

PENTARCH FORESTRY MANAGEMENT PROCEDURE  
FSC® CONTROLLED WOOD DUE DILIGENCE SYSTEM – PUBLIC SUMMARY

The Pentarch Forestry P/L (Pentarch) Controlled Wood Due Diligence System (DDS) has been developed for material supplied without a Forest Stewardship Council (FSC®) certification claim. It aims to minimise the risk of sourcing wood from ‘unacceptable sources’ through obtaining information, assessing associated risk and mitigating the risk if required.

The FSC standard - Requirements for Sourcing FSC® Controlled Wood (FSC-STD-40-005 V3.1) outlines the requirements for a due diligence system to enable Pentarch to avoid material from unacceptable sources.

These controlled wood categories of unacceptable sources include:

1. wood that has been illegally harvested;
2. wood harvested in violation of traditional and human rights;
3. wood from forests in which high conservation values are threatened by management activities;
4. wood from forests being converted to plantations and non-forest use; and
5. wood from forests in which genetically modified trees are planted.

This document provides a written summary of Pentarch’s due diligence system.

## 1. Scope

The scope to which this due diligence system applies is for softwood plantation supply from Southeast NSW and East Gippsland, Victoria into the Eden site in NSW.

Softwood supply for NSW is sourced primarily from plantations managed by Forestry Corporation of NSW and may include other private forest management companies such as Hume Forests and Primary Securities. Depending on supply, it can also include supply from private landholders with small holdings.

The scope of the DDS also includes hardwood plantation supply to Pentarch’s site at Burnie in Tasmania, primarily from the north-west of the State. The point at which the hardwood plantation product leaves Pentarch’s due diligence system is when the woodchips are unloaded from the truck at the Burnie Port.

Hardwood plantation suppliers for the Burnie site primarily include Sustainable Timber Tasmania, Reliance Forest Fibre and AKS Forest Solutions. Some of these companies hold FSC certification to supply FSC Controlled Wood. Pentarch Forestry conducts toll chipping and transport activities for these companies.

**Table 1** below provides a summary of FSC certification information on Pentarch Forestry and its supply area.

<b>Certificate holder</b>	Pentarch Forestry P/L	<b>Certification Body (CB)</b>	Global Mark
<b>FSC certificate code</b>	GMP-COC-104288 GMP-CW-104288	<b>Date of CB approval</b>	23/09/2017 (FSC CoC) 03/05/2018 (FSC CoC CW)
<b>Certificate holder address</b>	Level 1, 99 Coventry Street Southbank, VIC	<b>Address of CB</b>	Suite 4.07, 32 Delhi Road North Ryde, NSW, 2113
<b>Districts covered with this risk assessment</b>	1. Southeast NSW, 2. Northwest Tasmania, 3. East Gippsland, Victoria.		
<b>Ecoregion</b>	<a href="#">The National Reserve System (NRS) - Australia's ecoregions</a> Eco-region is classified as being Temperate Broadleaf and Mixed Forest.		
<b>Bioregion</b>	<a href="#">The National Reserve System (NRS) - Australia's bioregions</a> Southeast Corner, Southeast Highlands, Tasmanian Northern Slopes, Tasmanian West, King		

## 2. Due Diligence System

There are 3 main steps that make up Pentarch's due diligence system, as follows:

1. Gathering of information on material category, species and origin;
2. Conducting a risk assessment on origin and supply chain; and
3. Putting measures in place to mitigate any identified risks.

Once this process is completed a decision is made as to whether to accept that the material received as controlled.

### 2.1 Gathering information about Wood Supply Chain

Before material can enter Pentarch's supply chain and be purchased or supplied to a customer, a process confirming ownership and legality is undertaken.

Information is collected such as:

- the material to be delivered (i.e. product type and amount, species);
- where the material is coming from (i.e. origin);
- names & addresses of suppliers;
- certification status of the supplier; and
- where it fits along the supply chain.

If the material originates from an FSC certified source, its certification status still needs to be confirmed. This is done through searches and checks of the FSC database to determine the current status of the supplier's certification.

Pentarch must collate enough information to be able to conduct an adequate risk assessment and implement control measures to mitigate any potential risk.

