forest management plan policies and procedures covering land preparation and plantation establishment; logging and transportation; road and bridge construction; environmental management (natural vegetation and reserves, monitoring of water quality and pest management strategy); employment policy and contracts and financial documents. The audit team reviewed and examined all documents which are closely related to the FSC Principles and criteria for this audit.

The audit team visited a total of seven (7) the FME’s forests + a chemical store and the construction site of the log optimization plant, Optilog NZ Ltd. The audit team also visited sites affected by the June 2018 Storm within the Tolaga Bay area and a bridge due to stakeholder issue.

The following sampling criterion was applied to select the sample FMUs:

\[ 0.8 \times \sqrt{17} = 3.30 \text{ or (rounded up to next whole number)} = 4 \text{ FMUs}. \]

However, the audit team managed to visit a total of seven (7) FMUs.

Representative sites selected for assessment contain multiple facets of the plantation forest management activities including land preparation, plantation establishment, silvicultural management, harvesting and log
extraction and transportation and infrastructure such as road and bridge construction; Environmental management - sites that can be assessed against management practices affecting the soil and water and the management of riparian zones, reserves, HCVF and fauna and flora (including RTE species).

3.3.1 List of FMUs selected for evaluation

<table>
<thead>
<tr>
<th>FMU/Group Member Name</th>
<th>Rationale for Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Te Marunga Forest</td>
<td>• Examine Crossings including fish passage and the protection of streams from crossing vehicles.</td>
</tr>
<tr>
<td></td>
<td>• Desication (this includes plantings)</td>
</tr>
<tr>
<td></td>
<td>• Interview of planting contractor and employees</td>
</tr>
<tr>
<td></td>
<td>• Cable Logging</td>
</tr>
<tr>
<td>2. Okiwa Forest</td>
<td>• Riparian native vegetation management</td>
</tr>
<tr>
<td>3. Pohaturoa Forest</td>
<td>• Assessment of planting and interview planting contractors and employees</td>
</tr>
<tr>
<td>4. Mahurangi Forest</td>
<td>• Assessment of active harvesting and interview harvesting contractors and employees</td>
</tr>
<tr>
<td>5. Hineroa Forest</td>
<td>• Assessment of post-harvest</td>
</tr>
<tr>
<td>6. Findlay Forest</td>
<td>• Assessment of road construction and maintenance, and interview of contractor and employees</td>
</tr>
<tr>
<td>7. Whareongaonga Forest</td>
<td>• QEII Covenant – Assessment of reserve</td>
</tr>
<tr>
<td></td>
<td>• Assessment native forest protection</td>
</tr>
<tr>
<td></td>
<td>• Assessment of various age plantations</td>
</tr>
<tr>
<td></td>
<td>• Assessment stream Crossings</td>
</tr>
<tr>
<td></td>
<td>• Assessment of historic sites</td>
</tr>
<tr>
<td></td>
<td>• Erosion/Slash Migration concerns</td>
</tr>
<tr>
<td></td>
<td>• Assessment of Kakabeak (RTE species/PMA/HCV)</td>
</tr>
</tbody>
</table>

Arero Road Bridge: Visit of the Arero Road Bridge which is access to the FME’s Waipare Forest in relation to a stake holder complaint.

Tolaga Bay: Assessment of neighboring properties and the beach affected by the flood in in Tolaga Bay

Chemical store, located within the ‘Firestore’, South of Gisborne: Assessment the chemical storage, inventory and field management (mobile chemical distribution unit) Firefighting equipment and infrastructure

Optilog NZ Ltd: Assessment of the FME’s log optimization plant in relation to the wood tracking system (COC)

3.4. Stakeholder consultation process

As shown in above (Section 2.4), the stakeholder consultation notification was developed and distributed by Rainforest Alliance via email 60 days prior to the audit. Further the audit team commenced the stakeholder consultation via phone calls and emails prior to the audit. There was no a public consultation during the audit. The individual consultation includes neighbors, iwi representatives and contractors who are directly affected by or interested with the Hikurangi Forest Farms’ (FME) forest management activities; other interested community members (specifically national/international and regional NGOs); representatives of the regulatory bodies within the central and local government offices and experts.
A summary of stakeholders consulted is presented below:

<table>
<thead>
<tr>
<th>Stakeholder type (i.e. NGO, government, local inhabitant etc.)</th>
<th>Stakeholders notified (#)</th>
<th>Stakeholders consulted or providing input (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local inhabitant</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td>Government</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>iwi</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Expert</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Joint Venture Partners</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>

