

Pentarch Forestry P/L (Pentarch) are required to provide a written summary of the Due Diligence System (DDS) that is publicly available, containing the following information.

1. Description of Supply Area

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

The second part of the scope 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.

Controlled material is currently supplied from the following non-FSC® suppliers:

NSW/Victoria:

- Forestry Corporation of NSW
- Hume Forests Group including Snowy Mountains Forests and Southern Cross Forests
- private landholders with small holdings which is managed by Pentarch Forestry Services.

Tasmania:

- AKS Forest Solutions

Pentarch conduct processing, storage and transport activities for Sustainable Timbers Tasmania and Reliance Forest Fibre, but do not purchase any material from these companies.

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

Certificate holder	Pentarch Forestry P/L	Certification Body (CB)	Global Mark
FSC certificate code	GMP-COC-104288 GMP-CW-104288	Date of CB approval	23/09/2017 (FSC CoC) 03/05/2018 (FSC CoC CW) Certificate suspended 29/08/2022, Re-instated 16/03/2023.
Certificate holder address	Level 1, 99 Coventry Street Southbank, VIC	Address of CB	Suite 4.07, 32 Delhi Road North Ryde, NSW, 2113
Districts covered with this risk assessment	1. Southeast NSW, 2. Northwest Tasmania, 3. East Gippsland, Victoria.		

2. Risk Assessment

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.

2.1 Risk of Origin – risk designation

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 3. Control measures and desired outcomes for HCVs

Designation	Indicator Description	Control Measures
3.4 (HCV 4) Critical ecosystem services:		
Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.		
HCV 4.1*	Areas that provide <i>protection</i> from flooding	<ul style="list-style-type: none"> ▪ Supplier desktop system audit. ▪ Suppliers must adhere to the relevant state code of practice (mandatory control measure from the HCV Framework). ▪ Supplier field audits, if required.
HCV 4.2	Areas that provide <i>protection</i> from erosion	<ul style="list-style-type: none"> ▪ Supplier desktop system audit
HCV 4.3*	Areas that provide barriers to the spread of destructive fires	<ul style="list-style-type: none"> ▪ Supplier desktop system audit.
HCV 4.4*	Areas that provide clean water catchments	<ul style="list-style-type: none"> ▪ Supplier desktop system audit.
3.6 (HCV 6) Cultural values:		
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*	Aesthetic values	<ul style="list-style-type: none"> ▪ Supplier desktop system audit. ▪ Supplier protection /exclusion zones.
HCV 6.2	Historic values of global or national cultural or archaeological significance	<ul style="list-style-type: none"> ▪ Supplier desktop system audit ▪ Review monitoring processes of supplier. ▪ Indigenous cultural values shall be agreed to as directed by state and national laws. (mandatory control measure from the HCV Framework).
HCV 6.3	Long term research sites	<ul style="list-style-type: none"> ▪ Supplier desktop system audit.
HCV 6.4*	Social (including economic) values	<ul style="list-style-type: none"> ▪ Supplier desktop system audit. ▪ Review evidence that there is communication with local indigenous and other relevant local groups.
HCV 6.5	Spiritual and cultural values	<ul style="list-style-type: none"> ▪ As this is similar to HCV 6.2, control measures will be the same

*Not required for low 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.

3.2 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 5: Eden Site

Process	Potential Risk Identified	Control Measures	Evidence
Loading and transport of material to site	Material not covered by DDS entering the supply chain during loading and transport	<ul style="list-style-type: none"> Follow procedures for approval of suppliers before accepting material such as: <i>Product Flow Procedure – ECET, Product Receival Procedure for Eden Export Log Yard, Private Property planning and Certification Requirements Procedure.</i> A manual or e-docket is completed for all loads. Logs are transported directly from forest to log yard or chipping facility. 	<ul style="list-style-type: none"> Wood supply agreements Delivery dockets
Receival of material at site	Taking wood from areas that are not covered under the Pentarch due diligence system (DDS)	<ul style="list-style-type: none"> Only plantation softwood is supplied as part of Pentarch’s DDS for Eden. 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> Logs enter export log yard through the weighbridge where quantity of product is captured. Electronic dockets are received at the site before the truck arrives. Logs enter chip mill site through the weighbridge where load source information is entered via the delivery docket (barcode) into the Enterprise Resource Planning System (ERP). 	<ul style="list-style-type: none"> Barcode request form Delivery dockets Supplier Systems Audit Form record Pentarch Stocks Program with records of individual transactions
Storage and processing of logs at log yard or chipping facility	Logs not covered by DDS entering the supply chain during storage or processing	<ul style="list-style-type: none"> Operators Follow <i>Product Flow Procedure – ECET and Product Receival Procedure for Eden Export Log Yard</i> Logs are stored as per site procedures. There is clear delineation of different products. Only softwood plantation material is stored and/or processed at Eden as part of Pentarch’s FSC CoC CW system. 	<ul style="list-style-type: none"> Production schedules Stocks Programs

