In this sustainability report and Forest Management Plan

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Mission Vision Values

Our mission is to manage the plantation estate in a safe and sustainable way to optimise the return to our investors whilst balancing the needs of our employees, customers and local communities.

Our Vision:
- Safety – Zero Harm
- Continually invest in and care about our people
- Provide attractive long term returns for our investors
- Respect our communities and they value us
- Improve our business through new technology and innovation

Our Values
- Integrity – We do the right thing when no one is watching
- Respect – We respect our people, stakeholders and the environment
- Commercial and Customer Focused – We make every tree count
- Responsible and Customer Focused – We take ownership of decisions
- Innovation – We will do things better tomorrow than we did today

Good Neighbour  Rainforest Protected  Sustainability
Message from our CEO

Since the inception of HVP Plantations, we have ensured a commitment to strong stewardship is integral to all our forest operations.

Effective stewardship of the land we manage and of the people who work in our plantations is the cornerstone of a sustainable and long term business. We are proud of the contribution we make to sustainability, in the communities where we operate and in the markets that we supply.

“Whilst we have made great improvements in this area with reductions in truck roll overs and a reduction of 92% over three years in serious injuries...”

Safety is our top priority. Whilst we have made great improvements in this area with reductions in truck roll overs and a reduction of 92% over three years in serious injuries, we still had a number of contractors who were injured going about their daily tasks. Throughout FY2019 we are more committed than ever to make sure all our people (staff and contractors) go home safe. Nothing is more important.

This focus on stewardship extends to our significant investment in fire-fighting capability. Our fire protection goals are to ensure the health and safety of our firefighters, protect the plantation estate through reducing the incidence and impact of fire, and maintaining a strong fire-fighting presence to help protect and enhance the resilience of our local communities.

We are leading the way with the first hand back, to the Victorian people, of revegetated native forest as part of the 2006 Cores and Links agreement. This agreement protects over 23,000 hectares of native vegetation and allows for the once off harvest and rehabilitation of 1,500 hectares of former plantation to link the Tarra Bulga National Park to the Gunyah-Gunyah Rainforest Reserve in the Strzelecki Ranges. The new Brataualung Forest Park was announced in May 2018.

Forest growers have a crucial role to play as the world comes to terms with a changing climate and strives to reduce carbon emissions. Our plantations provide products that are natural, recyclable and renewable, making them a vital substitute for more carbon-intensive materials in an increasingly waste-conscious society.

We are a fully sustainable agricultural business. What we harvest, we re-plant. We are also excited by the investment our long term customers are making in their respective processing and manufacturing areas with mill and product expansion. Together, we see an exciting future for the Forestry Industry.

To further strengthen our leadership capability and readiness for growth, we have invested with our staff, in partnership with the University of Melbourne Business School. Thirty two staff have undertaken leadership training to better equip leaders with the capabilities and skills to manage and lead the business, whilst strengthening internal networks and encouraging innovation. This program continues into FY2019 with another 15 staff beginning the program.

Our Forest Management Plan has long been a key public document that documents our forest operations and how we manage them.

In this our 20th year of operation we look to broaden the Plan to incorporate more of the standard sustainability reporting guidelines, based on the ISO 26000 principles of social responsibility that we have long held to through our voluntary forest certification systems.

This Forest Management Plan and Sustainability Report outlines how we continue to live up to the values we believe in: operating with integrity and a commercial and customer focus, building a resilient business by being responsible and accountable and taking ownership of our decisions, fostering our organisation and culture through respect of our people, stakeholders and the environment and always innovating, ensuring we will do things better tomorrow than we did today.

I would like to thank our staff and contractors for their commitment and dedicated approach. I also extend my gratitude to all those in our communities who have worked closely with HVP and continue to do so.

Stephen Ryan
Chief Executive Officer
5 October 2018
Sustainability Achievements at a Glance

Permits issued to access HVP land for events (community recreation)

67% Increase

Truck Rollovers

93% Reduction*
*14 down to 1

Fires attended by HVP crews had origin on non-HVP land

39%

63% Reduction*
*51 down to 19

In incidents with potential for serious injury or fatality

Please note: Stats are calculated over a 3 year period
HVP Regional Map

About this Report & Forest Management Plan

Forest Management Plan & Sustainability Report 2018/19
Purpose

The purposes of this plan is to:-

• Outline the Stewardship and Management policies that HVP adheres to.
• Outline the scope and objectives of management.
• Describe the estate, harvest rates, species selection and silvicultural regimes.
• Provide a summary of HVP’s Management System and how it works.
• Present the planned operational area and volume for the financial year (table 2).
• Present this information to the public for the purposes of input and feedback which can be used to modify the existing plan or in the development of the subsequent year’s plan. This is done by publishing the Forest Management Plan on the HVP website with a link sent to a wide range of stakeholders requesting their review and input.

Forest Management Plan

This Forest Management Plan forms one part of the Company’s business planning as shown in the diagram below.
Within the Forest Management Plan the 3 principal management systems are:

1. The **Forest Resources System** accumulates resource data (wood and carbon), site productivity, spatial data and relevant financial information on both revenue and costs. This enables the Company to model plantation growth which provide the basis for business valuation, development of the business plan and for the production of harvesting and forest management operational plans (See Appendix 1).

2. The **Forest Stewardship System** (FSS) is based on a standard environmental management system structure and specifically includes:
   - a legal register
   - identification and assessment of the significance of environmental, social and commercial aspects and impacts of company activities
   - management objectives and targets
   - a monitoring process
   - operating conditions and controls in a series of Best Management Practices (BMPs)
   - a process for internal audit and review
   - a process for managing non-conformance and corrective actions to drive continual improvement

3. The **Occupational Health and Safety System** (OHS) which is based on a structure which mirrors the Forest Stewardship System and covers all safety aspects of the business.

Staff can access all of these systems via HVPortal, which outlines the methods, policies, procedures and standards in doing business, keeping safe and protecting the environment.

**Scope of Forest Stewardship** – HVP manages softwood and eucalypt plantations for timber production, particularly sawlogs and includes operational activities such as establishing, growing and harvesting of trees. Native forest (or Custodial Land) within the forest estate is not harvested and is managed for conservation purposes including all ecosystem services, particularly, flora, fauna, soil and biodiversity.

The Forest Management Plan is based on the forest management activities conducted on Company land or on other land, and their interactions with commercial or economic outcomes, environmental values and the broader community in which the Company operates.

**Forest Management Objective** - To manage the forest estate to deliver optimal value to our investors in a way that embraces and demonstrates good forest stewardship through the continuous development of the Company’s skills and practices.

Forest stewardship is the responsible management of our clients’ forest investments while maintaining or enhancing the environmental and community values associated with the land for future generations. Clearly, protecting the resource from the impact of uncontrolled fire is critical.

The Company plans and manages its plantation operations to be economically viable, socially acceptable and environmentally responsible. It is committed to the wellbeing of its employees, contractors and other parties legally involved with Company assets and will take all practical steps to prevent personal injury and damage to property or environment.

HVP forest management is certified under both of the major, internationally recognised forest certification schemes; Responsible Wood ((Australian Forestry Standard - endorsed by the Programme for the Endorsement of Forest Certification systems, (PEFC)) and the Forest Stewardship Council® (FSC®), and is committed to adhering to the certification standards within its estate.

Timber plantations including exotic monocultures are accepted for voluntary certification under Responsible Wood (Australian Forestry Standard (AFS)) and under the Forest Stewardship Council (FSC®) rules. Plantations are an integral consideration within the criteria of the Australian Forestry Standard. The FSC® membership expressly determined that well-managed plantation forestry operations should be accepted as an important ingredient in the global strategy for meeting human needs. This intent is consistent with that of the Australian Forestry Standard.

