EVERGREEN FORESTS LIMITED

FOREST MANAGEMENT SUMMARY

November 2002

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1.0 Introduction

Company Forest Policy

'converting environmental conditions into wood products, using smart management strategies to create sustainable growth and shareholder value'

Forest Management Objectives

The purpose of the management objectives is to provide a framework to achieve Evergreen's forest policy.

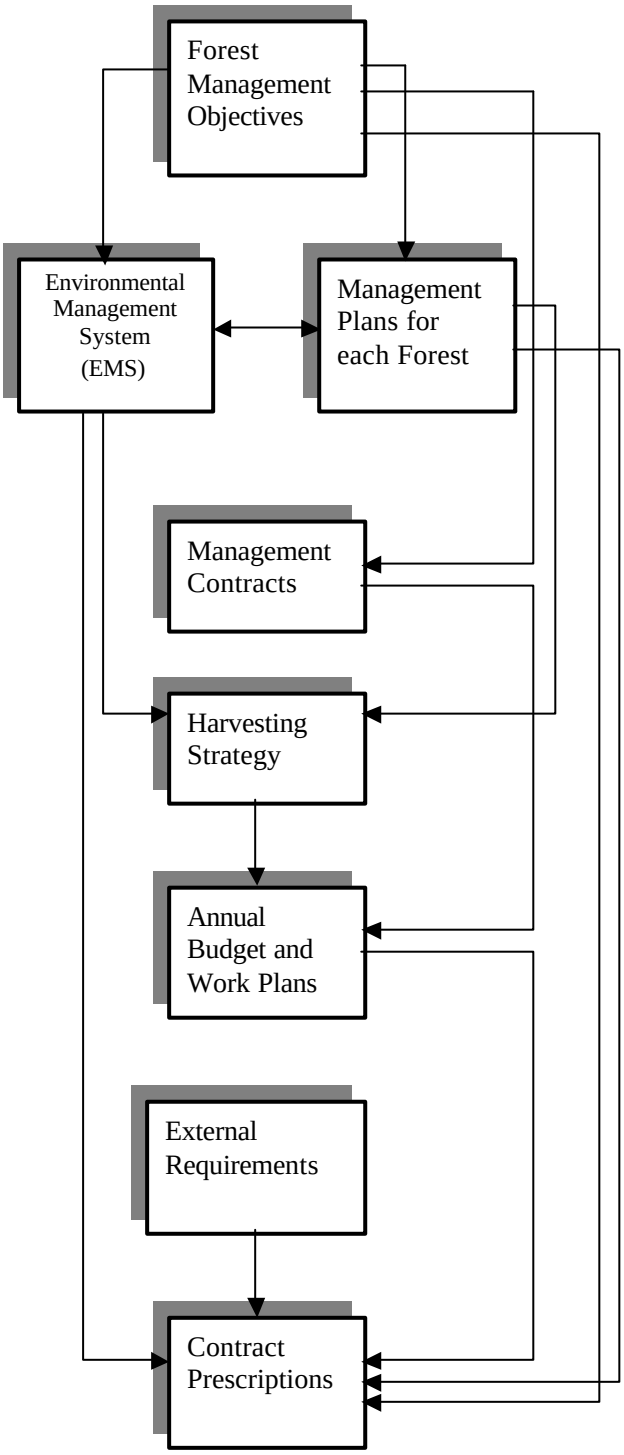
The long-term objectives of Evergreen Forests Limited are to:

- Maximise shareholder return by using best management practices to manage the forest resource on a long-term sustainable basis.
- Retain harvesting flexibility to take advantage of favourable market conditions.
- Protect areas of non-production forest for the enhancement of indigenous biodiversity within the forest estate.
- Consult with and maintain proactive relationships with local communities.

Evergreen is dependant on the productivity of the land and the management of biological resources therefore the state of the environment is critical to Evergreen's ongoing business activities. As a responsible forest owner Evergreen is committed to achieving the forest management criteria of the Forest Stewardship Council (FSC) to ensure that it's forests are being managed on a sustainable basis. As part of the certification process, Evergreen's forestry operations will be audited annually by an independent third party to verify its forests are being well managed. Details on the Principles and Criteria required for FSC certification can be found on the FSC website: www.fscoax.org.

Professional forest managers are contracted to manage operations within Evergreen's estate. These forest managers have significant local knowledge and are responsible for letting operational contracts, which include environmental controls. These controls enable the achievement of Evergreen's overall environmental objectives. The relationships between the parties involved in managing the forest are shown in the following diagram.

Implementing Evergreen's Forest Management Objectives



Developed by Evergreen to provide clear direction and communicate requirements to forest managers

Developed by Evergreen and forest managers to describe specific requirements for each forest, and generic Best Practice Guidelines.

Developed by Evergreen to clearly allocate responsibilities for management and supervision of forest operations.

Developed by Evergreen to ensure sustainable harvesting consistent with economic objectives.

Developed by Evergreen and forest managers to plan specific operations for each year, and to ensure budgets are adequate to meet Evergreen's management objectives

These include mandatory requirements such as resource consent conditions, as well as voluntary compliance such as the FSC Principles and Criteria.

Developed by forest managers to ensure contracted operations are consistent with external requirements and Evergreen's management objectives.

