



Client Name:	SFM Environmental Solution Pty Ltd Trading as, SFM Forest Products
Date(s) of review:	17 th and 18 th February 2011
Type of review	Surveillance
Site visited (include address)	70 Hampton Road, Battery Point, Tasmania and coupes SFM143a, DH004/6 and SFM122k (three field sites in its Defined Forest Area)
Certification standard	The Australian Forestry Standard, AS4708-2007 Forest management-Economic, social, environmental and cultural criteria and requirements for wood production.
Scope of activities within the scope of certification (short description)	All forest management activities within the Defined Forest Area (DFA), including planning, roading, selective harvesting, silviculture, fire control and regeneration. The DFA is listed in the "DFA Register".
Names of review team members:	Wayne Tibbits
Name of Client Manager, and signatory to this report:	Wayne Tibbits
Exclusions to the standard/management system	Areas of management and operations outside of the DFA. Requirements of AS4708-2007 not in post-certification plan for this audit. These are shown as "Not assessed, as it was not scheduled at this audit."

Review team declaration:

We confirm that for the purpose of this review:

- We did not have any conflict of interest with and is fully independent from the company listed above
- We had the review team has sufficient resources, and competences to complete its review and reach its conclusions,
- We had the appropriate credentials to perform this review in accordance with Global-Mark and applicable accreditation requirements (as applicable)

Comment and disclaimer on this report:

- This report does not and should not be seen as advice. Please consult a qualified advisor or consultant for advice.
 - Due to the sampling nature of third party business reviews, the time available and samples size, some issues, non-compliances or improvements might not have been identified in the present report. This does not imply that these issues do not exist, or are in compliance. Employees, management and other stakeholders of the organization need to and are responsible for, continuously identifying and taking necessary controls to ensure continued compliance with the standard(s), and improvement.
 - Readers of this report should make judgement taking the above into account.
 - The report is confidential, and is owned by the organization listed above, Global-Mark Pty Ltd and the review team members who participated in its preparation. The summary of it is publicly available through the company listed in the "Client Name" or by contacting Global-Mark.
 - Global-Mark reserves the right to make this report available to regulators, and/or funding providers if requested.
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1 Review team conclusions

Audit observations were made, documents inspected and discussions held at this first surveillance audit after initial certification to gather objective evidence for evaluating conformance or nonconformance with certain requirements of The Australian Forestry Standard (AFS) at the SFM Forest Products' office in the Battery Point and at various field sites across their Defined Forest Area.

Following our request and prior to the audit SFM Forest Products provided us with a list that showed that there were 14 coupes that had active operations within the previous three months. Hence, we specified a minimum of three (3) to visit with one selected at random (using random numbers), on the basis of the procedure for determining the sample size. During the audit we walked extensively over the coupes, covering a few kilometres. The coupes visited are listed in Table 1 shown below. Photographs were taken during these visits and some are included in this report.

The scope of certification is the Defined Forest Area of SFM Forest Products as described within their AFS system and listed in a spreadsheet file named "DFA Register for Global Mark 03.12.10" that is filed by Global-Mark separately to this report. The total area is 5,766 hectares, comprising 5,087 hectares native forest for harvest and regeneration and 679 hectares of reserves. This total is spread across some 48 identified coupes.

The forest management system implemented by SFM Forest Products is being maintained and progressing well under effective leadership from the two company Directors and their dedicated and competent small team and a Quality Management System (QMS) assisting AFS implementation. Findings from this business review audit indicate that the management system and its associated forest operations have improved compared with the Stage 2 audit for certification, as we closed all 6 of the findings made then. They are compliant with the regulatory requirements of the Tasmanian Forest Practices Code (2000) and the requirements of the AFS, including systematic management & planning, provision for public participation & good neighbour relationships, managing productive capacity, soil & water values, contribution to carbon cycles, Indigenous & non-Indigenous heritage values, and long-term social and economic benefits.

Our review followed the Post-Certification Plan to assess a sample of 14 of the 40 requirements. The other requirements are reported as "not assessed, as it was not scheduled at this audit". It was conducted as part of an integrated systems audit where their QMS was also reviewed but reported on separately to this.

We found the team employed by SFM Forest Products to be well qualified and experienced. Since the previous audit (June 2010) the team has expanded with three additional staff, though the two latest appointments are working in aspects of the business currently outside of the Defined Forest Area. At this audit it was helpful that the full complement of seven people based in Southern Tasmania were available and all were present at the closing meeting.

