

## Chairman's Report

On behalf of the Directors, I am pleased to present the 2018/19 Responsible Wood Annual Report. This has been a very successful year as Responsible Wood has consolidated its positioning in the market, continuing to deliver and improve services and benefits to its members and those participating in the certification programme.

The major focus for the year has been on the implementation of an active marketing and communications program. This has been assisted by the appointment of a full-time Marketing and Communications Officer, further supported by increased resourcing and an active Board Marketing Committee. Key audiences have been architectural and building specifiers, sustainability practitioners, brand owners and industry. We are noting increased interest and recognition among these sectors of the value of the Responsible Wood offering, which we are confident will continue to build acceptance of and trust in Responsible Wood certified products.

Our revitalised communications platform now provides an ideal opportunity to promote and showcase the sustainability of our certified

forests and excellence in the practices of their managers throughout the supply chain. This will become a more significant component of our future strategy.

We have also identified the need to continue to promote PEFC, particularly within our export markets and have started to develop a more distinctive "PEFC Australia" strategy for those markets.

Thanks to the continuing support of our members and certificate holders, Responsible Wood remains in a strong financial position, with a healthy surplus this year. This reflects a better than expected increase in the turnover of certified product, and some growth in certified area and chain of custody certificates. In 2019/20 we will continue to invest in market development, both in Australia and, together with PEFC, in Asia.

With active engagement from Australia, the revised PEFC forest management metastandard was approved by the PEFC General Assembly, paving the way for the revision of Responsible Wood Scheme standards. As foreshadowed last year, this revision is now proceeding as a joint initiative with New Zealand, towards the approval of a joint Australian-NZ forest management standard.

Our partnership with the New Zealand Forest Certification Association has continued

to strengthen, and at year end we were close to finalising a new agreement which will see Responsible Wood take on a more comprehensive management of the NZ PEFC Scheme.

Two new Directors have joined the Board this year. Patrizia Torelli, CEO of the Australasian Furnishing Association and Willie van Niekerk from One Forty One Plantations. I wish to acknowledge the contributions of retiring Directors Alison Carmichael, Colin Fitzpatrick and David West and thank them for their dedication and input into the organisation.

Finally, I wish to thank all Responsible Wood staff, particularly Simon Dorries, who continues to put in sterling efforts and my fellow Directors for their dedication and professionalism in the governance of Responsible Wood in the interests or all our members, certificate holders and stakeholders. The achievements of Responsible Wood this year are a compliment to them all.

We thank all of our members, certificate holders and supporters who have contributed

enthusiastically and supported us during the year.



- DR HANS DRIELSMA AM, Chair October 2019 Responsible Wood (The Australian Forestry Standard Trading as Responsible Wood) is a not-for-profit public company that promotes the sustainable management of Australia's forests and traceability of wood products through its management of the Responsible Wood Certification Scheme (RWCS).

Responsible Wood is a Standards Development Organisation accredited by the Standards Development and Accreditation Committee of Standards Australia (SDAC) to develop and maintain Australian Standards® within its scope of accreditation.

Responsible Wood is the Australian member of the Programme for the Endorsement of Forest Certification (PEFC) and the RWCS is one of forty-five national forest certification schemes endorsed by the PEFC.

Each year, Responsible Wood publishes an Annual Review of Activities to inform its members, stakeholders and the general public of progress in administering the RWCS.

This review covers the period 2018-19 and was presented to members at the Annual General Meeting of Responsible Wood in Mount Gambier, South Australia in October 2019.

Ballarat East House. Responsible Wood-certified Silvertop Ash cladding and Stringybark decking sourced from responsibly managed forests (VicForests). Architect: Porter Architects. Structural Engineer: McClellands Consulting Engineering.
Photographers: Derek Swalwell.









