

SFM
Forest Management Plan
October 2011



S F M | forest
products

SFM | Forest Products

ABN | 86 116 591 541
70 hampden road,
battery point, tas 7004
t | 03 6223 3536
f | 03 6223 1802
e | info@sfmes.com.au
w | www.sfmes.com.au

SFM acknowledges the traditional custodians of the land which we manage.

We show respect to their culture and their elders who have managed the land in the past.



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INTRODUCTION

SFM Forest Products (SFM) is a forest management company and wood product broker which has been operating successfully since 2001. SFM is 100% Tasmanian owned and operates throughout the state in the forestry sector.

SFM is committed to achieving sustainable forest management throughout its operational portfolio. SFM has developed numerous strong relationships with individual landowners, customers, and government agencies. Our attention to detail, knowledge of industry developments and the timely completion of complex projects ensures we deliver professional forest management and enables us to maintain a loyal client base.

SFM carries certification under Quality Management System ISO 9001 and the Australian Forestry Standard AS-4708. The Criteria of AS-4708 are shown in Appendix A.

SFM also holds certification for Forest Management and Chain of Custody under the Forest Stewardship Council (FSC) standard, and as such has committed itself to the FSC Principles and Criteria relating to forest management (Appendix B).

This Forest Management Plan and associated management systems, participation in the industry-wide Coordinated Smoke Management System and adherence to principles of

the Good Neighbour Charter for Commercial Forestry in Tasmania also underpin the business.

Background

SFM currently manages approximately 5,000 hectares of primarily regrowth forests. Operations conducted by SFM fall into three broad categories: partial harvesting of native forests, ongoing management of its own freehold properties, and FPP preparation and contractor supervision on Crown land. In practice, SFM is committed to employing the same high standards of forest management and quality control in all of its operations, whether or not the areas fall within the scope of their certifications.



Clearing and conversion of native forest to non-forest uses is not permitted under either the AFS or the FSC certification criteria. In the past, SFM did conduct forest clearing activities on a contractual basis, having been engaged by a landowner or third party. From January 1, 2010 SFM adopted a business direction to no longer enter

into this type of arrangement, and operations on these areas have been completely phased out. None of these areas fall within the scope of SFM's certified areas.

SFM employs professionally qualified, highly trained staff, and maintains quality operating systems to ensure the viability of the company and the natural resources we manage. SFM's team of forestry professionals have extensive experience within the Tasmanian forest industry. All forest planning, assessments, associated permits and operational supervision are completed by our team of in-house professionals.

SFM is committed to undertaking and managing silvicultural prescriptions conducive to the long-term productivity of the properties we manage. Within the context of State and Federal regulatory frameworks and our own management systems which ensure environmental protection, we work cooperatively to address the needs of our clients when selecting a forest management regime. A flow chart which graphically depicts our business structure is given in Appendix C.



SFM is committed to delivering resource owners with maximum sustainable

returns for their forest resource. Correct segregation and treatment of the forest resource ensures that wood products are always directed to their highest end-use value when markets permit. This in turn maximizes the return to the landowner by selling each product at their maximum value and not allowing higher value products to be undersold.

Purpose of this Document and Planned Reviews

The purpose of this Forest Management Plan is to outline SFM's Corporate Goals for forest management and describe the systems in place to achieve them. This document represents the top tier of management planning, and gives overarching objectives for how forest areas will be managed by SFM in a general sense. It is underpinned by a suite of other management planning documents, among them "Management and Monitoring of Natural and Cultural Values within the SFM Estate". Due to the fragmented nature of the client properties, it is not practical to provide detailed maps or specific management information in this document. Specific information regarding the management of particular areas is described in detail in the relevant Forest Practices Plan.

The initial draft of our Forest Management Strategy was distributed to a range of stakeholders including Local Government, community groups, and landowners in the regions where we have current operations in early 2010. Any comments received were reviewed and, where appropriate,

incorporated into this document. The list of Stakeholders was then expanded, the document was re-named the Forest Management Plan, and the process of stakeholder review repeated in September 2010.

Stakeholder feedback on this document is welcome any time, and will be considered for inclusion in our current and future policies. A review of this Management Plan (including stakeholder consultation) will take place at least every 5 years.



Forest Management Policy

SFM Forest Products is committed to the principles of sustainable harvesting, as well as managing and mitigating environmental impacts. Under this policy SFM will:

- **Conduct its forest management activities according to a systematic approach underpinned by record-keeping, monitoring, and continual improvement;**

- **Respect and comply with environmental legislation and other legal requirements relating to our business;**

- **Minimise pollution and adverse impacts of our activities on the environment;**

- **Engage with interested stakeholders to enhance our ability to contribute to local communities and economies;**

- **Implement and maintain a management system designed to meet internationally recognized forestry certification standards;**

- **Only engage in harvesting activities which do not involve the conversion of native forest to plantations or other non-forest land uses;**

- **Conduct regular internal review of our systems and implement mechanisms to provide continual improvement;**

- **Engage independent third parties to assess our performance against the above commitments and standards, and make the results of these audits publicly available.**

- **Implement and maintain a management system designed to meet the internationally recognized standards of AS-4708, ISO 9001 and the Forest Stewardship Principles and Criteria.**

Planning Context

Legal Context

SFM's primary business is the procurement and sale of timber. SFM recognizes the importance of ensuring that its forest management practices comply with or exceed the requirements of all relevant legislation and policies at both the State and Federal level. Appendix D outlines the main legislation, policies and codes governing forestry activities on private land in Tasmania.

The Forest Practices Code (2000) directly prescribes the manner in which forest practices are to be conducted to provide protection for the environment. The Code can be seen as a platform on which further measures to protect and enhance forest values can be added through the prescriptions in individual Forest Practices Plans. SFM relies upon Administrative Instruction issued by the Chief Forest Practices Officer of the Forest Practices Authority for notification and interpretation of any relevant changes in this body of legislation.

