

Public Notification Letter

To: Interested Parties
From: SCS Global Services
Date: 5th of August 2016
Re: Notification of FSC Controlled Wood Evaluation Audit of Les Walkden Enterprises Pty Ltd

Summary:

SCS Global Services (SCS) is conducting a chain of custody (CoC) and controlled wood (CW) evaluation audit of Les Walkden Enterprises Pty Ltd for wood harvested from third party pine plantations in the Green Triangle regions of Victoria and South Australia. The audit will take place at the Les Walkden Enterprises Pty Ltd office in 134 Darts Road Portland Victoria with field verification audits of 2 FMU's week commencing Monday 29th of August, 2016.

Les Walkden Enterprises Pty Ltd is required to maintain a field verification program in relation to High Conservation Values at the Forest Management Unit (FMU) level, which includes appropriate stakeholder consultation.

SCS will conduct an independent field audit to assess conformity of the company's Verification Program for third party wood sources and to verify that stakeholder consultation has been undertaken. This will occur before, during and after the field work, but prior to completion of the audit report.

Scope and Certification Evaluation Process:

SCS Global Services (SCS), a FSC-accredited certification body based in Emeryville, California, will conduct this FSC CoC-CW Evaluation audit.

The CoC-CW evaluation audit will assess the conformity of the organization's CoC system according to the FSC CoC standard (FSC-STD-40-004 v2.1) and the CW Verification Program at the Forest Management Unit (FMU) level, in accordance with the requirements of Annex 3 of the Controlled Wood standard (FSC-STD-40-005 V2-1). A copy of the standard is available from FSC (see below under additional information) or SCS upon request.

The scope of the Les Walkden Enterprises Pty Ltd FSC CoC and CW certificate includes *Pinus radiata* sourced from third party sources.

The Evaluation Process Includes:

- a) Public notification: distribution of the standard and solicitation of comments on the certification applicant;
- b) Audit planning and document review;
- c) Review of the certificate holders' stakeholder consultation and field audit reports;
- d) Field assessment: A representative sample of field sites and operations within the defined forest area are inspected by SCS auditors;
- e) Reporting: A report describing the evaluation process, findings, and certification decision is produced;
- f) Certification decision.

SCS Guidance on Conducting Annex 3 Verification Audits

SCS has prepared a guidance document for conducting Annex 3 verification audits. The document is attached to this public notification as a reference to stakeholders on the requirements of the Annex 3 Verification audits and the roles of the certificate holder and certifying body.

Call for Public Participation

SCS welcomes comments on the controlled wood source of Les Walkden Enterprises Pty Ltd or other topics relevant to the FSC Controlled Wood Standard 40-005v2.1 against which they are being assessed.

Comments can be submitted via email, standard mail, or facsimile to our Lead auditor or SCS representative whose details are listed below. The SCS auditor can make arrangements to allow stakeholders to meet with him during the evaluation upon request.

Stakeholder input will be valuable at any stage of the audit process, but we would prefer to receive your comments prior to or during the audit, so that we can take them into consideration.

Your options for communicating your feedback to us are as follows:

- Meet with the SCS Lead Auditor during the fieldwork.
- Provide comments to the Lead Auditor via phone
- Submit written comments by mail, FAX or email to Nick Capobianco, SCS Australia representative

All comments and sources will be kept in strict confidence at the request of the commenter.

Dates

The Evaluation audit is scheduled to occur on Monday 29th and Tuesday 30th of August, 2016.

SCS will make arrangements to speak with interested parties before, during and following the audit, and our auditor will be available to meet during the field verification. SCS will consider any feedback provided until the 13th of September 2016, at which time the audit report will be finalized.

Evaluation Team

Mr. Graeme Lea – SCS FM, CW and COC Senior Lead Auditor.