Suppliers are required to advise Pentarch when there are any changes in species type delivered, the origin of supply or changes in the supply chain. It is enforced through the signing of a self-declaration form by the suppliers that this information will be provided to Pentarch in a timely manner.

### 2.2 Risk Assessment

Risk assessments are conducted to evaluate the risk of receiving material from unacceptable sources. It verifies non-FSC-certified material as acceptable for the purpose of producing and selling FSC Controlled Wood.

The first step is to determine the risk related to the origin of the material for each controlled wood category.

As all of the material that Pentarch acquires is from within Australia, the FSC National Risk Assessment for Australia (FSC-NRA-AU V2-0) is used to determine the risk related to the origin of the material for each of the five controlled wood categories.

The second step is to conduct a risk assessment to determine if the material received by Pentarch is at risk of being mixed with other sources along the supply chain that may be considered unacceptable.

## Step 1 - Risk of Origin

The FSC National Risk Assessment for Australia (FSC NRA) has determined the risk level for each category of wood from unacceptable sources within each state of Australia. The determination of risk relevant to Pentarch's operations is shown in Table 2. Note this is for the supply of plantation material only.

**Table 2.** FSC National Risk Determination for Pentarch's scope within New South Wales, Victoria and Tasmania.

FSC CW Category	Summarised Risk Determination
1. Illegally harvested wood	Low risk
2. Wood harvested in violation of traditional and human rights	Low risk
3. Wood from forests where high conservation values are threatened by management activities	
3.0 - Data availability to enable assessment of HCV presence and threats from forest activities	Low risk
3.1 - Species diversity	Low risk – hardwood plantations in Tas Low risk – all softwood plantations
3.2 - Landscape level ecosystems and mosaics	Low risk – all plantations
3.3 - Ecosystems and habitats. Rare, threatened or endangered ecosystems, habitats or refugia.	Low risk – hardwood plantations in Tas Low risk – all softwood plantations
3.4 - Critical ecosystem services	Specified risk
3.5 - Forest areas fundamental to meeting basic needs of local communities	Low risk
3.6 - Cultural values	Specified risk
4. Wood from forests being converted to plantations or non-forest use	Specified risk – NSW, Vic, Tas
5. Wood from forests in which genetically modified trees are planted	Low risk

Where the risk has been classified as specified in the table above, Pentarch must implement control measures to mitigate these risks. As can be seen in the table, there are three indicators where the risk has been identified as specified under Pentarch's scope.

The FSC Australia HCV Evaluation Framework (Version 2-0 August 2021) provides an assessment pathway for the identification of HCVs and determining the most appropriate control measures.

## Step 2 - Risk of Mixing in Supply Chain

Pentarch needs to determine the risk of whether material received could be mixed with other wood from unacceptable or unknown sources along the supply chain including transport, processing and storage. Each step of the supply chain needs to be assessed to determine whether there is any risk.

Because Pentarch has a relatively simple supply chain where it sources material directly from the forest, the potential for the material to be mixed with unacceptable sources is low. Once control measures are implemented (as described in section 2.3.2 below) there is no risk of mixing with unacceptable sources.

If the supplier already has FSC certification, then no further risk assessment is required.

Processes are followed to ensure all material is correctly identified and segregated throughout the supply chain. Mixing of material with non-eligible material along the supply chain will not be accepted.

## **2.3 Risk Mitigation and Control Measures**

Following the requirements of the national risk assessment, specified risks for the source of the material that Pentarch accept were identified. This section explains the control measures that Pentarch have put in place to manage these risks.

### **2.3.1 Control measures for indicators identified as specified risk for origin of material**

#### **2.3.1.1 FSC CW Category 3.4 and 3.6 - High conservation values**

To enable Pentarch to manage any threats that their management activities may have on HCVs, it first needs to have knowledge on what HCVs maybe within the supply area.

Appendix A of the FSC NRA provides sources of HCV information at both the Commonwealth and State level. It represents a minimum set (but not the only set) of information that has been used to assist in the identification and assessment of HCVs. It provides a list of databases that can be referred to, to help determine the identification and presence of HCVs within Pentarch's supply area.