#### Denison Rivulet.

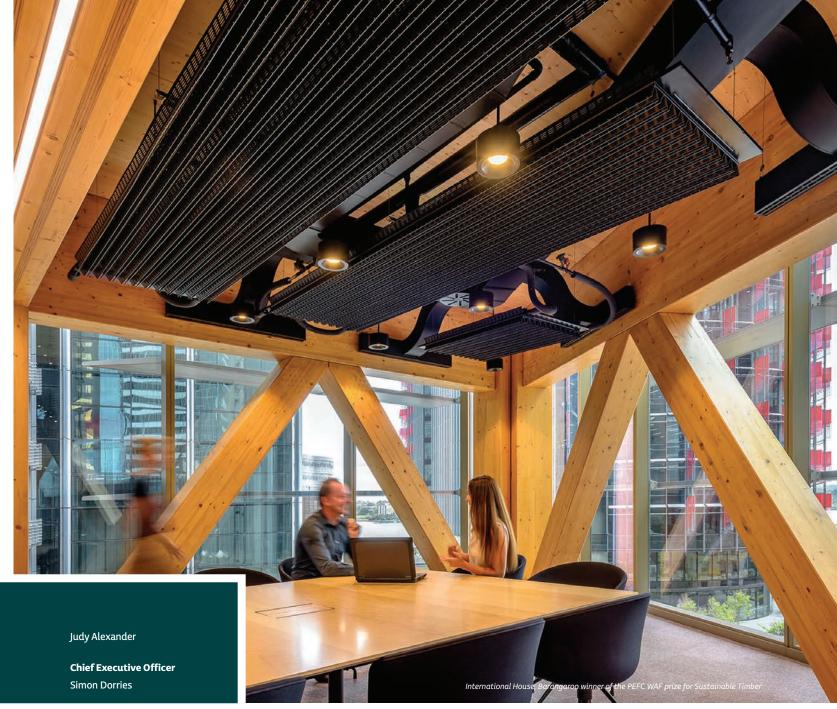
Responsible Wood-certified Silvertop Ash cladding and Spotted Gum decking sourced with chain-of-custody through Britton Timbers.

Architect: Taylor + Hinds Architects.
Structural Engineer: Aldanmark Pty Ltd Consulting Engineers.
Photographers: Adam Gibson.



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## On the board

Dr Hans Drielsma AM, B.Sc. For (Hons), M.F.S., M.Phil., Ph.D., FAICD (chair) Nathan Trushell B.Sc. (REM), MIFA Katie Fowden Patrizia Torelli Willie Van Niekerk Craig Smith Mark Thomson

# Responsible Wood Certification Scheme

The Responsible Wood Certification Scheme sets out the specifications and procedures that ensure the highest standards of management, transparency and accountability in Australia's forest sector.

Two Australian Standards sit at the heart of the Responsible Wood Certification Scheme - the Australian Standard® for Sustainable Forest Management (AS 4708) and the Australian Standard® for Chain of Custody of Forest Products (AS 4707). Australian Standard® AS 4708 provides reassurance to consumers of certified wood and paper products that the forests from which those products originated are independently audited and verified as well managed.

Obtaining certification demonstrates that management practices meet requirements for best practice in sustainable forest management, including:

- Biodiversity of forest ecosystems is maintained or enhanced
- The range of ecosystem services that forests provide is sustained

- they provide food, fibre, biomass and wood
- they are a key part of the water cycle, act as sinks capturing and storing carbon, and prevent soil erosion
- they provide habitats and shelter for people and wildlife; and
- they offer spiritual and recreational benefits
- Chemicals are substituted by natural alternatives or their use is minimised
- Workers' rights and welfare are protected
- Local employment is encouraged
- Indigenous people's rights are respected
- Communities have an opportunity to provide input into the process.

Chain of custody certification against
Australian Standard® AS 4707 ensures
requirements for tracking certified material
from the forest to the final product are met
and that the wood contained in the product
or product line originates from certified
forests and controlled sources.

Internationally, the Responsible Wood Forest Certification Scheme is endorsed by PEFC, the world's largest sustainable forest certification scheme, which sets high standards for forest certification and sustainable forest management in line with society's ever evolving understanding and expectations.

