



PUBLIC BRIEFING PAPER

GUNNS LIMITED FSC PRE-ASSESSMENT AND CONTROLLED WOOD EVALUATIONS

INTRODUCTION

The Rainforest Alliance conducted two separate and distinct evaluations of Gunns Limited (Gunns) in July 2010 using Forest Stewardship Council (FSC) standards. These two evaluations were

1. A **forest management pre-assessment** using the Rainforest Alliance/SmartWood FSC Interim Standards for Assessing Forest Management in Australia, and
2. A **controlled wood evaluation** using the international FSC Controlled Wood Standard for Forest Management Enterprises (FSC-STD-30-010).

The results and current status of these two evaluations are summarized below in this document. Summaries of pre-assessments and controlled wood evaluations are not typically distributed to the public insofar as this is not required by the FSC. However, the Rainforest Alliance and Gunns believe that given the significant public interest in Gunns' FSC evaluations, it is important to keep stakeholders informed of the process.

1. THE FOREST MANAGEMENT PRE-ASSESSMENT

The goals of the FSC forest management pre-assessment are threefold:

- (i). The pre-assessment provides Gunns with a clear understanding of the requirements for FSC certification;
- (ii). The Rainforest Alliance is able to develop a clear view of the Gunns' management systems and practices. This information is valuable in designing a main assessment if the company chooses to move to that stage.
- (iii). The pre-assessment identifies areas of Gunns' management that appear to present significant gaps that would likely lead to major non-conformities with the Standard in a main assessment, or that appear to present barriers or obstacles to certification.

In addition, the pre-assessment provides an initial opportunity for Rainforest Alliance/SmartWood to meet with individuals, groups, community organizations and government representatives who are potentially interested in Gunns' management and the certification process and who have comments about Gunns forest management. It is also an opportunity to explain FSC certification to those interested parties.

An FSC Forest Management pre-assessment does not lead to a certificate and does not allow the company to label a product, or promote or make any claims regarding their association with the FSC.

Scope of the forest management pre-assessment: The areas evaluated by Rainforest Alliance/SmartWood for the Gunns forest management pre-assessment included 401,459 ha of permanent (freehold) and semi-permanent (managed) forest estates in Tasmania, Victoria, South Australia and Western Australia. Gunns also manages forests in New South Wales, Queensland and eastern Victoria (Gippsland) but these are **not** included in the scope of this pre-assessment.

Evaluation strategy: The pre-assessment audit team's evaluation strategy included:

- Public notification of impending evaluation 30 days prior to field visits.
- Presentations by Gunns' staff and auditor interviews with Gunns' staff.
- Field-work by the audit team with Gunns' staff in Gunns' native and plantation forest estate in Tasmania (all three regions); South Australia and Victoria (the Green Triangle).
- Meetings with government officials in Tasmania.
- Advertised open houses and public stakeholder meetings in Hobart and Launceston in Tasmania.
- Meetings with a range of interested groups and individuals in Tasmania. Telephone interviews with stakeholders in the Green Triangle.
- Review of e-mail comments and formal written submissions received from interested groups and individuals.
- Email requests for information initiated by the team.

Summary of Results:

Given that the primary goal of the pre-assessment is to identify major gaps or barriers to future attainment of an FSC certificate, the following results only reflect a summary of major gaps rather than a complete overview of how all aspects of Gunns' forest management compares with the standard.

Principle/Subject Area	Major gaps
P1: FSC Commitment and Legal Compliance	No major gaps were verified during the pre-assessment
P2: Tenure & Use Rights & Responsibilities	<p>Gunns has not demonstrated long-term forest use rights to a significant portion of the managed forest that they seek to have evaluated for FSC certification as required by criterion 2.1.</p> <p>The size and location of Gunns' permanent and semi-permanent estate is constantly changing. Sale of existing land may continue to occur in accordance with Gunns' commercial and sustainable forest management framework. To meet indicator 2.1.3 Gunns will need to demonstrate that it takes all reasonable steps to ensure long-term stewardship of land it sells or transfers.</p> <p>Gunns has not demonstrated appropriate mechanisms to resolve disputes as required by Criterion 2.3, or that it has made significant progress to resolve major disputes as required by Indicator 2.3.3.</p>
P3 – Indigenous Peoples' Rights	Gunns has not completed sufficient consultation with indigenous peoples, or identified those with customary/traditional rights as required by indicators in Criterion 3.1. Nor has it provided evidence to prove diligent and proactive efforts to identify special sites by consulting with relevant indigenous groups as required by Indicator 3.3.5.
P4: Community Relations & Workers' Rights	<p>At the time of the pre-assessment, auditors found that Gunns does not "facilitate" or "encourage" meaningful participation of stakeholders in development of forest management plans as required by Indicator 4.4.6.</p> <p>Based on auditors' interviews with stakeholders during the pre-assessment, Gunns does not have a "positive and pro-active history of interaction with stakeholders" (Indicator 4.4.8).</p> <p>The audit team noted that Gunns is aware of the significant gap between their past practice and FSC requirements for stakeholder consultation and engagement in management plans, and has recently embarked on initiatives designed to address these issues. However, at present there is significant gap with these indicators in Criterion 4.4 involving a broad range of interests.</p>
P5: Benefits from the Forest	No major gaps were identified for this principle.
P6: Environmental Impact	There are a number of key elements of Principle 6 that auditors considered were not adequately addressed by Gunns. These included management strategies to address:

	<p>landscape level impact (Indicator 6.1.4); rare, threatened and endangered species (Criterion 6.2.3); choice of silvicultural systems (6.3.2); streams, aquatic resources and specific operational strategies (6.3.9 & 6.5.7).</p> <p>Gunns currently uses chemicals on the FSC list of Highly Hazardous Chemicals (Annex IIA, FSC-GUI-30-001 version 2.0, May 2007). These chemicals cannot be used without derogations.</p>
P7: Management Plan	<p>Gunns Forest Management Statement is a primary document for Gunns in terms of a Forest Management Plan, however it is limited to describing a general approach to land management. Forest Practices Plans (FPPs) are site-specific documents with limited duration. The auditors noted that there is no long-term management plan that describes Gunns' objectives and strategies for forest management over large land units and over long time-frames and bridges the gap between the existing documents described above (Criterion 7.1 and Criterion 7.2).</p>
P8: Monitoring & Assessment	<p>Gunns has not developed a set of Chain of Custody procedures to meet FSC requirements. (8.3)</p> <p>Gunns has not made a summary of their monitoring data consistent with that required by the standard publicly available (8.5).</p>
P9: Maintenance of High Conservation Value Forest	<p>An assessment of high conservation values (HCVs) that meets the requirements of Criterion 9.1, and includes consultation that meets the requirements of Criterion 9.2 has not been completed by Gunns.</p>
P10 - Plantations	<p>Plantations established by Gunns in areas converted from natural forests since 1994 normally do not qualify for certification. This could disqualify a significant portion of Gunns plantation estate in Tasmania. It does not appear to apply to Western Australia or the Green Triangle. An exception is made for situations where Gunns can provide evidence that it was not directly or indirectly responsible for the conversion</p> <p>Gunns management plan (Principle 7) does not set objectives for the management of plantation areas in ways that conserve and restore native forests and that maintain soil productivity and water quantity and quality (Criteria 10.6 and 10.8).</p>

Current status of the pre-assessment: The pre-assessment of Gunns is complete. Gunns staff will now work on closing the identified gaps and once complete will apply for a FSC Forest Management main evaluation. There is no required timeframe for which Gunns must apply for a main evaluation. When a main evaluation occurs, there will be a 60 day public notice before the start of the field assessment and public consultation with affected and interested stakeholders during the assessment.

2. THE CONTROLLED WOOD EVALUATION

Gunns was also evaluated for conformance with the international FSC Controlled Wood Standard for Forest Management Enterprises (FSC-STD-30-010). FSC certified Chain of Custody companies who want to make an FSC labelled product that contains a mix of FSC certified and non-certified wood must use FSC controlled wood as the non-certified wood in the mixed product.

Controlled wood means that it **does not contain**:

- a) Illegally harvested wood;
- b) Wood harvested in violation of traditional and civil rights;
- c) Wood harvested in forests where high conservation values are threatened by management activities;
- d) Wood harvested in forests being converted to plantations or non-forest use;
- e) Wood from forests in which genetically modified trees are planted.

Companies awarded a Controlled Wood certificate are **not allowed to label a product, use the FSC trademark, or make any public claims or do any promotion regarding their controlled wood status.**

A Controlled Wood certificate holder can only make business to business controlled wood claims and sell controlled wood to existing FSC certified Chain of Custody companies who are making an FSC certified mixed product.

It must be noted that a controlled wood assessment is not an evaluation of responsible forestry. Evaluation against FSC-STD-30-010 assures that the issues described in the five categories listed above (a through e) are not found during an evaluation of a forest management unit.