Dispute Resolution Procedure

As provided by the FSC Interim Dispute Resolution Protocol and the SCS Forest Conservation Program Quality Manual, dispute resolution procedures are in place and available to interested parties at <https://www.scsglobalservices.com/your-feedback>

Additional Information

1. Les Walkden Enterprises Pty Ltd contact person:

Les Walkden Email: les@walkden.com.au

Kevin O'Grady, Consultant Email: [kopinnacle@gmail.com](mailto:kopinacle@gmail.com)

2. Geographical region of forests and areas used for field Verification audits.

One Forty One Plantations in the Mount Gambier region.

Private Landowner located in the Mount Gambier region.

For more specific geographic information contact Les Walkden or Kevin O'Grady.

3. Plantation species:

Pinus radiata.

4. Controlled Wood Risk Assessment

For a summary of High Conservation values identified by Les Walkden Enterprises Pty Ltd, contact Les Walkden or Kevin O’Grady (see contact details above).

More information about FSC and SCS can be obtained from www.fsc.org and www.scsglobalservices.com.

A copy of the FSC Standard to be used (FSC-STD-40-005 v2.1) can be requested from SCS, or found online at: <https://ic.fsc.org/controlled-wood-standards.174.htm>

SCS Contact Details:

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Mr. Nick Capobianco

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Guidance on Conducting Annex 3 Verification Audits

Requirements for Certificate Holder Program of Verification

For all Controlled Wood Categories¹ where low risk cannot be concluded through an Annex 2 Risk Assessment, the FSC® Controlled Wood standard requires that the Certificate Holder implement a field verification audit program at the Forest Management Unit (FMU) level², in accordance with the requirements of Annex 3 of the Controlled Wood standard (FSC-STD-40-005 V2-1). Annex 3 of the Controlled Wood standard includes two parts:

1. Part A contains the General Requirements that the Certificate Holder's Program of Verification must meet. It includes choosing an appropriate sample size and set of FMUs for the Certificate Holder to conduct their verification audit(s). The audit(s) must consist of consultation with stakeholders, interviews with staff employed in the forests, and field visits to harvest sites.
2. Part B contains the specific requirements that the Certificate Holder must consider to evaluate the conformity of their FMU(s) for which low risk cannot be concluded via Annex 2.

An Annex 3 audit is composed of four basic steps:

1. Certificate Holder (CH) makes a Program of Verification Plan and submits it to SCS for evaluation. The Plan describes who, what, when, where and how stakeholders will be consulted and field audits will be conducted and how their results will be reported.
2. Certification Body (CB) approves CH's Program of Verification Plan (this is the pre-audit assessment process).
3. Annually CH executes Program of Verification Plan, including field audits and stakeholder consultations, and reports results to CB.
4. CB conducts independent field audits to assess conformity of Verification Program (these field audits may be done in conjunction with the CH's own field audits).

There are various pathways to completing these steps:

- a. CH designs and executes their Program of Verification Plan with their own personnel. This pathway may be used by CHs that have forestry professionals on staff and have ready access to the FMUs.
- b. CH hires a consultant forester to help prepare and execute their Program of Verification on their behalf. Due to the complex and extensive nature of these projects, many CHs find that a consultant with detailed knowledge of the standard requirements and the local region is essential for ensuring a smooth audit process and eventual compliance. The consultant may or may not be needed annually, depending on the complexity of the Program of Verification Plan.
- c. CH hires another FSC Accredited CB to prepare and execute their Program of Verification. Pursuing this path, SCS is not required to conduct field audits (step 4 above), as long as the other CB executes the program annually.

¹The FSC Controlled Wood Categories include 1) illegally harvested wood; 2) wood harvested in violation of traditional and civil rights; 3) wood harvested in forests where high conservation values are threatened by forest management activities; 4) wood harvested in forests being converted to plantations or non-forest use; and 5) wood harvested from forests in which genetically modified trees are planted. (FSC-STD-40-005 V2-1 §1.1)

²FSC's definition of FMU (FSC-STD-01-002 V1-0): A clearly defined forest area with mapped boundaries, managed by a single managerial body to a set of explicit objectives which are expressed in a self-contained multi-year management plan.