As contractors to our major customers, SFM may be notified by them of changes in specific regulation, eg the Forest Safety Code. SFM receives regular updates from the Department of Primary Industries, Parks, Water and the Environment (DPIPWE) and from Workplace Standards Tasmania which include changes to relevant legislation. SFM's association with industry bodies such as the Forest Industries Association

Tasmania and the Forests and Forest Industry Council also contributes to our awareness of current industry policies and practice.

Water Catchment Management Authorities

Operations managed by SFM are located within the boundaries of the both the Southern Water and Ben Lomond Water catchment management authorities, which are considered to be our stakeholders. Water catchment management issues are assessed during Special Values planning.



Local Government

Operations managed by SFM are located across many Local government areas within Tasmania, making each of these councils our stakeholders. Our interaction with councils consists of

development applications, road use and maintenance issues, and communication regarding school bus routes and truck traffic. SFM strives to proactively build relationships with councilors and staff through field days and direct communication. SFM participated in the Three Year Plan process in 2011, which entails consultation with local councils regarding harvesting locations, harvested volumes of timber, and cartage routes.

Planning

To evaluate a prospective property for its potential to be sustainably harvested and managed, an initial property assessment is conducted by a member of SFM's operations team. Initial estimates on the volume of merchantable timber are made, and a silvicultural system proposed. If the property is suitable, and an agreement with the landowner is reached, SFM and the property owner sign a Timber Purchase Agreement.

Formal assessment and planning work on the property may then begin. The process of Special Values Evaluation and other steps leading to the drafting of the Forest Practices Plan (FPP) follow a standardized SFM Planning Procedure which is underpinned by the SFM Peer Review and Planning Checklist. Draft FPP's are subject to a systematic internal Peer Review prior to their certification to ensure that due diligence has been taken in their preparation.

The planning process has a significant mapping component, incorporating features including existing roads and landings, private property boundaries, forest community types, watercourses, and other Natural and Cultural Values. These features are located and mapped using GIS technology where appropriate, and placed on the Forest Practices Plan map.



Resource Base

For the purposes of the Australian Forestry Standard AS 4708, an organization's Defined Forest Area (DFA) consists of 'an area of forest (including land and water) to which the requirements of this Standard are applied, and to which the forest manager can demonstrate management control, which allows them to achieve the requirements of this Standard'. SFM has defined the scope of its AFS certification (its DFA) to include all of its native forest management on private properties and freehold.

This DFA consists of predominantly multi-aged, regrowth forest in the drier forest types, which are managed using various partial harvesting techniques. The nature of the business means that the makeup of the DFA changes

periodically as properties pass into and out of our management control. Properties are included in the DFA once a Timber Purchase Agreement has been signed, provisional coupe boundaries defined, and Special Values submissions prepared. A register of properties included in the DFA is updated quarterly to reflect current operations, and submitted to Globalmark, our AFS certification body.

For Forest Stewardship Council certification, forest areas owned by other parties but managed by SFM are considered individual Forest Management Units (FMUs). The collection of FMUs define the scope of the FSC-certified area, which is covered by a Group Certification Scheme. Each landowner is required to be a Group Member of the Scheme, but as the Resource Manager of the Group, SFM has management control and responsibility over forest areas included in the FMU's. A register of FMU's included in the Group Scheme must be updated within one month of any changes to the membership, and submitted to Soil Association Woodmark, our FSC certification body.

Over time, the areas included in the DFA for AFS certification, and in the Group Certification Scheme for FSC certification should increasingly overlap and become essentially identical.

SFM also owns several freehold properties. This freehold resource includes 227 ha of regrowth forest managed using native forest silviculture, and 94 ha maintained in formal reserves. These areas will be included

in SFM's Group Certification Scheme for FSC. Additionally, 148 hectares of SFM's freehold carries established plantations, all but 50 ha of which were established by other entities. Upon harvest the existing plantations will be re-established or re-sown to native forest.

The approximate number of hectares for different land classifications in SFM's Resource Base as of October 1st 2011 are indicated below in Table 1. The locations of properties which make up the Resource Base are shown in Figure 1.

Table 1. SFM Operations by Land Classification at October 28, 2011. (in hectares)

	Defined Forest Area (AFS)	Current FSC Group Scheme	SFM Freehold
Selective Harvest	4116	401	227
Reserved Areas	808	124	94
Established Plantations (out of scope for certification)	0	0	148 (98 ha established by other entities)

Figure 1. SFM Forest Products Resource Base



Access and Security

Individual properties are generally gated and locked. In some cases the landowners reside on the property and, together with SFM, control access and trespass. Staff and contractors are aware of their responsibilities regarding access and security for private property.

CORPORATE GOALS

SFM's commitment to the Corporate Goals stated herein, and its successful compliance with the Australian Forestry Standard and the Forest Stewardship Council, will be subjected to periodic external audits. Summary results of these audits will be made available on the SFM website (www.sfmes.com.au).

SFM has developed a management system to demonstrate its commitment to the following:

- Sustainable Harvesting
- Environmental Protection
- Social Responsibility

Sustainable Harvesting

SFM undertakes its forestry operations in a manner which will maintain or enhance the productive capacity of the land.

The forest managed by SFM is primarily characterized by multi-aged regrowth. Silvicultural techniques are designed to

ensure adequate regeneration and the maintenance of stocking levels over time. The duration of Timber Purchase Agreements between landowners and SFM means that individual private properties are managed on a medium-term basis (eg 3-10 years) and come under our management control at a variety of ages and forest management histories. Individual landowners may hold specific land management objectives, which may be accommodated if permissible under the Forest Practices Code and our certification requirements.



Each property is harvested at an age appropriate to the forest type and structure. Where present, mixed age structures are maintained. Stands are harvested using either hand or mechanical felling, depending on the site and safety considerations. The logs are snigged to the landings, graded, and cut to appropriate lengths. Logs are loaded directly from the landing and trucked to sawmills or processing plants.

RATIONALE AND OBJECTIVES

Silvicultural Systems

SFM's silvicultural prescriptions are designed to maintain the long term productive capacity of the areas under their management control. Silvicultural systems are carefully chosen taking into account current stand age and structure, understorey, and other factors including altitude and exposure.

