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Ver 12 September 2019

FSC Forest Management Certification

Annual Surveillance and Gap Analysis

Report for:

Hancock Victorian Plantations Pty Ltd

in

Victoria, Australia

Report Finalized:	14 May 2020
Audit Dates:	2–6 December 2019
Audit Team:	Malory Weston (Audit Team Leader) Philip Polglase (Technical Expert)
Type of certificate:	FM/CoC
Certificate code:	NC-FM/COC-001128
Certificate issue/expiry:	1 February 2004/ 30 January 2024
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INTRODUCTION

This report presents the findings of an independent certification audit conducted by a team of specialists representing NEPCon. The purpose of the audit was to evaluate the ecological, economic and social performance of **Hancock Victorian Plantations Pty Ltd** forest management as defined by the Principles and Criteria established by the Forest Stewardship Council™ (FSC®).

This report contains various sections of information and findings and several annexes. Sections 1 through 4 will become public information about the forest management operation and may be distributed by NEPCon or the FSC to interested parties. The remainder of the annexes are confidential, to be reviewed only by authorized NEPCon and FSC personnel bound by confidentiality agreements. A copy of the public summary of this report can be obtained on the FSC website at <http://info.fsc.org/>.

Dispute resolution: If NEPCon clients encounter organisations or individuals having concerns or comments about NEPCon and our services, these parties are strongly encouraged to contact relevant NEPCon regional office. Formal complaints and concerns should be sent in writing.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>.

1 AUDIT CONCLUSIONS

1.1 Audit Recommendation and certification decision

Based on Organisation's conformance with certification requirements, the following recommendation is made:

- Certification approved:
 - Upon acceptance of NCRs issued below
- Certification not approved:

Additional comments, including issues identified as controversial or hard to evaluate and explanation of the conclusion reached:

On 10 November 2018, FSC Australia released the *FSC National Forest Stewardship Standard of Australia*, FSC-STD-AUS-01-2018 EN; with the phase-in period – during which all certificate holders shall be audited to the requirements of the new Standard – being 12 months from 10 February 2019. Because the new Standard introduces new requirements, special conditions apply to the timelines of any major non-conformities identified against FSC-STD-AUS-01-2018 EN, with extended timelines allowed by FSC for the correction of new or significantly changed requirements, as described in clause 12.3 of FSC-PRO-01-001 *The Development and Revision of FSC® Normative Documents*. In this case, the FME is granted an extension of up to six (6) months to address the requirements of the NCR.

In addition, FSC rules permit existing certificates to be transitioned to the new Standard despite major non-conformities being detected.

This evaluation was conducted as both an annual surveillance audit, and a gap analysis; i.e. the Audit Team evaluated the FME's conformance to the requirements of 13 mandatory criteria and 54 indicators the *FSC National Forest Stewardship Standard of Australia*; and undertook a gap analysis for the remaining criteria and indicators. (Refer Interpretations of the normative framework, Forest Management (10 July 2019), INT-STD-20-007_49, requirement clause 6.3.8, for the criteria according FSC Principles and Criteria V5-2 that shall be evaluated at each surveillance evaluation.)

* FM-32 *Rainforest Alliance Interim Standard for Assessing Forest Management in Australia*, version December 2014

1.2 Non-conformity Reports (NCRs)

Note: NCRs describe evidences of Organisation non-conformities identified during audits. Any gap that is not corrected prior to the transition audit will be raised as an NCR. NCRs include defined timelines for the Organisation to demonstrate conformity. MAJOR NCRs issued during assessments/reassessments shall be closed prior to issuance of certificate. MAJOR NCRs issued during annual audits shall be closed within timeline or result in suspension.

NCR: 01/20	NCR Classification: Minor
Standard & Requirement:	<p>The FSC National Forest Stewardship Standard of Australia, FSC-STD-AUS-01-2018 EN</p> <p><i>4.5.3 The Organisation provides regular opportunities for engagement with all stakeholders and local communities affected by its operations in order to identify social impacts and the potential to avoid or reduce such impacts on an ongoing basis.</i></p> <p><i>4.5.4 The Organisation shall demonstrate that the information derived from social impact evaluations and/or consultation processes with stakeholders has been considered and, where appropriate, addressed in the planning and implementation of forest management activities.</i></p>
Report Section:	Annex II
Description of Non-conformance and Related Evidence:	
<p>HVP's <i>Forest Management Plan & Sustainability Report 2019/20</i> states (page 21), in the context of HVP Plantations as neighbours: "HVP strive to be good neighbours with adjoining landowners. This includes complying with all laws, dealing fairly with all neighbours on issues, and being prepared to listen & negotiate mutually acceptable outcomes.</p> <p>HVP have a neighbour notification system to keep affected neighbours informed of our activities and to work with neighbours on a range of issues to minimise any adverse impact our activities may have on neighbours. HVP have a long history of working with neighbours on issues such as noise, dust, pine wildlings, road use, chemical application, pest plants and animals, fencing etc. In addition, HVP have a formalised system for allowing neighbours to passively use the plantation area and this system is accessed via the HVP website."</p> <p>In addition, within the section 'Community' (page 19), the FME includes the following in relation to stakeholder engagement:</p> <p>"HVP have a Stakeholder Engagement Plan to ensure that stakeholders have sufficient opportunities to have input into HVP Plantations management of the estate. These opportunities include but are not limited to:</p> <ul style="list-style-type: none"> ▪ Email info@hvp.com.au ▪ HVP Website – Contact Page www.hvp.com.au ▪ This Forest Management Plan – emailed to all available stakeholders. ▪ Telephone 03 92891400. 	

- Notifications regarding operations which include HVP contact name and phone number.
- HVP Plantations facebook page.
- Newspaper advertisements.
- Forums and meetings.
- Direct contact at regional offices.”

The Audit Team concluded, based on the above mechanisms being made available to stakeholders – as well as interviews with relevant staff and stakeholders during the evaluation – that systems and documentation exist to facilitate the FME’s meeting this requirement. In general, the Audit Team found the FME’s social engagement including stakeholder consultation activities to be of high quality and in accordance with the scale and intensity of management actions.

The Audit Team, however, was contacted during and following the onsite work by numerous (21) Gippsland Region landowners, who expressed their concerns regarding a proposed non-forest resource development project.

Issues raised by landowners include the following:

- sub-optimal stakeholder engagement and communication;
- unacceptable project scale, emitting noise equivalent to a continuously running diesel truck; and their placement as close as legally possible to plantation neighbours;
 - as a result of the proposed placement and design of the non-forest resource development project , the following implications for neighbours:
 - adverse visual impact, and
 - property devaluation;
 - loss of amenity and subsequent loss of landowner rights, including through the incursion onto neighbours’ properties of the 1km mandatory set-back; with neighbours no longer able to build on this land (as they currently can) should the proposal proceed;
 - potential losses and increased threat to life and property caused by fire emanating from HVP’s plantation due to reduced ability to control fires (from both physical [access and egress] and legal perspectives, particularly from the air);
- negative impacts on native vegetation and native populations of fauna (e.g. Strzelecki Koala) and flora, and potential disruption to the Koala Biolink;

In relation to the non-forest resource development project , HVP staff provided the Audit Team with the following documents:

- a copy of the FME’s (internal) Communication Plan dated 20 January 2019;
- samples of the communications that had occurred between Delburn community members, including responses to stakeholder letters and emails from the General Manager: Gippsland Region; and
- an extract of the stakeholder communications stored in the FME’s Stakeholder Management System and relating to the initiative (a total of 46 records). This included, as a record of HVP’s response to a stakeholder’s feedback, that HVP’s policy is that no information would be released prior to the company’s Board granting approval of the contractual arrangements with project developer. Also recorded were references to extra initiatives requested by HVP of project developer to mitigate any increase in fire risk due to the project.

The Audit Team was also provided with a copy of an email from the CEO of HVP, written in response to a stakeholder email about the project and sent to him in August 2019. While addressing a couple of the queries in some detail, a key message was that the stakeholder should contact project developer rather than HVP.

the General Manager Gippsland Region did meet on site with several stakeholders, at their request, for discussions about the proposed project. Details of such meetings are logged in the Stakeholder Management System records provided to the Audit Team.

FSC requirements are such that – as the owner and manager of the Delburn Plantation, and the entity granting the license and option to lease the land – HVP is ultimately responsible for management activities taking place within the FMU. As such, the requirements of Principle 4 remain applicable and HVP as the FSC certificate holder is required to work with potentially affected parties to mitigate adverse impacts.