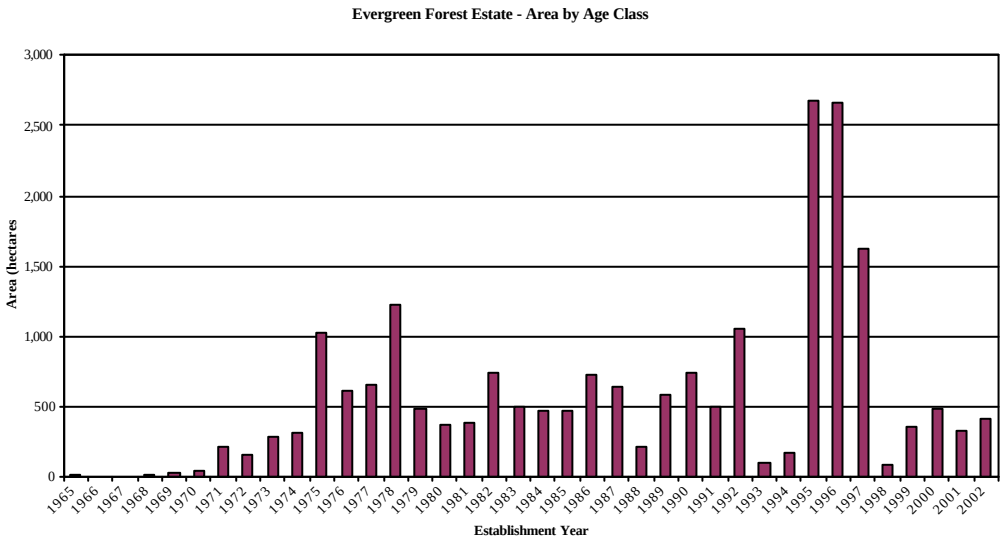
2.0 Forest Estate Description

The Evergreen forest estate consists of approximately 26,447 hectares of forest owned by Evergreen and 2,718 hectares of leased forests, spread throughout the North and South Islands of New Zealand. The forests located on the West Coast of the South Island are subject to a leasehold tenure, the balance is owned by Evergreen Forests Limited. These forests include 21,073 stocked hectares of predominantly radiata pine forest.

LAND AND FOREST HOLDINGS			
AS AT 30 JUNE 2002. IN HECTARES	LEGAL AREA	PLANTABLE AREA	NET STOCKED AREA
Owned Land			
Northland	7,257	6,158	6,112
South Auckland	5,577	3,927	3,741
East Coast	13,359	9,531	9,258
South Island	254	208	158
Total Owned	**26,447**	**19,824**	**19,269**
Forestry Rights			
South Island	2,718	2,247	1,804
Total all Properties	**29,165**	**22,071**	**21,073**

Details on the individual forests can be found in the management plans. A summary of each management plan is available at www.evergreen.co.nz

The following graph shows age class distribution over the entire Evergreen estate.



Species Selection for Plantation Development

The main species grown by Evergreen Forests is *Pinus radiata* or radiata pine. It has been identified as the species that can best meet the management objectives set out by Evergreen Forests Limited because of its versatility and high productivity over a wide range of soil types and the existence of established international markets. Evergreen does have small areas of alternative species, including *Cuppressus lusitanica*, *Eucalyptus fastigata* and, *Sequoia sempervirens* (coastal redwoods). The redwoods have only recently been established with the objective of assessing their potential as an alternative plantation species on some sites.

Radiata pine produces a range of different log types suitable for various processing options. The pruned butt log can be used to make knot-free veneer or sawn for decorative timber. The unpruned logs can be used for structural timber, veneer or feedstock for fingerjointing. The small logs and those with defects and extensive knots can be used for pulp and paper, MDF and other reconstituted wood products such as tri-board and particleboard.

Radiata pine is the most common plantation species processed in New Zealand and export markets are well developed for both finished products and logs. In New Zealand radiata pine is also the main focus in terms of research and development. Past research and development has resulted in improvements in growth, form and wood characteristics as well as development of a range of finished products, building codes and timber standards.

3.0 Forest Management

Planning

Strategic planning is undertaken by Evergreen to identify land that is most suitable for exotic forestry and determines the most appropriate management regimes for each forest area.

Tactical business planning is also undertaken by Evergreen in consultation with the forest manager. This involves the development and maintenance of the Forest Management Plan. It covers the medium-term requirements of the forest resource, and provides guidance on operational priorities and upcoming environmental and social assessment requirements. The current Management Plans run until 2006, but are updated annually to incorporate new information.

Operational planning is the responsibility of the forest manager. This is the implementation of the Forest Management Plan at the stand level. Detailed planning is undertaken throughout the year as part of the regular business planning process. Key issues identified during the planning process are included in operational prescriptions so the forest management objectives and external requirements are clear to contractors. These prescriptions are based on best practice guidelines developed for the forest industry. Evergreen audits the performance of the forest manager to ensure that they are using best practice principles.

External Requirements

Mandatory environmental objectives are determined by regulatory authorities through the Resource Management Act (RMA). The purpose of the RMA is to promote the sustainable management of natural and physical resources and to control adverse effects of resource use and development. Environmental rules are specified in Regional and District Plans. Permitted activities and performance standards are defined in these plans. A resource consent is required when an activity is not permitted as of right.

