

**FSC certification maintained**



PF Olsen Ltd recently completed the audit marking the end of the first 5 years of certification. FSC rules require that every 5 years an effective “re certification” is required to ensure compliance with FSC principles and criteria. PF Olsen Ltd are pleased to convey that this objective was successfully achieved with very little in the way of corrective actions required in the year ahead. We believe this continues to reflect real confidence in the considerable investment that has been made in our environmental management systems, staff training and operational management. We look forward to providing you with ongoing FSC service.

The SmartWood audit report certification report will be on their website at

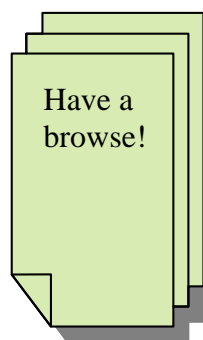
[http://www.rainforest-alliance.org/programs/forestry/smartwood/operation\\_summaries\\_country.cfm?country=29](http://www.rainforest-alliance.org/programs/forestry/smartwood/operation_summaries_country.cfm?country=29)

**Annual public disclosure**



Our website at [www.pfolsen.com](http://www.pfolsen.com) continues to be the primary mechanism for disclosure of information about our FSC Group Scheme and its performance. Key information on our forest management monitoring has been updated covering the annual period to the 30<sup>th</sup> June 2007.

Our reporting for the year covers;



- The FSC estate structure including protected ecosystems
- Management plans
- Health & safety
- Incidents
- Operational monitoring
- Ecological surveys and rare species
- Recreational use
- Harvest levels
- Water quality.

Work has also started on a “stakeholder relations” section in the PF Olsen website with the aim of making communication with the stakeholder community easier. Information resources for Group Members will also be accessible through this platform.

**Is there a ripple effect?**

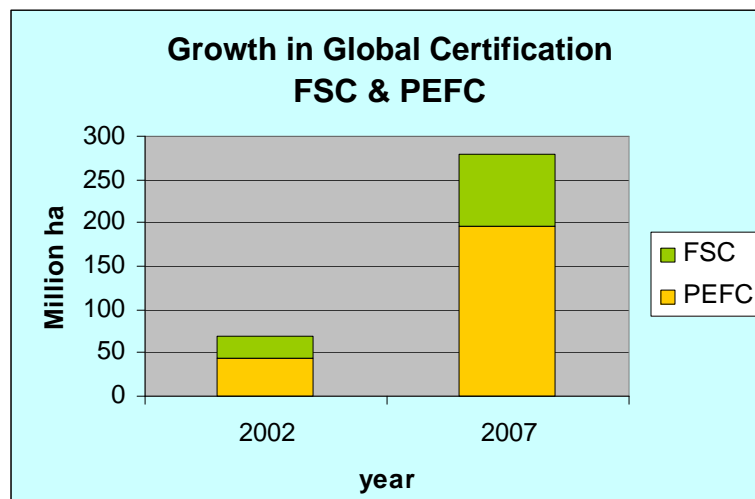


For many the business case for certification has been more a matter of faith than positive financial numbers – but the times are changing. New influences such as Government Procurement policies in Japan and Britain, Corporate procurement policies for office consumables, harvesting restrictions in Russia and merchant positioning in the markets are all showing signs of influencing the NZ situation.

Initially high end markets, such as furniture component manufacture for European markets, lead the demand for FSC wood reflecting brands and credibility that would be visible to the end consumer. Now at the other end of the product spectrum, corporate responsibility programmes are revealed in increased pressure for FSC labelled office consumables creating demand for certified pulp with all the onward ramification that implies for sawlog slab chip and waste streams. Government procurement and the increased growth of both PEFC and FSC world wide and in Australia, our biggest structural market, may well see this final FSC demand gap start to fill.

Over the last 12 months certification trends in NZ mean that almost all corporate scale forest growers will be or are being certified. Major pulp wood consumers are or will be becoming certified for chain of custody. Some wholesalers are invoking preferred supply policies.

These consolidation trends indicate a likely increased pressure for certification amongst second and third tier forest growers. All around the world, the area of certified forest is increasing.