As part of the finalisation of the FSC NRA for Australia, the previous HCV Evaluation Framework (V3.4) was also revised and updated to the High Conservation Values (HCVS) Evaluation Framework, Version 2-0, dated August 2021. This document is an approved document under FSC-PRO-60-002b List of FSC Approved Controlled Wood Documents. Using this document is considered a mandatory control measure where specified risks have been identified within the FSC NRA and must be used in the development of appropriate control measures.

The framework specifies requirements and guidelines for each HCV element and subset of values (known as designations) that are considered to be important within the Australian context. It also provides information on the recommended and mandatory control measures that should be used to avoid threats on identified HCVs.

The list below is a summary of main control measures that Pentarch utilises to manage risk. Other control measures may also be implemented for specific situations as required:

- Sourcing plantation timber only,
- Sourcing material from suppliers that have sustainable forest management certification where possible,
- Following the assessment pathway indicated with the HCV Framework,
- HCV systems audits on suppliers and field verification if required,
- Field audit of supplier premises e.g. sawmills supplying residue from plantation logs, if applicable,
- Consulting experts and other knowledgeable stakeholders when required.

Table 3 below provides a summary of control measures that are used to mitigate the risk of operations on the two indicators designated as specified risk (HCV 3.4 and 3.6) under controlled wood category three – Wood from forests where high conservation values are threatened by management activities.

**Table 3. Control measures and desired outcomes for HCVs**

Designation	Indicator Description	Control Measures	Desired Outcomes
<b>3.4 (HCV 4) Critical ecosystem services:</b> Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.			
HCV 4.1 <i>Not required for low SIR*</i>	Areas that provide <i>protection</i> from flooding	<ul style="list-style-type: none"> <li>▪ Supplier desktop system audit to review the following: <ul style="list-style-type: none"> <li>– Classification of soil types</li> <li>– Evidence that landscape issues have been assessed.</li> <li>– Evidence that operational plans have prescriptions to take into consideration soil erosion controls and the establishment of protection/exclusion zones.</li> <li>– Review roading plans to ensure they suit the soil, weather and operational requirements.</li> </ul> </li> <li>▪ Mandatory control measure from the HCV Framework is that all suppliers must to adhere to the relevant state codes of practice.</li> <li>▪ Supplier field audits, if required.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance to relevant state forest practices codes for soil &amp; water protection measures</li> <li>▪ Confirm supplier has put relevant exclusion zones in place.</li> <li>▪ Soil and water quality values have been maintained. There has been no flooding, erosion, damage to roads, reduced fire barriers or reduced quality water supplies arising from the management activity.</li> <li>▪ Maintain good stakeholder/ neighbour relations.</li> <li>▪ No evidence of reduced soil &amp; water quality sighted (if field audit conducted).</li> </ul>
HCV 4.2	Areas that provide <i>protection</i> from erosion	<ul style="list-style-type: none"> <li>▪ Supplier desktop system audit to review the following: <ul style="list-style-type: none"> <li>– Classification of soil types.</li> <li>– Correct and effective exclusion zones are included during the planning process especially in relation to drainage lines and other waterway classifications.</li> <li>– Evidence that operational plans have prescriptions to take into consideration soil erosion controls and the establishment of protection/exclusion zones.</li> <li>– Evidence that plans adhere to the relevant codes of practice.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance to relevant state forest practices codes for soil &amp; water protection measures</li> <li>▪ Confirm supplier has put relevant exclusion zones in place.</li> <li>▪ No evidence of reduced soil &amp; water quality sighted (if field audit conducted).</li> </ul>

