



REPORT

GUNNS FOREST PRODUCTS
PTY LTD

AFS SUMMARY AUDIT REPORT
APRIL 2009

DET NORSKE VERITAS



Table of Contents

1. INTRODUCTION

2. THE AUDIT

- 2.1 Audit Scope
- 2.2 Audit Objective
- 2.3 Audit Protocol
- 2.4 Audit Process
- 2.5 Background of Client

3. AUDIT RESULTS

3.1 Performance against assessed criteria and requirements

- 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 audit (PA5) of Gunns' Safety, Health & Environmental (SHE) Management System according to the requirements of the Australian Forestry Standard (AS 4708-2007). In addition, the SHE Management System was also audited against the requirements of the international Environmental Management System Standard (ISO AS/NZS 14001:2004).

The audit encompassed assessment of the North West Management Region, including the Ridgely office, workshop & store, Somerset Nursery, conservation reserves, and native forest and plantation commercial operations on private property and freehold land.

2. THE AUDIT

2.1 Audit Scope

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

2.2 Audit Objectives

Conduct a periodic audit of the Safety, Health & Environmental (SHE) Management System operated by Gunns Forest Products against the requirements of the Australian Forestry Standard (AS 4708 – 2007) and ISO14001, including site assessment of operations in the North West Region.

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 two auditors assessed by DNV as meeting the competency requirements for qualification as AFS auditors. The audit comprised eight auditor days in total, not including report preparation.

2.4 Audit Process

The audit was conducted from the 20th – 23rd April 2009 at the Ridgely Regional Office and various regional field locations in North West Tasmania. The audit included an opening meeting, 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 and forest management activities.

2.5 Background of Client

Gunns Forest Products is an integrated forestry organisation operating across northern and eastern Tasmania. 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 AS4708:2007.



Gunns forestry operations are divided into three business units – North East, North West and South East.

3. AUDIT RESULTS

3.1 Performance against assessed Criteria & Requirements

Findings of this audit demonstrated a high level of achievement of the requirements of the Australian Forestry Standard (AFS), including continual improvement of resulting forest management performance.

3.1.1 Criterion 1 – Forest management shall be undertaken in a systematic manner that addresses the range of forest values

Gunns' Safety, Health & Environmental (SHE) Management System has been fully audited, including reporting, against the combined requirements of the Australian Forestry Standard (AS 4708-2007) and the Environmental Management System Standard (ISO AS/NZS 14001:2004). The establishment of one management system (i.e. the SHE Management System) to cover conformance requirements of both Standards has resulted in increased system management and system assessment efficiencies. A combined AS/NZS ISO 14001 & AS4708-2007 internal audit was undertaken in February 2009.

While documentation of the SHE Management System conforms rigorously with the requirements of both the standards, some improvements are apparent in relation to the performance requirements of ISO 14001. Notably, most non-conformances raised from this audit have been on activities conducted outside or on the periphery of the planning and operational management for the Defined Forest Estate (e.g. the nursery, workshops and storage areas, and dams and quarries).

Gunns have prepared a draft "Forest Management Statement 2009". The "Statement" is a comprehensive document outlining the scope of Gunns' SHE Management System and includes a scope of management, description of the Forest Management Area (Defined Forest Area), corporate objectives, applicable policies, standards, certifications, plans, detailed prescriptions/objectives and performance indicators. Further, the "Statement" details the purpose, structure and maintenance of the SHE Management System including processes for the identification of forest management aspects and impacts, continual improvement, identification of roles and responsibilities, compliance with legal and other requirements, internal and external communication, monitoring and measurement and forest management audit and review. The draft "Forest Management Statement" marks a major improvement to system documentation, providing an excellent basis to measure management performance. The "Statement" could however, clarify the role of the SHE Management System in establishing contingency/emergency plans to respond to accidents and emergencies that may impact on personnel and on the environment.

Gunns maintain a Forest Management Aspect & Impacts Register, however it does not identify or analyse for significance activities associated with the construction and



maintenance of dams or the establishment and management of special reserves. An Aspects Registers could be established for each Region and Division, allowing for a more accurate assessment of the significance of forest management aspects.

A number of forms were examined without any evidence of document control (e.g. “Contractor Induction/Coupe Hand Over Checklist”, “Minimum Site Induction Requirements”, “Checklist for all roading personnel starting in a new coupe”, “Contractor Employee Induction Checklist” and the Gunns Limited Product Delivery Docket”)

The Nursery displays a consistent and thorough systematic approach to its operation and management of environmental and safety aspects. Indicators such as employee awareness, tidiness and housekeeping all score highly. However, employee inductions are not effectively covering environmental issues and the facility does not maintain a documented emergency preparedness and response plan.

Gunns internal and external reporting of Sustainable Forest Management Indicator Results 2007-2008 continues to be comprehensive and rigorous. The Sustainable Forest Management Report 2007-2008 is a statistically powerful document presenting forest management and associated operational performance against sustainability measures. The Report demonstrates achievement of policy and continuous improvement in the practices and operations of its forestry related enterprises.

Gunns process for addressing non-conformance , corrective and preventive action could be improved. Currently Incident reports do not adequately define requirements for evaluating the need for action(s) to prevent nonconformity(ies) and implementing appropriate actions designed to avoid their occurrence, or reviewing the effectiveness of corrective action(s) and preventive action(s) taken. Also the Incident Report form doesn't adequately distinguish between mitigation, correction, recurrence and occurrence. The focus is on 'incidents' rather than 'non-conformities' (i.e. system failures).