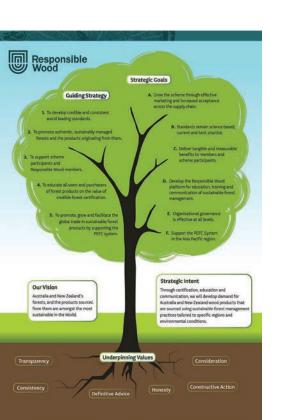
The Standards are reviewed every five years to ensure they represent best management practice and reflect community expectations.





# Responsible Wood, has maintained a very high level of activity during 2018-19.

In addition to routine activities, Responsible Wood has updated the Responsible Wood Strategy – a revision of previous editions, the published document underpins the organisation's purpose, vision and strategic goals. A copy of the document is displayed openly on the Responsible Wood website for uncontrolled use and is included below.



Responsible Wood continues to grow from strength to strength with an increasing number of members and scheme holders embracing the Responsible Wood brand. Demand for Responsible Wood and PEFC forest certification is growing as Responsible Wood reaches out to specifiers and consumers of forest based products. Launched at the November 2017 Annual General Meeting members and scheme holders have until December 31, 2019 to fully transition to the new Responsible Wood logo which will provide further promotion of our brand.



We thank all of our members and stakeholders for their support, feedback and input in this extensive process.

#### Reviewing Our Standards

Over the past year, Australian Standards AS4707 Chain of Custody of Forest Products





and AS4708 Sustainable Forest Management were kept current by Responsible Wood welcoming any requests for minor revisions, amendments or updates.

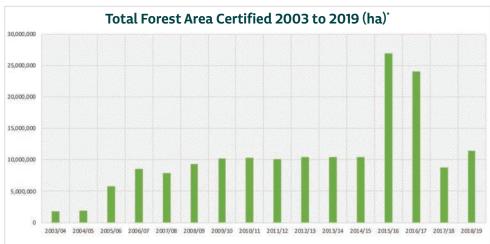
Responsible Wood has commenced reviewing of AS4708 Sustainable Forest Management in accordance with its commitment to review the Standard for currency on a five yearly basis. The review ensures the Standard incorporates the latest knowledge, best practices and evolving stakeholder expectations. The review is being undertaken in conjunction with Standards New Zealand with the expectation that the new standard will be a joint Australian/New Zealand Standard suitable for delivering Sustainable Forest Management in Australia and New Zealand. The first meeting of the committee

was held in May 2019 with a number of committees established to look at specific issues.

This is a fundamental requirement of Responsible Wood's accreditation as a Standards Development Organisation (SDO) by the Standards Development and Accreditation Committee (SDAC) and the ongoing endorsement of the RWCS by the international Programme for Endorsement of Forest Certification (PEFC).

In addition to operating and maintaining the RWCS, Responsible Wood continued to operate as the PEFC National Governing Body for Australia and provides administrative services for the New Zealand programme on behalf of the New Zealand Forest Certification Association (NZFCA).





Care should be taken in interpreting the total area for Defined Forest Area (DFA), specifically with respect to public native forest managers, certification bodies and the highly sensitive nature through which the DFA has been calculated. In 2018, the Queensland Department of Agriculture and Fisheries reduced its DFA resulting in a change to the total DFA under the Responsible Wood Certification Scheme.

#### Certification

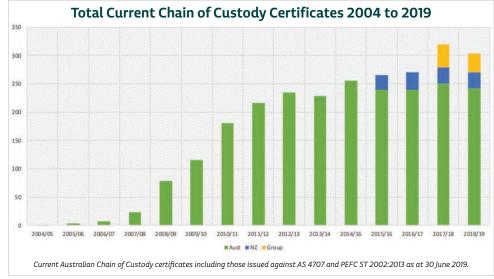
## Forest management certification

The total area of certified forest in Australia (the sum of the individual Defined Forest Areas (DFAs) increased from 8.8 million hectares to 11.4 million hectares. The total number of forest management certificates increased by two to 29.