3.5. Changes to Certification Standards

- **Forest stewardship standard used in audit:**
  - FSC-STD-NZL-01-2012 New Zealand plantations EN (September 2013);
  - FM-35: RA Chain-of-Custody Standard for Forest Management Enterprises (FMEs) (August 2013)

- **Revisions to the standard since the last audit:**
  - ☐ No changes to standard.
  - ☒ Standard was changed (detail changes below)

- **Changes in standard:** ADVICE-20-007-018 V1-0: Advice Note for the interpretation of the default clause of Motion 65 (IFL)

- **Implications for FME:** Conformance to new requirements verified

3.6. Review of FME Documentation and required records

**a) All certificate types**

<table>
<thead>
<tr>
<th>Required Records</th>
<th>Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints received by FME from stakeholders, actions taken, follow up communication</td>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: FME has appropriate mechanism and procedures in place to resolve disputes. Upon receiving complaints from stakeholders a 'Disputes Resolution Form' is completed. There is Disputes Resolution Form which contains a reference File No., the name and title of FME employee dealing with the dispute (usually senior management staff), date when the form was filled, nature of dispute, action taken to resolve the dispute, progress towards resolution.

| Accident records | Y ☒ N ☐ |

Comments: FME follows Incident Recording Incident System (IRIS) which is an international and national online accident reporting system. This system is used as a benchmark for health and safety records in other organizations, and enables identifying trends. The IRIS contains the records of all accidents and incidents. Each incident/accident register shows the person involved incident/hazard description and what remedial action had been taken about the accident/incident. Also, a health and safety compliance audit system is in place on a quarterly basis to ensure that employees are aware of...
the site conditions and possible hazards particular to their operation environment. One (1) fatality and six (6) serious accidents were recorded during the audit period. The investigation process about the causes of the fatality and the accidents was clearly documented.

<table>
<thead>
<tr>
<th>Training records</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
</table>

Comments: The audit team reviewed FME’s training records and verified that FME's employees and contracting companies' employees have completed annual refresher training in the following areas: Fire Training - National Certificate in Vegetation Firefighting; 'Harvesting Crew FSC Road Show'; 'FSC Road Show' for Operation crew; 'FSC Road Show' for Inventory Crew which includes understanding of Historical/Archaeological sites, Biodiversity Guide and Reporting System; FSC Chain of Custody training; FSC Induction for contracting staff. From the training records reviewed, the audit team also verified that most contractor employees have completed training on the nationally recognized Unit standards required to work in the forest. No new employees were hired during the audit period.

<table>
<thead>
<tr>
<th>Operational plan(s) for next twelve months</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
</table>

Comments: The audit team reviewed the operational plan for the next 12 months which comprises the major areas of activities: land preparation, establishment, tending, maintenance and protection and safety and environment. The audit team also reviewed the next 12 months financial budget, allocated to each operational activity and confirmed that the budget is in line with the expected output.

<table>
<thead>
<tr>
<th>Inventory records</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
</table>

Comments: The audit team reviewed the inventory records. The inventory data supplied includes information about growth and condition of the plantation forest, basal area, volume and yield. The standing stocked area (ha) and wood flow (m³) in the last 12 months (July 2017 to June 2018).

<table>
<thead>
<tr>
<th>Harvesting records</th>
<th>Y ☒ N ☐</th>
</tr>
</thead>
</table>

Comments: The harvesting records show the total volume of (m³) of wood harvested between in the last 12 months (July 2017 to June 2018). The records show that the total volume of wood harvested was from Radiata pine species.
APPENDIX I: FSC Annual Audit Reporting Form:

(NOTE: form to be prepared by the client prior to audit, information verified by audit team)

Forest management enterprise information:

<table>
<thead>
<tr>
<th>FME legal name:</th>
<th>Hikurangi Forest Farms Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>FME Certificate Code:</td>
<td>RA-FM/CoC – 001605</td>
</tr>
<tr>
<td>Reporting period:</td>
<td>Previous 12 month period</td>
</tr>
<tr>
<td>Dates:</td>
<td>01/07/2017 – 30/06/2018</td>
</tr>
</tbody>
</table>

