

# Global-Mark Form: Public Summary Report FSC Controlled Wood (FSC-STD-40-005)



COMPANY NAME	
Date of the audit:	11-13 <sup>th</sup> July & 27 <sup>th</sup> July 2022
Type of audit:	Recertification Audit
Company Controlled Wood certification code:	GMP-CW-104288
Certificate expiry date:	23/September/2022
Sites included in the scope:	Jews Head, Edrom Road, Eden 2551 NSW Lot 2, Edrom Road, Eden Massey Green Drive, Burnie 7320 Tasmania Level 1, 99 Coventry Street, Southbank 3006 Vic. Head Office.
Origin of material:	New South Wales, Tasmania, Victoria
Applicable risk assessment/s for the origin:	FSC-NRA-AU v2.0

Due Diligence System (DDS)	
Information on who developed the DDS (or elements of it) including whether it was an external party:	Developed internally.
Information on the Company's public DDS:	Company's public due diligence system is kept on the clients file on the FSC database. It is included in the stakeholder consultation undertaken by Global-Mark.
Was an extension granted to extend the timeline for the Company to adapt its DDS to a new risk designation?	NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>
Justification and circumstance for granting an extension:	
Justification for the Company excluding confidential information:	
For surveillance evaluations, describe any significant changes to the DDS:	This is a recertification audit.

Supply Chain Information	
Participating Site: Eden, NSW	
Number of direct suppliers:	4 suppliers
Approximate number of sub-suppliers:	0 - all forest managers
Supplier type:	Forest Manager (logs delivered directly from forest) <input checked="" type="checkbox"/> Primary Processor <input type="checkbox"/> Secondary Processor <input type="checkbox"/>

<b>Average length of the supply chain (i.e. how many organisations exist up the supply chain):</b>	0
<b>Description of the risk of mixing with non-eligible or unknown inputs throughout the supply chain:</b>	The organisation has maintained segregation from ineligible inputs at the log storage stage. However, once the material is chipped, it is now on a mixed stockpile, where the organisation relinquishes ownership. The material on the stockpile is ineligible to be sold with FSC claims and it was confirmed through viewing all invoices produced over the last audit period that no hardwood chip sales have been made with FSC claims, therefore there is no hardwood material entering the FSC supply chain. There is no risk of mixing in the softwood log yard as all softwood material has been sourced in accordance with the due diligence system.
<b>Participating Site: Burnie, Tasmania</b>	
<b>Number of direct suppliers:</b>	5 (through toll chipping)
<b>Approximate number of sub-suppliers:</b>	0
<b>Supplier type:</b>	Forest Manager (logs delivered directly from forest) <input checked="" type="checkbox"/> Primary Processor <input type="checkbox"/> Secondary Processor <input type="checkbox"/>
<b>Average length of the supply chain (i.e. how many organisations exist up the supply chain):</b>	0
<b>Description of the risk of mixing with non-eligible or unknown inputs throughout the supply chain:</b>	The organisation maintains good segregation on-site between native stockpiles and plantation stockpiles. However, the material is co-mingled once it travels to the Port. However, the organisation does not have ownership of this material and it was confirmed no FSC sales have been made, therefore there is no material entering the FSC supply chain.

<b>Evaluation Summary</b>	
<b>Briefly describe the system for auditor evaluation of the DDS (as per WI 30) for example the number of control measures sampled:</b>	<p><b>Controls used by the organisation and reviewed during the audit:</b></p> <ul style="list-style-type: none"> <li>▪ Source plantation timber only (in scope of the certificate).</li> <li>▪ Pre-harvest survey and field assessment where required.</li> <li>▪ Any native forest within plantation footprint to be excluded from activities.</li> <li>▪ Source product from forest operations that have occurred in an area that has been subject to an approved operational plan.</li> <li>▪ Consult with experts</li> <li>▪ Field audits of suppliers.</li> <li>▪ Staff and contractors are trained to know when to stop operations to avoid HCVs.</li> </ul> <p>All control measures were sampled during the audit.</p>
<b>Number of field verifications (including supplier premises and Supply Units):</b>	3 field audits undertaken