This means that the majority of Australia's commercial production forests (plantations and native forests) continued to be certified against the Australian Forestry Standard (AS 4708 Sustainable Forest Management – economic, social, environmental and cultural criteria and requirements) in 2018-19.

Australian Standard AS 4708 underpins the Responsible Wood Certification System.

During the year, the Forest Smart Group



Certification Scheme administered by PF Olsen (Aus) Pty Ltd became the second Group Certification to be registered under the Responsible Wood Certification Scheme. Group Certification is where small independent forest managers form a co-operative or group for the collective certification of the forests which they manage. Group Certification defrays the certification and management costs over a larger number of participants, making

forest certification more cost effective and accessible to small forest growers.

#### **Chain of Custody certification**

Responsible Wood recognises chain of custody certificates issued against the Australian Standard® (AS4707 Chain of custody for forest products) and the PEFC Standard (PEFC ST 2002:2013 Chain of Custody of Forest Based products - Requirements).



The total number of chain of custody certificates administered by Responsible Wood declined from 319 to 304 as at 30 June 2019. This small decline is due to the sale, closure and consolidation of operations within the Australian forest products supply chain. This total includes both Chain of Custody certificates issued for New Zealand and Group Chain of Custody in Australia.

Group Chain of Custody Certification has grown strongly with 34 individual companies now participating in Group Chain of Custody, under two individual certificates.

## Accredited certification bodies

Five (5) certification bodies are now accredited by JAS-ANZ to issue Forest Management certificates in Australia or New Zealand to AS4708 or NZ AS 4708. In addition, twelve (12) certification bodies are accredited to provide Chain of Custody in Australia against the PEFC chain of custody standard or AS 4707. In New Zealand, three certification bodies have been notified to issue Forest Management Certificates to NZ AS 4708 and eight to provide PEFC Chain of Custody Certification.



Responsible Wood has continued to provide the mandatory training to certification bodies to ensure they meet the training provisions and competencies required by IAS-ANZ and other accreditation bodies.

In addition, Responsible Wood Ltd has also been providing specific training to certification bodies required to extend their JAS-ANZ Scope of Accreditation to provide certification in New Zealand.

Responsible Wood has continued engagement with certification bodies by facilitating workshops. The 2018-19 workshop was delivered in August 2019 in Sydney and Brisbane and was attended by over 10 staff representing most certification bodies operating in Australia and New Zealand. In addition to Certification Bodies, the workshops were attended by Responsible Wood staff and JAS-ANZ. The workshops provide a forum where certification and accreditation requirements (including new provisions) are discussed, changes and updates to Standards are reviewed, the activities of Responsible Wood and PEFC

are communicated and feedback on the operation of the certification scheme is provided. Attendance at these workshops is recognised by JAS-ANZ as contributing to the mandatory training required by the relevant scheme rules.

#### **PEFC in New Zealand**

Responsible Wood has continued to administer the PEFC scheme in New Zealand on behalf of the New Zealand Forest Certification Association (NZFCA). NZFCA is the PEFC Governing Body for New Zealand. Two new Forest Management certificates were issued to the New Zealand Forest Management Standard NZ AS 4708 during the period, there are now four Forest Management certificates in New Zealand with 625.000 Ha of PEFC certified forests. The number of Chain of Custody certificates remain relatively unchanged. Under the agreement with NZFCA, Responsible Wood maintains all registrations and notifications, takes enquires and applications from New Zealand, liaises with certification bodies and ensures that the Scheme Rules administered by JAS-ANZ are applied in New Zealand, as they are in Australia.

## Richard Stanton Award for Excellence

In 2015, AFS Ltd established the Richard Stanton Award for excellence as an on-going memorial to the late AFS National Secretary Richard Stanton. The Richard Stanton Award is given to an individual demonstrating excellence and is open to individuals that have made a significant contribution to, or can demonstrate:

- Innovation, improvement or excellence in Forest Management or Chain of Custody Certification.
- A strong commitment to the Responsible Wood Certification Scheme and sustainable forest Management.
- Innovation and improvement in the promotion and marketing of Responsible Wood Certified Products.