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HCV 4.3 <i>Not required for low SIR</i>	Areas that provide barriers to the spread of destructive fires	<ul style="list-style-type: none"> <li>Supplier desktop system audit to review the following: <ul style="list-style-type: none"> <li>Fire management plan and prescriptions in place to prevent movement of wildfire e.g. firebreaks in place.</li> <li>Do the fire management plans have prescriptions in place to protect identified HCVs.</li> <li>Operational prescriptions to ensure contractors have fire-fighting equipment in place.</li> <li>Evidence of stakeholder engagement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective fire management strategies in place to protect identified HCVs.</li> <li>Maintain good stakeholder/ neighbour relations.</li> </ul>
HCV 4.4 <i>Not required for low SIR</i>	Areas that provide clean water catchments	<ul style="list-style-type: none"> <li>Supplier desktop system audit to review the following: <ul style="list-style-type: none"> <li>Timing of forestry activities, e.g. allowance for wet weather.</li> <li>Evidence of correct exclusion zones applied according to relevant codes of practice.</li> <li>Roading plans take into consideration soil types, weather and operational requirements.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Compliance to relevant state forest practices codes for soil &amp; water protection measures</li> <li>Confirm supplier has put relevant exclusion zones in place.</li> <li>Water quality values have been maintained.</li> </ul>
<b>3.6 (HCV 6) Cultural values:</b> Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or Indigenous Peoples, identified through engagement with these local communities or Indigenous Peoples.			
HCV 6.1 <i>Not required for low SIR</i>	Aesthetic values	<ul style="list-style-type: none"> <li>Supplier desktop system audit to review the planning process to determine if landscape values have been considered as part of the planning process.</li> <li>Supplier prescriptions allow for the establishment of protection /exclusion zones if high landscape values have been identified.</li> </ul>	<ul style="list-style-type: none"> <li>Conformity with supplier planning and operational systems.</li> </ul>

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Designation	Indicator Description	Control Measures	Desired Outcomes
HCV 6.2	Historic values of global or national cultural or archaeological significance	<ul style="list-style-type: none"> <li>Supplier desktop system audit to confirm that the ‘best available information’ has been used as part of the assessment process.</li> <li>Review monitoring processes of supplier to ensure protection/exclusion zones have been adhered to.</li> <li>Review any training records of supplier.</li> <li>Mandatory control measure from the HCV Framework 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 national laws. Pentarch use the latter approach.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance by suppliers to relevant state forest practices codes for cultural heritage protection measures.</li> <li>Confirm supplier has put relevant exclusion zones in place to protect any identified HCV 6 values.</li> <li>If cultural heritage items are identified, workers stop to avoid their location.</li> </ul>
HCV 6.3	Long term research sites	<ul style="list-style-type: none"> <li>Supplier desktop system audit to confirm that the suppliers planning process takes into account long term research sites and management of such if identified.</li> </ul>	<ul style="list-style-type: none"> <li>Exclusion zones and prescriptions in place to protect research sites.</li> </ul>
HCV 6.4 <i>Not required for low SIR</i>	Social (including economic) values	<ul style="list-style-type: none"> <li>Supplier desktop system audit to review their policies and procedure in relation to diversity.</li> <li>Review evidence that there is timely and meaningful communication with local indigenous and other relevant local groups.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain good stakeholder/ neighbour relations.</li> <li>Any identified sites are protected as per the community’s requirements.</li> </ul>
HCV 6.5	Spiritual and cultural values	<ul style="list-style-type: none"> <li>As this is similar to HCV 6.2, control measures will be the same</li> </ul>	<ul style="list-style-type: none"> <li>As per HCV 6.2</li> </ul>

*\*SIR – scale, intensity & risk e.g. small landowners*

As a result of Pentarch’s assessment of the suppliers systems and control measures put in place as described above, it is determined that the risks for the designations described can be downgraded from specified to low.

### 2.3.1.2 FSC CW Category 4 – Conversion of forests

For Controlled Wood Category 4 (wood from forests being converted to plantations and non-forest use) the risk determined by the FSC NRA is specified for Tasmania, NSW and Victoria.

Table 4 below expands on the control measures to mitigate potential risks and indicates the desired outcomes resulting from these measures.

Pentarch shows its commitment to avoid material from forests that may have been converted to plantation or non-forest use through its sustainable forest management policy and management plan.

Before any wood is accepted from other suppliers, a due diligence assessment is conducted to verify that the operation is conducted under an approved plan in accordance with the relevant State codes of practice.