Since many of the properties have been partially harvested in the past, management prescriptions are designed to preserve advance growth (saplings) where present, as well as to encourage regeneration when appropriate. Where the forest structure is already characterized by a range of ages, silvicultural systems such as Overstorey Removal, Advance Growth Retention, Potential Sawlog Retention, or Selective Logging are utilized. Seedbed can be prepared in unstocked gaps by top disposal burning or mechanical disturbance to promote the establishment of new seedlings. In even-aged forests with well-formed trees, pole thinning is employed to encourage the growth of trees containing potential sawlogs for the future. At high altitudes, a Shelterwood Retention is done to allow new growth to develop under the canopy of mature trees, which are removed when the younger trees are of adequate size.

Prescriptions are determined based on staff experience, Forestry Tasmania's Technical Bulletin No. 5, and other relevant literature.



During the course of the harvest and shortly thereafter, Progressive Harvesting Assessments using either a stripline or point-plot method are employed. These assessments determine the levels of standing wood remaining, and to quantify any damage to retained stems which may have occurred as a result of the harvesting. These figures are compared to the prescriptions in the Forest Practices Plan, and are also used to provide feedback to the contractor and provide a baseline for the planning of future harvests.

Stand Growth Rates

SFM is committed to ensuring that the removal of selected timber products is likely to preserve or enhance the long-term productive capacity of the properties it manages. Given that the ages and harvesting histories of individual properties within the DFA are often largely speculative, it is difficult to precisely describe the average growth

rates of specific stands. The goal of sustainable harvesting is addressed in the first instance by assessing the stand and researching its history, then identifying forestry practices that could affect the future capacity of the area to produce wood and non-wood products. Regrowth height and density are instrumental in determining management prescriptions and estimating rotation length.

For some areas which have been harvested in the past, a selective harvest that leaves an area fully stocked, while creating gaps in the regrowth canopy, may be the most reliable way to ensure long-term productive capacity. Following harvest, regeneration monitoring, restrictions on grazing and the assessment of the need for remedial regeneration treatments serve to promote sustainability.

Regeneration

It is a requirement of the Forest Practices System that selectively harvested areas be left in a stocked state before the expiry of the Forest Practices Plan. The partial harvesting techniques utilized by SFM rely on natural seeding, retained seed trees and the presence of advanced growth to fulfill stocking requirements (as per Forestry Tasmania's Technical Bulletin No. 6, Regeneration Surveys and Stocking Standards). Regeneration surveys, via formal stripline surveys or structured visual assessment, are scheduled within two to three years of the completion of harvesting, and areas

requiring remedial treatments identified.



Damage to Growing Stock

'Growing stock' includes trees within the harvest boundary of a current Forest Practices Plan. Potential causes of damage to growing stock during forest operations include mechanical damage, windthrow, and unplanned fire. Mechanical damage to retained growing stock is minimized through the use of directional felling, and the cutting of logs to shorter lengths before snigging where necessary. An awareness of predominant wind directions and the potential for windthrow following harvest are taken into consideration when planning the placement of harvest boundaries and patches of reserved forest. Assessments of damage to retained growing stock are conducted as part of normal harvest monitoring, and reviewed during annual management reviews.

Product Segregation

SFM's core business is the sustainable harvesting and transport of wood products. To this end, correct segregation of wood products to their highest-value end use is central to our harvesting strategy. Monthly product segregation reports are generated for each operation and provided to the landowner. These reports are reviewed by management at the end of each operation to compare segregation results with initial product estimates for the property.

RELATED MANAGEMENT ISSUES

Non-wood Products and Values

Since SFM's operations are conducted on private land, scope for the procurement of other non-wood resources (eg honey, flowers, and foodstuffs) is largely in the hands of the individual landowners. Provisions for grazing and stock shelter within harvested areas after regeneration has been established can often be accommodated by our management strategies.

Fire

Low-intensity fires can be used to reduce fuel load and/or promote forest health. In particular, lower-altitude areas with grassy understoreys may have low-intensity burns specified in their Forest Practices Plans. Individual

burn plans for these coupes are developed, and burns undertaken with consideration to community safety and seasonal fire risk.

Due to the predominance of dry sclerophyll forest types in its Defined Forest Area, SFM does not currently utilize clearfell, burn and sow techniques.



Unplanned fires have the potential to be significant threats to the areas within the DFA and to adjacent properties. Fuel loads on surrounding areas are assessed during the planning process, and any requirement for post-harvest fuel management identified. All forest operations are required to have a trained fire weather observer on site, who must take fire weather readings throughout the day during the fire season. The Operation Shutdown Requirements in the Forest Industry Fire Prevention at Forestry Operations Procedures (updated annually) are distributed by SFM to contractors at the start of every operation. All contractors must have adequate firefighting equipment on site throughout the fire season, and be prepared to demonstrate to SFM that it is in good working order at the start of the fire

season. SFM also maintains its own Class 2 Fire Tanker and staff trained to drive and use it.



In the event of unplanned fire, SFM defaults to the over-arching authority of the Tasmanian Fire Service, and abides by the Protocol for Interagency Response for Fire Management. SFM also maintains its own Fire Plan, which is updated annually to reflect the properties within the DFA, areas of responsibility, and emergency contact details.

Pests and Diseases

Activities and risks which could impact the future capacity of an area to produce wood and non-wood products are evaluated during the planning process. Examples of risks include browsing, fire weeds and phytophthora cinnamomi (root-rot fungus) which are brought to the attention of the landowner if found on a property. This enables a comparative evaluation to be undertaken at the end of every operation, and appropriate management techniques suggested.

The control of weeds, pests and diseases is essential in the management of forests prior to, and following,

harvesting activities. The requirement for disinfection of machinery according to the Tasmanian Washdown Guidelines prior to entering or leaving a coupe is specified in all of SFM's Forest Practices Plans and verified by SFM supervisors. Noxious weeds have the potential to not only invade properties managed by SFM, but also adjoining properties. Any observations of noxious weeds are identified to the landowner, who is legally responsible for their control.