The winner of the 2018 Richard Stanton Award for Excellence was Ms Liliane Kao, Digital Marketing Specialist with Hyne Timber for her excellent work in developing Building Information Modelling (BIM) content for glue laminated timber products which captured and electronically communicated sustainability data available through Responsible Wood Chain of Custody certification into the BIM environment.

Ms Liliane Kao works in the Hyne Timber Marketing Team, who in partnership with UQ Centre for Future Timbers, developed a BIM system for the proposed Queensland State Government's Maryborough Fire Station project, where a Hyne Timber project prominently features Responsible Wood certified timber.

Hyne Timber's building information modelling (BIM) is state-of-the-art modelling software that allows the company to use digital representations of the physical and functional characteristics of timber to model physical assets; using the IT software to map out projects in order to provide assistance to decision makers on projects.

A key advantage of the software, BIM provides ongoing storage of information relating to maintenance, certification and warranties to assist with ongoing asset management post construction.

No company anywhere in the world has developed a BIM system for Glue Laminated Timber (GLT) that meets AS/NZS BIM standards



# Standards & Accreditation

#### **SDAC**

Responsible Wood remains one of only five Australian entities accredited as a Standards Development Organisation (SDO) by the Standards Development and Accreditation Committee (SDAC). SDAC sits under the Board of Standards Australia. Responsible Wood was subject to our yearly surveillance audit by an SDAC appointed auditor in November 2018. The result was excellent with no non-conforming practices identified. As a result of the audit, SDAC accreditation of Responsible Wood as an SDO to develop Australian Standards® for forest management and Australian Standards® that support the Australian Forest Certification Scheme was maintained.



# PEFC<sup>™</sup> PEFC/21-1-1

#### **PEFC**

The Responsible Wood
Certification Scheme (RWCS)
is endorsed by the Programme
for Endorsement of Forest

Certification (PEFC), an international nonprofit, non-governmental organization dedicated to promoting Sustainable Forest



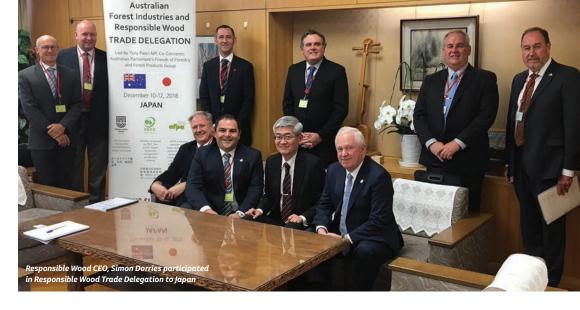


Management (SFM) through independent third-party certification. PEFC is recognised in 51 counties through National Governing Bodies and has 45 endorsed national certification systems and approximately 307 million hectares of certified forests. PEFC is the world's largest forest certification system covering approximately 20,000 individual sites and representing over 750,000

individual forest owners. PEFC certifies approximately two thirds of all certified forests globally.

PEFC is an umbrella organization. It works by endorsing national forest certification systems developed through multistakeholder processes and tailored to local priorities and conditions. To ensure consistency across all PEFC-endorsed standards, all national systems wishing to be PEFC recognized undergo rigorous independent assessment to ensure their compliance with PEFC's Sustainability Benchmark.

PEFC criteria, regulations and guidelines also include provisions for standards development and implementation, and define requirements for stakeholder engagement in standard setting and scheme development; regional and group certification, certification



and accreditation procedures, Chain of Custody, Logo Use, and complaints and appeals mechanism.

Responsible Wood has remained active within the PEFC organisation and was represented on three Standards Committees.

- Working Group One: Sustainable Forest Management.
- Working Group Two: Group Certification and Requirements for Certification Bodies.
- Working Group Three: Standards Setting Requirements.

