
STATEMENT OF CAPABILITY



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PF OLSEN GROUP LTD – PROFILE

Why PF Olsen?

Founded in 1971, PF Olsen has a track record of professionally managing and adding value to client's forestry investments. PF Olsen's workforce has a wealth of experience and low staff turn-over. This maintains important knowledge within the organisation and a strong commitment to understanding client's needs and achieving consistently excellent results.

We take a systematic and long-term approach to management. This involves collecting and storing reliable and accurate information and using it to make well-founded management decisions, and applying these with care and diligence in the forest.

PF Olsen's reputation is everything, so we can't afford to do a poor job or have disgruntled clients. Since 1971, we have upheld and enhanced this reputation and we intend to keep doing this year after year. We aim to be around as long as your forests ... and subsequent rotations too!

Management scope

Across New Zealand, PF Olsen manages:

- 160,000 hectares of forest.
 - 55,000 hectares of FSC-certified forest.
 - 5,000 hectares of PEFC-certified forest.
 - 4.1 million m³ of harvesting annually.
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What do our clients say about us

PF Olsen has provided consistently high levels of service since 1971 to a wide range of clients. This extensive track record of valued service can be reviewed on our website which outlines 75 client testimonials in the form of Case Studies. See <http://nz.pfolsen.com/about-pf-olsen/case-studies/>.

Services

PF Olsen Group Limited provides goods and services to the forest industry in New Zealand through PF Olsen Ltd, and in Australia through PF Olsen (Aus) Pty Ltd. Consulting services through the Asia-Pacific region are taken on from time to time. Services include:

- Comprehensive forest management services.
- Forest operations scheduling and management.
- Harvest planning and engineering and services.
- Harvesting and marketing management.
- Port services management for log export.
- FSC® certification via the FSC® Group Scheme.

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- PEFC certification.
 - Forest insurance via a Group Scheme.
 - Advice and management of carbon-forestry and trading of carbon units.
 - Forestry consulting including advice on forest management options, forest inventory, yield and estate management, forest valuation and due diligence for purchase.
 - Supply of range of Radiata pine seed (CP, SSOP, GF Plus™).
 - Supply of containerised seedlings and cuttings.
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Locations

PF Olsen’s head office is in Rotorua, the centre of the New Zealand forest industry. We undertake forest management services from 13 offices throughout New Zealand situated in New Zealand’s prime forest growing regions.

Our Australian head office is located in Melbourne and it supports operating offices in Albany, Hamilton, Traralgon, Lismore, Kangaroo Island, Tumut, Bathurst and Launceston.

We also have experience in PNG and the Philippines and have provided consulting advice to clients in the Asia-Pacific region.

PF Olsen’s clients

PF Olsen’s clients include individual forest owners/investors, partnerships, local authorities, trusts, government departments, Timber Investment Management Organisations and corporate forest owners.

Management capability

PF Olsen’s capability in forest and harvesting management is based on experience, management systems and the commitment of our staff. The following attributes make us your ideal long-term business partner:

- Sound practical knowledge of forest operations.
- Sound practical knowledge of all types of harvesting systems.
- Specialist forest engineering team located in Rotorua to ensure best-practice forest engineering solutions are delivered in clients forests. Well-developed forest management systems for efficient handling of sub-contractors and reporting to the forest owner.
- Technical skills developed from a wide range of sources, in particular our active membership in a large number of research and industry advocacy organisations.

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- Commitment to technical innovation and implementation of research results.
- Digital mapping and GIS analytical skills.
- Company quality management system (ISO 9001 certified).
- Environmental management system (ISO 14001 certified).
- Certified as a Resource Manager with Forest Stewardship Council.
- Purpose-built information systems and software tools to support management decision-making.
- Integrated forest cost management and financial accounting systems for accurate payments, invoices, cost control and reporting.
- A culture of, and management commitment to, continuous improvement.
- Leadership in health and safety and environmental management.

Our competitive advantage arises from our experience, our management systems and our staff commitment.



PFOLSEN AUSTRALIA OFFICE LOCATIONS



Financially secure

PF Olsen is financially secure:

- No long term debt.
- Annual statutory audits by KPMG.
- Long trading history with no payment defaults (since being founded in 1971).
- Trade credit insurance for log sales.
- Comprehensive insurance coverage for a range of risks.