The Audit Team, through interviews and document review, confirmed that HVP does provide regular opportunities for engagement and consultation with stakeholders, with such activities and outputs generally considered to be delivered to a high standard.

However, based on direct stakeholder feedback and interviews with concerned neighbours, the Audit Team interprets its effort relating to this one project development proposal as an exception to HVP’s otherwise adequate record on stakeholder engagement, including the potential to avoid or reduce social impacts caused by its operations.

Regarding requirements described in Indicator 4.5.4 – that the FME shall demonstrate that the information derived from social impact evaluations and/or consultation processes with stakeholders has been considered and, where appropriate, addressed in the planning and implementation of forest management activities – the Audit Team Leader (following an interview with the Manager: Safety & Community, Northern Region, on 5 December 2019) was provided with several documents illustrating the FME’s processes of consultation with stakeholders, and derivation of information from social impact evaluations, including information being considered and addressed in the planning and implementation of forest management activities. The documentation provided (including the relevant communications plan) was reviewed and evaluated as leading to an appropriately detailed and robust stakeholder consultation process.

Another example of the FME’s considering and responding to stakeholder consultation and feedback, provided during an interview with the Environment and Certification Managers, concerned a landowner suffering from asthma who was accommodated in a hotel for two days while HVP conducted a burn-off near his home.

Given the evidence provided, including the above examples, the Audit Team concluded that – in general – HVP considers information derived from social impact evaluations and consultation processes with stakeholders, and addresses such information in the planning and implementation of forest management activities.

However, the outcomes to date of the non-forest resource project development-related community engagement process are considered as a lapse in relation to Indicator 4.5.4; with HVP deflecting stakeholder feedback to the proponent. The Audit Team concludes that the FME has not in this instance considered information derived from stakeholder consultation processes and, as appropriate, addressed that information in the context of forest management activities.

In part because the non-forest resource project development is at this stage only a proposal, the NCR identified against this requirement is graded minor.

Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	12 months from report finalization (13 May 2021)
Evidence Provided by Organisation:	PENDING

Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

NCR: 02/20	NCR Classification: Minor
Standard & Requirement:	<p>The FSC National Forest Stewardship Standard of Australia, FSC-STD-AUS-01-2018 EN</p> <p><i>7.6.1 Culturally appropriate engagement is used to ensure that affected stakeholders are proactively and transparently engaged in the following processes:</i></p> <ol style="list-style-type: none"> 1) <i>Dispute resolution processes (Criterion 1.6, Criterion 2.6, Criterion 4.6);</i> 2) <i>Definition of Living wages (Criterion 2.4);</i> 3) <i>Identification of rights (Criterion 3.1, Criterion 4.1), sites (Criterion 3.5, Criterion 4.7) and impacts (Criterion 4.5);</i> 4) <i>Local communities' socio-economic development activities (Criterion 4.4); and</i> 5) <i>High Conservation Value assessment, management and monitoring (Criterion 9.1, Criterion 9.2, Criterion 9.4).</i>
Report Section:	Annex II
Description of Non-conformance and Related Evidence:	
<p>While the Audit Team recognises that HVP is, in general terms, meeting the requirements of Criterion 7.6, Audit Team members – in discussion with the Environment and Certification Managers – identified gaps in relation to specific stakeholder consultation-related requirements of the new Standard. The Audit Team concluded that these gaps are less to do with the implementation of consultation (with both affected and interested stakeholders), and more to do with the specific requirements – especially new requirements – of the Australian Standard. For example, the Audit Team identified gaps in relation to living wages (i.e. the context provided by Criterion 2.4).</p> <p>As the FME is undertaking stakeholder engagement, and relatively few gaps are identified in relation to this Indicator, it is graded minor.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	12 months from report finalization (13 May 2021)
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

NCR: 03/20	NCR Classification: Minor
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Standard & Requirement:	<p><i>The FSC National Forest Stewardship Standard of Australia, FSC-STD-AUS-01-2018 EN</i></p> <p><i>Criterion 9.4 The Organisation shall demonstrate that periodic monitoring is carried out to assess changes in the status of High Conservation Values and shall adapt its management strategies to ensure their effective protection. The monitoring shall be proportionate to the scale, intensity and risk of management activities, and shall include engagement with affected stakeholders, interested stakeholders and experts.</i></p> <p><i>9.4.1 A program of periodic monitoring assesses the following, consistent with Annex G:</i></p> <ol style="list-style-type: none"> <i>1) Implementation of strategies;</i> <i>2) The status of High Conservation Values, including High Conservation Value Areas on which they depend; and</i> <i>3) The effectiveness of the management strategies and actions for the protection of High Conservation Values, to maintain and/or enhance the High Conservation Values.</i> <p><i>9.4.2 The monitoring methodology and a periodic public summary of monitoring results are made publicly available, excluding confidential information. At its discretion The Organisation may charge for the actual costs of reproduction and handling.</i></p> <p><i>9.4.3 The monitoring program has sufficient scope, detail and frequency to detect changes in High Conservation Values, relative to the initial assessment and status identified for each High Conservation Value.</i></p> <p><i>9.4.4 Management strategies and actions are adapted when monitoring or other new information show these strategies and actions are insufficient to ensure the maintenance and/or enhancement of High Conservation Values.</i></p>
Report Section:	Annex II
Description of Non-conformance and Related Evidence:	
<p>The Australian Standard FSC-STD-AUS-01-2018 includes new requirements, including those described in Annex G. Through its HCV re-assessment work led by Dr Paul Koch, the FME is addressing the new requirements including those described in Criterion 9.4.</p> <p>Due to the fact that the assessment required under Criterion 9.1 is the foundation for conformance with the remaining criteria under Principle 9, this non-conformity is raised as a minor as HVP has a system in place for monitoring of HCVs, that will need to be updated upon completion of the HCV reassessment currently underway.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	12 months from report finalization (13 May 2021)
Evidence Provided by Organisation:	PENDING

Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

1.2 Observations

Note: Observations are issued for the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the organization; observations may lead to direct non-conformances if not addressed.

OBS: 01/20	Standard & Requirement:	The FSC National Forest Stewardship Standard of Australia, FSC-STD-AUS-01-2018 EN 4.6.2 Grievances related to the impacts of management activities are responded to promptly, and all reasonable steps are undertaken to resolve them.
	Report Section	Annex I
Description of findings leading to observation:	<p>HVP's Forest Management Plan & Sustainability Report 2019/20 states (page 21), in the context of HVP Plantations as neighbours: "HVP strive to be good neighbours with adjoining landowners. This includes complying with all laws, dealing fairly with all neighbours on issues, and being prepared to listen & negotiate mutually acceptable outcomes.</p> <p>HVP have a neighbour notification system to keep affected neighbours informed of our activities and to work with neighbours on a range of issues to minimise any adverse impact our activities may have on neighbours. HVP have a long history of working with neighbours on issues such as noise, dust, pine wildlings, road use, chemical application, pest plants and animals, fencing etc. In addition, HVP have a formalised system for allowing neighbours to passively use</p>	

	<p>the plantation area and this system is accessed via the HVP website.”</p> <p>During the evaluation, the Audit Team was contacted by two landowners living adjacent to HVP’s Delburn Plantation in Gippsland Region, and met with them during the audit (3 December 2019) to discuss their concerns. One landowner registered her concern regarding HVP’s response to two issues relating to minor roads/ tracks within the FME’s plantations (i.e. private roads):</p> <ul style="list-style-type: none"> • delayed response (about three months) to remove a fallen tree which was blocking a track that she used on a regular basis; and • sub-optimal maintenance by the FME of the tracks, which the landowner considered to be fire breaks; including removing the fallen tree (described above) to the side of the track and thereby increasing fire risk. <p>The other landowner interviewed by the Audit Team described his frustrations about HVP’s feral animal control, in particular relating to pigs and deer (and kangaroos, which are native fauna) entering his property from HVP’s plantation estates and impacting on his crops. Both landowners also raised concerns about maintenance of shared boundary fencing.</p> <p>In both cases, HVP staff gave a commitment – following the landowners’ initial contact – to addressing the management issues raised. However, over several weeks or months, HVP did not follow up with either communication or action; and the issues remained unresolved.</p> <p>A third stakeholder, based in Gippsland Region, advised the Audit Team (on 16 December, i.e. after the field audit was completed) that she had not had a written, follow-up response to two emails sent after some spraying activity by HVP, to confirm the buffer distance that had been used, and whether it met the verbal commitment given (prior to the spraying taking place) by the FME staffer involved.</p> <p>In the case of the first two landowners, the Audit Team relayed to staff in the Gippsland Region (with the landowners’ permission) the grievances raised during the meeting on 3 December. Gippsland Region staff, including the Region’s Silviculture Manager, then followed up and contacted the landowners directly, committing to address the issues raised and improve communications in the future. While the Audit Team concluded – through interviews with staff, contractors and other stakeholders – that the FME generally responds promptly to grievances related to the impacts of management activities, with reasonable steps undertaken to resolve such grievances, the instances described above are interpreted as a minor lapse that does not raise to level of a nonconformance, therefore this is graded as an observation.</p>
Observation:	HVP should ensure prompt follow through related to agreed actions to address impacts from management activities.