Responsible Wood is a member of the Customer Engagement Group (CEG).
The CEG is responsible for advising PEFC on marketing, industry and consumer engagement strategies. One key recommendation from the CEG was the PEFC sponsorship and support for the

Sustainable Timber Award at the World Architectural Festival. This prestigious award recognises the best architectural designs utilizing sustainably sourced timber products. Responsible Wood Director, Mr Mark Tomson has been appointed to the judging panel for the Sustainable Timber Award and will be again presenting the award in Amsterdam in November 2019.

Responsible Wood is also represented on the PEFC Finance Working Group, which is seeking to establish a more equitable and sustainable basis for membership fees.

#### Standards Review – Australian Standards

The two Australian Standards® which underpin the Australian Forestry Standard Certification Scheme were kept current and up to date during the period;



In the forest.... Responsible Wood certified HQPlantations pine plantation in Ningi, Queensland. Photo courtesy of Forest and Wood Products Australia (FWPA)

AS4708-2013 Sustainable Forest Management and, AS4707-2014 Chain of Custody for Forest Products

The responsibility for maintaining these Standards sits with two standing committees, the AS4708 and AS4707 Standards Reference Committees (SRC). In February 2019, Responsible Wood called for nominations to participate in developing a historic Trans-Tasman AS/NZS standard for Sustainable Forest Management. Representatives for these committees are provided by

nominating organizations representing economic, social and environmental interests. Nominating organizations represent a broad and diverse range of stakeholders include forest owners, manufacturers, environmental and social interests, trade unions, academics, certification bodies and the supply chain.

As a result of the review process there were no amendments to AS4708 and AS 4707.

#### Standards Review – PEFC Standards

In 2016 PEFC commenced a major review of their complete suite of Standards. This includes the PEFC Standards for:

- PEFC Sustainable Forest Management (ST 1001)
- Group Forest Management Certification (ST 1002)
- Procedures for Forest Management Certification (ST 1004, new)
- Standard Setting (ST 1003)
- PEFC Logo Usage Rules (ST 2001)
- Chain of Custody of Forest Based Products (ST 2002)
- Procedures for PEFC Chain of Custody Certification (ST 2003)
- Endorsement of National Systems (GD 1007)
- Requirements for Accreditation Bodies (new)

The revised PEFC Standards for Sustainable Forest Management and Group Certification were approved and endorsed by the PEFC General Assembly in November 2018. Work has continued on the other Standards with the Standards for Chain of Custody of Forest Based Products and the PEFC Logo Usage

Rules undergoing a public consultation/comment process.

These Standards are to be reviewed ahead of the PEFC General Assembly in November 2019.

# Marketing & Communications

Following the launch of the Responsible Wood brand in November 2017, Responsible Wood Marketing and Communication activity has led to an increased level of Responsible Wood and PEFC enquiry.

Responsible Wood is now targeting new audiences including architects, engineers and specifiers of timber and paper-based products. Architects, engineers and construction practitioners are a critical pillar in Responsible Wood's supply chain, as it seeks to close gaps in Chain of Custody coverage amongst secondary processors, merchants and retailers of timber and paper-based products.

Responsible Wood has re-positioned the scheme to become a content generator for media and communications within the Australian forest products industry as seen in the table below:



A project first! Sydney Metro North West is the first Responsible Wood project certification. Photo courtesy of Sydney Metro

# Responsible Wood media spread for the 2018/19 Financial Year News 42 Events 15 Case Studies 11 Press Releases 9 Technical 8 Bulletins 3

Responsible Wood has been rolling out the new logo to Members and Certificate Holders. Guidance materials for use of the Responsible Wood logo have been produced and most Certificate Holders completed the application process and access to the updated logos has been provided. Members and Certificate Holders will have until December 31, 2019 to fully transition to the Responsible Wood brand.

In support of the new name and logo, Responsible wood has produced a new website (www.responsiblewood.org.au). The website is far more interactive, has a more modern design and provides for the capacity to post and circulate news items.

