

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 avoid (where practical) or eliminate 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.

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

## 1. Supply Area Description

Pentarch currently operates in multiple states of Australia, including Victoria, Tasmania and New South Wales. This Controlled Wood Due Diligence System (DDS) applies to plantation softwood and hardwood suppliers in all these states. While the organisation has its export and wood processing facilities based in Tasmania and New South Wales, the DDS is extended to Victoria to cover the catchment area of all suppliers.

Wood is sourced from plantations managed by Pentarch Forestry Services as well as from State Government agencies such as Forestry Corporation of NSW and Sustainable Timber Tasmania. Other sources may include privately owned plantations.

Maps showing the indicative supply area for both Tasmania and NSW/Victoria can be provided upon request.

**Table 1** below provides 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 South Melbourne, VIC	<b>Address of CB</b>	Suite 4.07, 32 Delhi Road North Ryde, NSW, 2113
<b>Districts, including countries covered with this risk assessment</b>	1. NSW, Australia 2. Tasmania, Australia 3. Victoria, Australia	<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 Central Highlands, Tasmanian West, Tasmanian Ben Lomond.	

## 2. Risk Assessment

The FSC National Risk Assessment for Australia (FSC-NRA-AU V1-1) has now been finalised and took effect from 30 June 2019. As all the material that Pentarch acquires is from within Australia this assessment 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 plantation operations only.

**Table 2. FSC National Risk Determination for Pentarch plantation operations within New South Wales, Victoria and Tasmania.**

FSC CW Category	Summarised Risk Determination
<b>1. Illegally harvested wood</b>	Low other than for below
<b>1.4 - Harvesting permits</b>	Specified for Australian Sandalwood
<b>1.19 - Custom regulations</b>	Specified for Australian Sandalwood
<b>2. Wood harvested in violation of traditional and human rights</b>	Low
<b>3. Wood from forests where high conservation values are threatened by management activities</b>	
<b>3.0 - Data availability to enable assessment of HCV presence and threats from forest activities</b>	Low
<b>3.1 - Species diversity</b>	Specified risk – hardwood plantations in NSW Low risk – hardwood plantations in Vic, Tas Low risk – all softwood plantations
<b>3.2 - Landscape level ecosystems and mosaics</b>	Low risk – all plantations
<b>3.3 - Ecosystems and habitats. Rare, threatened or endangered ecosystems, habitats or refugia.</b>	Specified risk – hardwood plantations in NSW Low risk – hardwood plantations in Vic, Tas Low risk – all softwood plantations
<b>3.4 - Critical ecosystem services</b>	Specified risk
<b>3.5 - Forest areas fundamental to meeting basic needs of local communities</b>	Low risk
<b>3.6 - Cultural values</b>	Specified risk
<b>4. Wood from forests being converted to plantations or non-forest use</b>	Specified – NSW, Vic, Tas
<b>5. Wood from forests in which genetically modified trees are planted</b>	Low

Where the risk has been classified as specified in the table above, Pentarch must implement control measures to mitigate these risks. These control measures are explained more fully below.

## 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. See table below.

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 Table 3 below) there is no risk of mixing with unacceptable sources.

**Table 3: Control Measures by Process**

Process	Potential Risk Identified	Control Measures
Harvest of logs	Taking wood from areas that are not covered under the Pentarch due diligence system (DDS)	<ul style="list-style-type: none"> <li>• Pentarch CoC systems manual &amp; procedures.</li> <li>• Operational plan and maps identify the specific compartment timber is harvested from.</li> <li>• Only plantation wood is supplied.</li> <li>• Supplier audits completed to check control measures are implemented.</li> </ul>
Transport of logs to log yard/chipping facility	Logs not covered by DDS entering the supply chain during loading and transport	<ul style="list-style-type: none"> <li>• Pentarch CoC systems manual &amp; procedures.</li> <li>• Source code is used to trace each load to the forest compartment of origin.</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>• 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 certificate is still valid.</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	<ul style="list-style-type: none"> <li>• Pentarch CoC systems manual &amp; procedures.</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> <li>• Logs are stored as per site procedures.</li> <li>• There is clear delineation of different log stockpiles.</li> <li>• Checks are conducted when there is a change in product to confirm all previously chipped material has been cleared.</li> <li>• Plantation material is processed by batch.</li> </ul>