COMPANY ORGANISATION

Ownership

PF Olsen is predominantly owned by its current staff (54%).

Other shareholders are:

- Retired staff (6%).
 - Direct Capital Investments Limited (a private equity company) (40%).
-

Governance

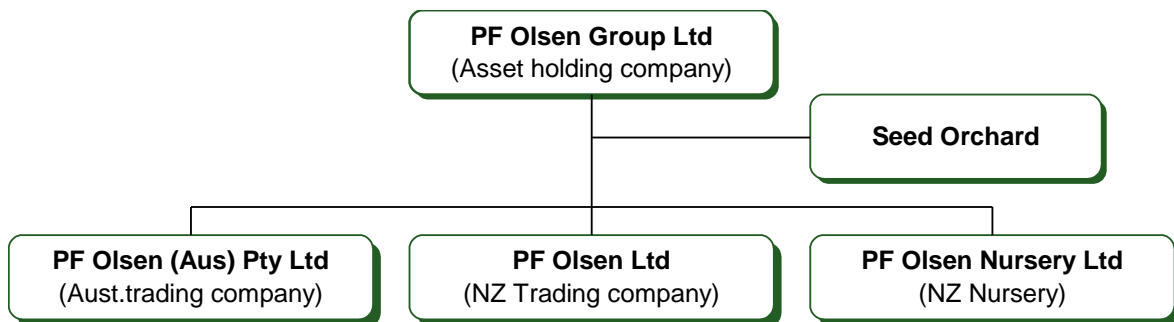
The Board of Directors for the PF Olsen Group comprises eight directors, of which three are executive directors and five are independent directors. The current directors are:

Independent: Peter Wilson (Chairman)
 Tony Batterton (Direct Capital)
 Travis Sydney (Direct Capital)
 Craig Taylor (Fifth Estate)
 Graeme Milne

Executive: Peter Clark
 Nick Bunting
 Ross Larcombe

Company ownership structure

PF Olsen Ltd is a wholly owned subsidiary of PF Olsen Group Ltd. PF Olsen Group Ltd also owns PF Olsen (Aus) Pty Limited, a Radiata pine seed orchard, and PF Olsen Nursery Ltd, our nursery business.



PF Olsen Ltd management structure

The management structure combines the value provided by centralised functional specialisation (e.g. finance and accounting, marketing, engineering, health and safety and environmental management) with the entrepreneurial flair, local expertise and sense of “ownership” that comes from strong regional/local management.

Client manager

Each PF Olsen client has a client manager. This person is responsible for all communication and reporting to the client.

Specialist staff will assist to achieve the outcomes defined in the work plans and to provide additional services that may be required from time to time.



PF Olsen's national office is in Rotorua at the Te Papa Tipu Innovation Park. This site is shared by several forestry companies and Scion Research.

FOREST MANAGEMENT SERVICES

Broad range of forest management services

We tailor our services to the needs of our clients.

A comprehensive service is required by most of our clients, especially the larger forest owners. The services are provided under a Forest Management Agreement. An annual work plan and budget are prepared to meet the forest owner management objectives and ensures compliance with applicable laws and regulations.

For more independent forest owners undertake specific forest operations such as pruning or thinning. These services are provided under an Operations Contract that specifies the outcomes.

Planning and operations management

Depending on requirements services can include:

- Planning and management of new forest establishment or replanting.
 - Scheduling and management of silviculture operations, including quality control and updating stand records.
 - Public use management and forest security.
 - Establishment and maintenance of forest roads, gates and other infrastructure.
 - Neighbour liaison and stakeholder consultation and management.
 - Managing forest protection (e.g. fire, pest and disease) and arranging appropriate intervention.
 - Planning and managing spraying and pest control programmes.
 - Maintaining up-to-date forest records, including all areas changes and treatments.
 - Compliance with FSC® Certification if the forest is certified.
 - Managing secondary activities and revenue such as grazing licences and concessions.
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HARVEST MANAGEMENT SERVICES

Broad range of harvest management services

Harvest management services can be included as part of our comprehensive forest management services or provided separately. Services include:

- Resource consent applications and historic place assessments (HPT).
- Stakeholder consultation.
- Harvest planning and harvest scheduling (optimisation).
- Negotiating forest access with neighbours (if required).
- Specialist engineering services including bridge and culvert design, earthworks plans, soil and sedimentation (mitigation) plans, roading and landing plans.
- Detailed road design, including cut-and-fill calculations, pavement design and cost-benefit analysis.
- Evaluation of the most appropriate harvesting systems (optimisation) and their implementation.
- Designing and implementing timber inventory assessments, yield modelling and management and harvest scheduling, including estate planning and value optimisation.
- Assistance with selection of the most appropriate sales method.
- Harvesting and log transport (cartage) operations management, including strong focus on environmental and health and safety elements.
- Managing all financial transactions and minimising payment default risk.