<p><b>Justification for the rate of sampling:</b></p>	<p>3 out of 4 properties were visited during the audit- 75% sample is appropriate and above minimum 20% required.</p> <ol style="list-style-type: none"> <li>1. Cpt 9, No.4 Road, Bondi SF</li> <li>2. Bates Road, Craigie SF</li> <li>3. Tantawangalo Mountain Rd, Cathcart</li> </ol>
<p><b>Briefly describe the summary of findings for field verifications:</b></p>	<p>1. Murphy09 (Tantawangalo Mountain Road, Cathcart, NSW; owned by Sapphire Forests).  <i>Eucalyptus nitens</i> plantation, age 11.5 years.          Mostly already harvested (harvesting had been paused due to excessive rain); with no activity on site at the time of the field inspection, and therefore no operators interviewed.          (The Management Representative accompanied the auditor for much of the site inspection, providing interpretation as requested.)          Native vegetation was inspected and found to be consistent with HCV assessment results; no damage or threats identified on site.</p> <p>2. Craigie Forest No. 1069 (Bates Road, Craigie, NSW; FCNSW plantation).  <i>Pinus radiata</i> plantation, established 1978.          Partially harvested, with crew operating in northern area behind 'closed road' signage (did not therefore interview harvesting crew).          Interviewed two FCNSW staff regarding FCNSW procedures including pre-harvest planning (desk review and mapping, pre-harvest due diligence); management of native vegetation on site; training and induction of harvesting crews; site remediation.          Native vegetation was inspected and found to be consistent with HCV assessments. Deep rutting was observed on site but there had been - prior to the site visit - substantially above-average amounts of rainfall.</p> <p>3. Bondi State Forest No. 128 (No. 4 Road, Bombala, NSW; FCNSW plantation; compartments 50-57).  <i>Pinus radiata</i> plantation, established 2008.          Already harvested at the time of the field inspection (harvested November 2021).          No HCVs observed on site nor in mapping/ documentation provided by Management Representative.          Relatively small site sandwiched by other <i>P. radiata</i> plantations and roads.</p>

Summary of Non-conformities		
Non-conformities raised during current audit		
Criterion	Due Date	Details
FSC-STD-40-005 @ 1.1	12-months	<p style="color: red;">There are elements within the due diligence system that are no longer applicable but have not been amended, hence the DDS has not been maintained. For example, there is reference to supplier Sustainable Timbers Tasmania and source origin of Tasmania,</p>

		however the due diligence system is not being implemented for this supplier or region. In addition, there are references to control measures that are no longer being implemented due to a change in resource availability. This has led to major non-conformities being raised.
FSC-STD-40-005 @ 1.6	12-months	Whilst the organisation has reviewed their DDS in November 2021, the organisation has not revised its DDS in light of changing resource availability which has implications for the scope, species and control measures being implemented by the organisation. Thus, the DDS has not remained relevant or effective, leading to major non-conformities being raised.
FSC-STD-40-005 @ 1.10	Prior to reinstatement of certificate	The organisation has defined its DDS to include hardwood plantation material, which historically was segregated. However, since the fires of 2020, the available plantation hardwood material has reduced to the point where segregating on a single stockpile is no longer a feasible option at Eden. At Eden, there has been a financial transaction of this material to ANWE (who owns the stockpile at Eden) and the Organisation relinquishes ownership of the material once on the stockpile, likewise the material at BCET is owned by STT. Since this material can no longer be kept segregated, the material is ineligible as controlled material and cannot be included in the scope of the DDS. It is noted the company has never made any FSC claims about this material to their customers as confirmed through viewing all invoices issued by the Organisation and the owner of the mixed stockpile. It is also noted that feedback from stakeholders during certification body consultations identified the reduced availability of hardwood plantation resource and high risk of a mixed stockpile and lack of segregation as a concern, which is justified given the conclusion of the audit team.
FSC-STD-40-005 @ 3.5	Prior to reinstatement of certificate	The organisation has concluded there is no risk of mixing in the supply chain, however, during the audit at Eden and at Burnie, the auditors found there is indeed mixing with ineligible material. This is occurring at the wharf at Burnie under TasPorts, where plantation material is mixed with native material and sold as EO (not sold with any FSC claims), where previously there had been temporal separation applied. Pentarch do not have legal ownership of this material. At Eden, material is added to a mixed stockpile (again not sold with FSC claims) although this is sold to ANWE at this point. However, even if the organisation is not selling the material as FSC Controlled wood, there still needs to be a functioning system in place that reflects the controls specified in the due diligence system and which accurately captures the risks present within the supply chain.
FSC-STD-40-005 @ 4.1	Prior to reinstatement of certificate	The Management Representative confirmed during interview on 12 July that Pentarch Forestry Pty Ltd's COC/CW system had changed during the audit period, yet the DDS had not been updated to reflect these changes including current implementation of on-site activities. As a result, several of the control measures -- described as being implemented by the Organisation to mitigate risk associated with origin and risk of mixing in the supply chain -- were not currently being implemented and had not been for some months. See Table 4; examples of control measures that are not currently being implemented include dedicated wood chip stockpiles; clear separation between hardwood and softwood wood chip stockpiles; checks conducted following a change in product.  Major Finding 71 is therefore raised, relating to gaps identified as to the Organisation's implementation of adequate control measures.