The presence of some agents which are potentially damaging to forest health may be identifiable from visible symptoms. Indicators of stand health such as crown vigour or unusually high numbers of epicormic shoots are noted. If areas of poor stand health were identified, the landowner would be informed, and the areas excluded from operations based on the poor chance of regeneration success. Private Forests Tasmania's Farm Forestry Toolbox may be used as a resource for pest and disease identification.



Degraded Areas of Forest

Degraded areas of forest are generally excluded from operational areas in the initial stages of property assessment. In a few cases SFM has included already degraded areas under the Forest Practices Plan prepared for an adjacent commercial area, and intends to undertake remedial treatments to regenerate these areas. Remedial treatments include light burning, scarification, and/or hand sowing of local seed, as recommended by the research results in Forestry Tasmania's Technical Bulletin No. 7, 'Remedial Treatments'. A similar approach would be taken if regeneration requirements were difficult to meet on an area of forest under SFM's management control.

Environmental Protection

SFM aims to conduct its forestry operations in a manner which will maintain and enhance the integrity of natural and cultural values.

CONSERVATION

Natural and Cultural Values

The process of Natural and Cultural Values (Special Values) Evaluation underpins the planning process for each forestry operation. Special Values identification follows the guidelines of

the Forest Practices Code (2000), and addresses the requirements of Forest Stewardship Council Principles 6, 8 and 9 and the Australian Forestry Standard Criteria 4.3, 4.6 and 4.8. The identification and management of special values is undertaken in accordance with the SFM Special Values and High Conservation Values Management Plan.

Issues of potential environmental significance which may be present within, or adjacent to, the proposed operational area are assessed by trained Forest Practices Officers. This process involves both field visits and desktop research using approved natural values databases to identify the location and/or potential presence of issues within the following six categories:

- Flora
- Fauna
- Geomorphology and Soil and Water
- Cultural Heritage
- Landscape or Visual Management

The Special Values Evaluation Process entails consultation with experts from the Forest Practices Authority. The experts then provide recommendations which must be incorporated into prescriptions in the Forest Practices Plan. These recommendations often go beyond legislative requirements, and provide an enforceable mechanism under which protection is achieved.

High Conservation Values

Some properties managed by SFM contain priority species of flora and fauna, and ecological vegetation communities which are rare, vulnerable or endangered. The identification and categorization of Special Values as High Conservation Values (HCVs) is described in more detail in the SFM Special Values and High Conservation Values Management Plan. The locations of High Conservation Values which require specific management actions will be identified on Forest Practices Plan maps. An overall map of SFM's Resource Base and the locations of identified HCVs is also being developed. A proposed system of post-operational Conservation Monitoring, to ensure that all values identified have been maintained and/or enhanced following harvesting, has been circulated for stakeholder feedback. The results of the Conservation Values monitoring program will be evaluated at annual Management Reviews, and published in the 5-yearly update to the Forest Management Plan.



Reserves

Areas reserved from harvest within a Forest Practices Plan area are designed taking into account the issues identified in the Special Values Evaluation. The Forest Practices Code (2000) requires the reservation of all areas that are necessary to protect soil and water values, and 'at least 5% of the existing and proposed forest on the property for other significant natural and cultural values'. SFM exceeds this requirement across all its operations (see Table 1).



On large properties on which SFM has management control over substantial areas, wildlife habitat strips are established between coupes to maintain habitat conductivity and to protect riparian and other environmental values. Where present, informal or formal reserves on adjacent properties are linked to these wildlife habitat strips, providing a continuity of habitat across tenure. These wildlife habitat strips remain reserved from forest harvesting even after the expiry of the associated Forest Practices Plan, as they are automatically classified as "vulnerable land". In addition to these reserves declared in Forest Practices

Plans, SFM routinely excludes large areas of forest from harvest, creating de facto informal reserves.

OTHER ENVIRONMENTAL ISSUES

Adjacent Land and Landscape-Level Impact

The land adjoining SFM's operations typically consists of cleared or bush grazing runs, native grasslands, and native forests. Impacts on adjacent land are considered in the Special Values Evaluation, specifically in regards to formal and informal reserves and special management zones on either private or Crown land. Fuel loads on adjoining lands are also taken into account when preparing burn plans.

At the scale and intensity that SFM operates, managed properties are generally not contiguous and selective harvesting is employed, the impact on landscape-level values is limited. Consideration of issues such as whether remnant patches of forest are involved, the impacts of harvesting on skyline vegetation, and limiting annual harvesting levels in town water supply catchments are all formally addressed during the Special Values Evaluation process.



Operational Monitoring

SFM regularly monitors all its active operations, and takes responsibility for ensuring that all contractors engaged comply with relevant environmental regulations. A Forest Harvest Monitoring Report which checks the operation for compliance with specific aspects of health and safety regulation, the Forest Practices Code (2000) and the specific silvicultural prescriptions is completed monthly by a member of the SFM operations team. When possible, the Report is completed with the landowner present. This provides an opportunity for all parties to discuss the progress of the operation.

To comply with the Forest Practices System, all of SFM's operations take place under certified Forest Practices Plans. Certificates of Compliance must be filed with the Forest Practices Authority upon the completion of each Discrete Operational Phase of the Plan, eg Roding, Harvesting, and Reforestation. SFM employs accredited Forest Practices Officers to prepare and certify Forest Practices Plans, monitor

operations and file Certificates of Compliance, and to enforce the Forest Practices Act. SFM is also subject to periodic audits by the Forest Practices Authority, the results of which are summarized in the Authority's annual report.

