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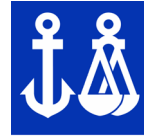
GUNNS FOREST PRODUCTS PTY LTD

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REPORT

<i>Table of Contents</i>	<i>Page</i>
1 INTRODUCTION.....	1
2 THE AUDIT.....	1
2.1 Audit Scope.....	1
2.2 Audit Objectives.....	1
2.3 Audit Protocols.....	1
2.4 Audit Process.....	1
2.5 Background of Client.....	1
3 AUDIT RESULTS.....	1
3.1 Performance against Criteria & Requirements.....	1
3.1.1 Criterion 1 – Forest management shall be undertaken in a systematic manner that addresses the range of forest values.....	2
3.1.2 Criterion 2 – Forest management shall provide for public participation and foster on-going relationships to be a good neighbour.....	2
3.1.3 Criterion 3 – Forest management shall protect and maintain the biological diversity of forests, including their successional stages, across the regional landscape.....	2
3.1.4 Criterion 4 – Forest management shall maintain the productive capacity of forests.....	2
3.1.5 Criterion 5 – Forest management shall maintain forest ecosystem health and vitality....	2
3.1.6 Criterion 6 – Forest management shall protect soil and water resources.....	2
3.1.7 Criterion 7 – Forest management shall maintain forests’ contribution to carbon cycles.	2
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
3.1.9 Criterion 9 – Forest management shall maintain and enhance long-term social and economic benefits.....	3
3.2 SFM Indicators.....	3
3.3 Themes.....	3
3.3.1 Theme 1 Notable or Good Practice.....	3
3.3.2 Theme 2 Areas of Non-Conformance.....	3
4 AUDIT CONCLUSIONS.....	4



REPORT

1 INTRODUCTION

Gunns Forest Products was successfully recertified against the Australian Forestry Standard for a further three years in 2006. This audit was completed as the first of the regularly scheduled six monthly surveillance audits in the current certification cycle. This audit report describes the findings and conclusions of the audit team after completion of this first surveillance audit. The audit included both field and office activities.

2 THE AUDIT

2.1 Audit Scope

Gunns Forest Products Australian Forestry Standard management system and forestry activities.

2.2 Audit Objectives

Conduct a regular surveillance audit of the Gunns Forest Products forestry management system activities and field practices. A sample of activities within the South East region is included in the audit schedule.

2.3 Audit Protocols

The audit was conducted in accordance with JAS-ANZ Procedure 26 Revision 2, DNV Certification audit protocols and against the requirements of AS4708(int): 2003.

The audit was conducted by auditors assessed by DNV Certification as meeting the competency requirements for qualification as an AFS auditor. The audit comprised the scheduled five auditor days in total, and was completed during the period 14 May 2007 – 17 May 2007.

2.4 Audit Process

The audit process included opening meetings; a review of system documentation; interviews with Gunns personnel, contractors, stakeholders and Gunns senior management; reviews of records associated with management and control of the forestry system and field audits of forestry 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 ISO14001 in 1998. It achieved certification of its forestry operations to the Australian Forestry Standard in August 2003. It is presently maintaining certification to both ISO14001 and AS4708.

Gunns forestry operations are divided into three business units – North East, North East and South East. This audit was conducted at each of the business units.

3 AUDIT RESULTS

3.1 Performance against Criteria & Requirements

The performance of Gunns was reviewed against each of the AFS Criteria:



REPORT

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

Gunns have a certified ISO14001 environmental management system in conjunction with their certified AS4708 system, and this provides a strong foundation for the systematic management of forest values. Systematic management encompasses the identification and assessment of values, implementation of a documented operational control system, continuous improvement and management review. The process for assessment of the significance of impacts is effective and is undergoing continuous improvement to better assess economic and social impacts. Considerable work in this area is continuing. Gunns have in place a comprehensive review process to assess compliance with all AFS criteria.

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

Gunns maintain an External Stakeholder Consultation Group, and provide opportunities to view key reporting documents and to make comment through the Gunns (www.gunns.com.au) website. It was noted during the audit that necessary neighbour communication (Sunny Hills Plantation) had been undertaken.

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

Gunns have appointed a dedicated Conservation Planner to provide additional internal expert support for the preparation of Forest Practices Plans. Visual management of harvest activities is considered as an integral component of the planning process.

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

Gunns plan harvest activities on a specific coupe by coupe basis. Each of the Forest Practices Plans reviewed during the audit were found to have been prepared and maintained in accordance with the Forest Practices Act 1985.

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

Development of the Sunny Hills Plantation included the establishment of wildlife corridors, reserves for a listed species, protection of E. rodwayi and eagle nests..

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

Gunns include the requirements of the Code of Practice in Forest Practice Plans, ensure that contractors are competent, complete regular, documented audits of the activities of harvest contractors and correct identified failures and weaknesses. The forest roads and stream crossing monitored during the field audit activities were found to be effectively constructed and maintained.

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

Gunns track progressive carbon sequestration in planted forests. Approximately 60,000 tonnes CO_{2-e} was sequestered during 2005/06.



REPORT

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 were found to comply with legal requirements related to indigenous people, proactively work to ensure that the appropriate cultural surveys are completed and ensure that forest activities are undertaken in accordance with cultural survey findings.

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

Indigenous people are represented on the Stakeholder Consultation Group, and are engaged to undertake cultural artefact surveys as part of the forest practices plan process. Gunns invested more than \$11 million dollars in forest research, development and training in 2005/06. It was noted that Gunns was a contributor to (amongst other activities) the Geeveston Forest Festival.

3.2 SFM Indicators

SFM indicators will be reviewed at the next surveillance audit.

3.3 Themes

3.3.1 Theme 1 Notable or Good Practice

Notable or good practices are issues identified during the audit where it is the opinion of the auditor the approach is exemplary.

During the audit fifteen examples of notable or good practice were observed. In particular, Gunns have adopted an effective, systematic process of forest operation planning to ensure that all applicable forest values are identified and any risks mitigated prior to commencing work. This routinely includes consultation with neighbours to identify and find a consensus solution to problem issues specific to each operation. Investigations and trials are underway to find improved methods of preventing undue browsing damage to young plantations.

3.3.2 Theme 2 Areas of Non-Conformance

An identified non-conformance can be classified as either a major non-conformance or a minor non-conformance. A major non-conformance is assessed when a critical failure is identified or a complete part of the AFS is not implemented, which calls into question the validity of the certification. A minor non-conformance is assessed when a failure is identified which increases the potential of a critical failure.

Two minor non-conformity's related to AS4708 were identified during this audit. It was noted that three new forms associated with safety aspects of the AFS had not been controlled in accordance with the system. One instance was observed where a forest contractor had failed to provide adequate bunding around a fuel tanker. This was identified as a non-conformity even though it was planned to rectify the situation later in the day.

There were four minor non-conformity's identified during the audit which related to the ISO14001 environmental management system.



REPORT

4 AUDIT CONCLUSIONS

It is recommended that Gunns Forest Products continues certification to AFS AS4708:2003(int) with no additional audit requirements.

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