**Table 4 - Control Measures & Desired Outcomes for Controlled Wood Category 4**

Control Measure	Desired Outcome
<b>FSC Category Risk 4 – Avoid wood harvested from forests being converted to plantations or non-forest use</b>	
Pentarch has its own commitment within its procurement policies to avoid material from these forests.	No material received is from areas that have been converted from native forest to plantation or non-forest use
Softwood and hardwood material is sourced from established plantations.	Only accept plantation timber. Supplier has sustainable forest management certification. Native forest/vegetation is not impacted. FPP (Tas) indicates use of land i.e. plantation and whether it will be re-established.
Document verification (i.e. sight permits for harvest from relevant authorities).	Provide evidence that suppliers are not engaged in forest conversion (or acceptable conversion as per the standard).
Written agreements with suppliers i.e. self-declaration forms Suppliers have own policy to not harvest from areas that have been converted in the past.	Commitment that material supplied is not sourced from land that has been converted into plantation from native forest (as per current forest legislation).
If there are concerns that conversion may have occurred, use spatial verification to confirm that material from suppliers is not being received from forests that may have been converted from native forest to plantation	Confirmation that no material received is from areas that have been converted from native forest to plantation or non-forest use.
Field assessment (if required).	Confirm supplier is not involved in conversion of native forest.

### 2.3.2 Control measures for potential risks in the supply chain

Table 5 provides a summary of control measures for each process to avoid any mixing of non-eligible material.

**Table 5: Eden Site**

Process	Potential Risk Identified	Risk Rating	Control Measures	Evidence
Loading and transport of material to site	Material not covered by DDS entering the supply chain during loading and transport	No risk	<ul style="list-style-type: none"> <li>Follow procedures for approval of suppliers before accepting material such as: <i>Product Flow Procedure – ECET, Product Receipt Procedure for Eden Export Log Yard, Private Property planning and Certification Requirements Procedure.</i></li> <li>A manual or e-docket is completed for all loads.</li> <li>Logs are transported directly from forest to log yard or chipping facility.</li> <li>Desktop supplier systems audit conducted. <i>Refer to Supplier Systems Audit and Risk assessment procedure.</i></li> <li>Field visit as part of the system audit will be conducted to check that control measures are implemented.</li> <li>Suppliers have Sustainable Forest Management certification where possible.</li> <li>Third party chip suppliers having FSC Chain of Custody certification provide Pentarch with a copy of their FSC CoC certificate.</li> <li>Pentarch conduct search confirming is certificate is valid.</li> </ul>	<ul style="list-style-type: none"> <li>Wood supply agreements</li> <li>Delivery dockets</li> <li>Supplier systems audit form</li> <li>Field audit observations (if relevant)</li> <li>Search record from relevant scheme databases</li> <li>Supplier Forest Management certificates</li> <li>Verification records of supplier certification from relevant database</li> <li>Approved harvest operational plan</li> </ul>

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Process	Potential Risk Identified	Risk Rating	Control Measures	Evidence
Receival of material at site	Taking wood from areas that are not covered under the Pentarch due diligence system (DDS)	No Risk	<ul style="list-style-type: none"> <li>Only plantation softwood is supplied as part of Pentarch's DDS for Eden.</li> <li>Suppliers go through an approval process before material is received at site. This is explained further within the <i>Pentarch Supplier Systems Audit and Risk Assessment Procedure</i>.</li> <li>Logs enter mill sites through the weighbridge where load source information is entered via the delivery docket (barcode) into the Enterprise Resource Planning System (ERP).</li> </ul>	<ul style="list-style-type: none"> <li>Barcode request form</li> <li>Delivery dockets</li> <li>Supplier Systems Audit Form record</li> <li>Pentarch Stocks Program with records of individual transactions</li> </ul>
Storage and processing of logs at log yard or chipping facility	Logs not covered by DDS entering the supply chain during storage or processing	No Risk	<ul style="list-style-type: none"> <li>Operators Follow <i>Product Flow Procedure – ECET and Product Receival Procedure for Eden Export Log Yard</i></li> <li>Logs are stored as per site procedures.</li> <li>There is clear delineation of different products.</li> <li>Only softwood plantation material is processed at Eden as part of Pentarch's DDS.</li> </ul>	<ul style="list-style-type: none"> <li>Production schedules</li> <li>Stocks Programs</li> </ul>
Woodchip and Log stockpile management	Woodchips are directed onto wrong stockpile.	No Risk	<ul style="list-style-type: none"> <li>Softwood plantation has a totally separate chipper, conveyor and chip stockpile area.</li> <li>Export log yard only accepts softwood plantation material.</li> </ul>	<ul style="list-style-type: none"> <li>Daily production sheet records</li> </ul>
Ship loading	Woodchips from other stockpiles accidentally mixed.	No Risk	<ul style="list-style-type: none"> <li>Dedicated conveyor is used to transport woodchips to the ship loader and directly onto the ship.</li> <li>Pre-shipping woodchip flow path inspection is completed to check there is no mixing of non-eligible material.</li> <li>Trucks cart whole logs from export log yard directly to ship. Road is closed during loading.</li> </ul>	<ul style="list-style-type: none"> <li>Product change checklist</li> <li>Ignition system</li> <li>Ship loading instructions</li> </ul>

