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Our Ref:
Your Ref:

14 August 2013

Ms Natalie Reynolds
Chief Executive Officer
FSC Australia
96-104 Dryburgh Street
North Melbourne, VIC 3051

BY EMAIL: nreynolds@fscaustralia.org

Dear Ms Reynolds

Response to Membership Complaint

I refer to your correspondence dated 31 May 2013 and subsequent advice by email relating to a complaint made by MyEnvironment Inc and Environment East Gippsland regarding our membership with FSC Australia. Thank you for the opportunity to respond to this important matter.

We are committed to the implementation and promotion of the Principles and Criteria for responsible forest management.

As you would be aware VicForests has been a member of FSC Australia since 2006. This is significant, as the organisation made a deliberate and conscious decision to participate and support FSC Australia and the FSC Principles and Criteria. During this time we have been the only large natural forest manager who have maintained membership and chosen to financially and publicly support and promote the Forest Stewardship Council. It may be useful for you to know we have taken this stance despite receiving criticism at times from other parts of the industry.

We have actively encouraged improved collaboration and participation in the economic chamber, other parts of industry and government through regular forums. We continue to support and promote forest management and chain of custody certification in Australia through a range of avenues. For example in 2011 we were a member of a Steering Committee, coordinated by PlanetArk, which delivered a certification promotion workshop in Sydney, at which FSC Australia delivered a presentation.

We are a keen advocate and supporter for the development of a National Forest Stewardship Council Standard. We believe this is critical to deliver clarity and consistency to all stakeholders and the market involved. It is also critical to provide the same for forest managers, perhaps most importantly natural forest managers. It would be deeply disappointing, given our long standing support of FSC Australia and the length of time it has taken to begin the process of the creation of a Standard, if we were unable to participate in its development. From a longer term perspective, I also believe it would be in the best interest of the Forest Stewardship Council to involve large natural forest managers in the Standard development process.

Current membership guidelines are not consistent with international membership rules.

We are fully aware of the membership requirements and the guidelines that aim to support these rules and this matter has been discussed with FSC Australia in the past. I do note that inconsistencies remain between FSC Australia's membership guidelines for forest managers and the membership requirements of FSC International that can potentially discriminate against participation by forest managers. For example, a reasonable time to achieve FSC certification of a forest manager is required. It is suggested in the guideline that a normal timeframe would be up to two years. This is not a requirement of FSC International membership and we believe in the interest of consistency the guidelines should be reviewed against the FSC International requirements.

The guideline states *"the ultimate test is that the Board is satisfied that the applicant has demonstrated a genuine, substantive and ongoing active commitment to the Principles and Criteria"*. The guideline clearly allows for discretion and we believe in our case this should be provided for.

Our Sustainable Forest Management Policy reaffirms our commitment.

I note that the *complaint* claims that an Australian Forestry Standard audit "*makes it very clear that VicForests are not aligning operations or systems with the FSC*". This claim is incorrect and has no basis. The review of this policy is significant in that it is the first review that has occurred in my time as Chief Executive Officer. My clear intent is to affirm both mine and my Board's support for the FSC Principles and Criteria.

To be clear the second point in our Sustainable Forest Management Policy clearly states that *"we will actively work towards implementing the Forest Stewardship Council (FSC) Principles and Criteria"*. It is true that we removed the specific list containing each individual Principle and Criteria as it was cumbersome and unnecessary. I have reviewed some FSC certified forest management company's policies and our approach is consistent with these.

I would like to point out that the change to our policy was not done in secrecy. In the interest of transparency our full AFS audit reports are publically available on our website at http://www.vicforests.com.au/www/content/default.aspx?cid=928. As part of good governance and process, all our policies and instructions require periodic review. Our Sustainable Forest Management Policy was reviewed in 2012 and was included in our 2012 Sustainability Report which can be found at http://www.vicforests.com.au/www/content/default.aspx?cid=766.

We have recommenced our certification process.

As you are aware, we have scheduled a date in the near future to undertake a full preliminary assessment against FSC Standards. We have entered into contractual arrangements with an accredited FSC auditor to undertake this task. While most stakeholders are already aware of our broad intentions to pursue FSC Certification we will be making this announcement public well in advance of pre-evaluation audit.

We believe this process will provide a fair and independent assessment of how we are tracking against the Principles and Criteria and will identify gaps and the best pathway to meeting the standard. We do not underestimate this challenge and plan to commence a comprehensive and ongoing stakeholder engagement process both prior and after the pre-evaluation audit.

Importantly, this process provides a tremendous opportunity and framework for meaningful engagement with stakeholders. When completed I will be more than happy to share the results of this audit with you so that you are able to better understand where we stand against the Principles and Criteria and, what our plans are to address any deficiencies if they arise.

Opportunity to promote membership commitment.

In the interest of improved collaboration and stakeholder engagement, it is not my wish to make any complaint against other members of FSC Australia. However, it is important that you are aware that in our view there is a propensity for some groups not to engage with VicForests.

As you are aware, the intent of the Principles and Criteria is to promote responsible forest management in all forests, recognising that economic, social and environmental dimensions are managed appropriately. Other member's commitment to the Principles and Criteria could be affirmed by encouraging (rather than discouraging) VicForests to participate in and seek FSC certification.

If you require any further information please do not hesitate to contact me. I look forward to continued and constructive work with FSC Australia and a favourable review of our membership.

Yours sincerely

Robert Green
Chief Executive Officer