Soil and Water Values

The Special Values Evaluation conducted as part of the preparation for a Forest Practices Plan is the first step in the process of identifying soil and water values, and any potential impacts of a forestry operation on water quality. As part of this assessment process, the location and catchment areas of all watercourses within and adjacent to the proposed operational area are mapped. Streams are assessed for any erosion features which may require enlargement of the standard unharvested streamside reserves. Parent rock materials, soil types, erodibility characteristics and slopes are all taken into consideration and contribute to the placement of harvest boundaries, and the types of machinery permitted in the coupe. The adherence to Forest Practices Code requirements which govern the location of landings, roads, snig tracks and re-fueling sites ensures that soil and water properties are maintained. During the course of harvesting, operations are monitored frequently and wet-weather shutdowns enforced if conditions demand. Management of any soil and water issues related to road construction and maintenance are dealt with according to the Draft Forest Practices Roding Manual (FPA, 2008).



Use of Chemicals

As managers of native forest, SFM is able to avoid chemical use and the input of herbicides, pesticides, or fertilizers into the environment. No chemicals are used for pest or vermin control. Browsing by native animals may be controlled by licensed shooters.

Pollution Prevention

Every Forest Practices Plan covering areas in SFM's Defined Forest Area contains prescriptions for the management of fuels, oils, rubbish and emissions. This includes a requirement for the reporting of any fuel or oil spills that cause or threaten to cause environmental harm to the Department of Primary Industries, Parks, Water and the Environment (DPIPWE). A company-based Emergency Response Plan documents the procedures for environmental emergencies.

Carbon

The sustainable harvesting of timber so that the carbon removed by harvesting is less than or equal to that stored in new growth is a long-term goal of the forest industry as a whole. Both standing timber and solid wood products play important roles in carbon storage, and SFM's focus on selective harvesting and regeneration acknowledges this intrinsic value.

SFM strives to reduce greenhouse gas emissions by minimizing cartage distances and regularly servicing equipment to maintain fuel efficiency.

Social Responsibility

SFM aims to conduct its forestry operations in a manner which is in harmony with local and indigenous communities.

Within Tasmania, community concerns about the social impacts of the Tasmanian forestry industry as a whole have been expressed to varying degrees over a number of decades. Issues include the long-term viability of the industry, its impacts on the environment and its effects on regional populations, community facilities and service provision. The majority of these concerns relate to clearfelling, the conversion of native forest to plantation, and large industrial-scale

operations. None of these activities are part of SFM's ongoing operations, which consist mainly of selective harvesting on private land.

SUPPORTING REGIONAL COMMUNITIES

SFM provides employment opportunities for regional harvesting contractors. Where possible, local sawmillers are used to process timber close to its source, returning value to the community. Truck movements may be suspended during hours of school bus operation on regional roads, in consultation with local government and individual schools.

In carrying out operations, SFM Forest Products aims to protect and enhance the social framework in which it operates by informing the community of our operations and responding appropriately to community concerns. Recent examples of proactive engagement include a field day at one of our operations for the Northern Midlands councilors and staff, and the hosting of a work experience program for students at regional high schools. SFM also endeavors to make contact with the local fire brigades which service areas in which we operate, and has recently entered into a 5-year sponsorship agreement which will provide wet-weather gear to different local brigades annually.

Assessing Social Impacts

SFM has conducted a Social Impact Assessment appropriate to our scale of operations, and implemented a corporate Social Performance Plan which will be reviewed at each annual Management Review. This information can then be used to gauge the company's social performance based on the ongoing perceptions expressed by the community. Where necessary, appropriate actions can be taken to address any concerns.

Indigenous and Traditional Uses

During the planning phase which precedes certification of each Forest Practices Plan, statewide databases of previously identified Aboriginal cultural heritage sites are consulted. A decision to physically search the operational area for aboriginal heritage is made based on criteria which indicate the likelihood of finding new sites. Where artifacts are discovered, or previously known to exist, their locations are identified on the Forest Practices Plan map, and reserved from harvesting operations. Further information on the management of aboriginal and European cultural heritage sites can be found in the SFM Special Values and High Conservation Values Management Plan.



SFM retains an Indigenous Advisor, to serve as a liaison person between the Company and the Tasmanian Aboriginal community. Coupe planning decisions and prescriptions for the protection of heritage are reviewed by the Advisor. Additionally, any areas which are used for traditional activities by the Community could be discussed with SFM before operations began. To date no such areas have been identified. Currently there is no Native Title claim on any land in Tasmania as advised by the Native Titles Office.

Reasonable requests for access to properties managed by SFM by members of the community for the purpose of participating in traditional pursuits will be considered in conjunction with the landowner on a case-by-case basis. Due consideration of unplanned fire and other environmental risks will need to be taken into account. Similarly, reasonable requests by other community groups or individual for uses (eg recreational) which are compatible with SFM's forest management aims will be considered on their individual merits and risks.

STAKEHOLDER ENGAGEMENT

SFM has a history of virtually no conflict with stakeholders, largely due to the limited scale and intensity of our operations. The owner of the land on which operations are proposed are considered a primary stakeholder, while neighbours and others may be considered interested or affected parties. SFM is committed to balancing the objectives of all interested parties in the context of relevant legislation and contractual obligations. A database of interested stakeholders is maintained and updated on a regular basis. Comments may be made to the company at any time via the 'Contact' section of the website (www.sfmes.com.au).



The Notice of Intent to Conduct Forest Practices (NOI) is SFM's customary form of involvement with the public in general. Legally, NOIs which describe the location, scope, and duration of the proposed forestry activity must be distributed to all landowners within 100m of the proposed operational

boundary. In addition to this, SFM endeavours to identify other individuals near the operation whose routine activities could reasonably be construed to be affected for inclusion on the NOI list. This always includes the relevant local council. In some cases, a development application may be required for forestry activities, depending on the council, zoning jurisdiction, and type of operation. SFM routinely meets with council representatives to provide information in relation to local concerns, and negotiating a mutually acceptable outcome.

Dispute and Issue Resolution

SFM has a corporate Dispute and Issues Resolution Procedure designed to work towards consensus between SFM and a complainant. This procedure respects and satisfies the ground rules of the FSC Australia disputes process, and addresses FSC criteria 2.2 and 4.5. In cases where a dispute relates to the Principles and Criteria of the FSC, the certifying body will be informed in a timely manner as per section 6.0 of the SFM Dispute and Issues Resolution Procedure (Appendix E).