FSC-STD-40-005 @ 4.9	12-months	<p>The Audit Team was provided with, and reviewed, the 2020 Biosis report that Pentarch commissioned on the assessment of potential HCVs within the Sapphire Forests estate. The report describes a number of recommendations, as follows:</p> <ul style="list-style-type: none"><li>- Targeted field assessments to confirm habitat suitability for threatened species identified within Section 3.1.1</li><li>- Targeted field assessments to confirm the presence of TECs identified within Section 3.3.1.</li><li>- Consultation with Traditional Owners in order to identify values of HCV 5.3 could be undertaken, although it is noted that HCV 5 has a low level of risk as determined by the NRA (2019b), and as such this would not be required in order to meet the standard FSC-STD-40-005 V3-1.</li><li>- Consultation with Traditional Owners in order to record intangible cultural heritage values in line with HCV 6.</li><li>- Targeted field assessments to confirm the presence of identified and potential cultural heritage values identified within Section 3.6.</li></ul> <p>In a similar vein, a recommended control measure relating to hardwood plantations in NSW (see FSC NRA for Australia, page 156-157) is that -- for HCV 1 -- the supplier undertakes pre-harvest koala surveys to determine presence. Where koalas are determined to be present, appropriate risk mitigation and management measures are implemented (HCV 1); and appropriate buffers and/or koala habitat clumps are retained and protected (HCV 3; see HCV Assessment Framework, page 23). While the Audit Team confirmed that at least one supplier undertook pre-harvest koala surveys, the Organisation does not include these recommended control measures in its DDS.</p>
FSC-STD-40-005 @ 4.12	Prior to reinstatement of certificate	<p>In relation to HCVs, applicable mandatory control measures are described for sub-categories 3.3 (HCV 3), 3.4 (HCV 4) and 3.6 (HCV 6). For all plantations in all bioregions, a mandatory control measure is the use of the HCV Assessment Framework, i.e. the applicable assessment pathway/ SIR category combination. The minimum requirements for Standard SIR, described as 'designations' for each of the HCV sub-categories, are summarised as follows:</p> <ol style="list-style-type: none"><li>1. Consult Best Available Information (BAI) to identify relevant datasets and prepare lists and maps of potential HCVs</li><li>2. Consult experts and other knowledgeable stakeholders to identify HCVs</li><li>3. Undertake a threat assessment of management activities on the identified HCVs</li><li>4. Identify control measures required to maintain identified HCVs</li><li>5. Consult stakeholders on assessment and control measures</li><li>6. Implement control measures.</li></ol> <p>Additional mandatory control measures are also described for HCV 4 and HCV 6. For the former, harvesting codes of practice shall be adhered to; which the Audit Team concludes is, generally, being implemented. For the latter, measures for maintaining Indigenous cultural values shall be agreed to with the Indigenous Peoples connected to the management unit, and/or as directed by state and territory laws. The Management Representative confirmed during interview on 13 July that the Organisation implements the latter approach.</p> <p>Having reviewed the Organisation's DDS, the Audit Team confirmed that Pentarch Forestry Pty Ltd is not implementing all control measures considered mandatory, including undertaking a</p>