1.3 Stakeholder consultation

The purposes of NEPCon's stakeholder consultation were threefold:

- To ensure that the public is aware of and informed about the FSC Forest Management evaluation and its objectives;
- To assist the field evaluation team in identifying potential issues; and,
- To provide diverse opportunities for the public to discuss and act upon the findings of the evaluation.

This process is not only stakeholder notification but, to the maximum extent possible, detailed and meaningful stakeholder interaction. The process of stakeholder interaction does not stop after the field visits nor, for that matter, even after a certification decision is made. NEPCon welcomes, at any time, comments on certified operations; with such comments often providing a basis for field assessment.

In the case of **Hancock Victorian Plantations Pty Ltd (HVP)**: in late November 2019, prior to the evaluation field work, an email was distributed to a random selection of the recipients on the list of stakeholders provided by HVP – with 161 stakeholders selected from Gippsland Region, and 144 stakeholders from Northern Region.

The email described the annual surveillance audit and scope change audit to be conducted over the period 2–6 December 2019, and inviting stakeholders – if interested – to provide feedback to the Audit Team using one of several suggested methods (including telephone, meeting in person where convenient, Skype, or email). The relevant FSC Forest Management standards were also sent out as attachments to the email.

As a result of the stakeholder contact described above, a number of stakeholders responded to the Audit Team Leader, most by email and a smaller number by telephone. As a result, numerous telephone interviews were conducted; and the Audit Team met in person while in the field (in Gippsland Region) with two stakeholders. Stakeholders were also interviewed within HVP FMUs by the Audit Team in both Gippsland and Northern regions.

Before starting an interview, stakeholders were informed of the purpose of the evaluation and the interview. Interviewees were advised that confidentiality would be maintained in that the annual surveillance and scope change audit report would not attribute comments to an individual or a specific organisation or entity. Interviewees were also advised that their name, affiliation and contact details would be included in an appendix to the report that was confidential to FSC and NEPCon staff.

In addition to the email consultation process described above, a few stakeholders were specifically identified and contacted by telephone and email following the audit; as not all FSC stakeholder category types had been targeted through the email communication.

A total of 49 stakeholder interactions were completed either via interview or email exchange, and a further 37 FME staff provided input to the evaluation. This number does not include calls or emails to stakeholders where the individuals did not respond or could not be reached during the audit timeframe. A summary of the stakeholders consulted is provided in the following table.

The input from stakeholders is summarised in the tables below. (Note that, if no feedback was received in relation to a particular FSC Principle or subject area, no details are included in the table summarising stakeholder comment.)

Stakeholder type (NGO, government bodies, local community, contractor etc.)	Stakeholders notified (#)	Stakeholders consulted directly or provided input (#)
National/ international NGOs	11	2
Local/ regional NGOs	5	1
Local community members	166	25
Government agency	65	0
Labor Union	5	1
Certified companies	4	1
Other local/ regional companies	55	19

Principle/ Subject Area	Stakeholder comment	NEPCon response
P4: Community Relations	A stakeholder from Northern Region provided positive feedback regarding employment opportunities being provided by the FME (via an outsourced company); as well as regular visits by staff from the Shelley office, also considered of value.	The Audit Team responded by email to the stakeholder's feedback; and concluded that there was no need for further action.
	Twenty-one stakeholders from Gippsland Region responded to the stakeholder consultation email sent out, prior to the evaluation, by the Audit Team Leader, describing numerous concerns about the potential impacts of the non-forest resource development project (NFRDP) to be sited within the FME's Delburn Plantation, and HVP's stakeholder consultation processes and handling of the initiative. The stakeholders who made contact with the Audit Team during and following the onsite audit were potentially affected stakeholders and neighbours of the proposed NFRDP. As well as expressing concerns about potential impacts, stakeholders were critical of HVP's deflecting communications to the project developer and not being 'up front' and transparent about an initiative that had apparently been in the planning for over two years.	<p>The Audit Team responded by email and/or by telephone to stakeholders' feedback; which was considered in the context of Principle 4, in particular indicators 4.5.3 and 4.5.4, the focus of which is the FME's:</p> <ul style="list-style-type: none"> ▪ provision of regular opportunities for engagement with stakeholders and local communities affected by its operations in order to identify social impacts and the potential to avoid or reduce such impacts on an ongoing basis (Indicator 4.5.3); and ▪ demonstrating that the information derived from social impact evaluations and/or consultation processes with stakeholders has been considered and – where appropriate – addressed in the planning and implementation of forest management activities (Indicator 4.5.4). <p>HVP advised the Audit Team of the following:</p> <ul style="list-style-type: none"> ▪ the NFRDP initiative is at proposal stage;

	<ul style="list-style-type: none"> ▪ the FME has granted the project developer, (a) a license to access HVP land at the proposed project location for the purposes of investigating the site for its suitability; and (b) an option to lease land from HVP to develop the the NFRDP, should the developer elect to proceed with the proposal; ▪ all investigations, designs, permit applications and, ultimately, the decision as to whether to proceed with the project (assuming the Victorian State Government grants approval of the project), sit with the project developer; with HVP having no stake in, and no relationship with the company other than having granted the license and option as described above; ▪ regarding the criticism that HVP should have been more transparent and 'up front' about the initiative, the FME's policy is that no information would be released prior to the company's Board granting approval of the contractual arrangements with the project developer. <p>The Audit Team confirmed (through interviews and document review) that HVP provides regular opportunities for engagement and consultation with stakeholders; with such activities and outputs generally considered to be delivered to a high standard.</p> <p>However, based on direct stakeholder feedback and interviews with concerned neighbours, the Audit Team interprets its effort relating to the NFRDP proposal as an exception to HVP's otherwise adequate record on stakeholder engagement, including the potential to avoid or reduce social impacts caused by its operations.</p> <p>FSC requirements are such that – as the owner and manager of the Delburn Plantation, and the entity granting the license and option to</p>
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		<p>lease the land – HVP is ultimately responsible for management activities taking place within the FMU. As such, the requirements of Principle 4 remain applicable and HVP as the FSC certificate holder is required to work with potentially affected parties to mitigate adverse impacts.</p> <p>Minor NCR 01/20 is raised against indicators 4.5.3 and 4.5.4.</p>
	<p>Two stakeholders contacted the Audit Team and requested a meeting; with this taking place in Yinnar, Gippsland Region, on 3 December 2019. The stakeholders registered their concerns regarding HVP’s response to management issues including HVP road/ track (fire break) maintenance, management of fuel loads, control of feral animal pests, and maintenance of shared boundary fences.</p>	<p>The Audit Team, following the meeting and with the permission of the two landowners, relayed the grievances to staff in Gippsland Region. HVP staff – including the Silviculture Manager – followed up and contacted the landowners directly, committing to address the issues raised and improve communications in the future.</p> <p>In contacting the landowners in February 2020 to follow up as to whether HVP had met the commitments made, the Audit Team Leader received a mixed response; with one landowner reporting that the FME’s follow-up had been disappointing, and the other stating that the response had been a very positive one – with FME staff implementing the management actions that had been requested and discussed on site shortly after the audit.</p> <p>While the Audit Team concluded – through interviews with staff, contractors and other stakeholders – that the FME generally responds promptly to grievances related to the impacts of management activities, with reasonable steps undertaken to resolve such grievances, the instances described above are interpreted as a lapse.</p> <p>Refer OBS 01/20, relating to Indicator 4.6.2.</p>
	<p>A stakeholder from Gippsland Region contacted the Audit Team following the onsite audit (on 16 December 2019) and provided feedback to the effect that she had not had a written, follow-up response to two emails sent after</p>	<p>In discussing the matter with the stakeholder (in February 2020), the advice received by the Audit Team Leader was that the FME had still not responded in writing to the two emails sent to the Gippsland Region Silviculture Manager.</p>