To balance the sometimes conflicting objectives that this can present, the Company differentially manages its plantations and its custodial lands to promote the benefits and manage the issues, with the aim of achieving a balance across the full estate.
Development of the plan – including Aspects, Impacts, Objectives and Targets

To establish forest management objectives the Company has analysed its activities, products and services, and identified the environmental, social and commercial aspects of these. The associated impacts have been identified and their significance assessed. The outcome of this assessment is recorded in a register of Aspects and Impacts which flows onto setting objectives and targets to minimise the impacts. The procedure followed to assess aspects & impacts and the objectives & targets can be found by HVP staff in HVPortal.

In summary, the significant aspects are related to those activities which:

• generate soil movement, and accordingly the potential for sediment generation;

• result in alterations to the soil structure (e.g. alterations to the soil profile, and to bulk density);

• may result in contamination of soil and groundwater (e.g. spills and leaks, off-target application of herbicides);

• may contribute to contamination of surface waters by chemicals (e.g. agricultural chemicals and machinery fuel/oil) and sediment;

• may result in detrimental impacts on flora, fauna, and biodiversity

• may impact on air quality (e.g. herbicides, vehicle emissions, dust, and smoke);

• may adversely impact on public amenity (e.g. noise) and cultural and aesthetic values (e.g. landscape values);

• affect health and safety of humans

• affect good relationships with stakeholders and the community

• affect cultural heritage

• occur during uncontrolled wildfire

Accordingly objectives and targets are developed and approved by the company’s Operations Group at the annual September meeting to manage these significant aspects, with the aim to minimise impacts. The Monitoring and Audit Plan then addresses the compliance with the objectives and targets.

Company management practices require some impacts; for example some soil disturbance is intended where cultivation promotes crop growth. However, the objectives and targets reflect the Company’s commitment to continual improvement in performance, and to long-term research on the interaction between plantations and environmental values.

Management planning and implementation

HVP aims to follow the following forest management principles:

• Provide and maintain a safe working environment for staff and contractors and a safe environment for visitors

• Provide a flow of forest products within specification and in a timely manner to meet contractual commitments and the requirements of the business plan

• Maintain site productivity

• Protect all custodial native forests, threatened species and threatened ecological communities located on Company land

• Maintain water quality and conserve wetlands and riparian zones,

• Maintain a balance of plantation ages to provide a sustainable dividend to investors as well as maintaining long term social & economic benefits to the community

• Limit adverse visual amenity impacts of plantation operations

• Maintain or enhance environmental values in the custodial lands

• Continually improve the resource and its management through directed research

• Protect the assets from damaging agents such as fire, insect attack and disease

• Maintain opportunities for quiet recreation

• Develop and manage good relationships with stakeholders and the community
The means by which management objectives are achieved are documented in the company’s:

- Forest Resources Systems (through data collection, data management, plantation and business modelling)
- Policies, Procedures and Operating Standards within the Company Best Management Practices (BMP’s)

The Company aims to continuously develop management practices that achieve the best-balanced outcome for its business, for the environment and for the community. The BMPs:

- Capture company intellectual property in terms of objectives, procedures and technical specifications for HVP plantation management.
- Facilitate due diligence in achieving corporate responsibilities under the business, environment and community components of the stewardship program;
- Convey corporate intent for the activity to all persons operating on Company land;
- Provide staff with documentation for control of forest management including harvesting, establishment, fire management and associated operations.

Operational planning is undertaken according to the relevant BMPs. Accountabilities & responsibilities for the implementation of the BMP’s and the organisation structure are documented for our staff in HVPortal. BMP documents range from broad over-arching policies such as the Forest Stewardship Policy and OH and S Policy which are relevant to all Company activities, to policies, procedures and operating standards which are specific to one element of the business. The BMP documents are available to all staff. The BMPs are periodically reviewed internally to incorporate new knowledge, or field experience from monitoring and auditing. Some key documents are externally peer reviewed.

The BMPs cover the further identification of aspects or hazards at the site level, require the assessment of the significance of these aspects and the development of controls for the site.

The environmental aspects or hazards are generally recognised in the Victorian legislated Code of Practice for Timber Production and compliance with this Code is mandatory and complementary to the requirements of the BMP.
Health & Safety – Towards Zero Harm

Forest Management Plan & Sustainability Report 2018/19
HVP’s health and safety performance is essential to our business success and growth. No business objective will take priority over health and safety. We are committed to managing our activities to protect our people (staff and contractors) and our communities.

Our approach
HVP’s management system provides a comprehensive set of requirements for managing risks from all of our activities. This includes processes, guidelines and tools that have supported continuous improvement in performance. We have a safety commitment to zero harm, with a goal of industry leading practices and performance.

Life Protecting Rules

I WILL FOLLOW THESE LIFE PROTECTING RULES

1. ISOLATE ENERGY SOURCES
2. NOT MODIFY SAFETY FEATURES
3. MAINTAIN A SAFE WORK ZONE
4. WEAR A SEAT BELT
5. NOT HAVE DRUGS OR ALCOHOL IN MY SYSTEM
6. STAY CLEAR OF OPERATINGROPES DURING CABLE HARVESTING
7. RETREAT TO A SAFE POSITION DURING CABLE HARVESTING OPERATIONS
Health & Safety Policy

At Hancock Victorian Plantations Pty Limited we have a safety commitment to Zero Harm.

**We believe that:**

- No business objective will take priority over health and safety
- All incidents are preventable
- Whilst management have ultimate accountability, we all have responsibility for health and safety
- All personnel have the responsibility to stop any job they believe is unsafe or cannot be continued in a safe manner

**To achieve this we will:**

- Maintain and continually improve our Occupational Health and Safety System
- Proactively identify hazards and unsafe behaviours and take steps to manage these to as low a risk as reasonably practical
- Set targets for improvement and measure, appraise and report on our performance
- Assess and recognise the health and safety performance of employees and contractors
- Consult and actively promote participation with employees and contractors to ensure they have the training, skills, knowledge and resources to maintain a healthy and safe workplace
- Accurately report and learn from our incidents
- Support the safe and early return to work of injured employees
- Design, construct, operate and maintain our assets so that they safeguard people and property
- Require our contractors to demonstrate the same commitment to achieving excellence in health and safety performance
- Comply with relevant legislation, regulations, codes of practice and industry standards

**We must always remember that ‘SAFETY IS EVERYONE’S RESPONSIBILITY’**

Compliance with HVP’s Health and Safety policy is a mandatory condition of employment or contract engagement.

Stephen Ryan
*Chief Executive Officer*
17th July 2017
Governance and Legal Requirements

In Victoria there are a number of legal requirements applying to forestry operations. Foremost of these is the Code of Practice for Timber Production (the Code) which is regulated on private forests by local government.

Legal requirements from all relevant Acts are listed on the Company's Legal Register and this is kept up to date by the Company's In-House Lawyer. This process is largely undertaken by subscribing to relevant legislation update services and a periodic review of the register. This process is outlined in the company Procedure for Identification of Health, Safety and Environmental Legal Obligations and Other Requirements.

In applying these laws, HVP work very closely with local government, the Victorian Dept. Environment, Land, Water and Planning (DELWP), the applicable Catchment Management Authority (CMA) and Water Authority. HVP also have developed a series of Best Management Practices that go beyond the requirements of the Code and these are designed to ensure that all legal and company requirements are being met by staff. Company performance against these standards are assessed through a series of audits which are described further in Section 8 of this document.

A sub-committee of the HVP Board known as the Heath, Safety and Environment (HSE) Committee has overall responsibility to ensure that HVP's performance in the HSE area is satisfactory.