Specialist tools and techniques

PF Olsen has a range of tools and techniques that can be used to assess specific features of forests to decide on the timing of harvesting, as well as improve the marketing of the forest produce. Some examples are:

- Assessment of structural qualities of trees while the forest is still standing and modelling the change in structural volume as the forest grows.
 - Assessment of structural qualities of stems and logs (during harvesting operations) to maximise the recovery and sales of structural logs.
 - Evaluation of the potential of pruned logs to produce clear timber utilising pruned log index (PLI) studies.
 - Measurement of pruned log quality while pruned logs are processed in the sawmill.
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SALES AND MARKETING SERVICES

Marketing forest produce

Marketing is matching the specific characteristics of the forest produce with the specific requirements of the customer or range of customers. The outcome of this process depends on the characteristics of the wood, the requirements of the customers and the competition from other suppliers.

Defined log specifications, clearly describing log qualities, are essential. Qualities usually described include: log size, straightness (sweep and wobble), knot size, surface defects, wood strength and the amount of clear-wood in pruned logs.

Marketing considerations

We know our log customers. In selecting an appropriate cutting strategy and allocating log grades we take account of customer preferences and willingness to pay a premium for quality.

PF Olsen has access to a wide range of log purchasers and makes a particular effort to establish a competitive environment for log sales to maximise the price paid for each grade.

Two main sales methods

There are two main sale methods to maximise the financial return from forest harvesting. The most appropriate method depends on factors such as cash flow requirements, the buoyancy of the market, accuracy of the resource description and the propensity of parties involved in the sale to take on risk in respect of harvesting operations, volume and/or product quality.

PF Olsen has considerable experience in both sales methods and can assist forest owners to select the sales method most appropriate for their circumstances.

A brief outline of each sale method follows.

Managed Graded Log Sales

For a Managed Graded Log Sale, PF Olsen manages the harvesting and log transport and sells specific log grades to log purchasers as an agent for the forest owner. The forest owner gets any benefit from log market improvement during harvesting, but is also exposed to the down-side associated with the market falling.

Stumpage Sales

For a Stumpage Sale, PF Olsen prepares the forest for sale and usually organises a tender. This preparation may include mapping, applying for resource consent, harvest planning and pre-harvest inventory. It is also normal for the vendor to provide primary access roading, although in some cases the purchaser constructs access roads.

A sales prospectus is then prepared and the forest is offered for purchase “on the stump”. This means the successful purchaser organises its own harvesting, log cartage and log sales.

The key to a successful stumpage sale is careful “packaging” of the sale:

- Providing good documentation.
- Clear and accurate information.
- A robust sales process.



Good access to domestic and export log purchasers and processors is important to maximise the value realised at harvesting.

Value Recovery

Requirements for value recovery

Maximising value recovery requires:

- Reliable assessments of the standing trees, so that the produce from these trees can be marketed to best advantage.
 - Excellent commitment and control over the harvesting process, to minimise damage and waste and to cut the trees for maximum value.
 - Reliable systems to measure and monitor the production.
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Reliable stand inventory

The analysis of the pre-harvest inventory will include an assessment of its statistical reliability. Additional inventory may be required to minimise sampling error, bring the inventory up-to-date or sample for wood quality characteristics that are important to specific customers.

A reliable inventory assessment is important when selling the standing trees and also when targeting log markets prescribing specific log qualities.

Control the harvesting process

Commitment from the harvesting contractor to minimise damage and waste and to cut tree stems for maximum value is essential. We ensure that contractors are paid on time and address issues of concern immediately.

Cutting instructions should be clear. Log stocks on landings are checked regularly for compliance with the minimum specifications and any missed opportunities to upgrade logs are identified.