	HVP's spraying activity, to confirm the buffer distance that had been used, and whether it met the verbal commitment given (prior to the spraying taking place) by HVP's Gippsland Region Silviculture Manager.	As above: while the Audit Team concluded – through interviews with staff, contractors and other stakeholders – that the FME generally responds promptly to grievances related to the impacts of management activities, with reasonable steps undertaken to resolve such grievances, the instances described above are interpreted as a lapse. Refer OBS 01/20, relating to Indicator 4.6.2.
P6: Environmental Values and Impacts	A stakeholder based in Gippsland Region provided feedback that HVP has assessed and continues to evaluate the environmental values of its plantations and custodial lands; with collaboration by the FME with Federation University Australia on koala management strategies, which are continually being reviewed and revised.	The Audit Team responded by email to the stakeholder's feedback; and concluded that there was no need for further action.
P8: Monitoring and Assessment	A stakeholder based in Gippsland Region provided feedback regarding HVP's biodiversity monitoring of various species; with stakeholder considering this sufficient to assess the effectiveness of the FME's management strategies.	The Audit Team responded by email to the stakeholder's feedback; and concluded that there was no need for further action.
	Two stakeholders in Gippsland Region provided input relating to the NFRDP initiative; stating that, in their view, the proposal runs counter to the requirements described in Indicator 8.2.1 <i>The social and environmental impacts of management activities are monitored consistent with the applicable elements of Annex F.</i>	The Audit Team's evaluation of the NFRDP proposal – and HVP's involvement in and management of it – is considered under P4: Community Relations, above.

2 AUDIT PROCESS

2.1 Certification Standard Used

Standards Used:	<ol style="list-style-type: none"> 1. The <i>FSC National Forest Stewardship Standard of Australia</i>, FSC-STD-AUS-01-2018 EN: <ul style="list-style-type: none"> ▪ an annual surveillance audit, the focus of which was the FME’s conformance with the requirements of the 13 mandatory criteria and 54 indicators within this recently approved Standard; and ▪ as a gap analysis, a focus on any gaps between this Standard and the soon-to-be superseded Standard: <i>FM-32 Rainforest Alliance Interim Standard for Assessing Forest Management in Australia</i>, version December 2014 2. NEPCon Chain of Custody Standard for Forest Management Enterprises (updated September 2019) 3. Requirements for Use of the FSC® Trademarks by Certificate Holders, FSC-STD-50-001 V2-0 <p>* Note that the <i>NEPCon Chain of Custody Standard for Forest Management Enterprises</i> is not applicable for FM evaluations against FM standards based on version 5 of the FSC P&C and IGIs. (Criterion 8.5 of the applicable FM standard is used to evaluate the FME’s Chain of Custody control system.) As this evaluation is ‘transitional’ however, the Audit Team will evaluate, during this 2019 annual audit, FME’s conformance against the <i>NEPCon Chain of Custody Standard for Forest Management Enterprises</i>.</p>
Local Adaptation: (if applicable)	N/A

2.2 Audit Team and accompanying persons

Name	Role and qualifications
Malory Weston	Malory (Audit Team Leader) is the Manager of NEPCon’s Oceania sub-region and has been working with NEPCon since 2015. She is a Senior FSC Chain of Custody Auditor, and Forest Management Auditor, as well as a PEFC Chain of Custody and LegalSource Auditor; and has carried out audits in various countries including India, Vietnam, Thailand, Papua New Guinea, Philippines, New Zealand, Australia, Indonesia, Solomon Islands, Czech Republic, Lithuania and Malaysia. Malory also works for NEPCon as a technical editor. Prior to joining NEPCon, Malory worked as a contractor auditor for Rainforest Alliance; as a consultant in natural resource management for NGOs and government; and taught NRM in universities in Australia.
Dr Philip Polglase	Philip (Technical Expert and Audit Team Member) is a forest ecologist with a strong reputation both nationally and internationally in forest ecology research and forest production

	science including silviculture, soil science, nutrient cycling, and forest carbon balances. He served at both group and program leader levels within several CSIRO divisions including Sustainable Ecosystems, Ecosystem Sciences, the Land and Water Flagship, and Forestry and Forest Products. He has published widely in international peer-reviewed journals and worked as a forest consultant in the areas of soil management, codes of practice, and mine site rehabilitation.
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2.3 Audit Overview

Note: The table below provides an overview of the audit scope and auditors. See standard checklists for specific details on people interviewed and audit findings per site audited.

Site(s)	Date(s)	Main activities	Auditor(s)
Offsite	Week commencing 25 November 2019	Preparation, stakeholder consultation	MW
HVP Head Office (Melbourne)	2 December 2019	Opening Meeting Interviews Document review	MW, PP
Gippsland Region Office, Churchill	3 December 2019	Informal Opening Meeting Interviews Document review	MW, PP
Jeeralang, Sagars Road, Gippsland Region	3 December 2019	Field site visit: clearfall harvesting operation, <i>Pinus radiata</i> and <i>Eucalyptus globulus</i> Interviews Document review	MW, PP
Australian Paper Mills Weighbridge (Training Centre), Maryvale, Gippsland Region	3 December 2019	Truck 'drop in' at AP Mills: OHAS focus Interviews Document review	MW, PP
Boola, Rifle Range, Gippsland Region	3 December 2019	Field site visit: first thinning (T1) operation, <i>Pinus radiata</i> Road maintenance (native vegetation management; NCR 04/19) Interviews Document review	MW, PP
Northern Region Office, Myrtleford	4 December 2019	Informal Opening Meeting Interviews	MW, PP

		Document review	
Chemical stores (Myrtleford and Shelley, Northern Region)	4 December 2019	Chemical and pesticide use and management Interviews Document review	MW
Railway Plantation, Shelley, Northern Region	4 December 2019	Field site visit: unthinned clearfall operation, <i>Pinus radiata</i> Water management (Declared Water Catchment) Road maintenance (native vegetation management; NCR 04/19) Interviews Document review	MW, PP
Jinjelic Plantation, Northern Region	4 December 2019	Field site visit: second thinning (T2) operation, <i>Pinus radiata</i> Interviews Document review	MW, PP
Freeburgh Plantation, Northern Region	5 December 2019	Field site visit: impact, on <i>P. radiata</i> plantations, of regional feral Sambar deer infestation Interviews	MW, PP
Bells Vista, Bright, Northern Region	5 December 2019	Field site visit: harvesting (cable clearfall, <i>Pinus radiata</i>) Road maintenance (native vegetation management; NCR 04/19) Interviews Traffic and stakeholder management Document review Water management (Declared Water Catchment)	MW, PP
Alpine MDF	5 December 2019	Traceability and Chain of Custody OHAS (unloading facility)	MW, PP
HVP Head Office (Melbourne)	6 December 2019	Interviews Document review Closing Meeting	MW, PP
Offsite	Week commencing 9 December 2019	Stakeholder consultation	MW

Total number of person days used: 12

= numbers of auditors participating 2 x number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation: 6.

2.4 Description of Overall Audit Process

Hancock Victorian Plantations Pty Ltd's 2019 annual surveillance and scope change audit commenced at the FME's Melbourne office at 8:30AM on Monday 2 December 2019, the Audit Team members having stayed overnight in the city the evening before. The Opening Meeting was attended by several HVP staff, including the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, and the Environment and Certification Managers. The Audit Team Leader led the meeting, presenting information required by FSC to be included in an opening meeting (*inter alia*: confidentiality, public information, triangulation and sampling, transparency and keeping the client informed, confirmation of the proposed audit plan including time and location of the Closing Meeting, types of NCRs, requirement for CVA if major NCRs raised, etc.). The Audit Team Leader also presented details of the open NCR and Observations raised in 2018; as well as reiterating the nature of the evaluation as meeting FSC Australia's requirements following the introduction of the *FSC National Forest Stewardship Standard of Australia* (FSC-STD-AUS-01-2018 EN) in November 2018. The Audit Team Leader explained that the NFSS is now in a transition period such that all FMEs being audited between now and August 2020 shall be audited to the new Standard. FSC Australia recommends a gap analysis be conducted for such transitional audits; meaning that the findings of this evaluation would consist of the Audit Team's identification of any gaps in the FME's conformance with the requirements of the (new) Standard, compared with the soon-to-be-superseded Standard, *Rainforest Alliance Interim Standard for Assessing Forest Management in Australia* (FM-32 – Australia).