“In applying these laws, HVP work very closely with local government, the Victorian Dept. Environment, Land, Water and Planning (DELWP)...”
Case Study 1

Jack Barnes
Customer & Haulage Manager

Not so long ago we had incidents of logs which fell off trucks and trucks had rolled over in Gippsland. Staff were very concerned about what was happening. Since then Jack has led a huge amount of work in increasing haulage safety.

We have developed the chain load restraint system which has eliminated logs falling off trucks in Gippsland; introduced roll over training which led to 6,000,000km (1 year) without roll overs and instigated programs to increase interaction with truck drivers and identify safety concerns to the drivers.

As a result of these measures there has been a demonstrable reduction in haulage incidents and an increase in safety to truck drivers and other users of the roads.

Jack has been a leader in developing and championing new systems and technology to improve haulage safety. Jack was the recipient of the 2018 HVP Chairman’s safety award for his outstanding efforts.

“... introduced roll over training which led to 6,000,000km (1 year) without roll overs...”

Statistics from 2017-2018 Financial Year
Diversity and Inclusion Committee

Working Group

In 2018 HVP established a Diversity and Inclusion committee. We recognise a more diverse workforce contributes to improved workplace outcomes, with a greater variety of thought, ideas and opinions contributing to improved innovation. This group are actively focused on ensuring diversity and inclusion are considered throughout our workplace to better reflect the communities we live in.

The committee is made up of six self-nominated staff from across the business. The committee members act as local champions and sounding boards for Diversity and Inclusion challenges that staff members have raised.

Since inception the group have implemented a companywide Diversity and Inclusion survey. Findings from the survey will help formulate the key themes and challenges our staff believe will most effectively lead to improved diversity outcomes in our workplace.

Statistics from 2017-2018 Financial Year

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<thead>
<tr>
<th>Our People</th>
<th>28 FTE</th>
<th>80 FTE</th>
<th>6 FTE</th>
<th>759 FTE</th>
<th>884 FTE</th>
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<tr>
<td>HVP Employees</td>
<td></td>
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<td></td>
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<tr>
<td>Female</td>
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<td>HVP Employees</td>
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<td>Male</td>
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<td>HVP Seasonal Employees</td>
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<td>(Nurseries &amp; Fire Season)</td>
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<tr>
<td>Direct contractors</td>
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<td>Total employment</td>
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Statistics from 2017-2018 Financial Year
Diversity and Inclusion Committee
Working Group

Eighty four percent (84%) of staff contributed to the voluntary survey.
The preliminary assessment of the survey data reinforces already raised concerns regarding the need for Employer Paid Parental Leave and Formalised Flexible Workplace Arrangements.
A first draft of a Paid Parental Leave paper has been written by HR and discussed with the executive.
This is an exciting, staff driven, initiative that aims to proactively support an inclusive workforce which values diversity of thought and opinion.

“... a more diverse workforce contributes to improved workplace outcomes...”

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<th>Our People</th>
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<th>Our People</th>
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<tr>
<td>People inducted onto HVP land</td>
<td>Outside groups issued with permits to use HVP land</td>
<td>Number of significant stakeholder interactions</td>
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<tr>
<td>3,459</td>
<td>112</td>
<td>631</td>
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Includes interactions that are ongoing or not solved on the spot

Statistics from 2017-2018 Financial Year
Community

HVP aims to treat all stakeholders honestly, fairly and with respect. The company also recognises the positive contribution that stakeholder perspectives and expertise make to forest management.

HVP have a Stakeholder Engagement Plan to ensure that stakeholders have sufficient opportunities to have input into HVP Plantations management of the estate. These opportunities include but are not limited to:-

- email (info@hvp.com.au)
- HVP Website – Contact Page www.hvp.com.au
- this Forest Management Plan – emailed to all available stakeholders
- telephone (03 92891400)
- notifications regarding operations which include HVP contact name and phone number
- HVP Plantations facebook page
- newspaper advertisements
- forums and meetings
- direct contact at regional offices

HVP recognise that from time-to-time some stakeholders may have grievances regarding our operations or behaviour. HVP commit to dealing with the grievances fairly and openly, within a reasonable time period. Our Stakeholder Engagement Plan outlines a complaints procedure that ensures our staff deal with any grievance properly and in the case where the grievance cannot be resolved to the satisfaction of both parties, then the party with the unresolved grievance will be provided with an opportunity to take the matter further through the Dispute Resolution Procedure that will be made available to them at that time.

The Company’s stewardship extends to all of the values associated with the company forest estate. We strive to understand these values and the perspective of our stakeholders as we establish, grow, harvest and protect our client’s forest investments while maintaining or enhancing the environmental and community values associated with the land.

The proactive management of community relationships and establishment of partnerships with our stakeholders will promote the company as a responsible manager of environmental and community values, build positive relationships and mutual understanding and reduce business risk. In the long run, these outcomes are essential to achieving our goals and generating and preserving long-term investment value.

While maintaining a balance between economic, social and environmental considerations HVPs social policy goals are to:

- provide a safe place to work
- respect the rights of all employees and contractors
- respect the rights of indigenous people
- engage effectively with the community on social impacts associated with forest investments

“In the long run, these outcomes are essential to achieving our goals and generating and preserving long-term investment value.”
Stakeholder and community categories include:

- those who derive income from the business such as investors, employees, contractors and other providers of services or goods;
- customers;
- Indigenous parties, groups and communities
- statutory authorities, including the Country Fire Authority (CFA);
- neighbours including those living on public road access routes into our plantations and local people living downstream of our plantations; and
- community interest groups such as, recreational, Landcare and environmental groups.

Socio-economic conditions

Where socio economic conditions are defined as the financial and human capacity that influence the business and community environment and resilience in which HVP operate in Victoria.

HVP aims to manage at company-wide and at site level the:

- Safety of all staff, contractors and the public
- Worker’s rights
- Contribution to long term social and economic benefits to the Community,
- Long term productive capacity (essentially of the soil) of adjoining public and private land as influenced by threats arising such as fire, soil erosion, chemical use, vermin, noxious weeds and pine wildings, plantation pests and diseases;
- Utility of adjoining land for the owners (quiet enjoyment by adjoining landowners of their property (may be threatened by smoke, noise, odour and nuisance dust);
- Visual amenity (final fell harvest areas) – the view from adjoining land at the landscape level;
- Use of local roads by the community for property access (public OHS, traffic level)
- Neighbouring assets such as fencing and public roads
- Encouragement of local employment
- Encouragement of local procurement of services and equipment wherever available and practicable

Positive relationships and mutual understanding and respect will be built through effective communication with all our stakeholders through:-

- Active participation in advisory groups
- Strategic partnerships with stakeholders to achieve mutual goals
- Interacting with indigenous groups including at least sending harvesting plans for comments
- Identification and notification of stakeholders in advance of significant or new activities
- Listening to and considering the views of stakeholders
- Responding to stakeholder concerns with action, where required
- Conveying the Company’s intent, values and forest management practices to the community.

If issues arise that cannot be dealt with without further conflict the Company has a dispute resolution procedure that can be requested and is outlined in the Community Relations BMP.

“Stakeholder and community categories include, neighbours including those living on public road access routes into our plantations and local people living downstream of our plantations...”
Public Access to the HVP Estate

Public demand to use HVP plantations is increasing and is a factor of: historic community use, developing interest in plantation recreational pursuits (e.g. mountain biking) and increasing urban forest interface pressures. Public access management presents opportunities to: improve good will; develop and maintain public advocates and maintain community support through a greater understanding of forestry. Parallel to the increasing demand for authorised use, HVP has experienced an increase in the unlawful activities (mainly arson, shooting, rubbish dumping, 4-wheel driving and motorbike riding) and unauthorised use of the plantation. This has the capacity to damage the reputation of HVP amongst community and local government stakeholders.