The website also offers a search function that allows users to conduct searches according





Jason Ross presented Drew Carling of Maddison Architects (right) with the 2018 TDA Australian Certified Timber award

to wood species, product types, location and manner of certification. This is a powerful tool that is intended to greatly assist the end users of certified products and encourage them to return to the site to use this tool.

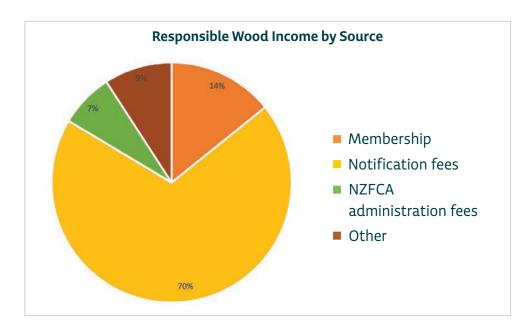
Responsible Wood takes the position that

all sustainable forest management is good and we will strive towards a goal of 100% of wood products sold in Australia coming from sustainably managed forests.

During 2018/19 Responsible Wood maintained a strong focus on marketing and communications. Responsible Wood maintained a specifier contact programme with a focus on engagement with specifiers through direct contact and by attending selected events and seminars. Responsible Wood met directly with many businesses either consuming directly, reselling or specifying forest and wood products to ensure that corporate procurement policies were favourable to Responsible Wood and PEFC certified materials. Responsible Wood attends a number of architectural and sustainability conferences and expos to promote Responsible Wood directly to specifiers.

Responsible Wood continues to undertake a range of communication activities including updating and improvement of its website, a targeted advertising programme and generation of media releases and regular topical opinion pieces. Responsible Wood has been prominent in Industry and Trade electronic media and has been very successful in having material published. Responsible Wood publishes weekly e-newsletters as well a quarterly Responsible Wood Bulletin. The Responsible Wood Bulletin is being republished by a number of affiliated organisations and supporters as well as being provided directly to members, certified organisations and stakeholders.

In addition to the above activities, certified companies, through their own marketing and communication activities, make an enormous contribution to the promotion of the Responsible Wood and PEFC logos and the concept of forest management and chain of custody certification in Australia. As Responsible Wood logo use is becoming more common, recognition is increasing.



## Finance & Administration

#### Membership

Responsible Wood is a not-for-profit public company limited by guarantee. Membership of Responsible Wood is open to all organisations and individuals who support the Objects of the company as set out in the

Constitution. As at 30 June 2019 Responsible Wood had 35 members, this is an increase of two from the previous year with the following organisations/individuals taking up membership.

- Midway Limited (Forest Growers)
- Solaris Paper (Supply Chain Organisations)

#### Governance

The Directors Report and Audited Financial



Reports for 2018-19 were prepared and provided to Members prior to the 2019 AGM, in accordance with the Corporations Act requirements.

In accordance with the Responsible Wood Constitution, three Directors are required to retire at each AGM. The Directors retiring in 2018 were Mr Colin Fitzpatrick, Ms Alison Carmichael and Mr David West.

Following his resignation, Mr Colin Fitzpatrick was replaced by Ms Patrizia Torelli as the new Director nominated by Supply Chain Members. Mr David West was replaced by Mr Willie Van Niekerk as a new Director nominated by Forest Grower Members.

There remains an opportunity to appoint an additional independent Director.

Dr Hans Drielsma, Mr Craig Smith, Ms Katie Fowden, Mr Nathan Trushell, Mr Mark



Thomson, Ms Patrizia Torelli, Mr Willie Van Niekerk and Ms Judy Alexander continued to serve through 2018/19 as Directors appointed by the Members while Dr Hans Drielsma continued to serve as Chair.