In addition, PF Olsen engage the services of specialist technicians to periodically undertake log value recovery audits to compare the actual cutting decisions made by the log maker with the optimum cutting solution identified by the auditor.

Regular contractor performance reviews are conducted. These check value recovery performance as well as performance in respect of health and safety and environmental outcomes.

Cutover assessments

Wagner waste assessments may be undertaken, if necessary, to quantify any merchantable material remaining on the cutover. Our harvesting contracts have strict standards of recovery compliance. Contractors incur penalties if recovery standards are not met.

Reconciliations

An essential part of the marketing plan involves assessment of the potential volume and grade mix of the forest using the pre-harvest inventory data.

At the conclusion of harvesting we reconcile this forecast with actual sales. An analysis of variances is conducted and reported. This analysis allows us to explain any differences and improve the calibration of our assessment of volumes by log grade.

Log Payment Security

Measure production

PF Olsen has a robust and reliable system for monitoring harvesting and log sales to ensure that:

- The forest owner is paid for all the produce harvested from the forest.
 - The harvesting and cartage contractors are paid the correct amount for their contract services.
-

WoodTrack

PF Olsen monitors all log movements through a proprietary system called WoodTrack. WoodTrack matches load dockets with log payments received from log purchasers and forms the basis for making payments to log transport and harvesting contractors. A series of reconciliation processes are used to ensure integrity of the docket system. Every load is accounted for.

Payment protection

PF Olsen offers payment protection to forest owners. This is backed by an independent, financially secure, global underwriter. This means that in the case of a payment default, trade credit insurance pays out 95% of the amount owed for log supply. This provides forest owners the peace of mind that they will get paid for the logs they supply.

HARVEST PLANNING AND ENGINEERING SERVICES

**Specialist team,
practical
solutions**

PF Olsen has a well-resourced team of qualified and experienced harvest planners and engineers based in our Rotorua Office, with additional capability located with our branch offices around New Zealand and Australia.

PF Olsen Engineering, along with Land Information and the Inventory team, can provide forest owners a full suite of harvest planning and forest engineering services to take your project from conception through to completion. Our range of services include:

- Project scheme assessment and feasibility studies.
 - Strategic and operational harvest planning.
 - Project and contract management.
 - Risk analysis and management.
 - Cable logging analysis (CYANZ/CHPS).
 - Geometric design (Road engineering, including survey and set out).
 - Culvert and waterway design (hydrological and hydraulic analysis).
 - Road pavement design.
 - Contract management, site surveillance and quality assurance.
-



This concrete block based stream crossing (in construction) provided a cost-effective and environmentally responsible access solution at Toomey forest, Wellington Region.

PORT MANAGEMENT SERVICES

Management of the supply chain through to FOB

If required, PF Olsen can manage the full supply chain from the stump to logs free-on-board (FOB) log vessels. This service can include the following:

- Management of log scaling and log inventory on wharf.
 - Management of stevedoring (loading logs onto log vessels).
 - Liaison with shipping agents and cargo supervisors to coordinate log loading and stowage.
 - Procurement of log storage rights for logs and payment of port company tariffs and charges.
 - Management of log fumigation services.
 - Preparation of export documentation (e.g. phytosanitary certificates, bills of lading, manifests, packing lists, certificates of origin and custom clearance papers) for export compliance and Letter of Credit negotiation.
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Log loading operations at the Port of Tauranga.

CONSULTING AND OTHER SERVICES

Forest valuation and due diligence

Forest valuation advice is provided annually to a large number of our management clients. In addition we provide independent forest valuations and due diligence work for acquisitions, both large and small.

Sales of properties for which we have a detailed forest description are analysed within the NZIF Forest Valuation Standards framework to provide benchmarks for our forest valuations.