1. Scope Of Certificate

<table>
<thead>
<tr>
<th>Type of certificate:</th>
<th>multiple FMU with single group of like FMU-s</th>
</tr>
</thead>
<tbody>
<tr>
<td>SLIMF Certificate:</td>
<td>not applicable</td>
</tr>
</tbody>
</table>

| New FMUs added since previous evaluation | Yes ☐ No ☒ |

Group Certificate: Updated of FMU and group member list provided in Appendix VII-a:

Multi-FMU Certificate: List of new FMUs added to the certificate scope:

<table>
<thead>
<tr>
<th>FMU Name/Description</th>
<th>Area</th>
<th>Forest Type</th>
<th>Location Latitude/Longitude¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMU Name/Description</td>
<td>Area</td>
<td>Forest Type</td>
<td>Location Latitude/Longitude¹</td>
</tr>
<tr>
<td>FMU Name/Description</td>
<td>Area</td>
<td>Forest Type</td>
<td>Location Latitude/Longitude¹</td>
</tr>
</tbody>
</table>

2. FME Information

☐ No changes since previous report (if no changes since previous report leave section blank)

<table>
<thead>
<tr>
<th>Forest zone</th>
<th>Temperate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Area under Forest Type</td>
<td>4122 hectares</td>
</tr>
<tr>
<td>- Natural</td>
<td></td>
</tr>
<tr>
<td>- Plantation</td>
<td>25370 hectares</td>
</tr>
<tr>
<td>Stream sides and water bodies</td>
<td>1422 Linear Kilometers</td>
</tr>
</tbody>
</table>

3. Forest Area Classification

☐ No changes since previous report (if no changes since previous report leave section blank)

<table>
<thead>
<tr>
<th>Total certified area (land base)</th>
<th>35012 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total forest area</td>
<td>29492ha</td>
</tr>
<tr>
<td>a. Total production forest area</td>
<td>25370ha</td>
</tr>
<tr>
<td>b. Total non-productive forest area (no harvesting)</td>
<td>4122 ha</td>
</tr>
<tr>
<td>- Protected forest area (strict reserves)</td>
<td>2357ha</td>
</tr>
<tr>
<td>- Areas protected from timber harvesting and managed only for NTFPs or services</td>
<td>0 ha</td>
</tr>
<tr>
<td>- Remaining non-productive forest</td>
<td>1765 ha</td>
</tr>
<tr>
<td>2. Total non-forest area (e.g., water bodies, wetlands, fields, rocky outcrops, etc.)</td>
<td>5520 ha</td>
</tr>
</tbody>
</table>

4. High Conservation Values identified via formal HCV assessment by the FME and respective areas

☐ No changes since previous report (if no changes since previous report leave section blank)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV1</td>
<td>Forest areas containing globally, regionally or nationally significant concentrations of biodiversity</td>
<td>N/A</td>
</tr>
</tbody>
</table>

¹ The center point of a contiguous FMU or group of dispersed properties that together comprise a FMU in latitude and longitude decimal degrees with a maximum of 5 decimals.

² The HCV classification and numbering follows the ProForest HCVF toolkit. The toolkit also provides additional explanation regarding the categories. Toolkit is available at http://hcvnetwork.org/library/global-hcv-toolkits.
values (e.g. endemism, endangered species, refugia).

<table>
<thead>
<tr>
<th>HCV2</th>
<th>Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</th>
<th>Classified as significant PMAs</th>
<th>544 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV3</td>
<td>Forest areas that are in or contain rare, threatened or endangered ecosystems.</td>
<td>N/A</td>
<td>0 ha</td>
</tr>
<tr>
<td>HCV4</td>
<td>Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).</td>
<td>N/A</td>
<td>0 ha</td>
</tr>
<tr>
<td>HCV5</td>
<td>Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).</td>
<td>N/A</td>
<td>0 ha</td>
</tr>
<tr>
<td>HCV6</td>
<td>Forest areas critical to local communities’ traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).</td>
<td>Historical sites located within the planation forests</td>
<td>9. ha</td>
</tr>
</tbody>
</table>

Number of sites significant to indigenous people and local communities

5. Workers
Number of workers including employees, part-time and seasonal workers:

<table>
<thead>
<tr>
<th>Total number of workers</th>
<th>170 workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Of total workers listed above</td>
<td>162 Male 8 Female</td>
</tr>
<tr>
<td>Number of serious accidents</td>
<td>6</td>
</tr>
<tr>
<td>Number of fatalities</td>
<td>1</td>
</tr>
</tbody>
</table>