#### **Finance**

The audited accounts show the financial outcome for Responsible Wood for 2018-19 was a surplus of \$261,051 (2017/18 - \$155,645) increasing Net Assets (Total Equity) to \$1,304,930 (2017/18 - \$1,043,879). Net Current Assets improved from \$1,042,719 at 30 June 2018 to \$1,300,502 at 30 June 2019. Cash increased by \$350,932 over the year to \$1,141,965 at 30 June 2019.

Responsible Wood is a not-for-profit company. The Board has sought to maintain a reserve to ensure that the company can operate effectively and manage any future



changes in financial circumstances in an orderly manner. The Board intends to invest surplus funds, beyond a prudent reserve, in the development and promotion of the RW scheme, the RW brand and market development in support of sustainable forest management.

2018-19 saw an increase in additional income (namely funding contributions and grants) as a proportion of Responsible Wood income. In addition, income was received from New Zealand for administering the PEFC Scheme on behalf of the NZFCA. Other income such as notification fees, subscription fees paid by members and interest increased proportionately.



The PEFC family as one... Responsible Wood represented Australian interests at the 2018 PEFC General Assembly in Geneva, Switzerland

## Management & Staff

- Simon Dorries, CEO/National Secretary
- Jason Ross, Marketing & Communications Officer (from August 2018)
- Sue Crerar, Accounts & Registrations
- Tracey Schoemaker, Administration

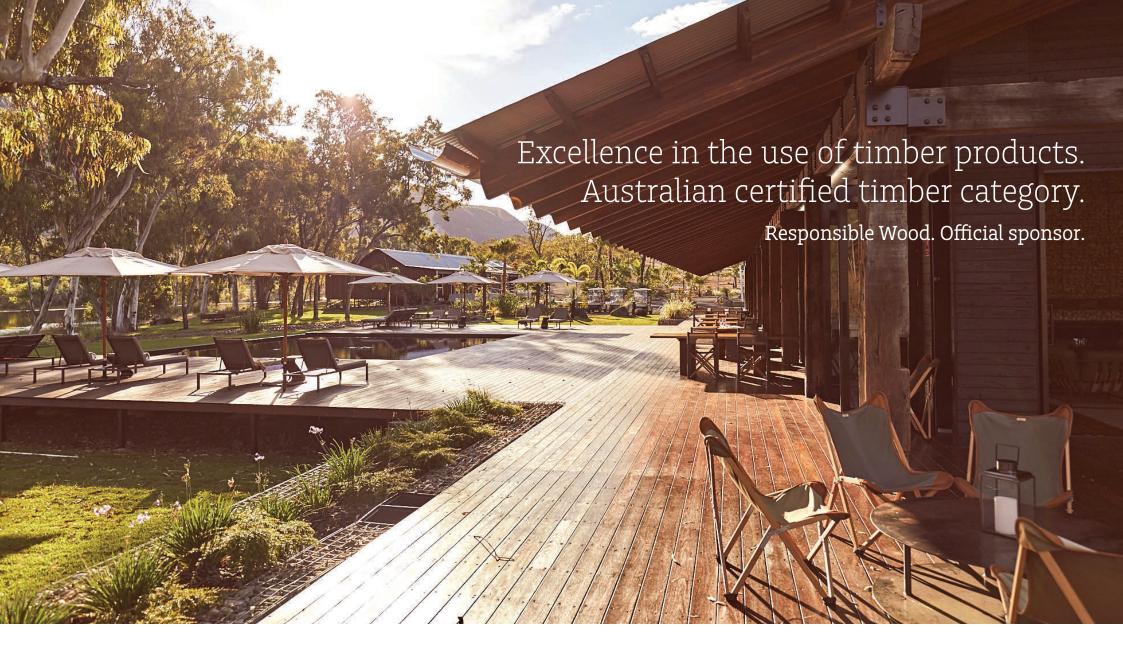
On-going contract services were provided by:

- Alan Snow of Alan Snow Konsulting (standards development & SDO accreditation advice)
- Mark Parsons, Secretary AS4707 Standards Reference Committee
- Simon Dorries, Secretary AS4708 Standards Reference Committee





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