3.1.2 Criterion 2 – Forest management shall provide for public participation and foster on-going relationships to be a good neighbour

Gunns have established and maintain an “External Stakeholder Consultation Group” comprising of a range of Government, industry and public interest groups that were involved in the recent review of the Forest Management Statement. Representation on the “External Stakeholder Consultation Group” could be reviewed to include, or at least maintain an invitation to stakeholders who object to forest management practices and seemingly retain disparate views of Gunns’ management objectives and targets.

Gunns demonstrated evidence of regular community meetings and an understanding of school bus routes during plantation tending works at Preolenna.

3.1.3 Criterion 3 – Forest management shall protect and maintain the biological diversity of forests, including their successional stages, across the regional landscape



All the FPPs reviewed during this audit show diligence attention to the understanding and protection of biodiversity (e.g. the identification and management attention of the threatened Giant Freshwater Crayfish at Preolenna).

Nearly 20% of the permanent estate is reserved for conservation and this area continues to increase annually and Gunns can demonstrate a dedicated and well resourced ecological management to protect and improve biodiversity habitat values in these reserve areas. For example, the management of native grassland reserves in Surrey Hills, (an area with very high conservation values including the habitat of the threatened Ptunarra Brown Butterfly), represents an exceptional conservation of nature commitment, understanding, effort and achievement.

Gunns contribution, including support for interest groups, and the local community, to the conservation of orchids in the Henry Somerset Conservation Area, and activities to limit and control the spread and impact of European Wasp in grasslands and woodlands in the Surrey Hills Estate are notable.

3.1.4 Criterion 4 – Forest management shall maintain the productive capacity of forests

The *State of the Forests Report* (Estate Reporting as at 31 December 2008) includes detailed figures of forest status and uses in both the permanent and semi permanent estate comprising of the Defined Forest Area (DFA). Analysis of these figure show productive uses. Figures show that the growth volume per annum will exceed the cut volume by a significant margin over the next few years (see Sustainable Forest Management Report 2007-2008).

Results of post harvesting damage surveys show levels slightly below Gunns predetermined standard. Inspection of a recent selective harvesting operation (seed tree retention) on private property at Graue show some stem damage due to machinery and Gunns have recognised increased attention to machine operator skills and care may be necessary. Nevertheless, regeneration at this coupe was very good.

3.1.5 Criterion 5 – Forest management shall maintain forest ecosystem health and vitality

The technique for heaping slash in conical piles to facilitate burning sighted at recent selective harvesting operations (seed tree retention) on private property at Graue promises to provide for an improved seed bed and tree growth and vitality

3.1.6 Criterion 6 – Forest management shall protect soil and water resources.

All FPPs inspected showed continuing diligent attention to the identification and assessment of soil and water values. Assessment include soil erodibility and erosion hazard, landslide hazard, slopes, town & domestic water supply catchments and streamside reserves. Gunns undertake water tests where chemical residues have some potential to move off-site. Since test commences none have exceeded Australian water drinking guidelines. Since the introduction of the DPIW Pesticide



Monitoring in Water Catchments Program Gunns have decreased the number of their own water tests.

3.1.7 Criterion 7 – Forest management shall maintain forests’ contribution to carbon cycles

Gunns plantations contribute to a very considerable annual amount of carbon sequestered (i.e. approx 150,000 tonnes). This contribution is also increasing every year (i.e. more than 30,000 tonnes increase in 2007-2008). Gunns could calculate their contribution to Greenhouse emissions from management activities associated with growing and harvesting trees (e.g. machinery use) in order to explore opportunities for implementing measures to reduce greenhouse impact.

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

Gunns maintain and retain access to detailed databases showing of social, heritage, religious, spiritual and cultural values and specific sites. In 2007-2008 all request for cultural surveys under the *Forest Practices Act 1985* have been undertaken. Reserves are established where indigenous, cultural and heritage values are found. Also, staff are trained to recognise indigenous, cultural and heritage values

3.1.9 Criterion 9 – Forest management shall maintain and enhance long-term social and economic benefits

The 1,224 contractors (113 more than the previous year) and their employees engaged by Gunns reflects considerable support for local communities. Gunns recognise the importance of tourism to the Tasmanian economy and are committed to the “Tourism and Forestry Protocol Agreement” through its membership of the Forest Industry Association of Tasmania. Gunns contribute to community projects and fishing, hunting, bushwalking and other recreational activities.

Gunns support research through its financial membership of the Cooperative Research Centre (CRC) for Sustainable production Forestry and paid levies to the Forest & Wood products Research & Development Corporation. Gunns can show \$5.3 million spent directly of forest research, development and training for 2007/2008, \$1.2 million more than the previous year.

Inspection of records at the Kingsclere 13 plantation site preparation revealed that Gunns plantation division have no mechanism for assuring that contractors are undertaking required checks and inspections safety gear (e.g. fire extinguishers, first aid, lifting gear, PPE etc.). It was also noted that records at this site show the Contractor to be inducted by the Gunns forester, but Gunns have no record that the Contractors has subsequently inducted his/her employees as expected.



4 AUDIT CONCLUSIONS

Eight minor non-conformances were raised as a result of this audit, however as discussed earlier in this report, these mostly related to activities conducted outside or on the periphery of the planning and operational management for the Defined Forest Estate. The inclusion of assessment of conformance with ISO 14001 requirements in this audit report has influenced non-conformance numbers relative to previous audits confined to Australian Forestry Standard criterion.

It is recommended that the certification of Gunns Forest Products to AFS AS 4708 - 2007 be continued with no additional audit requirements.

- o0o -