

**1 September 2018**

**Public Summary of Forico Pty Limited  
Due Diligence System – 2018/2019**

Forico Pty Limited (Forico) are required to provide to their Certification Body a written summary of their Due Diligence System (DDS) with the following information:

**Description of Supply Area**

Forico have sourced wood and plan to source plantation material from the state of Tasmania only.

Controlled material has been supplied or is likely to be supplied from the following non-FSC suppliers:

AKS Forest Solutions
PF Olsen
SFM Forest Products
Pentarch Forest Services
Clint Webb Contracting
Potentially private small, low intensity, managed forests (SLIMFs) on an irregular one-off basis

Forico also purchase FSC-certified material from Suppliers including Tas Land and Forest (FSC Controlled Wood certified).

**Risk Designation for the Origin**

TASMANIA: LOW / NEGLIGIBLE risk for controlled wood categories 1, 2, 5, and UNSPECIFIED / SIGNIFICANT risk for categories for 3 (forests in which high conservation values are threatened by management activities) and 4 (forests conversion to plantation or non-forest use).

**Applicable Risk Assessment for the Origin**

Australia has one risk assessment referred to as an ‘old’ National Risk Assessment FSC-CWRA-001-AUS v1 2009. This is available through the FSC Australia website.

**Risk Assessment for Mixing Material with Unacceptable Sources**

Forico are required to undertake a risk assessment to assess the risk of controlled material being mixed with unacceptable sources (controlled wood categories) in the supply chains during transport, processing and storage. Table 1 illustrates this risk assessment for suppliers and sub-suppliers.

Table 1 Mixing risk assessment

Process	Current Risk Mitigation Measures	Risk	Additional Risk Mitigation	Residual Risk	Evidence
Transport of material directly from forest to Forico facility	<ul style="list-style-type: none"> <li>All roundwood loads delivered to SHM &amp; LRM are transported directly from the forest and have delivery documentation.</li> <li>Every harvest operation is authorised by Forico through the issuance of an Operation Number. This identifies the species / origin / certification status of input material.</li> <li>Weighbridge software platform (<i>iweigh</i>) validates that material can be accepted at the Forico facility.</li> <li>All material inputs are captured within the Forico Wood Supply System software platform.</li> </ul>	LOW	Field verification audits at supply unit confirm required documentation.	LOW	Delivery documentation with required information. Field verification audit reports. Wood Supply System reconciliation and <i>iweigh</i> validation. Annual Forico internal and external Chain of Custody audit to demonstrate compliance to the Standard requirements.
Transport of material directly from forest to outsourcing facility (certified or non-certified)	<ul style="list-style-type: none"> <li>All roundwood loads delivered to outsourcing facility are transported directly from the forest and have delivery documentation.</li> <li>Every harvest operation is authorised by Forico through the issuance of an Operation Number. This identifies the origin.</li> </ul>	LOW	Field verification audits at supply unit confirm required documentation.	LOW	Delivery documentation with required information. Field verification audit reports. Daily reconciliation of material delivered to outsourcing facility occurs by Forico Representative.
Entry to the Forico / Outsourced facility	<ul style="list-style-type: none"> <li>Trucks can only enter the mills via the weighbridge.</li> <li>Loads are physically checked by the Weighbridge Representative to determine that input material originates</li> </ul>	LOW	Transport contractors are inducted at each facility to ensure they understand their roles and responsibilities and the site procedures.	LOW	Delivery Dockets with required information. Cross checking weighbridge data with hard copies.

	<p>from a plantation resource.</p> <ul style="list-style-type: none"> <li>• Upon entry to the weighbridge, the truck driver must comply with facility weighbridge procedures, including the validation of the Operation Number (determine plantation source).</li> <li>• All delivery documentation must be signed by the truck driver and Weighbridge Representative.</li> </ul>		<p>All processing facilities are issued with a “Daily Valid Operation Number” (DVON) Schedule that determines which plantation sources can be accepted. Incorrect delivery documentation results in the plantation material not being accepted.</p>		
Processing and storage at the Forico facility	<ul style="list-style-type: none"> <li>• Only processing plantation species.</li> <li>• Site controls and weighbridge procedures.</li> </ul>	LOW	<p>All operators on site are inducted at each facility to ensure they understand their roles and responsibilities, and site procedure. Annual Forico internal and external Chain of Custody audit to demonstrate compliance to the Standard requirements.</p>	LOW	Weighbridge procedure.
Processing and storage at outsourcing facilities	<ul style="list-style-type: none"> <li>• Batch processing and storage of Forico plantation material</li> <li>• Site controls and weighbridge / facility procedures.</li> <li>• Outsourcing Chain of Custody procedures detailing obligations and commitments.</li> </ul>	<p><b>Potential</b></p> <p>(if (i) outsourced facility is certified and facility’s FSC certificate expires or is suspended or (ii) does not follow outsourcing procedures)</p>	<p>Outsourced facilities must sign and agree to comply with requirements of the Certification Standard. Biannual certificate validation to ensure facilities have a current FSC certificate.</p> <p><b>Outsourcing audits of the facility.</b></p> <p>Annual Forico internal and external Chain of Custody audit to demonstrate</p>	LOW	<p>Compliance with criteria contained within the Outsourcing Agreement.</p> <p>Photographic evidence provided on a regular basis to determine compliance.</p> <p>Certificate validation records (if the site is certified).</p> <p>Outsourcing audit reports.</p>

			compliance to the Standard requirements.		
--	--	--	--	--	--

**Procedure for Filing Complaints:**

Anybody with a complaint regarding Forico’s due diligence system can be made to Simon Cook – Certification and Compliance Manager