HVP encourage the management of public access where it reduces the risk to our plantations, our workforce and to the local community (e.g., reducing fire risk, arson, vandalism, rubbish dumping, illegal shooting) and improves the community relationship with our plantations. Activities may be considered where they are legal, risk appropriate, sustainable, consider the value of the setting, are compatible with HVP’s commercial values and generate a community benefit.

HVP Plantations as Neighbours

HVP strive to be good neighbours with adjoining landowners. This includes complying with all laws, dealing fairly with all neighbours on issues, and being prepared to listen & negotiate mutually acceptable outcomes.

HVP have a neighbour notification system to keep affected neighbours informed of our activities and to work with neighbours on a range of issues to minimise any adverse impact our activities may have on neighbours. HVP have a long history of working with neighbours on issues such as noise, dust, pine wildlings, road use, chemical application, pest plants and animals, fencing etc. In addition HVP have a formalised system for allowing neighbours to passively use the plantation area and this system is accessed via the HVP website.

Neighbour interactions are recorded in our Stakeholder Management System. Data within this system is managed according to privacy laws and HVP’s Privacy Policy which can be found on our website www.hvp.com.au.

Indigenous Heritage and Engagement

HVP recognise that indigenous people and groups are interested in many of the lands that HVP manage. We have developed a policy and procedure to ensure we deal with indigenous interests sympathetically, fairly and according to the law.

HVP began this process by undertaking to send our annual harvesting plans and this Forest Management Plan to relevant indigenous groups for comment and input. We continue to improve our interaction methods over time.
Climate

Forest Management Plan & Sustainability Report 2018/19
**Estate Protection**

**Fire Protection**

Damage by fires is a serious and increasing risk to all Victorian plantation estates.

The major plantation species have a low tolerance to fire. Even fires of low intensity can cause death or a loss of increment and a downgrading of wood quality. Charring is a defect unacceptable for papermaking and detracts from sawlog quality.

The effect of downgrading of quality and value is exacerbated by the interruption to wood flows and may have long term ramifications for both the company and the industry. Fire in custodial areas can have a beneficial, benign or damaging effect on the environmental values.

Fire protection activities are categorised as either fire prevention or fire suppression.

**Fire prevention** includes all activities undertaken prior to the ignition of a fire and aimed at minimising the incidence and spread of fire. (The fire incidence is described in terms of the number of fires and the asset damage, area burnt and fire intensity).

**Fire suppression** includes all activities that are concerned with controlling going fires.

HVP plans and undertakes a range of prevention works and actions to protect company assets from fire and to provide safety and access for fire fighters. The choice of prevention measures is based on the cost effectiveness of each measure at reducing the number of fires, the area burnt, the damage to assets and fire suppression cost.

Fire prevention objectives are to:

- minimise the number of wild fires which originate on or enter company land
- minimise the area burnt, the damage to assets and reduce fire suppression costs

Fire suppression objectives - Upon detection of a fire the action will be safe, fast, determined and thorough with primary objectives to:

- Control the fire in the shortest possible time and
- Minimise the area burnt and damage to assets

In achieving these suppression objectives due regard is paid to:

- The safety of personnel and the protection of the environment
- Fire suppression strategies and tactics appropriate to plantations that consider the commercial value of the plantations threatened and the suitability of each stand for salvage of forest produce thereby minimising the loss to the company and the dependent industries
Suppression of wildfires on or threatening Company land is given priority over all other Company activities. HVP has an extensive fire fighting fleet including 18 large fire trucks, 32 small four-wheel drive slip-on units and, in Gippsland and Northern, a first attack helicopter on standby.

Regional Fire Protection Plans document:
- Fire Protection policy and objectives
- Analysis of risk - providing details on the incidence of fire and the risk of plantation damage.
- Fire prevention strategies - measures the region will take to minimise incidence of fire and minimise the area burnt, assets lost and suppression costs
- Fire suppression Operations folder - contains detailed information that is updated annually:
  a. Fire suppression maps
  b. Resource information
  c. Contact arrangements
  d. Contractor information
  e. Preparedness arrangements

“HVP has an extensive fire fighting fleet including 18 large fire trucks, 32 small four-wheel drive slip-on units and, in Gippsland and Northern, a first attack helicopter on standby.”

**Plantation Health**

External experts in entomology, pathology and nutrition are engaged for their input and who at least once each year provide a structured forest health surveillance program.

A range of forest management programs combine to ensure a healthy forest capable of resisting pests and diseases thereby decreasing forest management risks and the reliance on chemical control methods. This integrated pest management program includes:

- the tree breeding program which aims to select vigorous plants adapted to the range of sites on the estate, including breeds with specific disease resistance such as Dothistroma resistance
- maintaining tree vigour by implementing an optimum stocking control regime from plantation establishment through to timely thinning operations to utilise suppressed individuals. This is the primary control mechanism for insect pests such as the Sirex wood wasp.
- a scientifically targeted forest nutrition and nutrient conservation program to reduce the incidence of nutrient deficiencies thereby improving crop disease resistance.

Other forest management programs are directly aimed at managing threats to forest health i.e:

- control of competing vegetation particularly in the first year and pre-canopy closure.
- minimising wild fires, which at lower fire intensities can damage plantations and act as the primary agent for subsequent attack by pests and diseases.
- browsing animals which can inflict physical damage to crop trees by removing protective tissues (eg. bark stripping) and thereby expose the tree to subsequent insect or pathogen attack.

These programs comprise the long-term pest and disease prevention strategy for sustainable forest health. Nevertheless this prevention program must be supplemented by carrying out control programs in response to outbreaks of pests and disease and incursions of new agents. These control programs are conducted in a safe and responsible manner utilising biological control agents where possible (such as for Sirex Wasp and Pine Aphid) and other methods which have minimal environmental impact.
Climate Change and Carbon

Climate Change

Climate change will have an impact on the plantation and custodial estate of HVP based on a number of factors including potential for :-

• Reduced growth and survival based on reduced rainfall or more spasmodic rainfall

• Increased growth due to the fertilisation effect of additional CO2 (but probably limited by moisture-stress and nutrition

• Increased or decreased growth due to increased temperatures

• More or less impact from pests and diseases depending on how they interact with climate change and consequent stress on trees

• Increased damage and disease impact from increased hail events and storms

• Increased windthrow events due to stronger winds more frequently

Whilst working on our own carbon footprint, HVP will need to adapt to the changing climate. Research programs have started to look at adaptation to the new climatic conditions. Adaptation will include considerations such as :-

• Maximising tree vitality through silviculture practices such as good site preparation, weed control, and on-time thinning

• Genetic selection of radiata pine for changing climatic conditions

• Changing to a different species or combination of species in marginal locations

• Rationalising the landbase where necessary and possible for more suitable land

• Modifying our approach to fire prevention, detection and suppression

• Damage to infrastructure (roads, tracks and drainage) from storm events

• Increased fire danger due to drier and warmer conditions, more severe droughts and wind effects

• Health risks to staff and contractors (e.g. heat stress)
Forest Management Plan & Sustainability Report 2018/19

Capacity of the plantation to act as a net Carbon sink

Each year HVP prepares a Carbon Accounting Report (CAR) to monitor the carbon pool under management. The CAR provides information related to net carbon stock change during the calendar year. The most recent carbon stock figure is shown in table 1 as one of the last data lines. This is based on converting the growth of the trees to carbon stock. Tree growth is converted to above-ground biomass, and then expanded to include the root system using allometric relationships. This whole-tree biomass is then netted down for moisture content, and then the dry weight is converted to molecular carbon content. As each tonne of carbon in the biomass is equivalent to 3.66 tonnes of carbon dioxide, it can be finally converted to tonnes of carbon dioxide equivalent. This estimate is conservative, as it does not include carbon stored in harvested wood products.