Evergreen also requires that operations within its forests observe several voluntary codes. In particular, Evergreen intends to adhere to the Principles for Commercial Plantation Forest Management in New Zealand, signed in 1995 by the New Zealand Forest Owners Association, the New Zealand Farm Forestry Association Inc. and a number environmental groups. The agreement includes ecological, social and economic principles.

Forest managers use best management practices in accordance with the NZ Forest Code of Practice (LIRO Second Edition June 1993) which contains detailed guidelines covering all forest operations, including specifications for activities such as harvesting and roading and the applicable requirements contained in the Best Practice Guidelines, published by Forest Industries Training (2000 edition).

Forest managers also observe the requirements of the New Zealand Code of Practice for the Management of Agrichemicals (NZS 8409:1999) for the use of agrichemicals in plantation forestry, which contain standards for the transport, storage and application of agrichemicals.

Forest managers maintain systems that provide current information about these external requirements. Further guidance on Evergreen's management expectations are detailed in its Environmental Management System.

Evergreen is committed to managing the forest estate in accordance with the Forest Stewardship Council (FSC) Principles and Criteria. Evergreen believes that these requirements are addressed in the Forest Management Summary, the Environmental Management System, the Forest Management Plans and the other external requirements that Evergreen has adopted. In order to maintain certification, management systems have been developed that are consistent with Evergreen's commitment to the FSC Principles and Criteria.

Environmental and Social Impacts

Environmental and social effects require careful consideration at several stages of the forest life-cycle. Environmental and social effects are identified at a "landscape" level during broad assessments carried out as part of forest management planning. Specific effects assessments occur prior to and during major operational activity.

The following environmental risks and effects are considered during the planning process:

- *Maintaining sustainable forest production and carbon dioxide sequestration.* Regular harvesting is part of forest management and is necessary to ensure sustainable economic returns to the forest owner. This operation impacts on those living around the forest so consultation with those affected is important. Harvested areas need to be replanted to ensure that the forest is sustainably managed, and that its stock of stored carbon dioxide is maintained.

- *Erosion of bare land surfaces and sedimentation in rivers and streams*. The proximity of forests to streams and rivers flowing through or from the forest are factors that create the risk of adverse environmental effects. In order to protect soil and water values harvested areas are re-established as soon as practicable. In addition, riparian areas are being developed to provide a buffer between forest operations and waterways within the forest. These areas protect water quality by reducing sedimentation from runoff and moderating fluctuations in water temperature.

- *Waahi tapu, historic places and other sites of cultural significance.* Many sites have been identified and are recorded on planning maps. There may also be other sites that have not been explicitly identified. On these sites, operations are managed carefully to protect the site against damage.

- *Maintenance of areas of indigenous forests.* Pockets of remnant indigenous forest exist within Evergreen's estate and these have been retained and protected under the New Zealand Forest Accord[1]. In some cases legal

[1] An agreement signed in August 1991 whereby the forest industry and environmental groups agree that forest plantations make a positive contribution to the environment and that remaining areas of indigenous vegetation within plantation forests should be protected.

covenants protect these areas in perpetuity. In addition, riparian zones have been left along many rivers and streams to protect aquatic life and water quality.

- Because of the fire protection system that is associated with plantation afforestation, many riparian zones are reverting from scrub weed species induced by past wildfires into broadleaf and other hardwood shrub canopies. Provided fire protection can be maintained, these zones will slowly develop into the mixed podocarp hardwood forest that formed the original land cover and provide important corridors for aquatic and terrestrial species.

- *Introduced weeds and pests* may adversely affect the ecosystems of forests and the viability of the forests. The control and/or eradication methods used to deal with these reduce the risk of significant adverse effects.

- *Forest harvesting operations* may affect other amenity and traffic characteristics of the local rural environment as well as human perceptions of the aesthetic environment. All forest operations are carefully planned to manage these adverse effects. Local communities are consulted with to ensure their opinions are considered as part of the planning process.

Operations that result in a significant change in the type or location of environmental and social effects are assessed even if a resource consent is not required. This situation occurs during harvesting in new forests, establishment of new land, aerial spraying operations, pest control involving the use of poisons, roading operations, and any other operation that results in new or different effects on the environment or stakeholders.

Monitoring

Monitoring operational performance is important to ensure that Evergreen's objectives are being achieved. The purpose of monitoring is to ensure:

- Performance in the field is consistent with Evergreen's forest policy, environmental and management objectives and that external requirements such as resource consent conditions are being met.
- Social and environmental effects of activities are being adequately monitored.

The monitoring programme includes but is not limited to:

- A regular review of forest management systems to determine whether they meet best practice requirements.
- Contractor performance through a review of field audit documentation.
- Regular reporting from the forest managers on performance against the annual budget and management plan.
- Internal and external assessments on contractor performance.
- Reviews of stakeholder feedback.

Evergreen's management and operations within the forest estate are subject to a number of external audits. The most comprehensive of these audits is undertaken by

SmartWood, who assess Evergreen's compliance with the Principles and Criteria of the Forest Stewardship Council for sustainable forest management. Following the initial certification process, there is an annual surveillance audit of forest management and environmental performance. A further full audit is required every five years to maintain certification. Other authorities such as Regional and District Councils also undertake periodic monitoring to ensure that resource consent conditions are being met.

Chain of Custody

Chain of custody is a vital aspect of the certification process as it provides the consumer with confidence that the wood products bearing the FSC label have been produced from and can be tracked back to the certified source.