Other services

Other services we provide in association with consulting assignments or as a service to forest owners include:

- Low-cost access to FSC® via our FSC® Group Scheme. This gives forest owners an efficient way to attain a leading international eco-label. This is often prohibitively costly for single forest owners to take up in their own right.
 - Advice and management to get the most out of the NZ Emissions Trading Scheme (ETS) – e.g. establishing forests to grow carbon units, managing carbon stock and buying and selling carbon units.
 - Project feasibility studies for new planting, or replanting, projects.
 - Regime analysis to assist with species choice and silvicultural treatment.
 - Competitive access to forest insurance via a Group Scheme and good coverage for wind loss.
 - Forest inventory and yield forecasts.
 - Forest mapping and productive area assessments.
 - Expert advice on forest value or quantum of loss.
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Seed orchard and production nursery

Radiata pine seed is produced by control pollination in a seed orchard in Seddon (Marlborough). The parents are selected for fast growth, good form, disease resistance and wood properties. The seed is sold to forest companies and tree nurseries in New Zealand and Australia.

PF Olsen Nursery Ltd produces thriving container seedlings and cuttings with high post-planting survival rates and strong early growth.



PF Olsen's Tree Nursery at Waiuku produces millions of high quality, containerised tree stocks each year at competitive prices.

MANAGEMENT SYSTEMS

Introduction

PF Olsen’s management systems support our goal to meet our clients’ forestry objectives effectively and efficiently. We specialise in responsible stewardship of land and forest resources owned by our clients. Our management systems enable us to:

- Plan forest operations to meet the forest owner objectives.
- Execute forest operations in the most cost-effective manner.
- Monitor the growth and quality of the forest.
- Maximise financial returns from forest growing whilst managing commercial and statutory risks.
- Ensure a healthy and vigorous crop.
- Provide timely, well-founded and well-written Forecasts, Budgets and Reports covering services provided.
- Develop sound relationships with neighbours and contractors.
- Consider social and environmental impacts in all our decision-making.
- Maintain a robust and secure database storing comprehensive and accurate information describing clients’ forests and their forestry businesses. Data is secure and protected from loss via multiple locations storage and full file and system back-up and disaster recovery provided by leading third-party specialist IT service providers.

To achieve these aims PF Olsen has developed a Quality Management System which provides the framework for all forest management and harvest services. Components of the Quality Management System specifically address health and safety and environmental issues.

Forest Information and Planning System (FIPS)

Management information system

Good management requires immediate access to key information.

PF Olsen has developed a proprietary forest information, cost and financial accounting system. The system is called Forest Information and Planning System (FIPS).

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FIPS is developed around a single database which allows us to integrate:

- Forest records.
- Operational costs.
- Log tracking (WoodTrack).
- Contractor payments.
- Client invoices.
- Company accounts.
- Environmental performance.
- Health & safety performance.

Data needs to be entered once only, is checked and processed and then becomes a permanent record. Various reports provide the information required in a concise format, free of transcription errors. The system is fast and efficient and is backed-up, off-site, by an independent specialist data storage company to prevent the possibility of data loss.

FIPS is deployed to all PF Olsen offices throughout New Zealand via a Wide Area Network. Staff have on-line, real-time access to the information they require.

Advantages of FIPS

Accurate information is essential for management and planning of forest operations. Getting the information quickly in a concise format allows PF Olsen staff to work efficiently and effectively. It allows us to maintain excellent relationships with our suppliers and contractors, and report accurately to clients.

Mapping/GIS/ Remote Sensing

PF Olsen has licensed the ArcGIS (Geographical Information System) to provide digital mapping for our clients. Special tools have been designed to cope with data manipulation and the linkage to the Land Information module of FIPS.

We use Trimble GPS Pro-XRs (sub-meter point accuracy) to provide accurate digital field data and have a number of small hand-held GPS units for use by field staff in locating specific points on the ground.

Updating and producing new maps following harvesting and planting operations is easily achieved using digital mapping with updated aerial photography or GPS field survey. LiDAR is used for stand and timber assessment and harvest planning.

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We subscribe to various on-line geographic databases to provide up-to-date information relevant to management of forest owner's assets (e.g. cadastral boundaries; NIWA's rivers and streams data and classification database; Transpower's transmission line locations etc).

Client access

Clients can access their information directly from FIPS via a virtual private network running over the internet. This enables access to data, reports and even maps and forest descriptions so clients can immediately see the current status of their forest and related activities.

Quality Management System

ISO 9001

PF Olsen was certified in 1996 to the ISO 9002:1994 Standard. We have maintained this certification and are now certified to the ISO 9001:2000 standard.

Quality system implementation

Our quality system consists of:

- Documenting the system procedures and standards.
- Training staff and subcontractors in following these procedures.
- Internal audits to check compliance with these procedures and/or suggest on-going improvements.
- External audits to certify the system to the current standard.