Process	Potential Risk Identified	Control Measures	Evidence
Woodchip and Log stockpile management	Woodchips are directed onto wrong stockpile. Logs loaded onto incorrect stockpile	<ul style="list-style-type: none"> Softwood plantation has a totally separate chipper, conveyor and chip stockpile area. Product change checklist procedure in place to ensure no mixing. Export log yard only accepts softwood plantation material. 	<ul style="list-style-type: none"> Daily production sheet records Daily transaction data
Ship loading	Woodchips from other stockpiles accidentally mixed.	<ul style="list-style-type: none"> Dedicated conveyor is used to transport woodchips to the ship loader and directly onto the ship. Pre-shipping woodchip flow path inspection is completed to check there is no mixing of non-eligible material. Trucks cart whole logs from export log yard directly to ship. Road is closed during loading. 	<ul style="list-style-type: none"> Product change checklist Ignition system Ship loading instructions

Table 6: Burnie Site:

Process	Potential Risk Identified	Control Measures	Evidence
Receival of material at site	Taking material from areas that are not covered under the Pentarch due diligence system (DDS)	<ul style="list-style-type: none"> • Only plantation hardwood is supplied as part of Pentarch’s DDS for Burnie. • Suppliers go through an approval process before material is received at site. This is explained further within the <i>Massy Greene Toll Chipping Procedure</i>. • A “Weekly Valid Operation Number” (WVON) Schedule is provided by the supplier that determines which hardwood plantation sources can be accepted. • Material enters site through the weighbridge where load source information is entered via the delivery docket (i.e. barcode or e-docket) • 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. 	<ul style="list-style-type: none"> • Weekly Schedule • Delivery dockets (can be paper or electronic) • Log Product delivery checklist • Copy of Supplier Forest Practices Plan • Contractor Operation Request Form
Storage and processing of logs at chipping facility	Logs not covered by DDS entering the supply chain during storage or processing	<ul style="list-style-type: none"> • Logs are stored as per site procedures. • Trucks are directed by loader operators to appropriate stockpile according to the material loaded. • There is clear delineation of different products. • Only hardwood plantation material is processed as per Pentarch’s FSC CoC CW system. 	<ul style="list-style-type: none"> • Daily Production sheet • Production Models – Daily Mill Chip Inventory.
Woodchip stockpile management	Woodchips are directed onto wrong stockpile	<ul style="list-style-type: none"> • Hardwood plantation product has its own dedicated log storage area, chipper and woodchip stockpile. 	<ul style="list-style-type: none"> • Daily Production sheet • Individual production models for each chipper
Haulage of chips to port	Woodchips from sources that are not covered under the DDS	<ul style="list-style-type: none"> • 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). 	<ul style="list-style-type: none"> • Production Model – Despatch to Wharf • Truck induction records

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

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

4. Stakeholder Consultation

Formal stakeholder consultations take place when the DDS was 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, where activities have changed substantially or where there are major updates to Pentarch's systems and processes.

As there has been no change to the HCV risk designations or in Pentarch's control measures regarding its supply of softwood plantation material into the Eden site and hardwood plantation material for the Burnie site in 2024, it was felt that this formal stakeholder consultation (conducted as per Annex B of the Standard) was not required.

Pentarch will continue to implement appropriate control measures including field audits, and consulting with stakeholders and experts as required.

The public DDS summary will be reviewed at the end of this period, with an updated version supplied to Pentarch's Certification Body to include on the FSC Certification Database.

5. 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 following information is requested when lodging a complaint:

1. Name and contact details of complainant.
2. The nature and details of the complaint including dates, times, location, entities involved if known.
3. Copies of any supporting statements or document

For any complaints related to risk designations in the National Risk Assessment for Australia (FSC-NRA-AU V2-0), these are to be forwarded to the responsible body (i.e. FSC Australia).

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

Phil Blampied
Certification & Compliance Manager
Pentarch Forestry
Email: certification@pentarch.com.au

6. 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 and their details are described within that document.

7. Supplier System Audits

For softwood plantation material supplied into Eden, audits were conducted on Forestry Corporation of NSW (FCNSW) and Pentarch Forestry Services (PFS) management and planning systems. PFS manage these activities on behalf of small landholders.

A supplier management system audit was also conducted on the only company (AKS Forest Solutions) supplying hardwood plantation material into Burnie, Tasmania.

Results of the audits indicated that there were no non-conformances identified, and that material received into Pentarch Forestry's FSC CoC CW system from these suppliers could be accepted as FSC controlled material.