



REPORT

GUNNS FOREST PRODUCTS
PTY LTD

AFS SUMMARY AUDIT REPORT
MARCH 2011

DET NORSKE VERITAS



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- 3.1.1 Criterion 1 - Forest management shall be undertaken in a systematic manner that addresses the range of forest values.
- 3.1.2 Criterion 2 – Forest management shall provide for public participation and foster on-going relationships to be a good neighbour.
- 3.1.3 Criterion 3 – Forest management shall protect and maintain the biological diversity of forests, including their successional stages, across the regional landscape.
- 3.1.4 Criterion 4 – Forest management shall maintain the productive capacity of forests.
- 3.1.5 Criterion 5 – Forest management shall maintain forest ecosystem health and vitality.
- 3.1.6 Criterion 6 – Forest management shall protect soil and water resources.
- 3.1.7 Criterion 7 – Forest management shall maintain forests' contribution to carbon cycles.
- 3.1.8 Criterion 8 – Forest management shall protect and maintain, for Indigenous and non-Indigenous people, their natural, cultural, social, religious and spiritual heritage values.
- 3.1.9 Criterion 9 – Forest management shall maintain and enhance long-term social and economic benefits

4. AUDIT CONCLUSIONS



1. INTRODUCTION

This audit was a periodic assessment (PA2) of Gunns' Safety, Health & Environmental (SHEQ) Management System according to the requirements of the Australian Forestry Standard (AS 4708-2007). At the same time, in an integrated fashion, the SHE System was audited against the requirements of the international Environmental Management System Standard (ISO AS/NZS 14001:2004).

The audit encompassed assessment of forest management records held in the Launceston Corporate Office, Ridgely Office, Austin's Ferry Office and Somerset Nursery and a range of plantation and native forest operations. Site inspections of forest operations included native forest harvesting and regeneration, hardwood plantation establishment, tendering and harvesting, wildfire preparation and response, biodiversity conservation and reserve management, quarry management, nursery operations, tree breeding programs, neighbor relations, management of pests, protection of soil and water resources, heritage management and health and safety management for employees and contractors.

2. THE AUDIT

2.1 Audit Scope

Gunns Forest Products Division, native forest and plantation management activities in Tasmania.

2.2 Audit Objectives

Conduct a periodic audit of the Forest Management System operated by Gunns Forest Products against the requirements of the Australian Forestry Standard (AS 4708 – 2007), including site assessment of operations in Tasmanian forests.

2.3 Audit Protocols

The audit was conducted in accordance with JAS-ANZ Procedure 26 Revision 3, DNV Certification audit protocols and with the requirements of AS 4708 - 2007.

The audit was conducted by an auditor assessed by DNV as meeting the competency requirements for qualification as an AFS auditor. The audit comprised fifteen audit days in total.

2.4 Audit Process

The audit was conducted from the 14th – 18th and 21st – 26th March 2011. The audit included an opening and closing meetings, review of operational documentation, interviews with senior and operational management, review of records associated with management and control of the forest management system, and field audits of forestry activities.

2.5 Background of Client



Gunns Forest Products is an integrated forestry organisation operating across Australia. Gunns achieved certification of its forestry operations to ISO 14001 in 1998. It achieved certification of its forestry operations to the Australian Forestry Standard in August 2003. It is presently maintaining certification to both AS/NZS ISO 14001:2004 and AS 4708:2007.

3. AUDIT RESULTS

3.1 Performance against assessed Criteria & Requirements

This periodic assessment (PA2), the second since a successful re-certification of Gunns' Safety Health & Environment (SHE) Management System to the requirements of the Australian Forestry Standard (AS 4708:2007) and the ISO 14001:2004 Environmental Management Standard in August 2009. Since that time Gunns' rationalisation of the business and strategic focus on the plantation based aspects of the company has resulted in major changes to management directions and objectives, which has in turn initiated major changes to the breadth of operations, and Gunns' management structure. Accordingly this has required the Safety, Health, Environmental & Quality (SHEQ) Management System to change and adapt to new conditions and changed management arrangements. Overall, this has been done systematically and effectively, however it remains "work in progress" and focus on the capture of "organisational memory" continues to be a challenge. Evidence was collected to suggest considerable knowledge and skills relating to forest ecology, forest assessment, harvesting and re-establishment activities, use of fire as a management tool, wildfire behaviour, pest and disease protection, forest soils and water resources etc. is not always well documented and in some danger of being lost as highly skilled and experienced staff move on.