This process for carbon accounting is based upon generally accepted carbon accounting methodologies and available quantification methods.

In addition to monitoring our greenhouse gas profile, HVP has mapped the areas of our plantation estate that are Kyoto compliant (under Article 3.3 of the Kyoto Protocol) and were not forested on January 1, 1990 although it is noted that the concept of Kyoto-compliant stands has little currency under current global warming mitigation agreements.

HVP monitors the Australian Government policy regarding carbon trading to understand opportunities for trading carbon credits in the future.

Carbon emissions reduction initiatives

HVP Plantations continually seek ways of reducing greenhouse gas emissions in line with the carbon clause of the Forest Stewardship Policy

Current programs that will reduce carbon emissions include:-

• Renewal of contract for central dispatch of log haulage in Gippsland. This optimises the haulage reducing the number of trucks and maximises loaded kilometres.

• Fertiliser application based on foliar analysis to ensure no fertiliser is applied in excess of that needed for optimal economic growth.

• Converting to biosafe diesel for use in basal bark chemical applications.

• Examining alternative uses (biofuel, wood pellets, etc) for harvested biomass and harvesting residue.

• Examining alternative site preparation techniques to minimise the requirement for burning excess woody material left on site after harvesting.

• Rationalising the vehicle fleet to reduce numbers and size of vehicles (i.e. fuel consumption). Petrol Klugers have been phased out in preference for diesel models where a 4WD is required, and for more fuel efficient sedans where 4WD is not needed.

• Large fire tankers are being replaced by smaller more fuel efficient and nimble tankers.

• Increasing the use of mobile devices and technology to minimise the kilometres travelled on company business. E.g. Skype for Business has reduced travel for meetings considerably.

• Use of a biofuel heating plant at Gelliondale nursery burning pine sawdust.

• Introduction of solar panels for supplying electricity to our Myrtleford and Shelley offices.

In addition to emission reduction options, HVP participate in industry projects to improve opportunities for creating and potentially selling carbon offsets. Within this general framework are projects to expand utilisation of wood as an alternative to carbon-intensive products such as steel and concrete and to recognise the carbon that remains sequestered in harvested wood products.
"... With a very small number of people they managed to restrict the spread of the fire into the plantation..."

Rachel Briggs & Marty Angeles  
**Woodflow Co-ordinator & Crew**

During the Scotsburn-Finns Road Fire Rachel and Marty worked as a team to guide their works crew in suppression of the fire on HVP land. With a very small number of people they managed to restrict the spread of the fire into the plantation, to an area of 7 hectares.

The team worked under very trying conditions; in temperatures reaching 40 degrees and forest fire danger ratings over 80, all without injury or any team member succumbing to heat exhaustion.

When weather conditions changed dramatically at 3 am on Sunday morning, Rachel and Marty read the danger signs of a rapid rise in temperature, drop in humidity, with increasing wind speeds causing localised flare-ups and further spotting into the plantation.

**At a glance**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CFA FIB's:</td>
<td>7</td>
</tr>
<tr>
<td>Number of Tankers:</td>
<td>20</td>
</tr>
<tr>
<td>Number of Slip on Units:</td>
<td>38</td>
</tr>
<tr>
<td>Number of Trained Fire Fighters:</td>
<td>200</td>
</tr>
<tr>
<td>Fires Attended per Year:</td>
<td>65 on average over 20 years</td>
</tr>
<tr>
<td>Proportion of fires attended on neighbouring properties:</td>
<td>60%</td>
</tr>
<tr>
<td>Area of HVP estate:</td>
<td>245,000 ha</td>
</tr>
</tbody>
</table>
### Case Study 3

**Rachel Briggs & Marty Angeles**  
**Woodflow Co-ordinator & Crew**

They assembled their people together, ensuring contractors and other fire crews were also alerted and moved everyone onto the safety of burnt ground to wait out the fire. After a long and arduous night, all people on that part of the fire-line returned home safe and without any harm, later that morning.

<table>
<thead>
<tr>
<th><strong>Fire</strong></th>
<th><strong>Plantation area burnt</strong></th>
<th><strong>Plantation area lost to windthrow</strong></th>
<th><strong>Plantation area lost to hail damage</strong></th>
<th><strong>Total plantation damage area</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ha</strong></td>
<td><strong>124 ha</strong></td>
<td><strong>245 ha</strong></td>
<td><strong>-</strong></td>
<td><strong>369 ha</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Fire</strong></th>
<th><strong>Native forest burnt - unplanned (wildfire)</strong></th>
<th><strong>Native forest burnt - planned (ecological/fuel reduction)</strong></th>
<th><strong>No. fires HVP attended with origin on HVP land last season</strong></th>
<th><strong>No. fires HVP attended with origin on non-HVP land last season</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ha</strong></td>
<td><strong>26 ha</strong></td>
<td><strong>822 ha</strong></td>
<td><strong>44</strong></td>
<td><strong>32</strong></td>
</tr>
</tbody>
</table>

*Statistics from 2017-2018 Financial Year*
Environment

Forest Management Plan
& Sustainability Report 2018/19
# Forest Stewardship Policy

HVP Plantations strives to manage the forest assets of the Company to deliver optimal value to our investors and responsible stewardship of the forest for economic, environmental and social benefits.

As stewards of the land, the company will:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manage the forest estate according to all statutory requirements including the Code of Practice for Timber Production and other forest management requirements as outlined in the Forest Management System.</td>
</tr>
<tr>
<td>2.</td>
<td>Incorporate performance indicators into the Forest Management System and Forest Management Plan including a framework for setting and reviewing forest management objectives.</td>
</tr>
<tr>
<td>3.</td>
<td>Promote the development of employees and the use of appropriately skilled contractors with emphasis on scientific excellence in relation to forest management, the environmental value of the estate and sensitivity to stakeholder views.</td>
</tr>
<tr>
<td>4.</td>
<td>Maintain forest ecosystem health and vitality by protecting Company forest from fire, pests and diseases through long-term resource sustainability strategies and short term integrated pest management programs with minimal environmental impact.</td>
</tr>
<tr>
<td>5.</td>
<td>Consider the public resources of the forest - its water, soil, biological diversity, cultural heritage, landscape amenity and recreational values - and manage them with a long-term sustainable perspective and the prevention of soil and water pollution.</td>
</tr>
<tr>
<td>6.</td>
<td>Implement programs to better understand the capacity of the forest to act as a net carbon sink and develop practices to reduce greenhouse gas emissions of forest management activities.</td>
</tr>
<tr>
<td>7.</td>
<td>Contribute long term social and economic benefits to the community from Company forest management activities through the use of integrated forest management procedures and planning.</td>
</tr>
<tr>
<td>8.</td>
<td>Consider the views of stakeholders in the development of the Forest Management Plan and to address social and environmental issues arising from management of the forest estate.</td>
</tr>
<tr>
<td>9.</td>
<td>Conduct research to maintain the productive capacity of the forest land and monitor environmental, economic and social aspects of forest management.</td>
</tr>
<tr>
<td>10.</td>
<td>Provide adequate resources to implement and maintain the system and to facilitate continual improvement of forest management performance.</td>
</tr>
</tbody>
</table>

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**Stephen Ryan**  
*Chief Executive Officer*  
17th July 2017
Custodial Lands, Infrastructure and High Conservation Areas

Custodial lands include areas of native forest and vegetation, roads which exclusively provide access to Custodial land and water bodies.

Native forest and vegetation found within the Custodial Lands is managed for conservation and biodiversity purposes. Custodial lands include some areas of high conservation value forest (HCV) which over time have been defined via surveys or ecological vegetation class (EVC) mapping process.

No native forest is harvested and no native forest is converted to plantation. This has been the policy since HVP took ownership and management of the estate in 1998.