In order to track the movement of FSC certified material from the forest to the customer, the company marks the logs with a unique stencil to physically verify that the log has been produced from a certified forest. Log movement is tracked through the log docket system, which identifies which forest the logs came from as well as their certification status.

The log docket system enables certified logs to be tracked to the mill gate or to the point where they are loaded onto a ship, if the logs are being exported. Details on the chain of custody procedures are included in Evergreen's Environmental Management System.

4.0 Forest Operations

Operations undertaken within Evergreen's forests have a written prescription that is based on best practice guidelines, consistent with all relevant laws and legislation, Evergreen's Environmental Management System and includes:

- Operational performance requirements
- Environmental considerations
- Health and safety considerations
- Other considerations (e.g. requirements to protect any archaeological sites)

All operations are supervised in a timely manner to ensure they are meeting the requirements of the prescription and are completed on time.

Land Preparation and Establishment

Evergreen endeavours to maximise the return on its investment from each site. The forest managers undertake land preparation prior to planting, plant high quality seedlings on the best sites and complete localised weed and pest control to ensure a viable tree crop is established. Activities such as mechanical land preparation and dessicant spraying are closely supervised to ensure operations proceed as planned, whilst managing the impact on the surrounding environment. The objectives of establishment are to ensure a survival rate of at least 95% and to have all crop trees higher than the competing vegetation by age two.

Tending

In many cases the current price premium for long length knot free clearwood products in the market justifies the investment in pruning.

The aim of pruning is to minimize the central knotty core on selected crop trees while maintaining rapid diameter growth to produce high value, long length clearwood, while preserving the quality of the unpruned sawlogs further up the stem. Once pruning has been completed, the residual unpruned trees are culled to enable the remaining crop to grow unimpeded. Thinning also improves the general health of the forest, with the trees showing poor health and vigour removed.

Evergreen's forests are geographically diverse, so the tending regimes differ within the estate to capitalise on site-specific characteristics. The regimes used are listed in the individual forest management plans. In general, Evergreen's pruning objective is to achieve an average pruned height of at least 5.5m in each pruned stand with a knotty core diameter between 19 and 21 cm. Final crop stocking varies depending on site, but pruned stands should be between 300 and 350 stems per hectare, while framing stands (unpruned) should be between 400 and 450 stems per hectare.

Inventory

Production areas are measured periodically to monitor forest growth over time, typically during tending operations, in the middle of the forest cycle and prior to harvesting. This data is complemented by a series of permanent plots, which are measured regularly throughout the life of the forest to monitor growth over time.

Harvesting

Because of the diverse geographic spread, variable age class distributions and large number of forests Evergreen owns, it is impractical to manage each forest using a sustainable harvest level. However, it is Evergreen's objective to expand its estate to provide a more normalised age class structure within each region.

Evergreen is able to maintain an average harvest of approximately 350,000 cubic metres per annum over its whole estate. These harvest levels may fluctuate between years depending on market conditions and the age class structure of the forests, but should not rise above sustainable levels in the long term.

Natural terrain features determine the most appropriate system to use but in general ground based machinery is used on flat or rolling terrain and suspended cable hauling systems are more appropriate where slopes generally exceed 20 degrees. The machinery used for the extraction of wood fibre is based on cost effectiveness, environmental effects and health and safety issues. Contractor availability can also be a factor but every effort is made to ensure that the equipment used for harvesting is most suited to the terrain and tree characteristics of the forest.

Prior to harvesting commencing potential adverse impacts of harvesting operations are assessed and adjacent neighbours and other stakeholders are consulted as part of the planning process. Visual impacts along major transport routes and spatial impacts, e.g. wildlife corridors, are also considered.

Evergreen's forward roading policy is to provide 12 to 18 months forward harvest volume, recognising the trade off between harvesting flexibility and capital expenditure. Roading and landing density should be no greater than 5% of the net stocked area to be harvested.

The size of the clear cut area is determined by balancing several factors, including wind risk, age-class distribution, stand boundaries, ecological importance, topography, harvesting logistics, social effects, visual impacts and subsidiary uses.

Research and Development

Evergreen achieves an economy of scale with regard to research and development as a member of industry-wide research cooperatives that investigate forest health and plantation management. Part of the research on forest health is an investigation into non-chemical alternatives of pest management through the use of biological controls. Evergreen also conducts it's own research on areas of specific interest.

5.0 Forest Protection

Fire

Evergreen's forests are insured against damage by fire.

The forest managers maintain annual fire plans or are part of a local fire district, which maintains resources available for fighting fires in the event of a fire. Evergreen holds some fire equipment and also works with regional fire authorities to ensure sufficient fire fighting resources are available in case of an emergency.

During periods of high fire risk, public access to the forests is limited and contractors working in the forests are required to take additional precautions.

Incidents and Emergencies

The forest managers maintain procedures that describe requirements for their staff and for contractors in response to incidents and emergencies.

Integrated Pest Management

Integrated pest management involves maintaining forest health while minimising the risks from introduced pests and diseases. It requires all pests to be identified and appropriate control measures put in place to maintain population levels while minimising the use and toxicity of agrichemicals. Pest and weed control is necessary to ensure the successful establishment of a fast growing, well formed healthy tree crop.