6. Pesticide Use
☐ FME does not use pesticides. (delete rows below)
☐ YES ☒ NO
FSC highly hazardous pesticides used in last calendar year
Non FSC highly hazardous pesticides used in last calendar year

<table>
<thead>
<tr>
<th>Name</th>
<th>Quantity</th>
<th># of Hectares Treated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metsulfuron methyl</td>
<td>105.45 kg</td>
<td>1274.7 ha</td>
</tr>
<tr>
<td>Terbutylazine</td>
<td>291 kg</td>
<td>348.6 ha</td>
</tr>
<tr>
<td>Hexazinone</td>
<td>287.5 kg</td>
<td>428.6 ha</td>
</tr>
<tr>
<td>Terbutylazine</td>
<td>366.5 L</td>
<td>182.3 ha</td>
</tr>
<tr>
<td>Hexazinone</td>
<td>383.5 L</td>
<td>308.3 ha</td>
</tr>
<tr>
<td>Glyphosate isopropylammonium</td>
<td>3437.4 L</td>
<td>1274.7 ha</td>
</tr>
<tr>
<td>Polyether Modified Polysiloxane</td>
<td>222.5 Kg</td>
<td>1274.7 ha</td>
</tr>
</tbody>
</table>
APPENDIX II: Rainforest Alliance Database Update Form

**Instructions:** For each FSC certificate, Rainforest Alliance is required to upload important summary information about each certificate to the FSC database (FSC-Info). During each annual audit RA auditors should work with the certificate holder to verify that the information posted on FSC-Info is up to date as follows:

1. Print out current Fact Sheet prior to audit from FSC-Info website or direct link to fact sheets (http://www.fsc-info.org)
2. Review information with the FME to verify all fields are accurate.
3. If changes are required (corrections, additions or deletions), **note only the changes** to the database information in the section below.
4. The changes identified to this form will be used by the RA office to update the FSC database.

Is the FSC database accurate and up-to-date? **YES ☑ NO □**
(if yes, leave section below blank)

**Client Information** (contact info for FSC website listings)

<table>
<thead>
<tr>
<th>Organization name</th>
<th>Primary Contact</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>sPrimary Address</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2, 77 Peel Street, Gisborne, New Zealand</td>
<td></td>
</tr>
</tbody>
</table>

Address

Fax

Email

Webpage

**Forests**

<table>
<thead>
<tr>
<th>Change to Group Certificate</th>
<th>☐ Yes ☑ No</th>
<th>Change in # of parcels in group</th>
<th>total members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total certified area</td>
<td>Hectares (or)</td>
<td>Acres</td>
<td></td>
</tr>
</tbody>
</table>

**Species** (note if item to be added or deleted)

<table>
<thead>
<tr>
<th>Scientific name</th>
<th>Common name</th>
<th>Add/Delete</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Products**

<table>
<thead>
<tr>
<th>FSC Product categories added to the FM/CoC scope (FSC-STD-40-004a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Corrective Action Verification Audit (CVA) Report

Organisation: Hikurangi Forest Farms Ltd (HFF)
Certificate Code: NC-FM/COC-001605
Report Date: 07 March 2019

I. AUDIT PROCESS

Auditor, Qualifications: Graeme Gillies, Lead Auditor.
- Forester, NZCF, NCFPI, Dip. Rur. Stud. Graeme has been in forestry since 1977, specializing in establishment and silvicultural management. He has been a Forest Manager and Consultant to private and commercial owners and is now the Technical Manager - Forestry with AsureQuality.
- Graeme has a wide range of experience in Harvesting, Silviculture, Forest Quarantine, Quality Assurance, Sawmilling and Timber Processing. He has successfully completed a QMS Lead Auditor course accredited by IRCA and IATCA. Graeme has also studied full time to attain the Diploma in Rural Studies (specializing in Natural Resource Management) from Massey University.
- He has been involved in FSC Forest Management and Chain of Custody assessments/audits for 16 years.

