



# **CORPORATE OPERATIONAL POLICIES**

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## 1. COMPANY MISSION

*Hansol PI is committed to conducting its activities in an environmentally friendly manner while concurrently providing high quality plantation management and timber processing and export services to the international timber industries at competitive prices.*

## 2. COMPANY VISION

*Hansol PI will establish and maintain a positive reputation as a leader in plantation timber processing and export, specialising in:*

- *Plantation establishment and management*
- *Plantation harvesting and product delivery*
- *Plantation timber processing*
- *Plantation timber marketing, sales and exports.*

### 3. KEY OPERATIONAL PRINCIPLES

- Compliance with State and Commonwealth legislation
- Carry out all activities and operations through Good Business and Best Practice approaches
- Comply with all Codes of Practice, Guidelines relevant to company operations
- Apply a “continuous improvement” approach to all operational conditions, procedures and systems (see Corporate Administration Guidelines)
- Incorporate a “risk management” component into all levels of operational planning (see Corporate Administration Guidelines)
- Support industry-wide State and Commonwealth resource development policies and strategic plans (e.g. National Forest Policy, Vision 2020, State Salinity Strategy and Action Plan)
- Maintain membership of relevant industry, regional and community groups (Forest Industries Federation, Australian Forest Growers, Commercial Plantations WA, TIRES, Trees SW, Bunbury Port Users Group, Bunbury Port Community Liaison Group, Insect Pest Management Group, CRC Sustainable Forestry, Bunbury-Wellington Economic Alliance, Forestry Industry Ministerial Advisory Group)
- Develop and maintain relevant Company policies that are important to provide directions to its personnel and where applicable, the public.

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#### 4. HISTORY OF BUSINESS

Hansol PI Pty Ltd is a Joint Venture between Hansol HomeDeco and Pulpwood International Pty Ltd.

In the late 1980's the Hansol Group of Korea made the decision to expand their forestry operations and establish plantation projects offshore. The organisation then examined various countries for their suitability to support large-scale plantation projects. The company selected New Zealand for a *Pinus radiata* project and Australia for a short rotation hardwood project using the species *Eucalyptus globulus* (Tasmanian Bluegum). To facilitate the Australian project Hansol formed a wholly owned subsidiary named Hansol Australia Pty Ltd.

Hansol Australia commenced operations in the Collie region of Western Australia in 1993 with the object of establishing 10,000 hectares of plantation estate over a 10 year period. At the time Hansol Australia contracted the then Department of Conservation and Land Management (CALM) as its agent and project manager. Concurrently, Hansol Australia and the State Government entered into a State Agreement which was ratified as the Collie Hardwood Plantation Agreement Act (1995).

Under the former management arrangements with CALM, only previously-farmed land was considered for plantation development. All properties were thoroughly site evaluated against industry-accepted standards. Suitable properties were established under high standards of planning, site preparation, protection and management principles using high quality seedling stocks. All activities were undertaken by CALM with the highest regard to land and environmental management.

Satisfied with operations and progress, Hansol Australia doubled its project target area from 10,000 hectares to 20,000 hectares in 1996.

In 1999, Hansol Australia entered a joint venture with Pulpwood International Pty Ltd. The purpose of this joint venture was to provide the funds necessary to establish the additional 10,000 hectares so that Hansol Australia's 20,000 hectare target was attained.

Hansol PI Pty Ltd was incorporated in 2002 for the purpose of harvesting, transporting, receiving, chipping, screening, stockpiling and loading of timber products from the plantation estates in south-west Western Australia. In addition, Hansol PI manages a plantation estate of approximately 15,000 hectares.

The Collie Hardwood Plantation Agreement Act provides for Hansol Australia to carry out plantation development, wood transportation and wood processing for export under the same terms, conditions, regulations and legislation as any Australian-owned company.

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Hansol PI gained approval for the establishment of a wood chipping and export facility at the Bunbury Port in 2002. The facility commenced operations in early 2004 and has the capacity to chip approximately 500,000 tonnes/annum. The export facility has a secure product delivery capacity that can load at 600 tonnes/hour.