An additional benefit of pest control is that biodiversity improves as pest populations decline, allowing indigenous plants and wildlife to recover. The forest managers use methods of pest control that are effective in reducing pest numbers, are least damaging to the environment and economically feasible. Pest control practices are carefully managed and are consistent with the requirements of any Regional Pest Management Strategies. Control results are monitored to determine the effects over time.

Evergreen's policy is to prioritise control on:

1. Organisms that threaten the economic viability of the forest that are economic to control
2. Introduced pests and diseases which may threaten endangered species identified in the forest
3. Eliminating any pest or weed which can be eradicated economically over the medium term
4. Controlling weeds and pests identified in regional pest management strategies that are close to the forest boundary to reduce the risk of spread into adjacent lands.
5. Ongoing maintenance in the remainder of the forest

Forest health checks for new pests and diseases are undertaken annually by qualified professionals in all of Evergreen's forests to ensure that any potential disease problems are identified and treated at an early stage.

Due to the widespread nature of Evergreen's resource, integrated pest management plans are completed on a regional basis. In each case the plan identifies the range and frequency of pests, requirements of any regional pest management strategies and methods of intervention. Control objectives are reviewed each year to assess the level of success and determine whether changes to the programme are necessary. If required, the chemicals chosen are selected to minimise the impact on non-target species.

Chemical Use

Chemicals are currently a necessary part of forest management with four major types of chemical applied to the forest; herbicides, fungicides, fertiliser and pesticides.

Herbicides are used to control plant growth prior to the re-establishment of a site that has been harvested and to kill weeds that have already become established in the forest. Application is predominantly from the ground using either a backpack or a vehicle mounted spray system. The herbicide is only applied in localised areas to cover the target plants. Aerial applications are sometimes required prior to planting, as it is the most effective way to cover large areas of broken country. Evergreen is currently investigating out of season planting to try and reduce the requirement for broadcast aerial spraying.

The main fungus species that requires treatment within Evergreen's forests is *Dothistroma pini*. It infects the pine needles, causing them to die over time and can severely slow tree growth. Dothistroma levels are monitored annually and treatment is only applied when infection levels get above a certain threshold. Control of Dothistroma is co-ordinated on a national basis by the Dothistroma Control Committee. Areas identified by forest owners as having a significant level of infection are sprayed aerially with a copper based fungicide that has a very low level of environmental risk. Watercourses and native vegetation are not sprayed as part of the control programme.

Fertiliser is another chemical applied to the forest. Nutrition levels of the forests are monitored regularly and fertiliser is only applied where mineral deficiencies have been identified. Application rates are small enough to pose minimal environmental risk.

Possums are a significant threat to production forests, indigenous biodiversity and neighbouring farming activities. Possum control is undertaken using pesticides as the primary method of control. The application of these chemicals is carefully considered with the methods used consistent with government agencies responsible for controlling animal pests. It is not Evergreen's policy to undertake aerial drops of pesticide within its forests. These only occur when a regulatory authority undertakes an aerial campaign as part of a wider regional control programme.

All operations involving agrichemicals use the best practice guidelines set out in the Code of Practice for the Management of Agrichemicals (NZS 8409:1999). The COP sets out clear requirements on the storage, transportation, handling, application and disposal of chemicals. In addition, Evergreen also provides guidance on its own

requirements for chemical use in the Environmental Management System, which are consistent with and reinforce the Code of Practice. All aerial operations are closely supervised with regular on site weather monitoring to ensure that all chemical is applied in the correct concentration under suitable environmental conditions.

The following methods are currently being used or evaluated with the objective of reducing or minimising the use of chemicals required for forest management.

- Grazing cutover sites rather than broadcast spraying, where good grazing infrastructure already exists.
- Planting containerised stock rather than bare rooted tree stocks. Trials by another forestry company in the central North Island indicate that containerised seedlings can be planted safely outside the normal winter planting season. This means that areas can be re-established immediately following harvesting with containerised seedlings without the need for broadcast aerial pre-plant spraying.
- Using seedlings with improved genetics to enable the trees to grow faster with greater resistance to diseases such as Dothistroma.
- Eradicating weeds that have only recently been introduced, or are able to be eliminated. This avoids the need for future chemical application as the weed spreads.

Archaeological Sites

Archaeological assessments are undertaken prior to major site disturbing activities by a qualified archaeologist with input from local iwi. When a culturally or historically significant site is identified on land to be planted, the area is clearly marked on the ground and entered into the mapping system. No trees are established in the surrounding area in order to establish a buffer zone. Where significant sites are identified under an existing tree crop, the site is clearly marked and not disturbed until an archaeologist is present to ensure any damage to the site from harvesting is minimised. Once completed these areas are excluded from replanting to ensure their ongoing protection. More detailed procedures on identifying and managing these sites is detailed in Evergreen's Environmental Management System.

6.0 Environmental Management

Environmental Policy

To maintain a high standard of environmental performance throughout all forests

Environmental Management Objectives

The objectives below detail Evergreen's short (s), medium (m) and long-term (l) intentions for developing improved environmental standards.

Manage forest operations using best management practices that consider social and environmental impacts.

(s) Develop and implement an Environmental Management System and an environmental incident reporting system to improve environmental performance.
(m) Systematic identification and management of riparian zones, undertake more formal auditing of operational performance.
(l) Continue to develop practices that are consistent with the policies of the FSC and the National Initiative.