**Wildlife sightings**



As part of their commitment to FSC Principles & Criteria, PF Olsen Ltd have continued to maintain a relationship with the Department of Conservation and Environment Bay of Plenty, monitoring a population of breeding North Island Brown Kiwi in a forest in the coastal Bay of Plenty. Eggs from these birds have been hatched at the breeding centre at Rainbow Springs.

Survey work in ongoing and new coverage is suggesting another kiwi population hotspot may exist.



**Staff at a kiwi awareness training trip June 2007**

In addition to the kiwi work, training on the characteristics and recognition of NZ falcon has led to a marked increase in sightings reports. New recording and reporting systems allow us to map the distribution of all species of interest as reports come in. Other species of interest reported recently are fernbird and NI Weka. This data is being forwarded to the Department of Conservation annually.

**New ecosystems reporting**

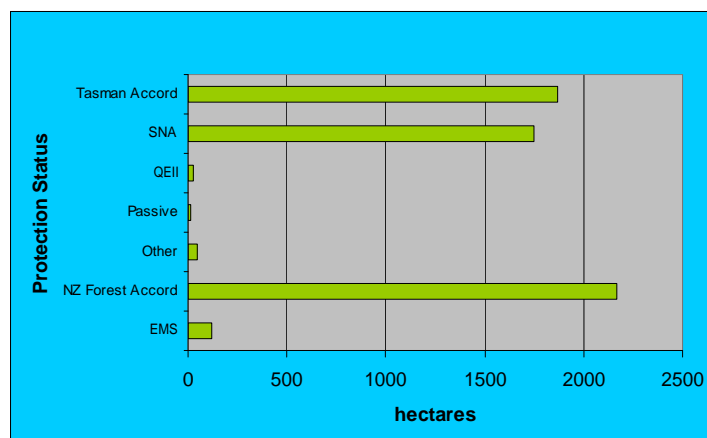


New classification and reporting functionality have been built into our systems for protected areas. Indigenous reserve areas are now recorded with attribute and classification data so that that information is available just like a set of plantation stand records and instantly accessible by managers planning operations in nearby production stands.

The aggregate data can be analysed in a number of ways to provide important information on the nature and distribution of protected ecosystems such as illustrated in the graph below as well as providing a priority ranking.

For forests already in the group scheme, priority for acquiring information and transfer to the new system goes to forests with harvest operations on the planning horizon. For smaller forests with existing records, upgrade and transfer is completed as management plans are updated

**Area of protected ecosystems by protection status**



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**FSC chemicals policies**

This area has required a great deal of attention in recent months. Changes to the way in which FSC thresholds are defined under their policies for use of chemicals has resulted in some common forest herbicide active ingredients such as Terbutylazine & Hexazinone being listed as highly hazardous along with expected chemicals such as 1080 and Cyanide.

There continues to be considerable policy debate on this issue between FSC and a very large segment of the international plantation industry with the objective that an improved thresholds structure can be worked out through the FSC Plantation standards review process that is underway.

In the meantime PF Olsen Ltd have applied, along with the rest of the NZ Certified Plantation industry, for derogations to use these chemicals.

As part of a longer term focus, PF Olsen have maintained a strong input into the work of a loose coalition of the NZ FSC companies (the FSC Cluster Group). This group has started the process of developing a well structured programme to look at ways to improve and or minimise use of chemical pesticides. This has included input into significant industry research funding bids.

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**FSC plantations review.**

This process is reported on the FSC website [www.fsc.org](http://www.fsc.org). New Zealand's interests in negotiating the areas and principles of focus for revision of the existing plantation standards were represented by the past CEO of the NZ Forest Owners Association. Progress to this point was considered reasonably positive for the NZ plantation industry.

The next stage is the formation of technical committees to look at the detail of how the standards might be put together. This process is underway now with FSC proposing technical committees covering ecological, social and chemical use issues. The Environment Manager from PF Olsen Ltd has been nominated by the NZ FSC cluster to represent the wider NZ industry interests on the ecological standards technical committee while the environment manager from Kaingaroa Timberlands has been nominated for the social technical committee. Australian colleagues have been put forward to handle the chemical issues.

FSC are expected to notify appointed nominees in August though there is no guarantee as to whom will be appointed. The process is expected to be very important for the future direction of FSC in NZ plantation forestry.

C R Richards  
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