CORPORATE RESPONSIBILITIES

Industry-Wide Codes of Practice

SFM supports the principles of the Good Neighbour Charter for Commercial

Forestry in Tasmania, which promotes responsible forestry which meets or exceeds the requirements of the Forest Practices Code (2000) and other relevant legislation. As a manager of forestry activities on private land, SFM is represented by Private Forests Tasmania in regards to the Tourism & Forestry Protocol Agreement. This Agreement fosters communication and a mutual acknowledgment of the importance of both these industries to Tasmania's economy, with specific guidelines relating to planning and sightlines, planned burns, forest access roads and transport, and branding and education.

Occupational Health and Safety

Industry standards of health and safety are maintained by SFM and enforced among its sub-contractors, in accordance with Workplace Standards Tasmania legislation. All operations comply with the Forest Safety code as verified by monthly Coupe Safety Audits of contractors (as per Workplace Standards Tasmania requirements). Any safety issues identified are managed using the company's Corrective and Preventive Action Procedure, in conjunction with Workplace Standards Tasmania as appropriate.

Employment and Skills Development

The importance of maintaining staff skill levels which meet current industry challenges and requirements is essential for sustainable forest management.

Records of each employee's accreditations and qualifications are held by the Finance and Compliance Officer and reviewed at the annual Management Review against the evolving needs of the company. Similarly, SFM provides proof of proper accreditation from all its contractors for their individual employees and the tasks they perform. Workers and contractors are kept up to date with their skills and knowledge as SFM management becomes aware of developments in the industry.



Workers' Rights

All staff at SFM are engaged and promoted on the basis of qualifications, skills and experience. Each staff member undergoes an annual Employee Performance Review. SFM is an equal-opportunity employer which acknowledges the rights of employees and contractors to participate in labour organizations. Negotiations with individual workers are carried out in good faith and with best efforts to reach mutual agreement. A suite of company policies covering employee rights and responsibilities has been established as part of the ISO 9001 process and is available to all employees.

Appendix A: Criteria of the Australian Forestry Standard

C1 – Management System

- Policy
- Planning
- Implementation
- Monitoring
- Review

C2 – Public Participation

- Identifying stakeholders
- Public input
- Good Neighbour

C3 – Protect and Maintain Biological Diversity

- Identify biological diversity
- Permanent forest estate
- Significant biological diversity
- Spatial configuration
- Regeneration establishment
- Spread of introduced species
- Disturbance regimes

C4 – Forest Productive Capacity

- Identify productive uses
- Plan operations
- Silviculture
- Regeneration establishment
- Damage to growing stock
- Unplanned fire

C5 – Forest Ecosystem Health and Vitality

- Identify damage agents
- Maintain health
- Fire and disturbance regimes
- Rehabilitate degraded forest
- Chemical use

C6 – Protect Soil and Water Resources

- Identify soil and water values
- Water quality
- Water flows
- Soil properties
- Pollution and contamination

C7 – Contribution to Carbon Cycles

Greenhouse gas emissions

C8 – Natural, Cultural, Social, Recreational, Religious and Spiritual Values

Indigenous peoples rights

Heritage values

Traditional uses

C9 – Social and Economic Benefits

Regional developments

Optimal use

Employment skills development

Occupational Health and Safety

Workers Rights

Appendix B: Forest Stewardship Council Principles

PRINCIPLE 1: Compliance with laws and FSC Principles

Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.

PRINCIPLE 2: Tenure and use rights and responsibilities

Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.

PRINCIPLE 3: Indigenous peoples' rights

The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.

PRINCIPLE 4: Community relations and worker's rights

Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.

PRINCIPLE 5: Benefits from the forest

Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

PRINCIPLE 6: Environmental impact

Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.

PRINCIPLE 7: Management plan

A management plan appropriate to the scale and intensity of the operations shall be written, implemented, and kept up to date. The long term objectives of management, and the means of achieving them, shall be clearly stated.

PRINCIPLE 8: Monitoring and assessment

Monitoring shall be conducted appropriate to the scale and intensity of forest management to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

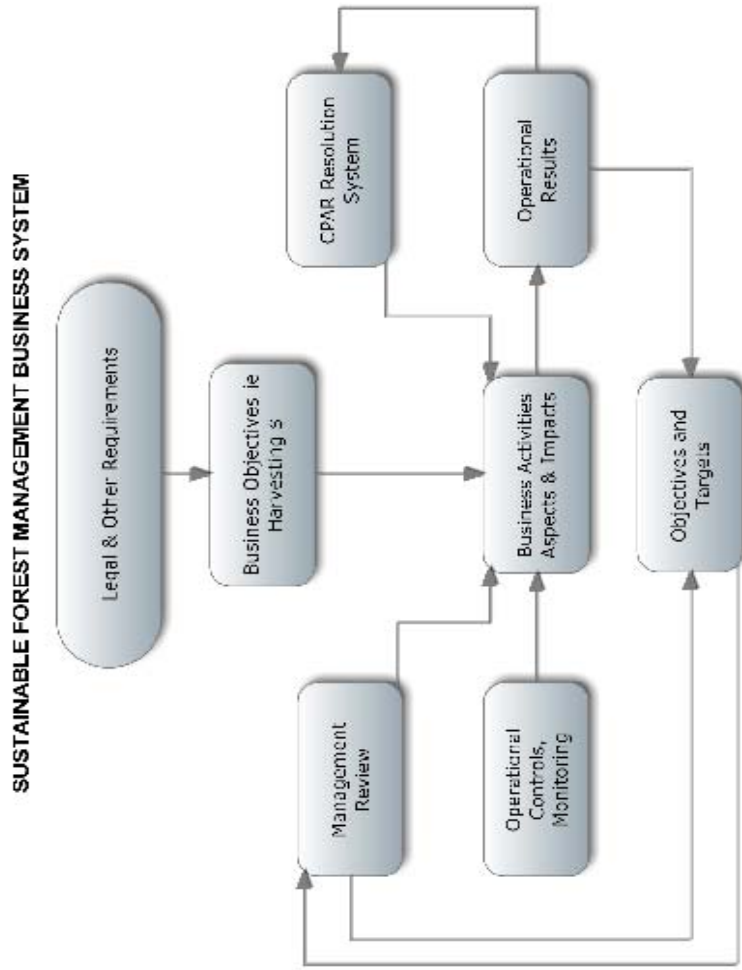
PRINCIPLE 9: Maintenance of high conservation value forests

Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.