In carrying out the scope change audit component of the evaluation (i.e. the 'gap analysis'), the Audit Team took a risk-based approach, focussing on the most relevant issues in the management unit, and all new requirements.

Also covered in the Opening Meeting was the Audit Team's intent to evaluate HVP to the mandatory criteria recognised under V5-2 of the Principles and Criteria (P&C), applying in situations where the FME manages plantations of an area greater than 10,000ha, and FMUs containing High Conservation Values (HCVs). For HVP, 13 mandatory criteria and 54 mandatory indicators apply, and focus on issues similar to the mandatory criteria in V4 of the P&C.

Following the Opening Meeting formalities, the CEO gave a brief presentation in which he welcomed the Audit Team and the 'opportunities for improvement' that might derive from the evaluation. He described some of the highlights and events of the previous year, including HVP's initiative to grant OSMI Australia – a renewable energy development company – a licence and option for lease of its Delburn Plantation site, in Gippsland Region. The CEO explained that the FME's action gave OSMI Australia the freedom to explore opportunities to establish a wind farm within the FME's freehold plantation. Also briefly described were improvements to the Harvest Optimisation & Production System (HOPS) and HVP's safety systems; fire management and training; and the challenges associated with a feral deer infestation in Northern Region.

For the remainder of the first day of the audit, the Audit Team conducted interviews with staff including the Acting Harvesting Manager (Gippsland Region) (previously the External Relations Manager); the General Manager: Safety, Environment and Risk; the Safety Manager; and the Resource Planning Manager; and requested and reviewed relevant documentation. At 3:00PM, the Audit Team and Environment and Certification Managers travelled from Melbourne to Gippsland Region, staying overnight at a hotel in the LaTrobe Valley.

The next morning, Tuesday 3 December 2019, the Audit Team met at 8:15AM at the Churchill office with staff from the FME's Gippsland Region, including the General Manager. After the obligatory safety briefing, the General Manager provided an overview of regional highlights, events and initiatives; following which the discussion centred on selection of field sites. As well as enabling the Audit Team to assess the FME's corrective actions relating to minor NCR 04/19, the sites visited also had to facilitate the Team's evaluation of HVP's conformance to Standard requirements.

Subsequently, the Audit Team members spoke with regional staff about issues including the FME's planning and process mapping upgrade; and regional planning processes. Mid-morning, the Audit Team met with community members/ stakeholders in Yinnar to discuss the OSMI Australia Delburn Wind Farm initiative, and afterwards travelled to the first of two operational field sites (clearfall harvest, and first thinning) to be inspected in Gippsland. Before departing Gippsland Region in the late afternoon to travel to Northern Region, the Audit Team also visited the Training Centre adjacent to Australian Paper Mills' weighbridge, at which HVP was running a voluntary 'drop-in' session focussing on truck driver safety.

The Audit Team and HVP Environment and Certification Managers arrived at Myrtleford late on Tuesday, overnighing there before the Opening Meeting at Northern Region office from 8:15AM on Wednesday 4 December. After brief Audit Team introductions and a reiteration of the objective of the evaluation, key regional staff provided an overview of activities during the audit period; followed by a discussion of field sites to be visited by the Audit Team.

The first sites to be inspected on Wednesday were the Northern Region chemical store facility, and the equivalent facility at Shelley. Field sites visited by the Audit Team in Shelley sub-region included a clearfall operation and second thinning operation; with an interview with Human Resource Department staff based at the Melbourne Head Office being conducted by telephone before departing the Shelley site for Myrtleford in the late afternoon.

On Thursday morning (5 December), after interviews with project staff and FME personnel from the External Relations, production, inventory and planning teams, the Audit Team visited a *Pinus radiata* plantation demonstrating the impacts of the regional feral deer infestation; followed by inspection of a cable clearfall site near Bright; and, near Wangaratta, a local MDF facility to further investigate Chain of Custody and traceability. Departing Myrtleford mid-afternoon, the Audit Team and HVP staff arrived back in Melbourne at about 6:00PM on Thursday.

Friday's schedule included further interviews (including of contractors by telephone, and Finance staff) and document review. Throughout the audit, the Audit Team Leader kept the Environment and Certification Managers apprised of any potential non-conformities and outcomes of the evaluation.

The Closing Meeting was held at 3:00PM at HVP's Melbourne Head Office, attended in person by several HVP personnel, with four staff (including the Chief Executive Officer and Chief Operations Officer) joining by conference call. The Audit Team Leader presented the preliminary findings of the annual surveillance audit and scope change audit, speaking to a PowerPoint presentation (of which a PDF version was subsequently provided to the FME). Details presented during the Closing Meeting included a reiteration of the scope of the audit including relevant standards and indicators; requirements for confidentiality, no consulting, keeping the client informed; audit method (triangulation, sampling); types of non-conformities and requirement for corrective action verification audit (CVA) should major NCRs be raised; timeframe and process for finalisation of draft audit report including report review and approval (RRA); NEPCon's dispute resolution process; and the opportunity for the client to provide feedback on the draft report.

As the evaluation in part focussed on the requirements of the new Australian Standard (and there was some confusion during the transition period as to expectations of Certification Bodies and audit outcomes), the Audit Team Leader provided explicit caveats during the Closing Meeting in the context of findings relating to the new Standard – in particular potential non-conformities associated with the scope change audit. Discussion

took place during the Closing Meeting, as well as following the Audit Team Leader's presentation.

The Closing Meeting finished at 4:15PM and the Audit Team departed the FME's Head Office shortly thereafter.

Prior to, during and following the five days of the onsite evaluation, the Audit Team Leader conducted stakeholder consultation including interviews by telephone, and email communications.

2.4.1 Changes in FME's forest management and associated effects on conformance to standard requirements

The FME's Environment and Certification Manager/ Management Representative, Mr Phil Whiteman, retired at the end of 2019; with his replacement, Mr Tim McBride, confirmed in the role such that there was a transition period of two or three months prior to Mr Whiteman's departure from the company. Both management representatives were present during the evaluation, providing support to the Audit Team as required. Where reference is made in this report to the Environment and Certification Manager, it is therefore in the plural form. The Audit Team noted no effect on conformance to standard requirements as a result of this change.

Since the last FSC evaluation of the FME, the staff member who was serving the role of External Relations Manager has moved to another position within the company; with the position being vacant for several months. While HVP staff, including the CEO, informed the Audit Team that the FME was in the process of recruitment, it is possible that the gap has exacerbated stakeholder consultation-related issues noted during the evaluation. (Detailed findings are provided within Annex I against Indicator 4.5.3.) Despite this gap, the Audit Team noted the strong support for external relations and community/ stakeholder engagement provided by regional staff carrying out this function.

During the informal Opening Meeting at Myrtleford (Northern Region) on 4 November, the Audit Team was informed that Buxton sub-region is now included within the boundary of Northern Region (previously it fell within HVP's Western Region). There is now a distance of about 400km between Buxton and Shelley in the north-east of the state, i.e. the regional boundaries are extended. Northern Region staff confirmed that this change had not led to any noticeable effects on conformance with Standard requirements. According to the General Manager: Northern Region, the corporate Safety Manager lives nearby and often works from the Buxton office. The Audit Team did not observe any negative effects on conformance with certification requirements as a result of this alteration.

While not a change to the FME's management system at this time, there is potential change associated with HVP's initiative to grant a renewable energy development company (OSMI Australia) the freedom to explore opportunities to establish a wind farm within the FME's freehold plantation at Delburn, in Gippsland Region. Specifically, HVP has granted OSMI Australia – as the proponent – (a) a licence to access HVP land at Delburn for the purposes of investigating the site and its wind resource; and (b) an option to lease land from HVP to develop the wind farm, should the proposal be approved by the Victorian State Government, and OSMI Australia elects to proceed. (See osmi.com.au/delburn-wind-farm/.)