Nevertheless, Gunns have continued to provide resources for the maintenance of their management systems to ensure conformance to the relevant external standards to which they have committed, and to provide value to management in their endeavour to meet Gunns' own safety, health, environmental and quality management objectives.

The key findings of this audit including non-conformances, opportunities for improvement and note worthy efforts are as follows:

- The *Environmental and Sustainability Policy – Forest Management* promises clarification of management intent with regard to maintaining conformance with the requirements of the Standards (AS 4708:2007 & ISO 14001:2004).
- The "*Forest Management Statement 2009*" (due for review 2012) is a comprehensive document, but already out-of-date in some areas.
- Gunns have implemented their forest management system across all Regions in Australia. The Forest Management System is currently being incorporated under the umbrella of the Safety, Health, Environmental and Quality Management System (SHEQ) (vice SHE Management System). This will allow for better focus on aspects and impacts associated with Gunns products and services (e.g. quality assurance aspects and impacts).



- Gunns have recently prepared a Draft Plantation Harvest Residue Burning Policy which commits to the cessation of high intensity and broadcast burning techniques within Gunns' Tasmanian plantation operations. The statement in the Policy that Gunns "*may utilise low intensity burning on small areas under tightly controlled and transparent processes*" could be defined.
- The new draft Aspect register looks very promising and appropriate to Gunns operations. It could however, place additional focus on corporate activities, including change management, restructure, stakeholder engagement, external affairs, and other corporate activities that may influence safety, health, environmental and quality outcomes.
- Gunns have not always considered and incorporated in the Aspect Register "new or modified activities". For example, health & safety and environmental hazards and aspects and impacts have not been identified, assessed for significance and appropriate controls prepared for the new infield chipper in operation.
- Gunns' *Sustainable Forest Management (SFM) Performance Indicators* could be reviewed and revised in the light of Gunns recent rationalisation of the business and strategic focus on the plantation based aspects of the company.
- The purchase and implementation of software titled "Consultation Manager" to capture, document and retain corporate and other management external communication activities promises to be a powerful tool for measuring the effectiveness of external communication strategies.
- The Forest Management Plan identifies tree breeding and development activities with respect to AFS requirements under nursery operations, however forest management *aspects* associated with such operations have not been identified or assessed for significance.
- All Forest Practices Plans (FPPs), Forest Operations Safety Plans (FOSPs) and associated documents were found, as usual, to be very well prepared and executed
- Tenancy agreements could be reviewed for legal obligations (e.g. notification of asbestos occurrence, provision of information to recognise asbestos, and to avoid contamination, labelling requirements etc.)
- Some healthy and safety issues at the Nursery require attention of the SHEQ Management System
- Planning inputs to Forest Protection Plans (FPP) could include assessment of adjacent habitat availability and history of applied population control activities to better model potential browsing pressures on a coupe by coupe basis.
- An initiative to receive waste water from a fish farm operation for plantation irrigation in the Southern forests in 2009 is now showing some real values (e.g. trees irrigated by the waste water have increased growth increments compared with those that have not, and the fish farm has been able to manage waste in a cheap, practical and sustainable manner and demonstrate high level protection of local water quality values). A big win win!!



4 AUDIT CONCLUSIONS

Subject to the review and acceptance of actions to close the minor nonconformities raised as a result of the findings of this audit, continuing certification for Gunns SHEQ management system operating in accordance with the requirements of AS 4708-2007 is recommended.

Malcolm Macfarlane
Senior Environmental & Forest Auditor
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