Audit Date(s): 11th to 12th February 2019

CVA Type: Desk review ☐ On-site ☒ Location(s): Hikurangi Forest Farms Head Office, Gisborne

Audit Overview: The CVA audit commenced at 8.00 a.m. on 11 February 2019 at the Hikurangi Forest Farms Head Office in Gisborne. The audit started with an opening meeting with senior staff and Management. Following the opening meeting, the auditor interviewed staff and reviewed documentation against the open NCRs from the 2018 audit that were allocated a timeline for review 3 months from the report finalisation (31/10/2018). During this period the auditor also arranged for site visits to 2 forests on the next morning (12/2/2019) to evaluate application of new processes in the field. A closing meeting was held at 3.00 p.m. at the HFF Head Office. All corrective actions, auditor findings and any other issues raised were discussed verbally at the closing meeting as preliminary findings. It was noted by the auditor that – due to the report review and approval (RRA) process – these may be revised or added to during completion of the draft report.
II. NON-CONFORMITY REPORT (NCR) EVALUATION

<table>
<thead>
<tr>
<th>MAJOR NCR#</th>
<th>02/18</th>
<th>NC Classification</th>
<th>Major X</th>
<th>Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement</td>
<td>FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 2.2.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Section</td>
<td>Appendix IV</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Description of Nonconformance and Related Evidence:

2.2.3

“There shall be evidence that free and informed consent to forest operations affecting recognised use rights has been given by affected parties provided that any withholding of consent is neither vexatious nor frivolous”.

A stakeholder complained that the FME had trespassed on their land, felled and attempted to harvest 1.3 ha of pine trees growing on the land. However, the audit team found that the FME felled the trees on assumption of a ‘give and take’ arrangement with a previous landowner, and which the Court didn’t accept, and without informed consent given by the complainant to harvest the trees.

### Corrective Action Request:

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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 nonconformance.

### Timeline for Conformance:

3 months from report finalization

### NCR Evaluation Type

On-site [X] Desk Review [ ]

### Evidence Provided by Organization:

Documentation was provided to the auditor via e-mail on 25/1/2019. The documents included evidence of new procedures and references to other evidence that would be available during the audit. These include:

- Give and Take Agreement Policy
- Give and Take Agreement Procedures
- Tenure and Use Rights Policy
- Tenure and Land Use Procedures
- Staff Guidelines for Managing Neighbour Related Disputes

### Findings for Evaluation of Evidence:

A series of new guidelines, policies and procedures have been developed and implemented. These include:

- Give and Take Agreement Policy
Give and Take Agreement Procedures
Tenure and Use Rights Policy
Tenure and Land Use Procedures
Staff Guidelines for Managing Neighbour Related Disputes

The FME advised the Auditor that the aim of these processes is to ensure that the issues identified in the NCR will be identified and dealt with properly before there is any chance of wrongful use of land, i.e. without clear ownership and use rights.

The Auditor reviewed each of the documents provided by the FME and found them to be very thorough. Specifically, the Tenure and Land Use Procedures ensure that not only issues identified in the NCR (Give and Take) are addressed but also any other land ownership issues will be identified and resolved prior to any operation happening in the affected property.

The Give and Take Agreement Policy clearly states that ‘When planning work within a give and take area, always assume that there is no formal recognition or agreement by both parties concerned, and do not commence works until it is formalised’. Additionally, the Give and Take Agreement Procedures state ‘If an agreement cannot be reached do not proceed with any planned operation on the give and take area in question and move on to the Staff Guidelines for Managing Neighbour Related Disputes and if necessary, the Disputes Resolution Process’.

Similarly the Tenure and Land Use Policy and Procedures make the same statements.

The Auditor reviewed the HFF Disputes Resolution Policy and Procedures and confirmed that they have also been updated to recognise these new processes. The Policy notes that situations that can lead to a dispute may include:
Give and Takes
Access
Boundary fences
Health and Safety
Environmental concerns
Damage
Lack of consultation

During the course of the audit, the GIS team explained and demonstrated to the Auditor how ‘areas of concern, are now identified and that a ‘warning layer’ is now produced which ensures operational planners are notified at the commencement of any future operation.

The Auditor concluded, through interviews, that staff were all well aware of these new processes and were positive in their approach to their use and implementation.

The auditor concludes that FME have implemented appropriate corrective action.
Refer to Exhibit A for copies of policies and procedures.

**NCR Status:** Closed

**Comments (optional):**

<table>
<thead>
<tr>
<th>MAJOR NCR#</th>
<th>04/18</th>
<th>NC Classification</th>
<th>Major X</th>
<th>Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard &amp; Requirement:</strong></td>
<td>FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 4.5.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Report Section:</strong></td>
<td>Appendix IV</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**

4.5.3 “Measures shall be taken to avoid, or lessen the risk of similar loss or damage occurring on subsequent occasions”.