FME staff advised the Audit Team that all investigations, designs, permit applications and, ultimately, the decision as to whether to proceed with the project, sit with OSMI Australia; with HVP having no stake in OSMI Australia and no relationship with the company other than having granted OSMI Australia the license and option as described above. In relation to the potential approval of the project, the Audit Team was informed that the Victorian State Government would evaluate the project later in 2020, likely in the second quarter of the year. The Audit Team notes that – should the project be approved and proceed – the FME will be evaluated against the requirements of Criterion 6.9 of the FSC National Forest Stewardship Standard of Australia and the FSC advice note relating to wind turbine establishment [*ADVICE-20-007-016 Wind turbine establishment within FSC certified areas*]

(within *FSC Directive on FSC Forest Management Evaluations FSC-DIR-20-007 EN*, updated 16 December 2019)]. This is because the management activities of the proposed wind farm will not be beyond the control of HVP, since HVP has elected to lease the land to the project proponent for the wind farm development (if approved).

2.4.2 List of FMUs selected for evaluation

FMU Name	Rationale for Selection
Gippsland: Jeeralang, Sagars Road (Coupe ID: E29991)	Clearfall harvesting operation, <i>Pinus radiata</i> and <i>Eucalyptus globulus</i> Interviews (harvesting contractors; focus on OHAS, training, FAK and FEX inspections) Document review
Gippsland: Boola, Rifle Range (Coupe ID: P17039)	First thinning (T1) operation, <i>Pinus radiata</i> Interviews (harvesting and haulage contractors; focus on OHAS, training, FAK and FEX inspections) Road maintenance (native vegetation management; NCR 04/19) Document review
Northern: Railway Plantation, Shelley (Operation number 33301, Coupe ID: 32008_066)	Unthinned clearfall operation, <i>Pinus radiata</i> Interviews (harvesting contractors, haulage contractors; focus on OHAS, training, FAK and FEX inspections) Document review Water management (Declared Water Catchment)
Northern: Jinjelic Plantation (Too-Hard-Basket Road)	Second thinning (T2) operation, <i>Pinus radiata</i> Interviews (on-board forwarder weighing technology demonstration, drone technology)
Northern: Freeburgh Plantation, Northern Region (Operation number 35013, Compartment 3)	Impact, on <i>P. radiata</i> plantations, of regional feral Sambar deer infestation Site interviews, observations focussing on FME responses including R&D
Northern: Bells Vista, Bright (Operation number 32205, Coupe ID: 35012_022A)	Harvesting (cable clearfall, <i>Pinus radiata</i>) OHAS including PPE Interview: spotter (Alpine Community Plantation, Inc.) Traffic and stakeholder management Interview: roading contractor Road maintenance (native vegetation management; NCR 04/19) Water management (Declared Water Catchment)

2.4.3 Review of FME Documentation and required records

a) All certificate types

Required Records	Reviewed
Complaints received by FME from stakeholders, actions taken, follow up communication	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>Comments: On 2 December at Head Office, during an interview with the HVP staff member who most recently occupied the role of External Relations Manager, the Audit Team reviewed the FME's Stakeholder Management System (SMS), and Collaboration Platform (web-based systems; with the latter providing a record of interactions with stakeholders including historical information, and communications generally).</p> <p>Following the audit, the Audit Team requested all Delburn Wind Farm-related stakeholder communications and interaction records within HVP's systems. These were provided – as an extract of 46 entries that HVP had logged in relation to stakeholder enquiries or feedback – by Environment and Certification Manager (Mr McBride) on 24 February 2020, by email.</p> <p>The Audit Team was also provided, on request, with a sample of communications from the General Manager: Gippsland Region and relating to the Delburn Wind Farm.</p>	
Accident records	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>Comments: The General Manager: Safety, Environment and Risk, and the Safety Manager, confirmed that various safety statistics are published within the <i>Forest Management Plan & Sustainability Report 2019/20</i> (available on the FME's website, www.hvp.com.au). The Audit Team confirmed that figures including Lost Time Injury Frequency Rate, number of independent safety system audits, average score for independent safety system audits, number of independent safety field audits, and average score of independent safety field audits, are included in the FMP. These staff also provided the Audit Team with an in-depth briefing as to HVP's OHAS outcomes, and access to relevant records; with details described against Indicator 2.3.4 in Annex I.</p>	
Training records	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>Comments: During the audit, the Audit Team was provided with access to all requested training records, for both HVP staff and contractors. The Environment and Certification Managers confirmed that the FME is implementing an update to the arrangements for storage of training records, from its Vault database to its new system, VelocityEHS. As described in OBS 02/19, a new training coordinator position was established in 2019; with a new appointment made to and now working within that role. Training coordinator tasks include checking the data – including training records – to be transferred from the Vault database.</p>	
Operational plan(s) for next twelve months	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>Comments: The Audit Team reviewed the FME's <i>Forest Management Plan & Sustainability Report 2019/20</i> and confirmed that details of HVP's annual program for 2018/19 are described – on a regional basis – including area to be planted (season 2019, ha); area to be thinned (T1, T2 and T3, ha); area to be final harvested (ha); and plantation products to be sold (m3) (see page 49).</p> <p>While at the Myrtleford office in Northern Region on 5 December, the Audit Team interviewed members of the Resource Management team, reviewing and discussing inventory and harvesting procedures and records, and the current operational and cutting plans.</p>	
Inventory records	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Comments: The Audit Team interviewed staff overseeing HVP's inventory department, and reviewed inventory records, at the Head Office in Melbourne on 2 December, and Northern Region on 5 December. The Environment and Certification Managers provided the Audit Team with a copy of inventory-related procedures; and inventory output relating to the audit period.

Harvesting records	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
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Comments: At both regions visited during the audit (Gippsland and Northern), the Audit Team was provided with a regional overview, including details of harvesting volumes within the audit period.

At Northern Region on 4 December, the regional overview included a summary of the resource information and planning process, including HVP's use of Remsoft modelling software and strategic information analysis; e.g. wood availability in the short and long term; and use of current inventory and yield (volume) figures to predict future yields – with the process providing data from the point of measurement to available data in fewer than 30 days.

3 COMPANY DETAILS

3.1 Certificate Scope

3.1.1 Scope Details¹

Reporting period:	Previous 12 month period	Dates	15 November 2018– 30 November 2019
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A. Scope of Forest Area			
<input type="checkbox"/> No changes since previous report			
Type of certificate: single FMU		SLIMF Certificate not applicable	
Group or Multiple FMU	Number of group members (if applicable):		N/A
	Total number of Forest Management Units FMUs: (if applicable, list each below):		3
	FMU size classification within the scope:		
		# of FMUs	total forest area of FMUs (ha)
	< 100 ha		
	100–1000 ha		
	1000–10 000 ha		
	> 10 000 ha	3	237,450
	SLIMF FMUs		
	New FMUs added since previous evaluation? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>		
Group Certificate: List of FMUs included in the certificate scope provided in Annex VII-a: N/A			
Single/Multi-FMU Certificate: List of each FMU included in the certificate scope:			
FMU Name/ Description	Area (ha)	Forest Type	Location Latitude/Longitude
Western	47,139	Plantation	37.55 South, 148.85 East
Gippsland	124,734	Plantation	38.32 South, 146.42 East
Northern	66,246	Plantation	36.55 South, 146.72 East

B. FSC Product categories included in the FM/CoC scope	
<input checked="" type="checkbox"/> No changes since previous report	

C. Species and Sustainable Rate of Harvest (AAC)				
Latin name	Common trade name	Annual allowable cut (m3)	Actual harvest (m3) 2019	Projected harvest for next year (m3)
<i>Pinus radiata, Eucalyptus nitens, E. regnans, E. globulus</i>	Radiata Pine, Shining Gum, Mountain Ash, Blue Gum	3,600,000	3,331,000	3,164,798
Total AAC		3,600,000	3,331,000	
Total annual estimated log production (m3):			3,331,000	
Total annual estimates production of certified NTFP:			0	
(list all certified NTFP by product type):			0	

D. FME Information

¹ Data presented in the reports shall be in metric system units

<input type="checkbox"/> No changes since previous report	
Forest zone	Temperate
Certified Area (ha) under Forest Type	
- Natural	48,458
- Plantation	169,975
Stream sides and water bodies (Linear Kilometers)	6,612

E. Forest Area (ha) Classification

<input type="checkbox"/> No changes since previous report	
Total certified area	237,450 ha
Total forest area in scope of certificate	237,450 ha
Ownership Tenure	Private ownership
Management tenure:	private management
Forest area that is:	
Privately managed	237,450 ha
State/Public managed	0
Community managed	0
Area of production forests (areas where timber may be harvested)	169,975 ha
Area without <u>any</u> harvesting or management activities: strict forest reserves	23,744 ha
Area without timber harvesting and managed only for production of non-timber forest products or services	24,714

F. Forest Regeneration

<input checked="" type="checkbox"/> No changes since previous report
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G. High Conservation Values identified via formal HCV assessment by the FME and respective areas

<input checked="" type="checkbox"/> No changes since previous report
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H. Pesticide Use

<input type="checkbox"/> FME does not use pesticides		
FME has a valid FSC derogation for use of a highly hazardous pesticide	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
FSC highly hazardous pesticides used in last calendar year		
Name	Quantity (kg)	# of ha treated
Sodium fluoroacetate (1080)*	0.0005	370
Non FSC highly hazardous pesticides used in last calendar year		
Name	Quantity (kg)	# of ha treated
Clopyralid	4,602	7,158
Flupropanate	22	40
Dicamba	15.0	-**
Haloxypop-R-methyl (CAS 72619-32-0)	318	866
Hexazinone	6,800	4,781
MCPA	21.75	40
Metsulfuron	597	10,981
Picloram (CAS 26952-20-5)	67.2	773
Sulfometuron methyl	17	370
Triclopyr	597	1,309

* The Environment and Certification Managers confirmed that use of 1080 was phased out by the FME during the audit period; with the chemical currently not being used.