Develop a better understanding of the ecological importance of the forest areas.

(s) Survey non-production areas to evaluate their ecological value. Consult with DoC on the ecological significance of the results.
(m) Implement meaningful monitoring programmes to build up information on areas of poor knowledge.
(l) Implement programmes developed on monitoring results in consultation with experts.

Enhance in-forest biodiversity

(s) Development of an integrated weed and pest management strategy for all forests.
(m) Successfully implement the strategy
(l) Assess the success of the weed and pest management strategy and evaluate the benefit of restoration where the most environmental benefit can be gained.

Rare Ecosystems and Endangered Species

As a responsible landowner, Evergreen and its forest managers have become increasingly active in the protection of rare and endangered species that may be present within the forest estate.

Where an endangered species is identified as being present within the forest, a management plan area is developed in collaboration with those interested in the conservation of that species. The management plan includes recommendations to mitigate the impacts forestry operations may have after considering the economic environmental and social effects on the surrounding region.

Within Evergreen's estate a number of important ecological sites have been identified including:

Part of Rototuna Forest in Northland contains a coastal dune lake that provides important habitat for a number of migratory birds. This area is geographically isolated from the forest so there are no immediate impacts from Evergreen's operational activity. Past monitoring of the lake indicate that there are no dwarf inanga present. However, the forest surrounds another dune lake, Lake Rototuna, which does contain dwarf inanga, a rare species of indigenous fish that only live in the dune lakes of the Pouto Peninsula. Evergreen does not own the land surrounding the lake but is working with the Department of Conservation on how it can best manage its operations in the surrounding area.

Evergreen also owns an ecologically significant remnant of native forest called Jacobs Bush on the East Coast of the North Island. It is important because it is one of only two remnants in the area containing original primary indigenous forest. The area is isolated from the main plantation forest so operational activities in the forest are not having any negative environmental effects. Management of the area includes, improving the fencing to make sure that all stock are excluded from browsing the understorey and increased weed and pest control (possums and goats in particular) to promote bird and insect life. Ongoing monitoring will show how well the area responds to increased pest control.

Kiwi monitoring undertaken by Evergreen and our neighbours has identified a kiwi population on land adjacent to Coroglen Forest on the Coromandel Peninsula. Evergreen is working with the local residents who have formed the Kapowai Kiwi Care Group. Monitoring has indicated that the birds do not live in the forest, but there is a reasonable expectation that they forage in the forest at night. A management plan has been developed to ensure that Evergreen's operations have as little impact on this population as possible. A monitoring programme is also in place to determine whether there are any other kiwi in the forest, but no birds have been identified to date.

These are the major projects identified to date. Management activities for less significant areas are included in the forest management plans. Where new endangered species are identified within the forests, Evergreen will work with the Department of Conservation, local environmental groups and adjacent landowners to ensure that the forest operations are managed carefully, while undertaking appropriate weed and pest control to provide the best opportunity for local populations to increase in size.

Biological Monitoring

A survey was undertaken in June 2002 to determine the levels of biodiversity and ecological values of the non-production areas within Evergreen's forests. Additional bird surveys were also completed within production forestry areas. The objective of this exercise was to provide baseline information to allow changes to be monitored over time and identify areas of special significance that require further investigation.

Discussions have been held with the Department of Conservation on management issues associated with threatened species and management of shared boundaries. More information will become available as monitoring programmes continue to provide more data.

Evergreen has limited knowledge on the aquatic life present within its resource, so more effort is being put into understanding aquatic environments and monitoring increased to assess the in-stream values within the forests.

Production Land Protection

All operations within the production forest area are supervised to ensure that adverse environmental effects are minimised. Operational prescriptions are based on current best practice guidelines. The major guides used for forestry operations include the New Zealand Forest Code of Practice (LIRO Second Edition 1993) and the Forest Industry Training 2000, Best Practice Guidelines. All aspects of chemical management are expected to meet the requirements of the Agrichemical Code of Practice (NZS 8049:1999). These complement Evergreen's own Environmental Management System (EMS) that provides guidance to the forest managers and contractors of our operational performance expectations. All forests are subject to an annual inspection by forest health specialists who identify any new pests or disease introductions and forest growth dynamics are measured regularly throughout the life cycle.

Remnant Protection

Native remnants within Evergreen's production forests are protected under the New Zealand Forest Accord and cannot be damaged or modified. Management of these areas includes monitoring their general health over time so that biodiversity levels can be maintained and with active management in some cases enhanced. These areas are identified on a digital mapping system so their location is clearly marked and they can be excluded from forestry activities. The forest manager reports any major damage that occurs to these protected areas as a result of forestry activity and remedial action is undertaken where required.

Many of these areas provide important habitat for a number of native species therefore weeds and pests are controlled where appropriate to promote biodiversity. Where it is feasible to do so these areas may be extended to form wildlife corridors to enable native species to move more freely throughout the forest and into adjacent lands. These corridors will typically occur along major waterways where riparian margins will provide a sizable transit route.

Waterways

An important aspect of environmental management is the protection of water quality. A riparian buffer, the size of which depends on the size and quality of the waterway, provides protection for aquatic species from forestry operations as well as providing habitat for terrestrial species. In a number of forests trees have been planted right up the riverbank, without consideration of aquatic values of the waterway. Where this has occurred the trees will be harvested to avoid them falling into and subsequently damaging the riparian area, provided extraction can be done without doing too much damage to the stream edge.