Following the storm of June 2018 which resulted with a loss and damage of the properties of the surrounding communities, FME have not taken measures to avoid, or lessen the risk of similar loss or damage occurring in subsequent occasions.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

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 nonconformance.

**Timeline for Conformance:**

3 months from report finalization

**NCR Evaluation Type**

On-site ✗ Desk Review □

**Evidence Provided by Organization:**

Documentation was provided to the auditor via e-mail on 25/1/2019. The documents included evidence of new procedures and references to other evidence that would be available during the audit.

**Findings for Evaluation of Evidence:**

During the evaluation, the Auditor was advised by the FME that evaluation of this NCR began with HFF conducting a full internal investigation into the Incident; which the FME carried out with the aid of the internal ‘ALL Incident Investigation Form’. According to HFF, this forms part of the Environmental Incident Management section of the newly updated HFF EMS (Environmental Management System).

The report and appendices from this investigation were provided to the auditor at the commencement of the audit. The Auditor reviewed the report and found it to be very detailed, describing the situation immediately after the storm event, what happened, immediate actions taken, contributing factors, root cause factors, post incident remedial action, conclusions and recommendations. This report is accompanied by a Corrective Action Plan (Slash Management) and a ‘Key Findings’ summary provided by an external environmental consultant who attended the investigation with HFF staff.
The Corrective Action Plan for current and future Slash Management identifies the initiative, priority, action and timing for:

- Storm damage
- Current operations
- Longer term solutions

On reviewing the plan, the Auditor concluded that much of the action identified in it will be long term. During the course of the audit, however, the Auditor was informed that many initiatives had already been implemented and/or completed. These include the following, some of which (*) were observed in the field by the Auditor:

- *Updated New improved HFF roading Manual (operators guide)
- *New Procedures developed around slash management
- *High stumps are being left as a trial along creek banks to reduce the migration of slash into waterways.
- A new padfoot roller is being used to improve road compaction during construction.
- *End hauling of slash as well as soil to stable areas.
- Hold settings are being left in high risk areas to provide protection until suitable reestablishment of cutover has occurred within the adjacent area harvested
- Changes to harvest setting boundaries
- *Slash removal from creeks on lower internal flood plains
- *High resolution drone imagery to survey catchments, to aid in decision making.
- *Internal Monitoring Reports provided
- *A new Assessment of Environmental Effects (AEE) planning checklist

According to HFF, future possibilities that are to be explored include hogging of slash, new markets for slash, use of alternative plantation species, etc.

The updated EMS now includes a new Environmental Incident Management section (reviewed by the Auditor) that identifies unintentional events that may have an unforeseen but Significant Environmental Impact, such as unplanned and/or unintended uncontrolled movement of waste, felling of native trees, pollution of waterways, or impact on downstream communities. These procedures include:

- Major Environmental Event Response Checklist
- Environmental Incident Report (EIR)
- ALL incident Report and Investigation Form.
- HFF Compliance and Consequence Policy
- Corrective Action Report

Copies of documents were available during the audit all reports and forms used to date had been completed as per requirements of the respective Policies and Procedures.

NCR 07/18 is closely linked to this one, with the evidence considered to be complementary. Site inspections were conducted by the
The auditor concludes that FME have implemented appropriate corrective action.

Copies of the Incident Investigation report, the Corrective Action Plan and the AEE are provided as Exhibit B.

<table>
<thead>
<tr>
<th>NCR Status:</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments (optional):</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAJOR NCR#:</th>
<th>07/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC Classification:</td>
<td>Major X Minor</td>
</tr>
<tr>
<td>Standard &amp; Requirement:</td>
<td>FSC-STD-NZL-01-2012 New Zealand plantations EN - National Standard for Certification of Plantation Forest Management in New Zealand, 6.3.3</td>
</tr>
<tr>
<td>Report Section:</td>
<td>Appendix IV</td>
</tr>
</tbody>
</table>

**Description of Nonconformance and Related Evidence:**

6.3.3
“The forest manager shall comply with any resource consent”.

FME has been issued a number of abatement notices which allege that the FME has not conformed with some resource consent conditions. These notices are all on FME file A06-5001-01.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

**Timeline for Conformance:**
3 months from report finalization

**NCR Evaluation Type**
On-site [x] Desk Review [ ]

**Evidence Provided by Organization:**
Documentation was provided to the auditor via e-mail on 25/1/2019. The documents included evidence of new procedures and references to other evidence that would be available during the audit.

