

## Corrective Action Verification Audit (CVA) Report

Organisation:	Greenheart (Suriname) N.V.
Certificate Code:	NC-LS-057290
Report Date:	February 21, 2023

### I. AUDIT PROCESS

Auditor, Qualifications:	Edgar Bámaca, Guatemalan, Agronomist in Natural Renewable Resources. He has a Magister Scientae in Tropical Forest Management. He has 19 years of international experience in forest management and chain of custody assessment and audits and he has received an ISO 14,001 Lead Auditor training. Edgar is currently Manager for the Preferred by Nature LATAM region	
Audit Date(s):	January 21, 2023	
CVA Type:	Desk review <input checked="" type="checkbox"/>	On-site <input type="checkbox"/> Location(s):
Audit Overview:	The organization sent by email exhibits to close the NCRs.	
Changes to Scope since last Audit:	None.	

### II. NON-CONFORMITY REPORT (NCR) EVALUATION

Non-Conformance #:	MAJOR 01/21	
Non-Conformance Grading:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource Standard (LS-02), Requirement: 4.1	
<b>Description of Non-conformance:</b>		
<p>4.1 The Organisation shall review its due diligence system at a minimum annually, in order to address any weaknesses.</p> <p><b>NOTE:</b> Internal monitoring shall cover internal entities and group members/sites (where applicable), as well as for any suppliers and sub-suppliers.</p> <p>4.1.1 All non-conformances and corrective actions identified shall be documented.</p> <p>4.1.2 Organisation shall ensure that all non-conformances are addressed and corrected in a timely manner.</p> <p>4.1.3 Organisation shall make all reports of monitoring available to the Certification Body.</p>		

The organization reviews its DDS on an annual basis according to the protocols. No weaknesses were detected in the internal monitoring. However during field visits, RIL techniques were not properly followed up. This issue was not reported as non-conformance or as an observation to follow up.

**Update Audit 2022:** GHS did not submit its internal audit report to show compliance with this NCR. Even though the restriction of stump height was relaxed by SBB, this NCR is related to monitoring and checking of overall standard's requirements.

<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p><b>Note:</b> Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	3 months (21/01/2023).
<b>Evidence Provided by Organisation:</b>	<ul style="list-style-type: none"> <li>• Internal monitoring, April 2021-March 2022.</li> <li>• Internal monitoring report Greenheart operations Suriname, April 2021-March 2022.</li> </ul>
<b>Findings for Evaluation of Evidence:</b>	<p>The organization has presented the "internal monitoring" of the DDS, including a checklist of all the elements described in the Legality standards. Each category includes the aspects that need to be assessed and the frequency. Due to weather conditions, the organization has delayed the internal forestry monitoring.</p> <p>On August 2022, la organization prepared the internal monitoring that cover concession license monitoring, payment fee, preharvest monitoring, inventory data submitted to Sustainable Forestry Information System Suriname (SFISS), harvest monitoring, SBB-permission letters, volume harvested, % skid trails per kapvak, and others. This report is more related to the forest activities, this was the original gap identified during the 2021 audit.</p>
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	None.

<b>Non-Conformance #:</b>	MAJOR 02/22	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 7.4	
<b>Description of Non-conformance:</b>		

7.4	The Organisation shall assess relevant forest source or supply chain information to ensure that:
7.4.1	information is relevant to indicate legality and ensure compliance with this standard;
7.4.2	information is valid and verifiable; and,
7.4.3	information can be related to the relevant product or supply chain.
<p>By a complaint received at Preferred by Nature it was identified that third party logs were received in Apoera Saw Mill but the system could not trace them as Non LS inputs. Hence no information of the source is available.</p>	
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p><b>Note:</b> Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	03 months (21/01/2023)
<b>Evidence Provided by Organisation:</b>	Answer to the NCR.
<b>Findings for Evaluation of Evidence:</b>	<p>The organization prepared an answer to this NCR that includes procedure in the CoC handbook to avoid using logs of other concessions not managed by Greenheart Suriname.</p> <p>The organization indicated that they conducted an internal investigation and did not find breaches to the procedures. The organization indicates that logs are transported from the forest to the Apoera Saw Mill (ASM), where it is decided if the log is exported or for the sawmill. If the log is for the sawmill is registered in the inventory system.</p> <p>If the organization decides to receive logs from other sources, these logs will be coloring and kept separate, record in the system using the label number (in the record is included the origin), and used in non LS orders.</p> <p>When LS orders start, the Team PPIC (production planning and inventory control) monitors these activities. The Team PPIC plans the LS production and chooses the log to be processes in the sawmill.</p> <p>Some captures were included in the file sent by the organization showing the procedure to monitor logs in the inventory system, how the PPIC team notifies production about the logs to be processed, and how they are monitoring in the system during the bolt production and in the sawmill process.</p>

	Considering the exhibits presented by the organization, the NCR can be closed; however, during the following audits this aspect shall be reviewed by the auditors.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	None.

<b>Non-Conformance #:</b>	MAJOR 05/22	
<b>Non-Conformance Grading:</b>	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	LegalSource Standard (LS-02) V2.1, Requirement 9.4, 9.5,9.6 NEPCon Generic Chain of Custody Standard (NC-STD-01), Requirement 6.2	
<b>Description of Non-conformance:</b>		
<p>9.4 The Organisation may make general promotional claims about its LegalSource conformance status.</p> <p>9.5 When making a LegalSource sales claim, the Organisation shall include its LegalSource certification code on the promotional material alongside the claim.</p> <p>9.6 The Organisation shall submit all claims related to the LegalSource program to the Certification Body for review and approval prior to use.</p> <p>6.2 Organisation shall submit all claims to NEPCon for review and approval prior to use.</p> <p>GHS used the trademark in its website: <a href="https://www.greenheartsuriname.com/legal-source">https://www.greenheartsuriname.com/legal-source</a> without Preferred by Nature review and approval.</p>		
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p><b>Note:</b> Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>	
<b>Timeline for Conformance:</b>	3 months (21/01/2023)	
<b>Evidence Provided by Organisation:</b>	LINK: <a href="https://www.greenheartsuriname.com/ls-certification">https://www.greenheartsuriname.com/ls-certification</a>	
<b>Findings for Evaluation of Evidence:</b>	The organization has removed the trademark "LegalSource" of the site, and has started a formal approval process with Preferred by Nature. The organization mentioned that they were not clear about the procedure and the correct use of the LegalSource Trademark.	
<b>NCR Status:</b>	<b>CLOSED.</b>	

Comments (optional):	None
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### III. CONCLUSIONS

NCRs Closed:	<input checked="" type="checkbox"/> No follow-up required related to closed NCRs <input type="checkbox"/> Original NCRs closed and new NCR(s) issued, see section IV below
NCRs Open:	<input type="checkbox"/> Certification not approved; conformance with NCRs required <input type="checkbox"/> Major NCRs not closed; suspension of certification required <input type="checkbox"/> Minor NCRs are upgraded to Major; see section IV below <input type="checkbox"/> New NCR(s) issued, see section IV below
Comments/Follow-up Actions:	None.

### IV. OPEN NCRs

*No New NCR was issued.*

### 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 2<sup>nd</sup> checkbox below by an authorized RRA reviewer which may be the CVA auditor.*

<input type="checkbox"/> Refer to separate RRA record in NEPCon Salesforce
<input checked="" type="checkbox"/> Report approved by way of this checkbox Approved by: Edgar Bámaca Date: February 21, 2023 <input checked="" type="checkbox"/> 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.