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**Burnie Site:**

Process	Potential Risk Identified	Risk Rating	Control Measures	Evidence
Receival of material at site	Taking material from areas that are not covered under the Pentarch due diligence system (DDS)	No Risk	<ul style="list-style-type: none"> <li>A “Weekly Valid Operation Number” (WVON) Schedule is provided by the supplier that determines which hardwood plantation sources can be accepted.</li> <li>Material enters site through the weighbridge where load source information is entered via the delivery docket (i.e. barcode or e-docket)</li> <li>The loader driver gets the docket provided by the truck driver and checks it against the WVON schedule. If the operation is not listed, then the truck is not unloaded until confirmation.</li> </ul> <p><i>Refer to Massy Greene Toll Chipping Procedure</i></p>	<ul style="list-style-type: none"> <li>Weekly Schedule</li> <li>Delivery dockets (can be paper or electronic)</li> <li>Log Product delivery checklist</li> <li>Copy of Supplier Forest Practices Plan</li> </ul>
Storage and processing of logs at chipping facility	Logs not covered by DDS entering the supply chain during storage or processing	No Risk	<ul style="list-style-type: none"> <li>Logs are stored as per site procedures.</li> <li>Trucks are directed by loader operators to appropriate stockpile according to the material loaded.</li> <li>There is clear delineation of different products.</li> <li>Only hardwood plantation material is processed as per Pentarch’s DDS.</li> </ul>	<ul style="list-style-type: none"> <li>Daily Production sheet</li> <li>Production Models – Daily Mill Chip Inventory.</li> </ul>
Woodchip stockpile management	Woodchips are directed onto wrong stockpile	No Risk	<ul style="list-style-type: none"> <li>Hardwood plantation product has its own dedicated log storage area, chipper and woodchip stockpile.</li> </ul>	<ul style="list-style-type: none"> <li>Daily Production sheet</li> <li>Individual production models for each chipper</li> </ul>
Haulage of chips to port	Woodchips from sources that are not covered under the DDS	No Risk	<ul style="list-style-type: none"> <li>A docket is used for each load of woodchips (loads of woodchips can be traced to place of origin to determine material input eligibility: this includes the chip source location i.e. business unit applicable to source).</li> </ul>	<ul style="list-style-type: none"> <li>Production Model – Despatch to Wharf</li> <li>Truck induction records</li> <li>Burnie Chip Export Terminal Procedures</li> </ul>

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Process	Potential Risk Identified	Risk Rating	Control Measures	Evidence
			<ul style="list-style-type: none"> <li>• Trucks go directly from where chips have been processed at the Burnie site to the port.</li> <li>• Truck drivers are inducted and issued with a pass before being allowed to enter port.</li> <li>• Reconciliation of loads conducted by Pentarch administration.</li> <li>• Pentarch's DDS scope finishes at the point that the truck unloads the woodchips into the unloader at the port.</li> </ul>	

Once the control measures are implemented and the risk is mitigated, Pentarch can sell the products received with an FSC Controlled Wood claim.

### 3. Stakeholder Consultation

Pentarch has an extensive stakeholder list including representatives of social and employment concerns, government agencies, forest management units, recreational forest users, local harvest operators, experts (including ecologists), non-government organisations (NGO) and local indigenous representatives.

These stakeholders are selected based on their interest and involvement in the harvesting and other plantation management activities, and their geographical location relative to the sourcing areas. Annex B of the FSC Standard (FSC-STD-40-005 V3-1) provides a list of the types of stakeholders that should be targeted and Pentarch has developed a list based on this information.

Stakeholder notification and engagement is an important component of the due diligence process. Formal stakeholder consultations will take place when the DDS is first set up and subsequently whenever a risk designation of control measure changes i.e. if as a result of the DDS review the risk level changes from low or specified to another category.