** The Environment and Certification Managers advised that this chemical is used to control Sirex wasp, and is applied to target trees. A hectare application rate is therefore not applicable.

3.2.3. Exclusion of areas from the scope of certificate

X	Applicability of FSC partial certification and excision policy	
<input type="checkbox"/>	All forest land owned or managed by the FME is included in the scope of this evaluation.	
<input checked="" type="checkbox"/>	FME owns and/or has management involvement in other forest land/properties (forest management units) not being evaluated. If yes, complete all sections below.	
<input type="checkbox"/>	Is any portion of the forest management unit (s) under evaluation for certification being excised from the scope of the evaluation? If yes, complete all sections below. Conformance with FSC-POL-20-003 The excision of areas from the scope of certification shall be documented.	
Comments / Explanation for exclusion/excision:	<ol style="list-style-type: none"> HVP owns two small nursery sites in Gippsland, that are non-contiguous with our certified estate and also sell seedlings to a range of customers outside HVP. This area has never been part of our certified area and has been excised since 2004. HVP, from time to time, manages the harvesting of plantation wood from private third-party plantations and sells it to HVP customers as non-certified wood. 	
Control measures to prevent contamination	Regarding point 2 above: the FME advised the Audit Team that any loads of wood from non-HVP certified estates use different 'non-certified' dockets, with no certification claims being made or passed on to customers. This income stream is invoiced separately, as described in Annex III: FSC Chain of Custody Conformance (below).	
Other Forest area		
	Location	Size (ha)
Cowwarr Nursery	Cowwarr, Victoria	Approx. 25 ha
Gelliondale Nursery	Gelliondale, Victoria	Approx. 191 ha

4 AUDIT AND NON-CONFORMITY FINDINGS

4.1 Audit Background

Has the management system changed since the previous evaluation:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>If yes, briefly review the changes: The FME's Environment and Certification Manager/ Management Representative, Mr Phil Whiteman, retired at the end of 2019; with his replacement, Mr Tim McBride, confirmed in the role such that there was a transition period of two or three months prior to Mr Whiteman's departure from the company. As a result, both management representatives were present during the evaluation.</p> <p>Since the last FSC evaluation of the FME, the staff member who was serving the role of External Relations Manager has moved to another position within the company; with the position being vacant for several months.</p> <p>Buxton sub-region is now included within the boundary of Northern Region (previously it fell within HVP's Western Region).</p>	
Have there been any complaints, disputes, or allegations of non-conformity with the standards raised against the Organisation during the audit period:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>If yes, reference standard and criteria where corresponding findings are found in report: Numerous stakeholders in Gippsland Region have submitted feedback regarding the Delburn Wind Farm proposal; see summary in section 1.4 Stakeholder consultation, above; and NCR 01/20.</p>	

4.2 Evaluation of Open Non-conformity Reports (NCRs)

Note: this section indicates the Organisation's actions to comply with NCRs that have been issued during or since the last audit. Failure to comply with a minor NCR results in the NCR being upgraded to major; the specified follow-up action is required by the Organization or involuntary suspension will take place.

Status Categories	Explanation
CLOSED	Operation has successfully met the NCR
OPEN	Operation has either not met or has partially met the NCR

Check if N/A (there are no open NCRs to review)

NCR: 04/19	NC Classification: minor
Standard & Requirement:	FM-32: Rainforest Alliance Interim Standard for Assessing Forest Management in Australia Version December 2014 Indicator 10.2.1 FMEs shall demonstrate through action their commitment to protect, restore and conserve key areas of natural forest within the ownership.
Report Section:	Appendix II
Description of Non-conformance and Related Evidence:	

During the course of the audit, the Audit Team observed numerous areas of native vegetation and High Conservation Value areas under FME ownership or management that appeared well-managed, demonstrating the FME’s commitment to protect, restore and conserve natural values.

However, at a site in Gippsland Region, the Audit Team inspected several large, old native trees that were to be removed by the FME under permit; as they were considered to be too close to a forest haulage road that had been made by HVP. As the trees were either dying or had some dead branches, they were considered a safety risk and, as such, the FME was justified in removing them under permit.

(Although the Audit Team was unable due to time constraints to visit the site, a stakeholder who contacted the Audit Team prior to the reassessment described another instance within the FME’s Defined Forest Area where old, native trees were at risk due to proximity to a road and windfall post-harvest.)

While HVP has relevant procedures – including its Operating Standard for the Construction of Plantation Roads, which specifically mentions native vegetation (e.g. section 2.5.2 Vegetation and top soil) – the Audit Team observed in this case that more could have been done to protect, restore and conserve such key areas of natural forest within HVP’s ownership as required by the Standard.

Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By the next annual surveillance audit but not later than 12 months from the report finalisation date
Evidence Provided by Organisation:	<p><i>Operating Standard for the Construction of Plantation Roads</i> (updated, version No: 7, dated 30 July 2019)</p> <p>Relevant training records</p>
Findings for Evaluation of Evidence:	<p>The Audit Team reviewed the updated <i>Operating Standard for the Construction of Plantation Roads</i>, confirming that the following information and requirements had been added:</p> <p>[page 4] “Native forest habitat elements, soil, water catchment, non-indigenous and aboriginal cultural heritage and landscape values should be protected by the careful location, construction and maintenance of roads and tracks and the regulation of their use.</p> <ul style="list-style-type: none"> ▪ Roads will be located to minimise stream crossings, avoid steep and unstable slopes, and disturbance to streams, buffer strips and riparian vegetation ▪ Construction activities should be timed to minimise risks associated with wet weather ▪ Road drainage culverts and table drains may not discharge directly into any stream ▪ Roads and tracks will be located to minimise any possible disturbance to historic and cultural sites, rare and threatened flora and fauna and their habitats and Company designated sensitive sites and with care to protect landscape values...” <p>[page 15] “Recommended Practices – Road Location</p>

- Use topographical control points and physical features to control or dictate the ideal location of the road. Use saddles, follow ridges and avoid rock outcrops, steep slopes, stream crossings, native vegetation etc.
- Locate roads to avoid or minimize adverse effects on water quality and outside of riparian areas except at stream crossings. Approach stream crossings at the least gradient possible.
- Locate roads to follow the natural terrain by conforming to the ground, rolling the grade and minimizing cuts and fills.
- Locate roads, switchbacks and landings on natural bench areas and relatively flat terrain where possible
- Avoid problematic locations such as springs, wet areas, landslides, steep slopes, massive rock outcrops, flood plains and highly erosive soils.
- Avoid steep terrain, over 60% (30 degrees) and very flat terrain where drainage is difficult to control.
- Avoid areas containing native vegetation remnant trees or native fauna
- Avoid areas containing Indigenous or Non-Indigenous Heritage..."

[page 16] "3.3.2 Vegetation and Top soil

The area to clear must be limited to the area of the proposed earthworks for the formation of the roads and landings as identified on the SOP. Clearing includes the removal of trees, logs, scrub, slash and top soil.

Note: Native vegetation (including native grasses) cannot be removed or damaged without a permit unless there is a clear exemption in the legislation that covers that situation. HVP have a field guide to the exemptions that should be consulted prior to undertaking works or applying for a permit.

The SOP will identify any restrictions on the clearing of native vegetation as well as how this is designated on the site of operations. Top soil should be stored for use in rehabilitation works."