PRINCIPLE 10: Plantations

Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.

APPENDIX C: SFM Business Systems Schematic Chart



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Document becomes uncontrolled when printed

SUSTAINABLE FOREST MANAGEMENT BUSINESS SYSTEM
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APPENDIX D: Legal and other Requirements which relate to Forestry Activities on Private Land in Tasmania

Federal:

- Environmental Protection and Biodiversity Conservation Act 1999

State Acts and Regulations:

- Forestry Act 1920
- Forest Practices Act 1985
- Forest Practices Regulations 2007
- Forest Practices Code 2000
- Environmental Management and Pollution Control Act 1994
- Land Use Planning and Approvals Act 1993
- Threatened Species Protection Act 1995
- Aboriginal Relics Act 1975
- Historical Cultural Heritage Act 1995
- Weed Management Act 2000
- Agricultural and Veterinary Chemicals (Control of Use) Act 1995
- Nature Conservation Act 2002
- Fire Service Act 1979
- Forest Safety Code 2007
- Workplace Health and Safety Act 1995

State Policies

- Permanent Forest Estate Policy 2009

Other

- Good Neighbour Charter
- FPA Administrative Instructions to FPO's
- Tasmanian Washdown Guidelines

Appendix E: SFM Dispute and Issue Resolution Procedure

Introduction

This Dispute and Issues Resolution Procedure seeks to find a consensus between SFM and a complaining party. Disputes or issues relating to groups, individuals, processes, practices and principles may arise during the course of SFM's operations.

All disputes and issues will be dealt with according to this Procedure and the SFM Corrective/Preventive Action Procedure. The SFM Corrective/Preventive Action Report and the Community Contact Form will be used to fully record each stage of the dispute. All records of disputes must be sent to the Compliance Manager and filed to demonstrate the resolution or status of the dispute and the fact that this Procedure has been followed.

An early decision needs to be made by management as to whether this is a dispute that relates to the Forest Stewardship Council's Principles and criteria. If so, the certifier needs to be informed per section 6.0 of this procedure below.

Stages in the Process

The following should be recorded as fully as possible for each dispute or issue:

1.1 Identify how the dispute or issue came to our attention

e.g. via the Forest Practices Authority, Local Government, Certifier etc.

These agencies may be an interested or affected party, may have notified SFM of the issue, or may act as a proxy for the affected party.

1.2. Identify the complainant and the affected party

This may not always be possible. FPA and Local Government do not have to pass on the identity of the complainant.

1.3. Find out if the complainant is an affected individual or group or an interested party.

Parties bringing a complaint (i.e. the complainants) will be either affected parties or interested parties for the purposes of the dispute. SFM will always be an affected party in any dispute involving SFM.

If a dispute is resolved between the other affected party(ies) and SFM the dispute is considered resolved for the purposes of this procedure.

1.4. Identify what the dispute is about

Where possible, document the nature of the dispute and confirm it with the complainant and/or proxy in writing.

2.0 Refer the dispute to the right person or body if it is not our issue

Complaints may mistakenly be made to SFM. In such instances they should be referred to the proper body and a record kept using the Community Contact Form.

3.0 Meet with the parties and attempt to resolve the dispute

In most cases a simple meeting may resolve the dispute. If so, the resolution needs to be recorded on the community Contact Form.

In some cases more information will need to be gathered and more than one meeting may be necessary.

4.0 Resolve disputes at the lowest possible level

In all cases disputes should be resolved at the lowest possible level, preferably by discussions between the parties. Failure to do this may escalate the dispute.

5.0 Record Participation and Non-participation

Once a party has been identified as an affected or an interested party then they should participate in the process until its conclusion.

Parties may wish to participate by using a nominated proxy.

If the complainant refuses to participate in the process then SFM should make every attempt to engage them. If this is not successful there must be a record of non-participation made.

6.0 Respect Natural Justice

In any dispute resolution SFM will respect the principles of Natural Justice, ie the right of both parties in a dispute to be heard and listened to. SFM will respond to any and all complaints and allow the complainant to respond in turn. All such responses by SFM or the complainant will be recorded.

5.0 Refer Unresolved Disputes to Management

If this stage is reached, in the first instance the matter needs to be discussed with SFM Management who will decide the next step.

6.0 Advise the certifier

For any disputes related to any issue under the FSC Principles and Criteria the certified needs to be informed at the beginning of the dispute. At the next audit the certifier must be advised of the resolution or current status of the dispute.

Disputes that SFM deem to be frivolous or vexatious will be dealt with as per any other dispute but the certifier must be advised by SFM of the background in such cases.

Any apparent conflict of interest from any party making the disputes or attempts to extract commercial or other leverage must be declared in the advice to the certifier for their consideration.

Note that FSC consider that a complainant is expected to have made a reasonable attempt to raise or resolve the dispute with the forest manager either directly or via a proxy, e.g. by speaking or writing to the forest manger, before escalating it to a complaint to the certifier.

7.0 Alternate dispute resolution processes.

A key principle of the FSC Australia dispute resolution process is that every effort should be made to resolve a dispute at the lowest possible level. For intractable or long standing disputes SFM will explore other avenues of alternate dispute resolution.

7.1 Negotiation

Negotiation should ALWAYS be tried first.

At its most basic, negotiation is an informal bargaining process. It takes place directly between the people in dispute, but can be assisted by others e.g. lawyers or advocates. The people involved in the dispute communicate directly to try and reach an agreement. Communication may be written or spoken and may take some time. Effective

negotiators know that it is hard to reach an agreement unless everyone feels they get some benefit (a 'win-win' situation).