		threat assessment of management activities on identified HCVs; and implementing stakeholder consultation to identify HCVs, and in relation to assessment and control measures, in the context of management activities. Given the level of stakeholder interest in the recertification audit of the organisation through the consultation activities of the certification body, it is evident the organisation has many interested stakeholders, which makes the required stakeholder engagement efforts by the organisation all the more crucial.
<b>Actions taken to correct previous non-conformities</b>		
<b>Criterion</b>	<b>Closed/upgraded?</b>	<b>Details</b>
FSC-STD-40-005 v3.1 1.7	CLOSED	Confirmed the internal audit was against the full DDS dated 29/11/2021
FSC-STD-40-005 v3.1 1.8	CLOSED	The Certification Manager was included in the internal audit as an auditee (section in the Internal audit form contain 'persons involved')
FSC-STD-40-005 v3.1 3.5	CLOSED	Confirmed the reference to the mixing risk assessment does not contain 'low' risk, rather it mentions the potential risk identified and the control measure.
FSC-STD-40-005 v3.1 Annex B 1.2	CLOSED Upgraded due to >12 months closure time	The organisation was under the belief that stakeholder consultation would not be required and no further engagement has been undertaken. There was instruction that when stakeholder consultation is to be undertaken it would be at least 6 weeks in advance. It was confirmed via interview that the management representative is well aware of the requirement to provide at least 6 weeks for consultation feedback. This is also clearly documented in the DDS at Section 6.4. The failure to undertake stakeholder consultation is a new finding at No. 71 (Major).
FSC-STD-40-005 v3.1 Annex B 3	CLOSED	The organisation provided their stakeholder list with Indigenous representative listed.
FSC-STD-40-005 v3.1 Annex B 3	CLOSED	The organisation provided their stakeholder list with FSC Australia listed.
<b>Certification decision:</b>	The organisation has received 5 or more major non-conformities across FSC-STD-40-004; FSC-STD-40-005 and FSC-STD-40-003 and as such the certificate is suspended for the remainder of its validity period effective 29 <sup>th</sup> August 2022.	

<b>Stakeholder Consultation Summary</b>	
Prior to the first evaluation and subsequent re-evaluations and if material has been sourced from unassessed, unspecified or specified risk areas, Global-Mark is required to undertake stakeholder consultations according to the size and scale of the client's due diligence system (DDS) to verify compliance.	
<b>Geographical area(s) for which stakeholder consultation was conducted (e.g. geo-reference data, state, province, supply units):</b>	NSW, Tasmania, Victoria
<b>Stakeholders contacted by type</b>	
<b>Economic stakeholder:</b>	8 economic stakeholders contacted including suppliers, and certificate holders.



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<b>Environmental stakeholders:</b>	12 environmental stakeholders, including environmental departments and ENGOs.
<b>Social stakeholders:</b>	21 social stakeholders, including indigenous representatives.
<b>FSC National Network:</b>	FSC Australia
<b>Others:</b>	7 others, including consultants, government forest agencies
<b>Summary of comments received:</b>	<p>There was a total of five submissions. A summary of concerns include:</p> <ul style="list-style-type: none"><li>• Lack of segregation procedures for native and plantation material</li><li>• Diminishing hardwood plantation resource</li><li>• Concerns regarding company associations</li><li>• Concerns regarding the use of FSC claims on native material</li></ul>
<b>Summary of Global-Mark response:</b>	<p>Global-Mark will provide individual replies to the stakeholders that have participated in the stakeholder consultation process, including how their comments were considered during the audit. A copy of the public summary report will be attached.</p>

**End of report**