During the evaluation, the Audit Team also interviewed roading contractors who had received training focussing on HVP's modified approach (one roading contractor, interviewed in the field, Northern Region, on 5 November; and two, by telephone, on 6 December). The contractors confirmed that they had received the training and that it included detailed descriptions of legal requirements relating to native vegetation and its protection, including in management activities such as roading construction and maintenance. Following the Audit Team's request, the relevant training records were provided by the FME, and reviewed by the Audit Team.

At field sites visited during the evaluation, the Audit Team inspected roads (including haulage roads) managed by the FME and verified that adjacent native vegetation was protected and conserved, with no obvious damage nor

	<p>encroachment through management activities such as road maintenance.</p> <p>Through triangulation of document review, interviews and observations, the Audit Team concluded that the FME had addressed the root cause through appropriate corrective actions, with the non-conformity considered closed.</p>
NCR Status:	CLOSED
Comments (optional):	

Observations

OBS 01/19	Standard & Requirement:	<p>FM-32: Rainforest Alliance Interim Standard for Assessing Forest Management in Australia Version December 2014, Indicator 2.1.1:</p> <p><i>FME shall have documented evidence of legal, long term (at least one rotation length or harvest cycle) rights to manage the lands and to utilize the forest resources for which certification are sought.</i></p>
	Report Section	Annex III
Description of findings leading to observation:	<p>The Audit Team noted strong evidence provided by the FME in relation to HVP's lease and tenure arrangements such that long-term (at least one rotation length or harvest cycle) rights to manage the land and forest resources are maintained. A minority of leases is under negotiation, and there does not appear to be current, material risk that the lease arrangements will not be maintained.</p>	
Observation:	<p>The FME should work to secure its lease arrangements such that long-term rights to manage the land and forest resources are clear and confirmed.</p>	
FME response to Observation (December 2019)	<p>HVP advised the Audit Team that – since the last audit – FME has been working with the Victorian Government to renew all leases that do not cover a full rotation. A draft lease has been provided to HVP by the government and a markup returned by HVP for the government's consideration. Before the draft lease was prepared, approval in principle to the new lease was given by the Minister; with the Audit Team provided (by HVP's General Counsel) with a copy of the relevant email from the Minister's office.</p>	

OBS 02/19	Standard & Requirement:	<p>FM-32: Rainforest Alliance Interim Standard for Assessing Forest Management in Australia Version December 2014, Indicator 4.2.7:</p> <p><i>Relevant policies, plans, records and operational procedures are in place: ...</i></p>
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		<ul style="list-style-type: none"> • <i>Up to date training or other skills records for employees and contractors ...</i>
	Report Section	Annex III
Description of findings leading to observation:	HVP is working to transition training (and health and safety) records from its Vault system to its new system, VelocityEHS; and the Audit Team notes the potential for incomplete records in VelocityEHS and/or records to exist only in contractor company databases.	
Observation:	The FME should ensure that there is a complete and efficient transfer to records including training records from the Vault system and from contractor databases such that a full set of records exists in VelocityEHS.	
FME response to Observation (December 2019)	<p>HVP advised the Audit Team that – during the audit period – the decision was taken by the company that Velocity would not be used to store training records, with the module being disabled. Training records are to be stored across several systems, including Elmo.</p> <p>The Environment and Certification Manager confirmed that a new training coordinator position had been established during 2019; with a new appointment made to and now working within that role. Training coordinator tasks include checking the data to be transferred from the Vault database. The Environment and Certification Manager also confirmed that a Training Plan had been developed, with individual records being assessed for transfer, particularly into Elmo.</p>	

OBS 03/19	Standard & Requirement:	FM-32: Rainforest Alliance Interim Standard for Assessing Forest Management in Australia Version December 2014, Indicator 6.7.5: <i>Employees and contractors are obligated to recover, recycle and/or dispose of used hydrocarbons in an environmentally sound and legal manner.</i>
	Report Section	Annex III
Description of findings leading to observation:	While on site during the evaluation, the Audit Team noted inconsistent knowledge and understanding among HVP contractors as to whose responsibility it is to dispose of affected soil following an oil or fuel spill; and lack of clarity as to what happens to soil following such a spill.	
Observation:	HVP should ensure that it is clearly understood who has responsibility to dispose affected soil following a spill, as described in Indicator 6.7.5.	
FME response to Observation (December 2019)	The Environment and Certification Manager confirmed during the evaluation that, since the 2018 audit, works contract templates have been changed so that it is explicit that it is the contractor’s responsibility to clean up any spill and dispose of any contaminated soil or water. This information is also being included in environmental training provided to contractors.	

	The Audit Team was provided with a copy of the revised works contract template and confirmed that the template provided additional detail that made it clear that it was the contractor's responsibility to deal with used hydrocarbons (fuels, lubricants and chemicals) as described in Indicator 6.7.5 above.
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OBS 04/19	Standard & Requirement:	FM-32: Rainforest Alliance Interim Standard for Assessing Forest Management in Australia Version December 2014, Indicator 9.1.2: FMEs shall have conducted an assessment to identify HCVs. Such an assessment should include: (i)-(v)
	Report Section	Annex III
Description of findings leading to observation:	<p>The report describing the independent review of the assessment (by Dr Hugh Stewart) includes the following recommendations:</p> <p>"The consultation carried out by HVP during its assessment of HCVs is detailed in its assessment report as a 'list of stakeholders and diary of communications'.</p> <p>The list documents the person contacted, their affiliation, telephone number, reason for contacting them, the HCV element discussed, date of contact, and the HVP district relevant to the discussion.</p> <p>What is not documented is the nature of the discussion – what questions were posed, what specific advice was sought, what were the main points of discussion. It is not possible to form an opinion about the 'quality' of the consultation from the information presented.</p> <p>The assessment report would be improved if this detail was added for future consultation with stakeholders."</p> <p>In addition, Dr Stewart makes the following recommendations:</p> <p>"HVP's assessment report was prepared in 2007. The assessment of HCVs and HCVF and the reporting process could be improved by considering the following:</p> <ul style="list-style-type: none"> • information sourced from the Proforest toolkit and either quoted or paraphrased needs to be clearly identified (e.g. in italics) so that there is clarity between what is said in the Proforest toolkit and what is information and opinion provided by HVP; • other data sources used in the assessment need to be cited; and • a procedure needs to be embedded in the report about a regular review process for the assessment because key information and the regulatory environment are continually changing (e.g. lists of threatened species, relevant legislation)." 	
Observation:	HVP should carry out Dr Stewart's recommendations such that the High Conservation Value report benefits from the improvements described above.	

<p>FME response to Observation (December 2019)</p>	<p>HVP advised the Audit Team that the FME is currently re-assessing its estate against the new FSC HCV definitions as presented in the <i>FSC National Forest Stewardship Standard of Australia</i> FSC-STD-AUS-01-2018 EN; and that a detailed monitoring plan would be developed once the assessment is complete in early 2020.</p> <p>Consultant Dr Paul Koch has been contracted to undertake a review of HVP's estate against the FSC framework. This work is expected to be completed in February 2020. Following the review, HVP will develop a monitoring, management and reporting program in line with the review's findings.</p> <p>Once the review has been completed, the report by Dr Stewart, including the recommendations, will be superseded.</p>
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<p>OBS 05/19</p>	<p>Standard & Requirement:</p>	<p>FM-35: Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs), indicator COC 3.1:</p> <p><i>For material sold with FSC claim the FME shall include the following information on sales and shipping documentation:</i></p> <p>a) <i>FME FSC certificate registration code, and</i></p> <p>b) <i>FSC certified claim: FSC 100%</i></p>
	<p>Report Section</p>	<p>Annex III</p>
<p>Description of findings leading to observation:</p>	<p>Due to a change in Certification Body arrangements, HVP's FSC certification code has recently changed from RA-FM/COC-001128 to NC-FM/COC-001128.</p>	
<p>Observation:</p>	<p>The FME should ensure that it modifies its sales and related documentation to reflect its new certification code, NC-FM/COC-001128.</p>	
<p>FME response to Observation (December 2019)</p>	<p>The FME advised the Audit Team that the change of certification code to NC-FM/COC-001128 on future invoices has been advised to all regional accountants; and that all new docket books ordered will have the correct NEPCon code. In addition, Chain of Custody procedures have been updated to reflect the new code.</p> <p>The Audit Team reviewed the Chain of Custody procedures for all three regions and confirmed that the certification codes had been updated.</p>	