In short, everyone owns the system, has an input in its maintenance and implementation, and learns from our company-wide experiences.

Contract management

We engage contractors for operational services provided under a forest or harvest management agreement. Contract management consists of setting appropriate terms and specific outcomes. We make sure that the work is completed as specified and we work with our contractors to make sure they comply with environmental and health and safety standards.

Form of Contract General terms and conditions are contained in our Form of Contract. The specifications for each job are contained in associated prescription schedules.

The Form of Contract is a legally binding contract between PF Olsen and the contractor and covers such things as:

- General standards of performance.
- Operational prescriptions.
- Quality Control processes.
- Forest owner indemnity.
- Insurance requirements.

Health and Safety Management

PF Olsen's responsibility As forest managers we are responsible to ensure all forest operations carried out under our control are carried out in a safe manner. Health and safety procedures are designed to prevent accidents, and for all to learn from both accidents and near misses when they do happen.

The forest owner's responsibility Forest owners are responsible for ensuring that the operations in their forests are being carried out in a safe manner by suitably trained and experienced people. They are also responsible for identifying any unique hazards related to the land that could reasonably be expected to be known about.

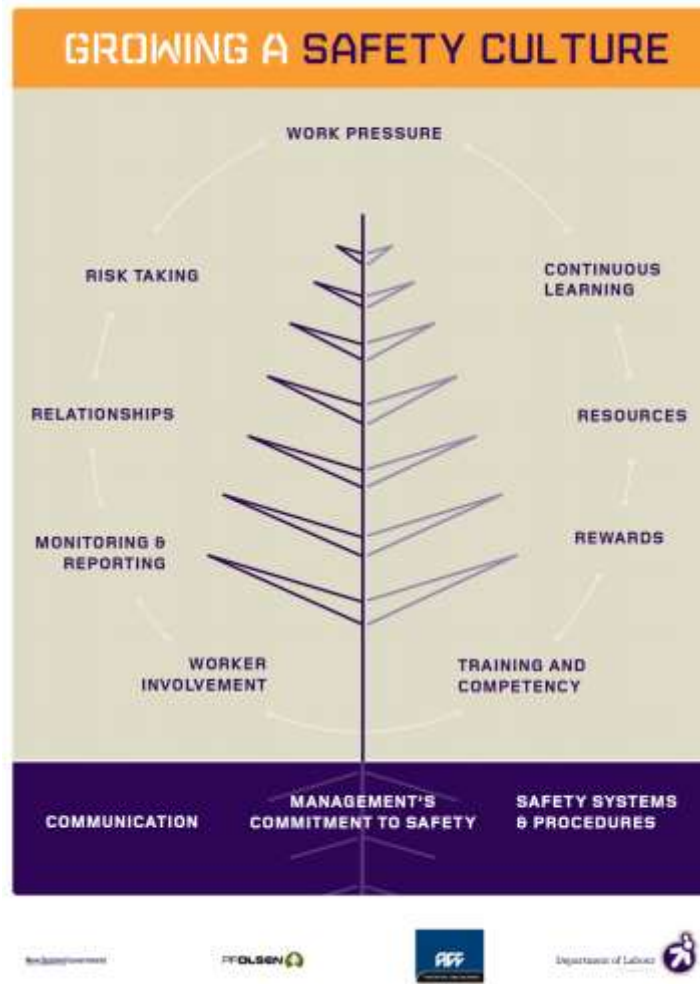
The most effective way of discharging this responsibility is to appoint a competent and financially secure forest manager with a track record of performance and a good reputation.

Safety leadership

Health and safety is a concern of everyone in the workplace. PF Olsen has developed health and safety policies in consultation with company staff and contractors. All staff and contractors must comply with these policies and rules.

Staff and contractors are trained for the tasks they perform. We report accidents and incidents and meet with our contractors regularly to discuss measures for prevention of both accidents and incidents.

PF Olsen is leading the way in Safety Leadership and Culture management and has projects running with WorkSafe NZ and ACC. The graphic 'Growing a Safety Culture' (above) is a product of that partnership. It displays the 12 elements of workplace culture.



Contractors

While working with our contractors to improve our health and safety statistics, we also ensure that all our contractors implement their health and safety policy and comply with the terms relating to health and safety in the Form of Contract.