T +61 3 6335 5470 M +61 428 349 056

E [simon.cook@forico.com.au](mailto:simon.cook@forico.com.au)

Stakeholders shall include as much information regarding the nature of the complaint so that Forico is able to assess and respond. All complaints are handled according to their complaint handling procedure contained in their DDS, which is available upon request and provided to a complainant as a matter of course.

**Control Measures**

As there is unspecified risk in Tasmania for category 4 (conversion) and category 3 (management threats to high conservation values), Forico must implement risk mitigation measures. Table 2 is a summary of the control measures by risk assessment indicator.

*Table 2 Risk Controls for Category 3 - High Conservation Values are threatened by management activities and Category 4 – Conversion of native forest to plantations.*

<b>Risk Assessment Indicator</b>	<b>Control Measure in Place</b>	<b>Desired Outcome</b>
3.1	Forico only source controlled material from already established plantations.	Forico only accepts controlled plantation material.
	Forico ‘approval process’ of suppliers and issuance of a unique Operations Number for each new plantation.	Prior to commencing deliveries, every operation has a mill-door contractual agreement, Self-Declaration and a certified FPP prior to deliveries being accepted.
	Field Audits of Supply Units.	Random field compliance audits by an appropriately trained Forico Representative confirm no HCVs harmed during management activities.
	Stakeholder consultation.	Stakeholders confirm the adequacy of controls.
	Expert opinion.	Expert opinion confirms the adequacy of controls.
3.2	Forico only sources controlled plantation material.	Forest management for plantations does not cause fragmentation of large landscape forests.
3.3	Forico only sources controlled material from established plantations.	Forico only accepts controlled plantation material.

	All harvesting operations must have a certified FPP prior to commencement, which identifies significant ecosystems.	There is a certified FPP kept on-site at all times and operators have sufficient awareness of special management prescriptions.
	Forico 'approval process' of suppliers and issuance of an Operations Number.	Only approved suppliers enter Forico or outsourcing facilities.
	Field Audits of Supply Units.	Random field compliance audits confirm no HCV 3 is harmed during management activities.
	Stakeholder consultation.	Stakeholders confirm the adequacy of controls.
	Expert Opinion.	Expert opinion confirms the adequacy of controls.
3.4	Forico only sources controlled material from established plantations.	Forico only accepts controlled plantation material.
	All harvesting operations must have an approved FPP prior to commencement, which identifies significant ecosystems (Tasmania).	There is a certified FPP kept on-site at all times and operators have sufficient awareness of special management prescriptions.
	Forico 'approval process' of suppliers and issuance of an Operations Number.	Only approved suppliers enter Forico or outsourcing facilities.
	Field Audits of Supply Units.	Field compliance audits confirm no HCVs harmed during management activities.
	Stakeholder consultation.	Stakeholders confirm the adequacy of controls.
	Expert Opinion.	Expert opinion confirms the adequacy of controls.
3.5	Forico only source controlled wood from plantations.  Stakeholder communication.	Stakeholder consultation confirms that consent has been given by locals who depend on the forest area for basic needs. NOTE: This is very unlikely to occur in Australia as plantations are established on freehold land.
3.6	Certified FPPs identify registered cultural heritage.	FPP provides confidence in the identification of HCV 6 (or equivalent) at the SU level.
	Field Audits of Supply Units.	Field compliance audits confirm no HCVs harmed during management activities.
	Stakeholder communication.	Stakeholders confirm the adequacy of controls to protect sites and objects of cultural significance. Specifically, Aboriginal Heritage Tasmania manages the Aboriginal Heritage Register system of using the Aboriginal Heritage Property Search website.
4.1	Forico only process plantation species.	Plantation species processed that were established on the land.

	Self-Declaration prior to harvesting activities for each new plantation.	Self-Declaration confirms no conversion.
	FPP identifies if conversion is permitted	FPP confirms no conversion is planned.
	Field Audits at Supply Unit	Field audits confirm that only plantation material is being harvested / supplied to Forico.

**Stakeholder Consultation**

Forico undertook stakeholder consultation in relation to controlled wood category 3. This involved identifying relevant stakeholders and sending direct emails with a summary of the results of Forico’s assessment of the processes in place for identifying and managing HCVs. The consultation relates to the forest management activities of its suppliers for 2017 - 2018. Stakeholders were asked to provide comments or feedback within 6 weeks. This consultation period expired on 6 July 2018.

A list of Stakeholders contacted and consulted is included at the end of this document.