Hansol PI procures raw material in the form of logs and wood chips sourced from managed plantations and other privately owned resource. All is raw material is delivered to the Bunbury facility for processing, stockpiling and ultimately export.

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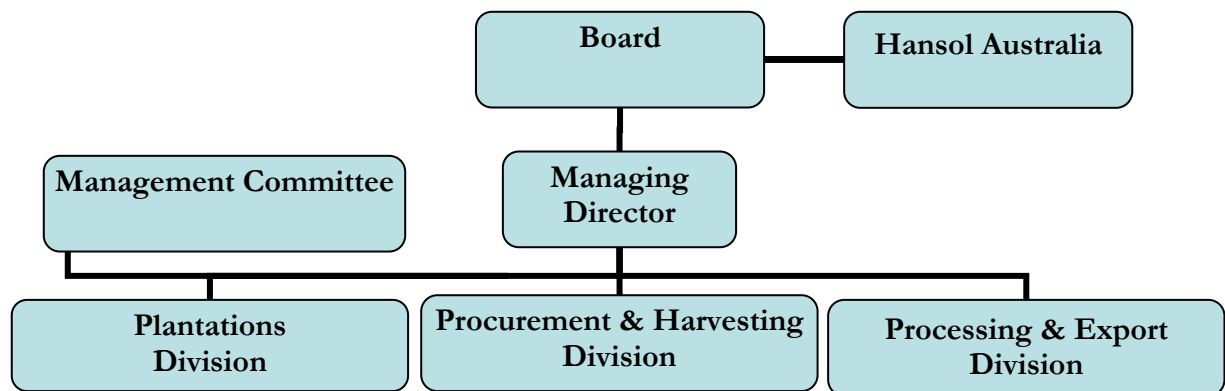
## 5. ORGANISATIONAL STRUCTURE

Hansol PI operates totally within Western Australia.

An administrative office is located in Perth, primarily for close contact with Hansol Australia.

The operational office is located within the confines of the Bunbury Port, approximately 200 km south of Perth.

### HANSOL PI MANAGEMENT STRUCTURE



The Management Committee is comprised of the Managing Director and The Divisional Managers.

Currently the Procurement & Harvesting and Processing & Export Divisions have a single Manager.

All administrative and Divisional reports are reviewed by the Management Committee on a monthly basis. The Board meets quarterly.

The Managing Director has overall responsibility for the implementation of all policies. Each Divisional Manager has devolved responsibility to ensure that operations take place within Corporate and specific Division policies.

## 6. OPERATING POLICIES

### 6.1 Operations Policy

*Hansol PI operates with a functional structure aiming for quality management and optimal output at all levels achieved through the application of sound operational policies, manuals and plans.*

Hansol PI has 3 operational Divisions:

- Plantation Management
- Procurement and Harvesting
- Processing and Export.

The management of all Hansol PI Divisions will be undertaken within a four-tiered document structure, with increasing level of operational detail:

1. Corporate levels documents (company-wide application)
  - a. Policies and Principles (this document)
  - b. Administration Guidelines.
2. Specific operational policies
3. Operational Manuals
4. Operational Plans

#### **Policy strategies:**

- There is considerable overlap between each Division. Management must ensure that there is regular communication between Divisions in order that the overlap zones are managed for the maximum efficiency of each Division.
- All operational areas will be managed according to Corporate directions (Policies and Administration Guidelines) and Operational Division Policies, Manuals and Plans.
- Where applicable, corporate principles and policies will be reinforced by incorporation within operational policies.

### 6.2 Standards Policy

*All Hansol PI operations will be undertaken through the application of recognised standards appropriate to each Division and operational area.*

High standards will be achieved by taking into account the following recognised levels:

- International accounting standards
- Compliance to legislation and regulations that apply to any Divisional and administrative area
- Commitment to Forest Stewardship Council (FSC) Principles and Standards

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- Compliance with all Codes of Practice and Guidelines relevant to company operations
- Provide for safe working and access conditions for employees, contractors and the public within well-defined site security arrangements
- Maintain communication to a range of community levels within operating regions
- Through Divisional Managers and the Management Committee maintain a “continuous improvement” approach including a system for procedure and document review and a committed approach to responding to auditing and grievances