Health and Safety clauses included in the Form of Contract are:

- Acceptance of responsibility under the Health and Safety Act, and the “Approved Code of Practice in Forest Operations”.
 - Acceptance of responsibility for identifying and managing hazards.
 - Requirements for trained personnel and induction procedures.
 - Acceptance of regular work place audits conducted by PF Olsen and self audit.
 - Procedures relating to penalties for non-compliance.
 - Procedures for documenting and reporting accidents and near misses, and for recording hours worked for accident statistic purposes.
 - Requirement for at least two crew members to have first aid qualifications and to have on site comprehensive first aid kits.
 - Requirement to carry out and record regular health monitoring of crew.
 - Minimum standards for contractor Health and Safety Policy.
 - Requirement to document crew training plan.
-

Mobile and web-based audit and incident system - Noggin

PF Olsen has recently implemented a new audit and incident management system to improve its safety, environmental and quality management capability. It is based on software and practice provided by Noggin, a global specialist IT provider. Features of this development include:

- Data entry and information accessibility via in-field use of i-Pads.
 - Ability to record audits and incidents in the field and automatically upload to centralised management system.
 - Faster and more dispersed access to critical information.
 - More comprehensive and timely recording of audits and incidents.
 - Better notification, escalation, monitoring and close-out management.
 - Advanced data/trend analysis and reporting.
 - Improved customised client reporting.
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Implementation of Business Process Mapping Software - Promapp

PF Olsen has recently implemented new web-based software to improve the standard, consistency and quality of operations and management. The Promapp process mapping tool is widely deployed and its clients include McDonalds, Rayonier New Zealand, Fisher and Paykel Appliances, Toyota and NZ Couriers.

Health and safety record

PF Olsen routinely monitors and reports on health and safety performance. Whilst the company strives to continuously improve safety outcomes, our performance indicators compare very favourably to other forest managers in New Zealand. An up-to-date copy of these indicators can be provided on request.

Random testing for drugs and alcohol

PF Olsen carries out pre-employment, post-incident and random testing for its entire staff in safety-sensitive roles (including any driving company cars) and the same is required for contractors.

The testing is done by independent, qualified agencies under strict guidelines to meet the required rigorous standards.

Trends of reduced impairment from drugs and alcohol have been substantial and likely behind PF Olsen's improving trend in incident statistics.

Environmental Management

Introduction

Responsible environmental management is an integral part of our business. Competent management of the environmental effects of our operations is important, not only directly for the benefit of the ecosystems and species that develop or exist within forests but for the role the forests play in the wider ecological landscape. At PF Olsen we apply comprehensive management effort and attention to eliminating, or minimising, risks and ensuring forests and forestry remain positive contributors to the environment.

Environmental Management System (EMS)

PF Olsen achieved ISO 14001 certification for their Environmental Management System (EMS) in July 1998 and have maintained that certificate ever since with no major corrective actions required.

The EMS applies a systems-based approach to managing the environmental effects of forest operations and contains specific procedures designed to identify environmental constraints, specify measures to mitigate potential adverse impacts and generally ensure that soil, air, water and ecological values are maintained or enhanced. The system is strongly supported by a suite of electronic databases and management reporting features.

PF Olsen's Form of Contract and job prescriptions set out contractor responsibilities with respect to environmental performance. Performance is routinely monitored under the framework of the EMS by PF Olsen staff and corrective actions applied where required.

What do we do?

PF Olsen is committed to achieving high standards of environmental performance. To achieve this we:

- Plan operations to maintain the environmental values of the property: soil, air, water and ecology.
 - Comply with all relevant legislation, and, where appropriate, exceed environmental statutory requirements.
 - Train all PF Olsen employees and contractors to ensure an understanding of their responsibilities under environmental legislation and to assist the implementation of sound environmental practices.
 - Ensure the effectiveness of the PF Olsen Environmental Management System is supported by regular internal audits, continual improvement targets and 3rd party external audits.
 - Support, and are actively involved with environmental research.
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Forest Stewardship Council (FSC)

FSC certification

The PF Olsen FSC® (Forest Stewardship Council) Group Scheme was the first certified FSC® group scheme in Australasia. That certification was achieved in 2002. The Group Scheme provides an opportunity for our clients to obtain FSC® certification in a cost-effective manner. Owners range from individuals with a personal investment in a few hectares of woodlots to institutional investors whose ownership covers tens of thousands of hectares. Fixed costs of FSC® are shared on a pro-rata basis amongst the members leading to a reduced certification cost structure.