This conservation designation is a voluntary decision by the Company for freehold land and for the land subject to the Plantation Licence granted under the Victorian Plantation Corporation Act. Conservation means protecting, maintaining and where appropriate enhancing or restoring the range of environmental values associated with native vegetation. HVP has maintained a voluntary policy not to harvest native forest in its custodial lands and in 2009 entered an agreement with the Victorian Government on this issue in the Strzeleckis. This agreement was the outcome of many years of work by company staff, consultants, local government, community groups and the State Government and offers both long-term protection of native forest values as well as considering the needs of a major customer, Australian Paper.

The key points in the agreement include:

- 8,000 ha (6,500 of which is core biodiversity areas and linking corridors) returned to public ownership
- A further 17,945 ha of native forest in the Strzeleckis permanently reserved from harvesting with on-title protection
- Regeneration of indigenous native forest species following the harvest of the 1,500 ha of plantations within the 8,000 ha area.

The custodial land represents a valuable conservation resource and covers a range of bioregions and EVC’s as outlined in Table 2.

Significant biodiversity values (also known as High Conservation Values)

Every forest has some environmental and social value. The values it contains may include rare species, rare habitats and recreational sites or resources used by local residents. Where these values are considered to be of outstanding significance or critical importance, the forest can be considered to have significant biodiversity values or high conservation values (HCVs). The Proforest HCV Toolkit is used as a guide to determine high conservation values.

Values which are of outstanding significance and critical importance have mostly already been recognised in some way in Victoria due to the extensive assessment and reporting over the last 30 years of the State Government’s Land Conservation Council (LCC) now operating as the Victorian Environmental Assessment Council (VEAC). The role of that Council is to conduct investigations that are requested by the Victorian Government relating to the protection and ecologically sustainable management of the environment and natural resources of public land. As a result of their extensive investigations forest values such as areas of global regional or national significance and other values considered of outstanding significance or critical importance, have been placed in reserves.

An assessment to identify exceptional values in HVP Plantations’ estate identified the following sites or forest types to have significant biodiversity / high conservation values:

- Concave Pomaderris (Northern Region)
- Central Highlands Cool Temperate Rainforest (Gippsland Region)
- Western basalt plains grassland community (Western Region)
- Native vegetation remnants – South West Victoria (Western Region)
- Riparian links to Pheasant Creek Nature Conservation Reserve (Northern Region)
This assessment has been reviewed and confirmed by an independent expert. Since the latest review, Strzelecki Warm Temperate Rainforest (Gippsland) has increased in conservation significance and has been added to the list. It is protected on our estate.

**Rare, Threatened and Endangered Species**

Company policy requires that threatened species and threatened ecological communities located on Company land shall be protected. These protection measures may include:

- Developing and adopting protection prescriptions for significant threatened species known to occur on Company land. These prescriptions will be based on the range of scientific research available and are to be implemented at known locations of the species;

- Examples of this include the Giant Gippsland Earthworm (listed as endangered) and the Koala (not listed in Victoria but of immense interest) where HVP has detailed management protocols to ensure the impact of our activities on the species is minimised.

- Mapping the distribution and location of known threatened species in the geographic information system and linking this to a database for consideration in resource planning;

- Identifying further areas or sites supporting threatened species;

- Identifying, monitoring and controlling threatening processes (including investigating the impact of company management activities and developing practices to mitigate these impacts) that endanger threatened species;

- Training of staff to recognise and identify threatened species in their district.

**Management of high conservation value Ecological Vegetation Classes includes:**

- Establishing the Ecological Vegetation Class for all custodial land

- Establishing plans for the management of specific sites of some significant EVC’s

- Utilising published works and studies to aid in identifying the values of the EVC’s.
Certification, Monitoring and Statistics

HVP conducts a large amount of monitoring to ensure that our operations are meeting requirements.

Monitoring includes both 3rd party independent monitoring and internal monitoring conducted by the company personnel or agents hired by the company.

HVP have achieved independent certification of our forest management standards and performance by both the Forest Stewardship Council (FSC®) and the Responsible Wood (AFS) which is endorsed by the Program for the Endorsement of Forest Certification (PEFC). Both certification standards require regular auditing of HVP’s performance to ensure compliance with the rigid standards of the certification system.

The area covered by forest certification includes all plantations and custodial land owned or managed by HVP Plantations. This is an area of approximately 240,000 ha and maps of this area can be found on our website on the “Forest Management” tab and “Maps and Area” sub tab.

Monitoring statistics for last financial year are presented in table 3. These statistics are considered and reviewed at an annual meeting in September are used to modify the Forest Management System and Forest Management Plan (this document).