Scope of the Controlled Wood evaluation: The areas evaluated for the Gunns controlled wood assessment included Gunns' holdings on permanent (freehold) and semi-permanent (managed) forest estates in Tasmania, Victoria, and South Australia. Fieldwork and interviews with stakeholders were undertaken in Tasmania, Victoria and South Australia. The area included in the controlled wood assessment is 343,700 ha. Gunns also manages forests in Western Australia, New South Wales, Queensland and eastern Victoria (Gippsland) but these **were not** included in the scope of this controlled wood assessment.

Evaluation strategy: The controlled wood audit team's evaluation strategy included:

- Public notification of impending evaluation 30 days prior to field visits.
- Presentations by Gunns' staff and auditor interviews with Gunns' staff.
- Field-work by the audit team with Gunns' staff in Gunns' native and plantation forest estate in Tasmania (all three regions); South Australia and Victoria (the Green Triangle).
- Meetings with government officials in Tasmania.
- Advertised open houses and public stakeholder meetings in Hobart and Launceston in Tasmania.
- Meetings with a range of interested groups and individuals in Tasmania. Telephone interviews with stakeholders in the Green Triangle.
- Review of e-mail comments and formal written submissions received from interested groups and individuals.
- Email requests for information initiated by the team.

Summary of Results:

The initial Controlled Wood evaluation resulted in several major non-conformities. The non-conformities can be summarized as a lack of sufficient documentation or implementation evidence of:

- Quality and chain of custody control systems consistent with FSC Controlled Wood requirements
- Consultation with indigenous (Aboriginal) peoples to ascertain land tenure and land use rights
- Stakeholder consultation for identifying High Conservation Value Forest (HCVF)
- HCVF assessments

The Rainforest Alliance has issued major corrective action requests (CARs) to Gunns in order to correct the major non-conformities mentioned above and therefore has **not issued Gunns a FSC controlled wood certificate.** The next step is

for Gunns is to document procedures and/or implement actions that will address the non-conformities and close the major CARs.

Current status: Since the FSC Controlled Wood evaluation in July, Gunns has been working on closing the major CARs. Gunns believes it has addressed the major CARs and has indicated that they are ready for an audit. Thus Rainforest Alliance will conduct a major CAR verification and change of scope audit from 10-14 January 2011. Rainforest Alliance auditors will evaluate whether Gunns has provided sufficient evidence to close the major CARs.

In addition, the scope of the upcoming audit differs from the initial audit; details of the changes are outlined below.

INFORMATION ABOUT THE UPCOMING CONTROLLED WOOD EVALUATION: 10 -14 January 2011

The upcoming controlled wood evaluation will assess whether Gunns has adequately addressed and closed the major CARs. Additionally, Gunns is removing Tasmania and adding Western Australia to the scope of the evaluation and therefore an on-the-ground site evaluation will be made in Western Australia. Gunns has indicated that the removal of Tasmania from the scope is temporary to allow sufficient time to close out the major CARs.

Scope of the evaluation: The Gunns holdings on permanent (freehold) and semi-permanent (managed) forest estates in Tasmania will be omitted from the scope of the Controlled Wood evaluation and their holdings in Western Australia will be added to the scope. The holdings in Victoria and South Australia (Green Triangle) will remain in the scope. Moreover, forests in New South Wales, Queensland and eastern Victoria (Gippsland) will remain outside the scope of this controlled wood assessment.

Evaluation strategy: The controlled wood audit team's evaluation strategy will include:

- Public notification of impending evaluation 30 days prior to field visits (already out)
- Review by auditors of the July controlled wood report
- Presentation of evidence by Gunns' staff for verifying major CAR conformance and auditor interviews with Gunns' staff.
- Field-work by the audit team with Gunns' staff in Gunns' plantation forest estate in Western Australia, South Australia and Victoria (the Green Triangle);
- Meetings with government officials
- Meetings and telephone interviews with a range of interested groups and individuals.
- Review of e-mail comments and formal written submissions received from interested groups and individuals.
- Email requests for information initiated by the team.

Potential outcome: There are two potential outcomes from the Controlled Wood evaluation:

1) If Gunns conforms with the standard and closes the major CARs they can receive an FSC CW/FM certificate for wood fibre originating in Western Australia, south Australia and the Green Triangle area of Victoria but NOT from Tasmania or from New South Wales, Queensland or eastern Victoria (Gippsland). (Please see #2 Controlled Wood evaluation above to understand what that means);

2) If Gunns is not successful in closing the major CARs, they will not receive a certificate and would be eligible to work on closing the major CARs and requesting another CAR verification audit at a later date.

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