### 6.3 Environmental Policy

*Hansol PI is committed to manage all of its operations with sensitivity to environmental protection whilst sustaining its production activities. Operations will be designed, planned and managed through recognised standards and systems with an over-riding objective of minimising on and off-site environmental impacts.*

The key features of the policy are embodied in the following environmental strategic intentions:

- Full awareness of and compliance to all applicable environmental legislation and regulations that apply over the Company’s activities
- The Company will operate within the 10 Principles of the FSC encompassing the following key relevant elements:
  - Good community relationships
  - Minimise environmental impacts
  - Conservation of native forest
  - Sound and viable land management
  - Efficient plantation management
  - High level planning, implementation and monitoring of all operations
- Maintain an operational culture that recognises the Company operates across a range of conditions and that there are environmental roles, responsibilities and commitments that will be followed across all levels of the Company
- All personnel will be trained to the appropriate levels of environmental awareness and procedures to ensure the achievement of the Company’s objectives, operational standards and FSC commitments
- Develop and maintain documentation of operations, practices and procedures that have land and environmental management implications

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- Across all operational areas, “risk analysis” and “continuous improvement” approaches will be applied to all new and ongoing activities
- The Company has established environmental objectives across operations and activities to prevent pollution and the contamination of land, waterways and products
- Hunting, fishing or trapping on Hansol PI managed land will only be permitted where controlled under the Conservation and Land Management Act. Hansol PI will not permit any illegal activities on managed land
- Where practical, the management of natural forest areas may be registered under the “Land for Wildlife” program. This will permit the integration of professional conservation advice into the area management
- The Company will maintain an openness to the community in regard to consultation on operations, environmental standards, impacts and information on issues

#### **6.4 Occupational Health & Safety Policy**

*Hansol PI will maintain safe work places and public areas and will comply with all safety requirements of Worksafe WA and other work place legislation.*

The objectives of Hansol PI in implementing this policy are: -

- To operate according to the WA Forest Industry Safety and Health Code
- Promote and secure the safety and health of people at work
- Protect people at work against hazards
- To reduce, eliminate and control hazards
- To avoid using material that may have some harmful effect on people and the environment
- To assist in securing safe and hygienic work environments
- To foster consultation and co-operation between employers and employees
- To provide and maintain a Safety Management Manual outlining workplace procedures to coordinate all aspects relating to occupational safety and health
- To promote education on matters relating to occupational safety and health

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- Through the provision of training and performance monitoring ensure personnel are competent to carry out tasks and control equipment. Further training documentation can be found in the Safety Management Manual

## **6.5 Consultation and Community Relationships Policy**

*Hansol PI activities are undertaken across a range of community and social settings. As the company operates on a relatively large and extensive scale, it is important that communication to the community is applied on an open and regular basis.*

This policy will be enhanced by specific communication strategies:

- As part of the plantation or land acquisition program, consultation to relevant agencies, local authorities and community groups will take place before any development decisions are made.
- As part of all operational planning processes, all relevant parties are to be advised or consulted if an operation is considered to potentially have environmental impacts off the plantation.
- Any formally raised compliance issue, internal or external grievance or public concern approach will be reviewed by the appropriate Divisional level management with action responses directed through the Management Committee (see detailed procedure in Corporate Administrative Guidelines).

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## 6.6 Indigenous and Historical Sites

*Hansol PI undertakes to protect all known cultural sites that occur on its plantations or in the vicinity of its operational areas.*

This policy will be achieved through:

- Compliance to WA Aboriginal Heritage Act (1972) regarding the protection of indigenous cultural material, sites and protected areas
- Known sites of historical or cultural significance will be identified and protected.
- As part of the land acquisition program, agency data-base searches will be undertaken to determine if any significant cultural aspects exist on the land.
- As part of the harvesting planning process, any known sites will be demarked and excluded from any operational area. This process will also involve enquiring with landowners about the presence of any sites that may need protection during the harvesting operation.
- If any site of historical or cultural significance is found, the site will be protected and referred to appropriate authorities.

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