Table 1. Monitoring statistics for the 2017/18 financial year

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Result</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Area</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area of pine plantation</td>
<td>ha</td>
<td>138,804</td>
<td></td>
</tr>
<tr>
<td>Area of eucalypt plantation</td>
<td>ha</td>
<td>17,231</td>
<td></td>
</tr>
<tr>
<td>Area awaiting replanting</td>
<td>ha</td>
<td>14,476</td>
<td></td>
</tr>
<tr>
<td>Native forest*</td>
<td>ha</td>
<td>48,529</td>
<td></td>
</tr>
<tr>
<td>Infrastructure/other (roads, firebreaks, depots, etc)</td>
<td>ha</td>
<td>19,080</td>
<td></td>
</tr>
<tr>
<td><strong>Total Estate Area</strong></td>
<td>ha</td>
<td>238,119</td>
<td></td>
</tr>
<tr>
<td>Area planted during 2016 season</td>
<td>ha</td>
<td>6,581</td>
<td></td>
</tr>
<tr>
<td>Area harvested</td>
<td>ha</td>
<td>6,450</td>
<td></td>
</tr>
<tr>
<td>Area thinned</td>
<td>ha</td>
<td>7,890</td>
<td></td>
</tr>
<tr>
<td>Plantation area burnt</td>
<td>ha</td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>Plantation area lost to windthrow</td>
<td>ha</td>
<td>245</td>
<td></td>
</tr>
<tr>
<td>Plantation area lost to hail damage</td>
<td>ha</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total plantation damage area</strong></td>
<td>ha</td>
<td>369</td>
<td></td>
</tr>
<tr>
<td>Native forest burnt - unplanned (wildfire)</td>
<td>ha</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Native forest burnt - planned (ecological/fuel reduction)</td>
<td>ha</td>
<td>822</td>
<td></td>
</tr>
</tbody>
</table>
### HVP Monitoring Results at June 30th for financial year 2017/2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Result</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>b) Forest Products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Sawlog</td>
<td>000m³</td>
<td>1,059</td>
<td></td>
</tr>
<tr>
<td>Domestic Pulplog</td>
<td>000m³</td>
<td>1,643</td>
<td></td>
</tr>
<tr>
<td>Domestic Post &amp; Poles</td>
<td>000m³</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Other Domestic Logs</td>
<td>000m³</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Export Log and Wood Chip</td>
<td>000m³</td>
<td>647</td>
<td></td>
</tr>
<tr>
<td><strong>Total Volume</strong></td>
<td>000m³</td>
<td>3,517</td>
<td></td>
</tr>
<tr>
<td>Other forest produce licences (honey, seed, mushrooms etc)</td>
<td>No.</td>
<td>3</td>
<td>Where other organisations conduct quarrying on HVP land</td>
</tr>
<tr>
<td>Quarrying licences</td>
<td>No.</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>c) Social</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HVP Employees Female</td>
<td>FTE No.</td>
<td>28</td>
<td>FTE = Full time equivalents</td>
</tr>
<tr>
<td>HVP Employees Male</td>
<td>FTE No.</td>
<td>80</td>
<td>FTE = Full time equivalents</td>
</tr>
<tr>
<td>HVP Seasonal Employees (Nurseries &amp; Fire Season)</td>
<td>FTE No.</td>
<td>6</td>
<td>FTE = Full time equivalents</td>
</tr>
<tr>
<td>Direct contractors</td>
<td>FTE No.</td>
<td>759</td>
<td>FTE = Full time equivalents</td>
</tr>
<tr>
<td><strong>Total employment</strong></td>
<td>FTE No.</td>
<td>884</td>
<td>FTE = Full time equivalents</td>
</tr>
<tr>
<td>People inducted onto HVP land</td>
<td>No.</td>
<td>3,459</td>
<td></td>
</tr>
<tr>
<td>Outside groups issued with permits to use HVP land</td>
<td>No.</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>Number of significant stakeholder interactions</td>
<td>No.</td>
<td>631</td>
<td>Includes interactions that are ongoing or not solved on the spot</td>
</tr>
<tr>
<td><strong>d) Safety</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost Time Injury frequency rate</td>
<td>No./mill hrs</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>Number of independent Safety System Audits</td>
<td>No.</td>
<td>19</td>
<td>Safety system audits of contractor workforce performance</td>
</tr>
<tr>
<td>Average score for independent Safety System Audits</td>
<td>(%)</td>
<td>91%</td>
<td>Safety system audits of contractor workforce performance</td>
</tr>
<tr>
<td>Number of independent Safety Field Audits</td>
<td>No.</td>
<td>36</td>
<td>Field audits of contractor workforce performance</td>
</tr>
<tr>
<td>Average score of independent Safety Field Audits</td>
<td>(%)</td>
<td>94%</td>
<td>Field audits of contractor workforce performance</td>
</tr>
</tbody>
</table>
### HVP Monitoring Results at June 30th for financial year 2017/2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Result</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>e) Environmental</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total native forest</td>
<td></td>
<td>48,529</td>
<td></td>
</tr>
<tr>
<td>Native forest under on-title protective agreements inc. cores &amp; links</td>
<td></td>
<td>23,741</td>
<td></td>
</tr>
<tr>
<td>Other native forest</td>
<td></td>
<td>24,788</td>
<td></td>
</tr>
<tr>
<td>Number of Ecological Vegetation Classes (EVC’s) represented</td>
<td></td>
<td>148</td>
<td></td>
</tr>
<tr>
<td><strong>Cores and Links total area</strong></td>
<td></td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Cores and Links native forest</td>
<td></td>
<td>4,980</td>
<td></td>
</tr>
<tr>
<td>Cores and Links ash plantation never to be harvested</td>
<td></td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>Cores and Links plantation harvested to date</td>
<td></td>
<td>1,212</td>
<td></td>
</tr>
<tr>
<td>Cores and Links plantation still to be harvested</td>
<td></td>
<td>451</td>
<td></td>
</tr>
<tr>
<td>Cores and Links harvested area regenerated to native forest</td>
<td></td>
<td>1,083</td>
<td></td>
</tr>
<tr>
<td>Date of last FSC Certification audit</td>
<td>Date</td>
<td>Dec-17</td>
<td></td>
</tr>
<tr>
<td>Date of last AFS Certification audit</td>
<td>Date</td>
<td>Jun-18</td>
<td></td>
</tr>
<tr>
<td>Number of Code of Forest Practice and BMP Harvesting Audits</td>
<td>No.</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Average score for Code of Forest Practice Harvesting Audits</td>
<td>(%)</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>Average score for Company BMP Harvesting audits</td>
<td>(%)</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>Number of Code of Forest Practice and BMP Site Prep Audits</td>
<td>No.</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Average score for Code of Forest Practice Site Prep Audits</td>
<td>(%)</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Average score for Company BMP Site Prep audits</td>
<td>(%)</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Number of Flora or Fauna surveys completed</td>
<td>No.</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td><strong>f) Koalas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area of primary Koala habitat</td>
<td>ha</td>
<td>5,310</td>
<td>This is all native forest and is not harvested</td>
</tr>
<tr>
<td>Area of secondary Koala habitat</td>
<td>ha</td>
<td>4,139</td>
<td>This is all native forest and is not harvested</td>
</tr>
<tr>
<td>Most recent Koala survey</td>
<td>Date</td>
<td>Jun-18</td>
<td></td>
</tr>
</tbody>
</table>
### HVP Monitoring Results at June 30th for financial year 2017/2018 cont.

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Result</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>g) Nurseries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pine Seedlings produced</td>
<td>No. Million</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>Pine Cuttings produced</td>
<td>No. Million</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>Eucalypt Seedlings produced</td>
<td>No. Million</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total Plants produced</strong></td>
<td>No. Million</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td><strong>h) Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. fires HVP attended with origin on HVP land last season</td>
<td></td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>No. fires HVP attended with origin on non-HVP land last season</td>
<td></td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Pine 9-month survival of trees planted</td>
<td>(%)</td>
<td>81</td>
<td>Target is at least 85%</td>
</tr>
<tr>
<td>Carbon stored on HVP estate - at prior 31st December</td>
<td>Mt CO2 Equ</td>
<td>36</td>
<td>Above-ground C on HVP land less fuel and fertiliser used</td>
</tr>
<tr>
<td>Date of last Forest Health Assessment</td>
<td>Date</td>
<td>Sep-17</td>
<td>Independent Forest Health Assessment</td>
</tr>
</tbody>
</table>

* For a breakdown of the native forest land into Ecological Vegetation Classes see the Forest Management Plan Table 2.
Environmental Safeguards and Environmental Assessments

The Company undertakes environmental assessments and measures at the landscape scale and on a site specific basis to ensure that we comply with the law, protect the environment and in particular, do not place any rare or threatened species or habitat under increased risk.

This includes all applicable aspects of the Victorian Flora and Fauna Guarantee Act and the Commonwealth Environment Protection and Biodiversity Conservation Act.

The other key documents involved are the Code of Practice for Timber Production, the Water Act and the EPA Act. HVP are mindful of the adverse impacts to soil, waterways and water quality that could occur if our operations were not conducted properly, carefully and according to best management practices.

HVP work closely with local government, the Catchment Management Authorities, DELWP and Water Authorities to ensure that our operations meet all requirements.

Environmental safeguards have been developed based on environmental assessments and from operational experience. HVP requires that safeguards are varied to protect environmental values on a site specific basis.
Landscape level assessments:

The Company has undertaken an analysis of environmental aspects of its forest management operations. Significant environmental aspects have been identified. The analysis of environmental aspects has provided the basis for:-

• Objectives and Targets for continuously improving environmental performance;
• Environmental training needs
• Development of Best Management Practices (BMPs)

The Company also conducts and co-operates in scientific research into environmental aspects of its forest management including:-

• The Croppers Creek Catchment Hydrology study
• Development of a Koala Vegetation Atlas for Gippsland.
• Supporting genetic research and conducting a population census of the South Gippsland Koalas in partnership with Federation University.
• Biodiversity
• A major task of EVC mapping across our estate.
• Carrying out programs such as biodiversity monitoring to develop better knowledge of the values on custodial land, and as basis for future monitoring.
• The Company is assessing environmental values on company land and recording data in the GIS for access by staff in operational planning and District forest management plans e.g. the Ecological Vegetation Class mapping of native vegetation on Custodial land and threatened species layers.
• Management of significant biodiversity / high conservation values – the general goal where these are identified is to maintain or enhance the value(s) – as well as ensuring that key stakeholders are informed about the proposed management for those value(s)

Site Specific assessments:-

• The Company has an integrated planning and management process for forest operations which requires evaluation of investment options, environmental values and stakeholder interests on a site specific basis. The outcomes of site evaluation are recorded on a planning checklist which is activity specific.

