

25 June 2020

## Public Summary of Forico Pty Limited Due Diligence System – 2019/2020

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;
- Reliance Forest Fibre;
- SFM Forest Products;
- Tas Land and Forest;
- Norske Skog;
- PF Olsen;
- Pentarch Forest Services; and
- Private small, low intensity, managed forests (SLIMFs) on an irregular one-off basis.

### Risk Designation for the Origin

TASMANIA: LOW / NEGLIGIBLE risk for controlled wood categories 1, 2, 3.1, 3.2, 3.3, 3.5, 5 and SPECIFIED / SIGNIFICANT risk for categories for 3.4, 3.6 (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 National Risk Assessment FSC-NRA-AUS Version 1-1 2019. 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</li> </ul>	LOW / NEGLIGIBLE	Field verification audits at supply unit confirm required documentation.	LOW / NEGLIGIBLE	Delivery documentation with required information. Field verification audit reports. Wood Supply System reconciliation and <i>iweigh</i> validation.

	<p>Operation Number. This identifies the species / origin / certification status of input material.</p> <ul style="list-style-type: none"> <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>				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 / NEGLIGIBLE	Field verification audits at supply unit confirm required documentation.	LOW / NEGLIGIBLE	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 from a plantation resource.</li> <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</li> </ul>	LOW / NEGLIGIBLE	Transport contractors are inducted at each facility to ensure they understand their roles and responsibilities and the site procedures. 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	LOW / NEGLIGIBLE	Delivery Dockets with required information. Cross checking weighbridge data with hard copies.

	must be signed by the truck driver and Weighbridge Representative.		material not being accepted.		
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 / NEGLIGIBLE	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.	LOW / NEGLIGIBLE	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 compliance to the Standard requirements.</p>	LOW / NEGLIGIBLE	<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>

**Procedure for Filing Complaints:**

Anybody with a complaint regarding Forico's due diligence system can be made to Simon Cook – Sustainability 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 specified / significant risk in Tasmania for category 4 (conversion) and category 3.4, 3.6 (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 Summary of 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 Measures</b>	<b>Desired Outcome</b>
Forest management activities in the relevant level (eco-region, sub-eco region, local) do not threaten eco-regionally significant high conservation values.	Forico ‘approval process’ of suppliers and issuance of a unique Operations Number for each new plantation.	Only approved suppliers enter processing facilities which limits the risk of unknown material being mixed.
Identifying and assessing HCVs.	Certified Forest Practices Plan.	HCV 4 and HCV 6 are identified in the FPP.
A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs at the ecoregion.	Certified Forest Practices Plan.	HCV 4 and HCV 6 are identified in the FPP and control measures to ensure they are protected are implemented.
Strong stakeholder support.	Field audits in high risk scenarios.	Field audits confirm values are protected from harvesting operations.
Conversion of forests to plantations or non-forest use.	Forico only accept/ process plantation material, as verified through the FPP.	The FPP confirms no conversion and plantation material only.
Mixing risk using 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> <li>• Outsourced facilities must sign and agree to comply with requirements of the Certification Standard.</li> <li>• Biannual certificate validation to ensure facilities have a current FSC® certificate.</li> </ul>	Annual Forico internal and external Chain of Custody audits demonstrate compliance to the Standard requirements.

	<ul style="list-style-type: none"> <li>• Outsourcing audits of the facility.</li> </ul>	
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**Verification Audits**

Forico has undertaken eleven field verification audits of Suppliers during the financial year 2019 – 2020 in addition to an internal assessment of the Forico Chain of Custody System. The table below summarises the issues reported:

<b>Date</b>	<b>Issue</b>	<b>Corrective Action</b>
April 2020	Sales invoice to Customer did not include certification claim on invoice.	Workflow of invoice has been improved to include visibility of certification claim on customer invoice.
May 2020	The Forico's Timber Source (CoC) Declaration Form does not explicitly include the formal certification claim.	Forico's Timber Source (CoC) Declaration Form improved to classify certification claim of material inputs – 100% AFS / PEFC certified, and / or FSC 100%.
May 2020	Third party supplier driver arrived at weighbridge without a correct docket.	Material was accepted once correct documentation was received and appropriate administrative protocols implemented.