



REPORT

GUNNS FOREST PRODUCTS
PTY LTD

AFS SUMMARY AUDIT REPORT
SEPTEMBER 2011

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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.
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- 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 (PA3) of Gunns' Safety, Health & Environmental (SHE) 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 Albany Office and a range of plantation forest operations in the South West Region of Western Australia. Site inspections of forest operations included hardwood plantation establishment, tendering and harvesting, roading, wildfire preparation and response, biodiversity conservation and reserve management, stakeholder engagement, neighbour relations, management of pests, weed control, protection of soil and water resources, heritage management and health and safety management for employees and contractors. The Bunbury Depot was also inspected for its health & safety and environmental management performance.

2. THE AUDIT

2.1 Audit Scope

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

2.2 Audit Objectives

Conduct a periodic audit of the Forest Management System (aka Safety, Health & Environmental (SHE) Management System) operated by Gunns Forest Products against the requirements of the Australian Forestry Standard (AS 4708 – 2007) and Environmental Management System Standard (ISO AS/NZS 14001:2004), including site assessment of operations in Western Australian 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 seven audit mandays in total.

2.4 Audit Process

The audit was conducted on site from 20th – 22nd September 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 (PA3) has covered the business operations of Gunns Forest Products Western Australian Forest Management Unit (FMU) in accord with 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. The audit follows a successful AFS & EMS Scope Extension Audit completed in July 2010 including the Western Australian FMU. At that time Gunns Forest products were in the middle of considerable change with respect to the scope of business activities, operational locations and organisational structure.

Findings of this audit show substantial improvement to management performance commensurate with the requirements of the Australian Forestry and Environmental Management System Standards in both the WA FMU and Corporate maintenance of the SHE Management System. Most notably, evidence was collected to show that the SHE Management System has evolved to effectively support and address the requirements of the WA FMU in a systematic manner well considering relevant Corporate objectives and strategies, including those established to address the requirements of the Standards assessed.

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

- Review of the “*Forest Management Statement 2009*” due 2012, will be most timely as the nature and location of Gunns' forest management activities have changed markedly since 2009.
- Assessment of the “Significance” of specific forest management aspects and impacts of activities relevant to the full ranges of forest management performance requirements of the Australian Forestry Standard (i.e. environmental, social and economic aspects) is not systematic, not consistently applied or effectively controlled. However, Gunns do rigorously undertake assessment of their forest management aspects at various levels and functions of the organisation and the conduct of these assessments will allow for the determination of “significance” when the process is described a SHE management procedure and a definition of “significance” is established.
- How legal and other requirements apply to forest management aspects is not well established.



- The Gunn's WA She Improvement Plan could focus on setting multiple targets and actions for objectives to ensure the achievement and effective demonstration of continual improvement to management performance.
- The development and implementation of a consolidated *Plantation Policy and Procedures Manual* (PPPM) represents a major achievement in the integration of Gunns operational procedures across the West Australian, (WA), Green Triangle (GT) and Tasmanian (TAS) Forest Management Units.
- Persons (e.g. subcontractors) working on behalf of Gunns in WA may not always be competent and/or aware. Evidence was collected to show subcontractors not following procedures and persons on operational sites who had not been inducted.
- SHE management system documents were not always approved prior to issue or re-approved subsequent to review and up-dating.
- Some monitoring processes were found to be ineffective. Despite routine periodic inspections and auditing, a harvesting operation was found to have more than one non-conformity regarding procedures and these had either not been detected or were not reported.
- The "Safety, Health, Environment and Quality (SHEQ) Newsletter (June 2011 Issue #5) and "Forestry Certification Update (Issue 2 – December 2010) show excellent conformance with AS 4708 and ISO 14001 internal communication requirements.
- The recently implemented SPARQS mapping tool has contributed significantly to the accuracy and completeness of harvest plan maps and the ability to identify and manage risk.
- Some important records pertaining to SHE management (e.g. photos and diary entries) found in Property Folders were uncontrolled.
- The "*High Conservation Value Assessment and Management Plan*" (February 2011) is a very comprehensive and well prepared document providing a powerful forest planning and operational management tool.
- The trial of debarking logs in-situ during tree felling to affect the distribution of 'slash' uniformly over the harvesting area show promise and reflects attention to "continual improvement" as required by the Management Standards.
- The Australian Forestry Standard includes a requirement "*to identify existing productive uses of the defined forest area to support the maintenance of the land's long-term productive capacity and ensure it is not compromised by wood production*". However the current owner of the plantation land (New Forest) has not empowered GWA to carry out any actions other than the harvesting of the standing trees. This situation is not confined to GWA or the former Great Southern plantations, but rather is a regional issue involving multiple stakeholders. It is a legacy of the involvement of Managed Investment Schemes creating plantations on a first (only?) rotation basis. The matter of future land use of land currently under plantation is yet to be resolved, but Gunns WA is participating in the stakeholder forum currently occurring in the Great Southern Region.
- Consistent with requirements of the Australian Forestry Standard and Gunns own Sustainable Forest Indicators, Gunns have developed options to reduce



chemical usage (herbicide) by reducing the active ingredient per mix according to the level of maturity of the target species. Clever work!

- It is widely recognised by farmers in WA that the establishment of plantations in the Region has resulted in considerable reduction in ground water salinity and associated death of vegetation. This view is contrary to some NGO's and seemingly ignored by some government regulatory bodies.
- A site visit to the Wilgra Plantation showed that the introduction of sheep grazing using neighbours stock effectively reduced fire risk and resulted in considerable benefits to farmers for both lambing success and wool quality.

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.

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