Process	Potential Risk Identified	Control Measures
Stockpile management at Eden Chip Export Terminal (ECET)	Woodchips are directed onto wrong stockpile	<ul style="list-style-type: none"> <li>• When chipping a particular product, the operator must choose which jet slinger it goes through onto the correct stockpile (a confirmation button must be pushed before chipping commences).</li> <li>• This is checked by the operator using cameras to see where the chips are being directed to and confirmed by the dozer operator on the stack.</li> <li>• Hardwood plantation and softwood plantation have totally separate stockpile areas.</li> </ul>
Ship loading at Eden Chip Export Terminal (ECET)	Woodchips from other stockpiles accidentally mixed	<ul style="list-style-type: none"> <li>• Dedicated conveyors are 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>• Dedicated chip stockpiles for softwood plantation only and hardwood plantation only.</li> <li>• Clear separation between FSC CW hardwood and non-FSC certified hardwood stockpiles.</li> <li>• Conveyors and auger pit are inspected at product changeover and cleared of all previous product loaded.</li> </ul>
Haulage of chips to port (Tasmania only)	Woodchips from sources that are not covered under the DDS	<ul style="list-style-type: none"> <li>• Pentarch CoC systems manual &amp; procedures.</li> <li>• A manual 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> <li>• Trucks go directly from where chips have been processed at Massy Greene to the port stockpile.</li> <li>• Truck drivers are inducted and issued with a pass before being allowed to enter port.</li> </ul>
Stockpile management at Burnie Chip Export Terminal (BCET)	Woodchips are directed onto wrong stockpile	<ul style="list-style-type: none"> <li>• Pentarch CoC systems manual &amp; procedures.</li> <li>• Tasports have specific procedures in place to prevent product going onto incorrect stockpile.</li> <li>• TasPorts procedures are audited by Pentarch staff and externally by accredited certification bodies.</li> </ul>

Process	Potential Risk Identified	Control Measures
Ship loading at Burnie Chip Export Terminal (BCET)	Woodchips from other stockpiles accidentally mixed	<ul style="list-style-type: none"> <li>• Export woodchips are loaded from the one stockpile containing Pentarch product as per TasPorts procedures for Burnie.</li> <li>• Dedicated conveyors are used to transport woodchips to the ship loader.</li> <li>• Pre-shipping woodchip flow path inspection is completed to check there is no mixing of non-eligible material.</li> <li>• A sacrificial layer of chip between native forest and plantation product is not loaded on woodchip vessel and is considered waste (this is agreed to by all parties).</li> </ul>

### 3. 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  
Ph: 0264960225  
Email: [certification@pentarch.com.au](mailto:certification@pentarch.com.au)

### 4. Control Measures

Following the requirements of the national risk assessment, specified risks for the source of the material that Pentarch accept were identified. Potential risks of mixing with unacceptable sources within the supply chain were also identified.

This section explains the control measures that Pentarch have put in place to maintain any HCVs that have been identified within the areas that Pentarch manage.

#### 4.1 FSC CW Category 1 – Illegally harvested wood

The specified risk under two sub-sections of this category involves Australian Sandalwood (*Santalum spicatum*). As Pentarch only sources plantation roundwood species including Shining Gum (*Eucalyptus nitens*), Tasmanian Blue Gum (*E. globulus*) and Radiata Pine (*Pinus radiata*) there is no risk that this species will be part of the wood supply.

Wood supply agreements with suppliers provide records that demonstrate that this species is not sourced by Pentarch.

#### 4.2 FSC CW Category 3 - High conservation values

To enable Pentarch to manage any threats that their management activities may have on HCVs, it first needs to know 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 HCV Evaluation Framework (V3.4) was also revised and updated. This document is an approved document under FSC-PRO-60-002b List of FSC Approved Controlled Wood Documents and is considered a mandatory control measure where specified risks have been identified within the FSC NRA. It must be used in the development of appropriate control measures.

Table 4 below provides a summary of control measures that are used to mitigate the risk of operations on the six HCV categories and the desired outcomes arising from implementing these measures.

**Table 4: Control measures and desired outcomes for HCVs**

Indicator	Description	Risk Determination	Control Measures	Desired Outcomes
<b>3.0</b>	Data available is sufficient for: a) Determination of HCV presence for each HCV, and, b) The assessment of the threats to HCVs from forest management activities	Low Risk	N/A	N/A
<b>3.1 (HCV 1)</b>	<b>Species diversity:</b> Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.	Specified risk – hardwood plantations (NSW) Low risk – hardwood plantations in Vic, Tas Low risk – all softwood plantations	<ul style="list-style-type: none"> <li>▪ Source plantation timber only.</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>	<ul style="list-style-type: none"> <li>▪ All wood purchased in accordance with due diligence process.</li> <li>▪ Suppliers are identifying special values consistent with HCVs in operations plan.</li> <li>▪ Suppliers have systems in place for identification and protection of species of high significance.</li> <li>▪ Confirm a lack of species concentration within the supply area.</li> <li>▪ Verify that species protected using exclusion zones are not harvested and HCVs have been avoided.</li> <li>▪ During operations, if HCVs are discovered they are then protected.</li> </ul>