Incorporating the FSC® Principles and Criteria in the management plans for participating forest owners is relatively easy within the Environmental Management System. We apply the FSC® chain of custody rules when harvesting FSC® certified forests. We actively participate in developing national FSC® standards for plantation forestry.

PF Olsen's FSC® Resource Manager's Certificate code is:

RA-FM/CoC-000190

Annually updated public summaries of our environmental performance and activities are listed on the company website at http://www.pfolsen.com/nz_index.php?sect=fsc&inc=ogs.



Well managed harvesting maximises the considerable environmental benefits of forests.

MANAGEMENT SUPPORT TOOLS

Introduction

PF Olsen has a comprehensive range of software tools:

- Mapping tools based on ArcGIS and web delivery software.
 - Forest management decision support tools.
 - Forest inventory and valuation support tools.
 - WoodTrack docket/harvesting management system.
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Decision Support Tools

Introduction

Analysing management options and assessing the likely outcomes of these options requires the use of specialised decision support tools.

Most decision support tools require predictions of growth and yield combined with good estimates of costs and forecast product prices. The information and expertise available to company staff using these tools allows them to prepare sound advice that is both practical and well-founded.

PF Olsen has access to all new software, such as the forest growth productivity layers, developed by pan-industry research bodies such as Future Forests Research.

PF Olsen developed support tools

Support tools developed by PF Olsen include:

- A spreadsheet package to analyse inventories of mid-age stands.
 - Log price databases that are updated on a regular basis for use in valuations, feasibility studies and management regime analyses.
 - Forest sales analyses that are used to benchmark the discount rate applied in valuations.
 - A stand-based valuation spreadsheet model.
 - A stand-based forest insurance value assessment spreadsheet model.
 - Sales and operational planning models.
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Licensed software PF Olsen has licenses for the following forest modelling software. The numbers of staff using the application, and their years of experience are shown below.

Software	Licensed from	Use	Experience	
			Staff	Yrs
Standpak/ Forecaster	FFR	Tree growth simulation package to assess tending options and generate yield tables. Uses individual tree growth models for better yield projections.	1 12	20 5-15
YTGEM	Silmetra	Pre-harvest inventory analysis and yield projection by log grades. Uses individual tree growth models for better yield projections.	14	5-10
Plotsafe	Silmetra	Software for inventory data capture in the field.	12	4-6
Micro MARVL (V2.5) and GroMARVL	FRI	Pre-harvest inventory and analysis software. Analysis of data and projection of yields using stand growth models.	1 8	26 10
Woodstock	Remsoft	Forest estate simulation model. Linked to GIS and includes the Allocation Optimiser. Used for tactical planning and valuation.	6	5-15

INDUSTRY LINKAGES

Introduction

New clients of PF Olsen benefit from the combined experience, expertise and management systems developed since 1971.

Industry organisations are important to our clients. Through active participation in these organisations we:

- Engage with government on issues of importance to the forestry sector.
 - Direct research and development programs that are supported by government.
 - Access the latest research results and intellectual property developed by research organisations.
 - Develop professional standards and encourage their application.
 - Improve the operating environment for forestry to make it more valued by the community and more profitable for forest owners.
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Industry participation and development

PF Olsen are members of, or have representatives on, the following forestry organisations:

- NZ Institute of Forestry – Council & Forest Valuation Working Party.
 - NZ Forest Owners’ Association – Executive Council and every working committee.
 - NZ Forest Nursery Growers’ Association.
 - NZ Radiata Pine Breeding Company Ltd.
 - WQI Ltd and SWI Ltd (Wood quality research companies).
 - Future Forests Research Ltd (Forest growing research company).
 - Forest Health Committee.
 - New Zealand International Business Forum.
 - Business Leaders’ Health and Safety Forum.
 - Various regional Wood Councils.
 - The NZ China Council.
 - Various forestry User and Action Groups and Councils (e.g. the CNI Drug Testing Cooperative and the Log Transport Safety Council).
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