Considering the positive feedback and no negative comments received, Forico concludes that the plantation material sourced from Tasmania can be treated as controlled material and sold with a FSC Controlled Wood claim. Justification is demonstrated through mechanisms within the DDS including compliance with the legislative framework and liaising with appropriate stakeholders and specialists through a strong system of control measures that will identify and manage identified high conservation values during third party harvesting activities. Forico will continue to implement appropriate control measures including field audits, and consulting with stakeholders and experts as required.

**Expert Engagement**

Forico has engaged Mark Wapstra from Tasmania to provide expert opinion on the adequacy of Forico’s control measures.

Mark Wapstra is a Senior Scientist/Manager with Environmental Consulting Options (ECOtas). Mark has been providing advice to various forestry companies in Tasmania, including expert opinion on risk mitigation measures under the FSC Controlled Wood Standard. The expert review concluded “*Overall the DDS is a sound document, generally well written in easy to understand language.*”

The results of the expert review identified:

- Forico’s interpretation of HCV 1 is restricted to flora and fauna species listed as threatened under either the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBCA) and / or the Tasmanian *Threatened Species Protection Act 1995* (TSPA). “Threatened” is used generically to refer to species listed as rare (Schedule 5), vulnerable (Schedule 4), endangered or presumed extinct (Schedule 3) of the TSPA; and as Vulnerable, Endangered, Critically Endangered and Extinct under the EPBCA.
- Forico recognises that the *Biodiversity Values Database* (BVD) identifies known sites of threatened flora and fauna listed on the EPBCA and / or TSPA within 2 kilometres of the centroid of an operation area and it considers this buffer sufficient to identify risks to such species.
  - If the BVD identifies threatened flora that may be affected under the FPP, then the evaluation sheet will prompt the planner to seek advice on a case-by-case basis from the FPA, and the FPP will include appropriate prescriptions.
  - If the BVD identifies threatened fauna that may be affected under the FPP, then the evaluation sheet will prompt the planner to adopt the management recommendations delivered through the various planning tools (technical notes) and the *Threatened Fauna Advisor* decision-support system, and the FPP will include appropriate prescriptions.
- The Land Information System Tasmania reserve layers (private and public) should be checked as part of the development of an FPP (<https://www.thelist.tas.gov.au>).

- Forico’s interpretation of HCV 3 is specifically vegetation types listed as threatened ecological communities under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBCA) and the Tasmanian *Threatened Species Protection Act 1995* (TSPA), or as threatened vegetation types under Schedule 3A of the Tasmanian *Nature Conservation Act 2002* (NCA).
- Where native vegetation is identified from within or adjacent to a plantation and that vegetation will be deleteriously impacted by the operation, a check should be made on the TasVeg equivalency of the identified floristic community to ensure that no community listed on either the EPBCA or the NCA will be affected.

**Verification Audits**

Forico has undertaken four (4) field verification audits of Suppliers during the financial year 2017 - 2018, and 2 Chain of Custody / Outsourcing audits October 2017 and April 2018. The table below summarises the issues reported:

<b>Date</b>	<b>Issue</b>	<b>Corrective Action</b>
August 2017	Status of the Chain of Custody currency of Sub-contractor (certification suspension).	Certified Chain of Custody outsourced contractor must notify Forico immediately when there is a change in certification status.
September 2017	Potential for third party consultant to harvest material grown under a Forico Sharefarm Agreement without notification (illegal harvest of material).	Consultant to improve DDS when sourcing third party material and delivering product to Forico.
February 2018	Material delivered to Forico from an expired FPP (no FPP variation had been prepared to account for the time extension).	Forico notified Certification Body. The two Forico platforms used to manage woodflow now have a better interface to capture administrative data (e.g. FPP expiry dates).

**Stakeholders Consulted**

- Forest Practices Authority
- Department of Primary Industries, Parks Water and the Environment – Nature Conservation Branch
- Department of Primary Industries, Parks Water and the Environment – Crown Land Services
- Department of Primary Industries, Parks Water and the Environment – Aboriginal Heritage Tasmania
- Department of Primary Industries, Parks Water and the Environment – Heritage Tasmania
- Department of Primary Industries, Parks Water and the Environment – Threatened Species Unit
- Department of State Growth
- TasWater
- Hydro Tasmania
- Local Government Association of Tasmania
- Tasmanian Fire Service
- Tasmania Fire Service – Fuel Reduction Unit
- Tasmanian Aboriginal Centre

Aboriginal Land Council Tasmania  
Tas Land and Forest  
SFM Forest Products  
AKS Forest Solutions  
Clint Web Contracting  
Pentarch Forestry  
PF Olsen  
Tasmanian Conservation Trust  
The Wilderness Society  
NE Bioregional Network  
Greening Australia  
NRM North  
NRM Cradle Coast  
Tasmanian Land Conservancy  
Certification Bodies – DNV and Soil Association  
Consultant with Expertise in Controlled Wood  
Private Forests Tasmania  
Construction, Forestry, Mining and Energy Union  
Tourism Industry Council of Tasmania  
Tasmanian Farmers and Graziers Association  
North East Bioregional Network  
University of Tasmania  
CSIRO  
Inland Fisheries Service  
FSC Australian and New Zealand  
Tasmanian Agricultural Productivity Group