Once cleared of pine trees, these areas will not be replanted and over time be allowed to regenerate into indigenous forest. These buffers are clearly marked on forest maps to provide protection against siltation and moderate water temperature. More details on riparian management is included in Evergreen's EMS, including guidance to contractors on how to avoid unnecessary damage to these areas. Evergreen also supports research into best practice riparian management such as the work currently being undertaken by Environment Waikato.

In order to minimise the effects of harvesting on the soil, cleared areas are re-established as quickly as possible. Fresh earthworks from roading activities or areas where soil erosion is a problem are re-vegetated as soon as it is practical to do so in order to provide some protection for the soil.

Pollution Prevention

The forest managers ensure that wastes generated during forest operations are recycled or disposed of in an appropriate manner.

Forest contractors are required to adopt appropriate transport, handling and storage procedures for the use of fuels or other polluting substances, to minimise the potential for accidental discharges to the environment. These procedures are consistent with the requirements of Evergreen's Environmental Management System.

7.0 Community

Evergreen provides support to the regional economy and local communities through the provision of employment opportunities within its forests. The main areas of employment include forest managers, supervisors, harvesting workers, nursery workers, silvicultural workers, transport contractors, port authorities and road construction crews. In addition to direct employment there is also a flow on effect associated with providing logs to domestic sawmills or other downstream processing plants and other servicing activities. Evergreen also contributes to a number of research co-operatives, which provide funding to the scientific community to improve levels of forest knowledge and productivity.

Evergreen endeavours to maintain a stable workforce because of the benefits to contractors in terms of continuity of work and work force stability. Evergreen also benefits through an improving skill base and high productivity. The health and safety of all people entering the forest is paramount. Evergreen supports initiatives to improve the safety record of the forest industry, including the introduction of drug and alcohol testing as part of a regional initiative on the East Coast.

Evergreen provides additional support to the community through donations to organisations relevant to the forest industry including:

- WestpacTrust Rescue Helicopter.
- Rural School Road Safety Programme
- Sponsorship contribution to the Northland Agricultural Field Day

By contributing to regional Rural Fire Authorities Evergreen provides fire protection resources to rural communities and regional conservation estates.

Evergreen's forests also provide amenity areas within the forest for local communities to use, provided the recreational use does not pose a health and safety risk or conflict with any environmental programmes in the area.

Security gates and locks are necessary on some access routes to prevent unlawful trespass associated with illegal hunting and cannabis growing that might impact through fire or interference with indigenous flora and fauna. Both public and shareholder access can be arranged via a permit system through the local forest manager. Permits are issued at the discretion of the forest manager.

Communication with Stakeholders

The major stakeholders that Evergreen has a relationship with include but are not limited to:

Local Communities	Suppliers of Goods and Services
Iwi	Shareholders
Neighboring Landowners	Employees

Interest Groups (e.g. Fish and Game Council, Kapowai Kiwi Care Group)
Environmental Non-Government Organisations (Local and National)

Statutory Authorities (Dept. of Conservation, Historic Places Trust)
Regulatory Authorities (Regional and District Council)

Information such as Evergreen's Management Summary, Environmental Management System and Forest Management Plan summaries are available to stakeholders through the Evergreen website or on direct request.

An example of Evergreen's communication to stakeholders is the annual report, which is sent out to all shareholders and includes a feature article, often with an environmental theme.

All parties affected by any major forestry activity are consulted as part of the forest planning process. Maori rights and values are fully respected and their views are taken into account, particularly with regard to protection of sacred sites.

Consultation

Evergreen's policy toward consultation is that:

- Evergreen shall approach the consultation process with an open mind
- Allow sufficient time and information for others to make an informed decision
- Listen and consider what others have to say about its operations and make a genuine effort in good faith to reach a desirable outcome
- Have an appropriate process in place to deal with any disputes or complaints that may arise out of the consultation process

The consultation process involves three stages

1. Identifying who to consult
2. Determining how consultation should be undertaken.
3. Recording and disseminating information.

Evergreen recently undertook a major exercise to contact all of those individuals and organisations it identified as stakeholders in its operations. Responses have been incorporated into a database to monitor the issues raised by stakeholders so that key areas of concern can be managed more effectively in the future.

Maintenance of the stakeholder database and disseminating forest level information is Evergreen's responsibility while the forest manager is responsible for day-to-day communications with neighbouring landowners who are directly affected by forestry operations.

By being proactive in its approach to consultation, Evergreen hopes to build and maintain strong relationships with local communities and other stakeholders.

Communication with Iwi

Evergreen's consultation with tangata whenua shall always respect Maori protocol. Information on forestry activity shall be provided with sufficient time to allow the information to be discussed between marae, hapu, iwi and their advisers. In some instances more than one iwi may have responsibility for land around the forest, therefore every effort will be to accommodate the point of view of each party.

In many cases iwi have sites or resources of special significance within Evergreen's forests. Protocols for the management of those sites are discussed with iwi to protect these areas from modification.

Evergreen's forest managers have the mandate to discuss Evergreen's operations directly with iwi on Evergreen's behalf.

Subsidiary Forest Uses

Evergreen's policy is to control forest access through a permit system. The forest managers maintain procedures that permit appropriate subsidiary forest uses to occur within the forest. These procedures recognise that the forests can support additional activities, although these uses should remain as subsidiary to the production objectives for the forest.