Negotiation is a good first step for almost any type of dispute. However, if negotiation fails, other more formal types of dispute resolution may be appropriate.

7.2 Mediation

Mediation is a process in which a neutral person (the mediator) helps people to negotiate with each other and resolve their dispute.

Mediation is confidential, and can only work if:

- Everyone is prepared to work towards a resolution
- Everyone involved in the dispute comes together for a face-to-face meeting
- The mediator runs the process and the people in dispute decide what they want to talk about
- The mediator helps identify issues and possible options
- The people in dispute work out a solution with the help of the mediator
- Mediators don't impose a decision

Mediation can be used when individuals in the process have a clear conflict with one another.

7.3 Facilitation

Facilitation is like mediation, but is used for groups that are in conflict. A neutral person (the facilitator) helps the people involved negotiate with one another and come to some agreement.

The process involves:

- Everyone involved comes to one, or several meetings, run by the facilitator
- The facilitator helps to identify problems to be solved and tasks to be accomplished
- Facilitators don't impose a decision
- The people at the meeting make a group decision on actions and outcomes

Facilitation can be used to avoid a dispute by providing a forum for different points of view to be discussed

APPENDIX F: SFM BUSINESS SYSTEMS MATRIX			
Legislation	Relevance	Aspect/Impact : Activities and/or Tasks	Control Measure
Federal			
Environmental Protection and Biodiversity Conservation Act 1999	Provides a legal framework to protect and manage flora, fauna, ecological communities and cultural heritage	Planning Procedures	FPP Prescriptions, Supervision
State Acts and Regulations			
Forest Practices Code 2000	Prescribes the manner in which forest practices are to be conducted to provide protection for the environment.	Planning Procedures Harvesting, Road Construction, Cartage, Post-Operational Monitoring	FPP Prescriptions, Supervision
Forest Practices Act 1985	Established the Forest Practices Code and Forest Practices System covering any land subject to Forest Operations. Requires that all forest practices have a Forest Practices Plan complying with the Forest Practices Code (2000).	Planning Procedures, Supervision Activities	Harvest Monitoring Report, Section 41 powers
Environmental Management and Pollution Control Act 1994	Provides a legal framework for the prevention, reduction and remediation of environmental harm. Identifies reporting requirements for environmental incidents.	Harvesting, Roding	Emergency Response Procedure, Fuel and Oil Spill Procedure
Land Use Planning and Approvals	Provides for land use planning	Not applicable to current	All our activities are

Act	and approval except for forest practices specifically regulated by the Forest Practices Act 1985.	operations	currently regulated by Forest Practices Act 1985
Threatened Species Protection Act	Provides for the conservation and management of scheduled threatened species of flora and fauna.	Identifying Special Values, Boundary Demarcation	Biodiversity Special Values Evaluation , FPP Prescriptions, Peer Review using Planning Checklist
Aboriginal Relics Act 1975	Provides for the identification and protection of all Aboriginal relics (sites).	Identifying Special Values, Boundary Demarcation	Cultural Heritage Special Values Evaluation, FPP Prescriptions, Peer Review using Planning Checklist
Historical Cultural Heritage Act 1995	To identify, assess and protect historic (post settlement) cultural heritage	Identifying Special Values, Boundary Demarcation	Cultural Heritage Special Values Evaluation, FPP Prescriptions, Peer Review using Planning Checklist
Weed Management Act 2000	Requires the landowner to destroy, prevent breeding of, control, eradicate or reduce spread of designated weeds depending on the requirement for listed weed species.	Road Construction, Harvesting	Special Values Evaluations, FPP Prescriptions, Supervision
Agricultural and Veterinary Chemicals (Control of Use) Act 1995	Prevents restricted chemicals being used without a permit, being registered under the AgVet Code and having approved labeling in accordance with the Code of Practice for the Supply and Use of Veterinary Chemical Products 2001.	Not applicable to current operations	None of our current operations involve the application of chemicals

Nature Conservation Act 2002	Makes provision with respect to the conservation and protection of the fauna, flora and geological diversity of the State, and provides for the declaration of national parks and other reserved land.	Planning Procedures	Special Values Evaluation, FPP Prescriptions
Fire Service Act 1979	Provides for the control and use of fire in the urban and rural environment.	Supervision	Burn Plans, Referenced in Forest Practices Plans
Forest Safety Code 2007	This Code provides guidance on an agreed means of achieving compliance with occupational health and safety legislation as it applies to the Tasmanian forest industry.	Supervision	Referenced in Forest Practices Plans
Workplace Health and Safety Act 1995 Workplace Health and Safety Regulations 1998	Provides for the health and safety of persons employed, engaged and affected by industry.	All aspects of business	OH& S Policy, Working Alone Procedure, Emergency Response Procedure
State Policies			
Permanent Forest Estate Policy	Governs the clearing and conversion of native vegetation communities	Planning Procedures, Boundary Demarcation	Special Values Evaluation, FPP Prescriptions
Other			
Good Neighbour Charter	Explains how commercial forestry	Planning Procedures	Notice of Intent

	enterprises will communicate with their neighbours		
FPA Administrative Instructions to FPO's	Provides guidance on specific issues of forest management from time to time	Planning, Supervision	Special Values Evaluation, FPP Prescriptions
Tasmanian Washdown Guidelines	Provides guidelines to help prevent the spread of weeds and soil-borne pathogens through machinery hygiene measures	Planning, Supervision	Special Values Evaluation, FPP Prescriptions, Harvest Monitoring Report
Tourism & Forestry Protocol Agreement	Provides guidelines for communication between the forestry and tourism industry on matters including but not limited to planning and sightlines, planned burns, forest access roads and transport, and branding and education	Landscape Planning, Community Consultation	Landscape Special Values Evaluations, participation in Coordinated Smoke Management System (CSMS), FPP Prescriptions
Local Government Requirements	These vary by Municipality and may include requirements for Development Applications, cartage restrictions on Council Roads, and consideration of Landscape or other Special Planning Zones	Planning Procedures	Notices of Intent, Development Applications, FPP Prescriptions