Due to the change in scope to only include softwood plantation at the Eden site, the risk designation has changed for some indicators from specified to low and as such the due diligence system was reviewed and updated. This updated DDS was then sent for stakeholder consultation in November 2022 and comments received were taken into consideration.

A summary of the stakeholder engagement process for 2023 is indicated in the Appendix A below.

### 4. Complaints Procedure

Where complaints are received and/or issues are identified, these will be considered and investigated by Pentarch and actioned.

When making a complaint, stakeholders should include as much information as possible regarding its nature so that Pentarch can adequately assess and respond appropriately. The Pentarch complaints handling procedure indicates the process that will be followed should a complaint regarding its due diligence system be received. This procedure is available upon request.

If there are any concerns or questions regarding Pentarch's due diligence system, please contact:

Erica Hansen,  
Certification Manager  
Pentarch Forestry  
Email: [certification@pentarch.com.au](mailto:certification@pentarch.com.au)

### 5. Engagement of Experts

Pentarch has utilised the National Risk Assessment for Australia (FSC-NRA-AU-V2-0) and associated HCV Framework (FSC-NRA-AU-HCV-AF-V2-0) which was developed by a group of experts.

### 6. Field Verification Audits

In October 2022 Pentarch conducted field verification audits on the two current suppliers who do not hold an existing and/or current FSC certification. This was done to quantify whether the material being supplied can be controlled wood under the standard.

One supplier was in NSW and supplies material from softwoods plantations and the other is based in Tasmania and provides material from hardwood plantations. The audits verified that the suppliers have adequate systems in place to avoid any identified high conservation value forests.

## 7. References

- Requirements for Sourcing FSC® Controlled Wood Standard (FSC-STD-40-005 V3-1 EN)  
[Document | Forest Stewardship Council \(fsc.org\)](#)
- FSC National Risk Assessment for Australia (FSC-NRA-AU V2-0)  
<https://fsc.org/en/document-centre/documents/resource/396>
- High Conservation Values (HCVS) Evaluation Framework (Version 2-0 August 2021). FSC Australia. For use in the context of implementing Controlled Wood Standards.  
[Australian National Risk Assessment | Forest Stewardship Council \(fsc.org\)](#)
- List of FSC Approved Controlled Wood Documents (FSC-PRO-60-002b V2-0 EN). Updated 17 April 2020.  
<https://fsc.org/en/document-centre/documents/resource/269>

## Appendix A

### Summary of Consultation Process

On the 1<sup>st</sup> November 2022, an email regarding Pentarch's Due Diligence System as part of the requirements for sourcing FSC Controlled Wood (FSC-STD-40-005 V3-1) was sent to 53 identified stakeholders. Stakeholders could either respond via an online form or reply to the email with any comments.

With a change to the scope of Pentarch's due diligence system that now only includes the procurement of softwood plantation product for the Eden area in NSW/Victoria and hardwood plantation material for Burnie in Tasmania, this has led to a change in risk designation for some of the controlled wood categories from specified to low. This has also led to changes in the control measures that Pentarch implement to manage these risks.

This engagement was part of the continual process to get feedback on the control measures Pentarch has in place to avoid receiving material from High Conservation Value Forests (HCVFs).

The closing date was 16<sup>th</sup> December 2022, providing stakeholders with over six weeks to respond.

### Area of Consultation

The scope to which this due diligence system applies is for softwood plantation supply from Southeast NSW and East Gippsland, Victoria into the Eden site in NSW. It also includes hardwood plantation supply into the site at Burnie in Tasmania.

The main areas of supply include the Bega Valley Shire and Snowy Monaro Shire in NSW, East Gippsland in Victoria and the shires of Circular Head, Waratah-Wynyard & Burnie in northwest of Tasmania. As a result, the target for stakeholders focused on these locations.

### Stakeholders consulted

Pentarch has an extensive stakeholder list including representatives of social and economic concerns, government agencies, forest managers, recreational forest users, local harvest operators, experts (including ecologists), non-government organisations (NGO) and local indigenous representatives. These stakeholders are selected based on their interest and involvement in the plantation management activities, their geographical location relevant to the sourcing areas and to meet the minimum requirements for stakeholder consultation as per Annex B of the Requirements for Sourcing FSC Controlled Wood Standard (FSC-STD-40-005 V3-1).