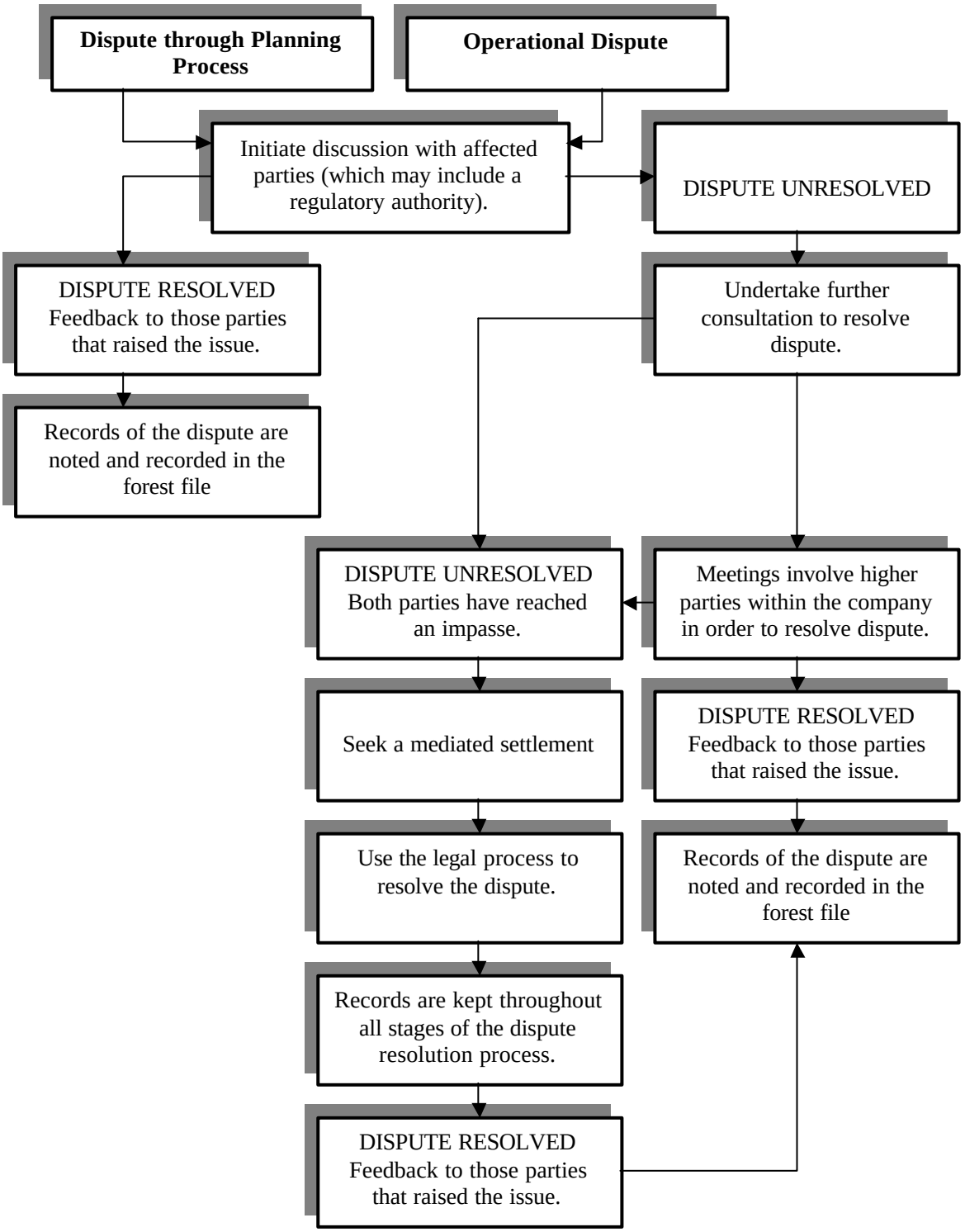
Some of the uses within Evergreen's forests to date include; grazing, bee keeping, horse riding, hunting, tramping and mountain biking.

Dispute Resolution

All views expressed during consultation with stakeholders are considered important. Significant effort is put into resolving any disputes that may arise. All disputes are dealt with in a fair and reasonable manner and every effort made to reach a resolution without compromising the economic viability of the forest. The process for dispute resolution should be in general accordance with the procedure shown below.

* *Mediation* – The mediator should have had prior experience in mediation and be agreed to by all parties involved in the dispute. The mediator should be chosen from a suitable forestry related background.

Dispute Resolution Process



Maintenance

Evergreen is committed to being a good neighbour with the forest managers ensuring that work is ongoing to maintain boundary fences, floodgates, security gates and road signs on the properties. Control of noxious plants near boundaries is carried out regularly to minimise the risk of spread onto neighbouring properties in accordance with Regional Council requirements.

Logging Trucks

The forest industry through the New Zealand Forest Owners Association and Forest Industries Council have developed a truck identification and feedback system, through which members of the community can express their opinion. The number 0800 LOGTRUCK is displayed on the vehicles and allows the general public access to make comment. Evergreen Forests Limited as a member of the Forest Industries Council supports this initiative.

More detail on this scheme are on the New Zealand Forest Owners website www.nzfoa.org.nz.

8.0 Contacts

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