Indicator	Description	Risk Determination	Control Measures	Desired Outcomes
<p><b>3.2 (HCV 2)</b></p>	<p><b>Landscape-level ecosystems and mosaics:</b> Intact forest landscapes and large landscape level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.</p>	<p>Low risk – all plantations</p>	<p>Appendix B of the FSC National Risk Assessment for Australia indicates no presence of 'Intact Forest Landscape' in Pentarch's supply area.</p>	<p>N/A</p>
<p><b>3.3 (HCV 3)</b></p>	<p><b>Ecosystems and habitats. Rare, threatened or endangered ecosystems, habitats or refugia:</b> Ecosystems that are rare and/or threatened at a global, regional or national level. Distinctiveness in terms of size, quality (particularly lack of human disturbance) or location within the ecosystems geographic range may be considered in assessing ecosystem rarity.</p>	<p>Specified risk – hardwood plantations in NSW Low risk – hardwood plantations in Vic, Tas Low risk – all softwood plantations</p>	<ul style="list-style-type: none"> <li>▪ Source plantation timber only.</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>	<ul style="list-style-type: none"> <li>▪ All wood purchased in accordance with due diligence process.</li> <li>▪ No identified HCV 3 will be harvested.</li> <li>▪ Confirm a lack of rare, threatened or endangered ecosystems within the supply area.</li> <li>▪ Verify that HCV 3 areas that have been protected by exclusion zones are not harvested.</li> <li>▪ During operations, if HCVs are discovered they are then protected.</li> </ul>



Indicator	Description	Risk Determination	Control Measures	Desired Outcomes
<b>3.4 (HCV 4)</b>	<b>Critical ecosystem services:</b> Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.	Specified risk	<ul style="list-style-type: none"> <li>▪ Mandatory control measure - all suppliers must to adhere to the relevant state codes of practice.</li> <li>▪ Establishment of protection/exclusion zones.</li> <li>▪ Harvest prescriptions to take into consideration soil erosion controls.</li> <li>▪ Restrictions on use of chemicals.</li> <li>▪ Road construction/maintenance prescriptions within harvest plan.</li> <li>▪ Field audits of suppliers.</li> <li>▪ Stakeholder engagement if control measures change.</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.</li> <li>▪ Maintain good stakeholder relations.</li> </ul>
<b>3.5 (HCV 5)</b>	<b>Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).</b>	Low Risk	N/A	N/A
<b>3.6 (HCV 6)</b>	<b>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.	Specified risk	<ul style="list-style-type: none"> <li>▪ Mandatory control measure - 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 national laws.</li> <li>▪ Establishment of protection/exclusion zones.</li> <li>▪ Supplier risk assessments.</li> <li>▪ Field audits of suppliers.</li> <li>▪ Training of forest workers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Confirm the forest manager has involved stakeholders and there is agreement on management prescriptions.</li> <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.</li> <li>▪ Cultural heritage items are identified, and workers stop to avoid their location.</li> </ul>

### 4.3 FSC CW Category 4 – Conversion of forests to plantations or non-forest use

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

**Table 5 - 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 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.	No material received is from areas that have been converted from native forest to plantation or non-forest use
Softwood and hardwood material are sourced from established plantations.	Only accept plantation timber. Native forest/vegetation is not impacted.
Field assessment of suppliers.	Confirm supplier is not involved in conversion of native forest.
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.	Commitment that material supplied is not sourced from land that has been converted into plantation from native forest (as per current forest legislation).

## 5 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.

As there has been no change to the HCV risk designations or in Pentarch's control measures for forestry activities for 2022, it was felt that the stakeholder consultation that has been conducted annually previously was not required.

Also, there has been a reduction in the number of suppliers compared to previous years.

## **6 Engagement of experts**

As there has been no change in the control measures used by Pentarch to manage HCVs, no engagement of ecological experts was considered to be required for 2022 activities. The report produced by Biosis in 2020 on the assessment of potential HCVs within the Sapphire Forests estate is used as a guide when preparing harvest plans.

## **7 Summary of Supplier Verification Audits**

In September 2021 Pentarch conducted field verification audits on the two main suppliers who do not hold an existing and/or current FSC forest management certification. This was done to quantify whether the material being supplied can be controlled wood under the standard. Risk assessments were also conducted on three minor suppliers (supplying less than 1% of the material to Pentarch).

One main supplier provides material from softwoods plantation and the other provides material from hardwood plantations. Any native forest within the plantation footprint is excluded from any operations and this was verified in the field.

There were no non-conformities raised as a result of these supplier audits and as such material received from them was accepted into the Pentarch Forestry FSC Controlled wood system.