Requirements for Stakeholder Consultations Conducted by the Certificate Holder

One of the most important components of an Annex 3 audit is to undertake stakeholder consultations. Relevant stakeholders must be consulted for each of the Controlled Wood Categories that have not been determined to be low risk via Annex 2. The Controlled Wood Standard does not provide specific direction on how to find stakeholders, who to contact, or what information to request. Therefore, SCS has developed guidance to help the Certificate Holder plan this part of their Program of Verification. The guidance is based on the FSC standard entitled *Stakeholder Consultation for Forest Evaluations* (FSC-STD- 20-006 V3-0).

Design of the Stakeholder Consultation Process

Before undertaking consultations, the CH should ensure that their Program of Verification Plan:

- Includes a range of stakeholders³ appropriate to the scale and complexity of the FMUs and the Controlled Wood Categories being assessed;
- Provides stakeholders the opportunity to present their points of view in confidence;
- Allows for information from the stakeholders to be evaluated objectively so as to determine the potential impact of conformity to Annex 3. ³FSC's definition of Stakeholder (FSC-STD-01-002 V1-0): Any individual or group whose interests are affected by the way in which a forest is managed.

Identification of Stakeholders

The range and number of individuals and organizations to be contacted depends on the scale, intensity, and complexity of the Annex 3 audit. In some areas, SCS can provide lists of relevant stakeholders.

Examples of stakeholders to contact include:

- FSC National Initiative(s); these organizations may also be able to provide the CH with a list of potential stakeholders to add to their own list.
- The state forest service or equivalent
- Statutory bodies with some legal mandate over the FMU under evaluation
- NGOs that are active with respect to social or environmental aspects of the relevant region
- Representatives of Indigenous Peoples and other affected communities in the region
- Labor organizations or unions of forest sector workers
- Contractors who provide services to the forestry operation to be assessed
- Local landholders who may be affected by the forestry operation

Requesting Information from Stakeholders

The stakeholders should be contacted at least 4 to 6 weeks prior to the start of the field audits. In the initial contact, it is recommended that the CH provide the following information:

- An FSC Controlled Wood Annex 3 audit will occur, including the CW categories to be assessed. Details of each category should be provided so that stakeholders can make informed comments.
- The FMUs included in the CW Program of Verification to be assessed. It is recommended that reference maps be provided where available.
- The start date of the assessment
- A copy of or link to the sections of Annex 3 that the FMUs will be assessed against
- How stakeholders can contact the CH in confidence

- It is also recommended that the CH be specific about what type of information and comment they are seeking from stakeholders by providing a form or template.

Stakeholders can be contacted in a number of ways. Some examples include:

- Direct e-mail contacts in the language of the recipients
- Personal contacts by phone or letter
- Notification through the applicable FSC National Initiative(s)
- Notice published in the press relevant to the regions being assessed
- Signage posted around the FMU, in local community areas, or other areas of public interest

Reporting Findings from Stakeholder Consultations

Consultation should be designed to solicit direct, factual observations with regard to conformity with the requirements of the relevant sections of Annex 3. Wherever possible, information provided by stakeholders should be independently corroborated from a second source. The findings should be reported in a systematic presentation of stakeholder comments, Certificate Holder conclusions, and description of any follow-up actions. It is recommended that the CH actively inform the consultant stakeholders who provided comments with an update on how their concerns were addressed within three (3) months of the certification decision. All stakeholders should remain anonymous unless they explicitly request otherwise.

Requirements for External Audit by the Certification Body

SCS is required to audit the CH's Annex 3 Program of Verification at each of their annual audits. The purpose of these audits is for the CB to verify that the CH's suppliers are in conformity with the requirements of FSC-STD-40-005 V2-1, for those categories that cannot be confirmed as low risk via Annex 2. Our audit includes review of the CH's stakeholder consultation and field audit reports, and field audits of a sample of the FMUs that the CH visited. The field audits must take place within 60 days of the CH's annual Chain of Custody Re-Certification audit.