Internal organisational procedures appear adequate to give confidence in the adequacy of the forest management system. The internal audit, review and corrective action processes of SFM Forest Products appears adequate, with key staff demonstrating understanding of these. However, we did note two findings (one Improvement Request and one Observation) in the matter of corrective actions and reviews.

This audit reviewed forest harvesting plans and confirmed that there is only selective logging with no instances of conversion of native vegetation to plantation or non-forest cover.

It is noteworthy that these parts of the AFS system function particularly well.

- The forest manager, SFM Forest Products, have been providing opportunities for 14 stakeholders to make their views known on the "SFM Forest Management Plan 2010" and also explaining how stakeholders' views were considered in making decisions. A clear process was followed through sending out version 1 of the strategy, receiving, collating, working through the stakeholders' views received and determining how to consider these views in making decisions on version 2.
- The achievement of an objective and target to purchase a fire tanker for such a small organisation shows their commitment to implement effective measures to reduce the extent and impact of unplanned fires in order to maintain the productive capacity of forests.

The forest manager SFM Forest Management makes available to the public on the SFM website (www.sfm.com.au/downloads) its Forest Management Plan and results of independent certification audit (the summaries (sections 1 and 2) of the previous Stage 1 pre-certification and stage 2 audit business review audit reports).



In addition to the information presented to the forest manager at the closing meeting, we include in this report information pertaining to feedback from stakeholders. We had consultation with a sample from the range of stakeholders identified by the SFM Forest Products on their management of the Defined Forest Area.

- Three stakeholders were selected for completing Global-Mark's 'Stakeholder Satisfaction Survey' and these were contacted by telephone and/or email after the audit. These included (1) a regional water authority, (2) a State Government Department, and (3) a NGO with a strong environmental focus.
- We only received a response from one of these stakeholders, with two declining to comment as the people nominated / listed by the forest manager or available advised that they "have not had any significant interaction with" SFM Forest Products.
- Hence, it is not possible to adequately gauge stakeholder responses.
- However, everything in this single response would lead us to agree with our comments in the previous audit report that the forest manager offers a sufficient level of consultation from towards these stakeholders, provides sufficient opportunity to be involved with development of forest management plans and has staff that display appropriate professionalism.

During this audit we raised seven (7) new findings as observations or improvement requests (AFS terms these minor non-conformances, but we do not consider then issue that need urgent corrective action) across a number of requirements of the AFS. The forest manager during the audit and particularly at the closing meeting identified the root cause of these matters and indicated a plan to address these matters in order to achieve these AFS requirements within an agreed time frame.

We believe that the organization listed above at the site(s) listed above on the basis of this Stage 2 certification business review audit does have the ability systematically meet all the requirements of the standard (listed above), and for the activities/products listed on the Global-Mark scope of certification. The scope of the audit is listed above.

Therefore, continuation of certification is recommended.



Photo - Retained trees of *Eucalyptus rodwayii* after selective harvest by machine thinning at coupe № DH004/6.



Table 1 - List of coupes visited.

Date	Coupes visited	Forest Type/Features	Operations active
17 th February 2011	DH004/6 (Forest Practices Plan # DFR0048-2) Interlaken Road Mr. Angus Scott owner	Uneven-aged <i>Eucalyptus</i> native forest. There were no particular special values identified for protection, as no special flora communities present and no appropriate habitat for fauna species that was to be excluded from the harvest area.	Operations now ceased. Forest selectively harvested by mechanical harvesting in some areas and chainsaw falling in others. Skidding for extraction of logs and processing for various products on the landing.
17 th February 2011	SFM122k (Randomly selected coupe) (Forest Practices Plan # DFR0055)	Uneven-aged <i>Eucalyptus</i> native forest. No special values identified for protection.	Selective harvest operation only lasted for a few days until suspended in summer due to wet weather. Chainsaw falling, processing and skidding extraction of logs.
17 th February 2011	SFM143a at Pelham Tier (Forest Practices Plan # AVL0063) Llandberis (Richard Hallett)	Uneven-aged <i>Eucalyptus</i> native forest. No special values identified for protection.	Operation happening of selective harvest of <i>Eucalyptus</i> native forest. Chainsaw falling, processing and skidding extraction of logs. Segregation of products for transport and sale.

2 Review teams findings

At the conclusion of this review the following presents the status of new and existing findings:

Number of findings:

- Open Total: 7
- Closed Total: 6
- Remaining open: Total: 0 (all from previous audits are now closed)



Photo - Left - Retained trees (with tape tied around the stem) for future high value products at coupe № SFM122k.

Photo - Right - Selectively harvested area of *Eucalyptuss ovata* at coupe № SFM122k showing blue tape boundary with adjoining State Forest.



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End of report