**Findings for Evaluation of Evidence:**
Although there is not necessarily any failure in compliance with Resource consents, HFF were and are willing to resolve all and any issues around the issuance of several ‘Abatement Notices’ by the Gisborne District Council (GDC). It was noted by the auditor that the aspect of compliance with regulations is yet to be decided and is the subject of an upcoming court case implemented by the Gisborne District Court.

Notwithstanding that, the auditor concluded that HFF have submitted a very far reaching set of policies, processes and procedures which are aimed at addressing current issues as well as implementing new strategies to prevent re-occurrence of similar incidents.
As noted above all the actions provided as evidence for NCR 04/18 also directly impact on the resolution of this NCR.

Overarching these new systems is the introduction of the ‘Resource Consent Compliance & Inspection Policy’. The Auditor reviewed this document and concluded that it has the intent of ensuring HFF operates within the rules and regulations under the RMA, such as Resource Consents, NES-PF, and the Tairawhiti Resource Management Plan. This policy then further references the Environmental Incident Management process in the EMS and described in NCR 04/18.

Complementary to this, the HFF Harvesting Manual is also being updated; with the FME providing the auditor with a copy which he reviewed during the audit. One section in particular referencing this NCR is the implementation of the use of an ‘Environmental Monitoring Inspection report used at least monthly on all Operational harvesting and Construction crews. These reports are fully operational and several examples were provided as evidence during the audit. The report includes information on:

- Drainage and Sedimentation
- Fill Slopes – Construction only
- Slash in waterways
- Site
- Protection of Environment
- Monitoring of Specific Resource Consent Conditions
- Monitoring Notes (including photos)

Reports were well written and in all cases accompanied by photographic evidence for both good and not good findings.

On the 23rd October and the 10th December 2018 GDC enforcement officers and some HFF staff undertook a full inspection of several sites in areas affected by the Abatement Notices in the HFF estate. The GDC reports were provided as evidence of these visits. The reports, whilst not indicating that work was fully complete, did note that remedial work had been satisfactorily done and was well on schedule to be finished. One or two issues were identified but according to the report these were equally applicable to the GDC as well as HFF. Resolution of these will be ongoing between the parties. The concluding statement on remediation work from the report second was ‘The remedial work on skid sites is almost complete and has been well executed’.

During the morning of 12 February the auditor accompanied by 2 HFF staff members visited many of the sites included in these reports, as well as others chosen at random on the day. Remediation work to ensure compliance with Abatement notice requirements has now all essentially been completed and was observed to be to a good level of compliance. Evidence of current slash management practice was observed at one harvest site on
Grade Road in Waimanu forest. End hauling of slash onto skid sites at the completion of operations is now mandatory and harvest operators are actively managing the day to day handling of slash in the approved manner.

The auditor concludes that FME have implemented appropriate corrective action.

Copies of the Resource Consent Compliance and Inspection Policy' and the Environmental Monitoring Inspection report are provided as exhibits.

<table>
<thead>
<tr>
<th>NCR Status:</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments (optional):</td>
<td></td>
</tr>
</tbody>
</table>

### III. CONCLUSIONS

- **NCRs Closed:**
  - ☒ No follow-up required related to closed NCRs
  - ☐ Original NCRs closed and new NCR(s) issued, see section IV below

- **NCRs Open:**
  - ☐ Certification not approved; conformance with NCRs required
  - ☐ Major NCRs not closed; suspension of certification required
  - ☐ Minor NCRs are upgraded to Major; see section IV below
  - ☐ New NCR(s) issued, see section IV below

**Comments/Follow-up Actions:**

Click here to enter text.

### IV. OPEN NCRs

Nil

### V. AUDIT REPORT APPROVAL

*Note: a formal Report Review and Approval (RRA) process conducted by an independent, authorized reviewer is required when the CVA results in certificate/verification/validation issuance or suspension/termination, or when there is a significant change in scope. In all other cases, the report may be approved with the 2nd checkbox below by an authorized RRA reviewer which may be the CVA auditor.*

- ☒ Refer to separate RRA record in NEPCon Salesforce

- ☐ Report approved by way of this checkbox

Approved by: Indu Bikal Sapkota
Date: 07 March 2019

- ☒ Salesforce has been completed with applicable files uploaded, and is updated based on any changes to the Organization details or other areas relevant to the CVA.