• The Company has developed environmental safeguards for each type of forest operation to manage the potential impacts on site values. These are outlined in the Procedure and Operating Standards for the activity BMP e.g. Timber Harvesting. The planning and management process requires Company staff to increase the environmental safeguards where necessary to protect values on a particular site.

• Special care is taken to protect waterways, water quality, soil and rare and threatened flora and fauna.

• Management of forest operations is recorded on a site diary kept by the Company site manager and each site is assessed on completion of the operation to ensure compliance with company stewardship standards.

• The Company also undertakes audits of forest management operations using staff and external consultants in addition to any audits undertaken by the regulatory authority and certification bodies. The findings from these audits are then used to correct non-compliances and to continuously improve the systems.
Table 2. List and Area of Native Forest EVC’s found on HVP’s custodial land

<table>
<thead>
<tr>
<th>EVC No. and Name</th>
<th>HVP Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 - Damp Sands Herb-rich Woodland</td>
<td>432</td>
</tr>
<tr>
<td>6 - Sand Heathland</td>
<td>1</td>
</tr>
<tr>
<td>8 - Wet Heathland</td>
<td>1</td>
</tr>
<tr>
<td>16 - Lowland Forest</td>
<td>2,276</td>
</tr>
<tr>
<td>17 - Riparian Scrub/Swampy Riparian Woodland Complex</td>
<td>52</td>
</tr>
<tr>
<td>18 - Riparian Forest</td>
<td>1,288</td>
</tr>
<tr>
<td>19 - Riparian Shrubland</td>
<td>159</td>
</tr>
<tr>
<td>20 - Heathy Dry Forest</td>
<td>588</td>
</tr>
<tr>
<td>21 - Shrubby Dry Forest</td>
<td>1,651</td>
</tr>
<tr>
<td>22 - Grassy Dry Forest</td>
<td>1,064</td>
</tr>
<tr>
<td>23 - Herb-rich Foothill Forest</td>
<td>5,702</td>
</tr>
<tr>
<td>29 - Damp Forest</td>
<td>8,326</td>
</tr>
<tr>
<td>30 - Wet Forest</td>
<td>14,788</td>
</tr>
<tr>
<td>31 - Cool Temperate Rainforest</td>
<td>356</td>
</tr>
<tr>
<td>32 - Warm Temperate Rainforest</td>
<td>225</td>
</tr>
<tr>
<td>37 - Montane Grassy Woodland</td>
<td>15</td>
</tr>
<tr>
<td>40 - Montane Riparian Woodland</td>
<td>11</td>
</tr>
<tr>
<td>41 - Montane Riparian Thicket</td>
<td>16</td>
</tr>
<tr>
<td>45 - Shrubby Foothill Forest</td>
<td>1,108</td>
</tr>
<tr>
<td>47 - Valley Grassy Forest</td>
<td>423</td>
</tr>
<tr>
<td>48 - Heathy Woodland</td>
<td>367</td>
</tr>
<tr>
<td>53 - Swamp Scrub</td>
<td>398</td>
</tr>
<tr>
<td>55 - Plains Grassy Woodland</td>
<td>59</td>
</tr>
<tr>
<td>56 - Floodplain Riparian Woodland</td>
<td>19</td>
</tr>
<tr>
<td>61 - Box Ironbark Forest</td>
<td>45</td>
</tr>
<tr>
<td>68 - Creekline Grassy Woodland</td>
<td>1</td>
</tr>
<tr>
<td>71 - Hills Herb-rich Woodland</td>
<td>2</td>
</tr>
<tr>
<td>72 - Granitic Hills Woodland</td>
<td>1</td>
</tr>
<tr>
<td>73 - Rocky Outcrop Shrubland/Rocky Outcrop Herbland Mosaic</td>
<td>50</td>
</tr>
<tr>
<td>74 - Wetland Formation</td>
<td>4</td>
</tr>
<tr>
<td>81 - Alluvial Terraces Herb-rich Woodland/Creekline Grassy Woodland Mosaic</td>
<td>8</td>
</tr>
<tr>
<td>83 - Swampy Riparian Woodland</td>
<td>712</td>
</tr>
<tr>
<td>84 - Riparian Forest/Swampy Riparian Woodland</td>
<td>1</td>
</tr>
<tr>
<td>125 - Plains Grassly Wetland</td>
<td>1</td>
</tr>
<tr>
<td>126 - Swampy Riparian Complex</td>
<td>405</td>
</tr>
<tr>
<td>128 - Grassly Forest</td>
<td>6</td>
</tr>
<tr>
<td>132 - Plains Grassland</td>
<td>1</td>
</tr>
<tr>
<td>134 - Sand Forest</td>
<td>88</td>
</tr>
<tr>
<td>136 - Sedge Wetland</td>
<td>125</td>
</tr>
<tr>
<td>151 - Plains Grassly Forest</td>
<td>75</td>
</tr>
<tr>
<td>EVC No. and Name</td>
<td>HVP Area (ha)</td>
</tr>
<tr>
<td>------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>164 - Creekline Herb-rich Woodland</td>
<td>43</td>
</tr>
<tr>
<td>169 - Dry Valley Forest</td>
<td>59</td>
</tr>
<tr>
<td>175 - Grassy Woodland</td>
<td>50</td>
</tr>
<tr>
<td>178 - Herb-rich Foothill Forest/Shrubby Foothill Forest Complex</td>
<td>50</td>
</tr>
<tr>
<td>179 - Heathy Herb-rich Woodland</td>
<td>55</td>
</tr>
<tr>
<td>185 - Perched Boggy Shrubland</td>
<td>9</td>
</tr>
<tr>
<td>191 - Riparian Scrub</td>
<td>122</td>
</tr>
<tr>
<td>195 - Seasonally Inundated Shrubby Woodland</td>
<td>1</td>
</tr>
<tr>
<td>198 - Sedgy Riparian Woodland</td>
<td>216</td>
</tr>
<tr>
<td>200 - Shallow Freshwater Marsh</td>
<td>7</td>
</tr>
<tr>
<td>201 - Shrubby Wet Forest</td>
<td>90</td>
</tr>
<tr>
<td>212 - Swampy Riparian Woodland/Perched Boggy Shrubland Mosaic</td>
<td>102</td>
</tr>
<tr>
<td>233 - Wet Sands Thicket</td>
<td>7</td>
</tr>
<tr>
<td>308 - Aquatic Sedgeland</td>
<td>2</td>
</tr>
<tr>
<td>316 - Shrubby Damp Forest</td>
<td>14</td>
</tr>
<tr>
<td>318 - Montane Swamp</td>
<td>20</td>
</tr>
<tr>
<td>380 - Herb-rich Foothill Forest/Sedgy Riparian Woodland Complex</td>
<td>10</td>
</tr>
<tr>
<td>506 - Riparian Forest/Sedgy Riparian Woodland Complex</td>
<td>6</td>
</tr>
<tr>
<td>645 - Wet Heathland / Heathy Woodland Mosaic</td>
<td>6</td>
</tr>
<tr>
<td>647 - Plains Sedgy Wetland</td>
<td>44</td>
</tr>
<tr>
<td>650 - Heathy Woodland/Damp Heathy Woodland/Damp Heathland Mosaic</td>
<td>117</td>
</tr>
<tr>
<td>651 - Plains Swampy Woodland</td>
<td>2</td>
</tr>
<tr>
<td>653 - Aquatic Herbland</td>
<td>25</td>
</tr>
<tr>
<td>654 - Creekline Tussock Grassland</td>
<td>1</td>
</tr>
<tr>
<td>664 - Limestone Ridge Woodland</td>
<td>2</td>
</tr>
<tr>
<td>671 - Limestone Rise Grassland</td>
<td>1</td>
</tr>
<tr>
<td>681 - Deep Freshwater Marsh</td>
<td>13</td>
</tr>
<tr>
<td>710 - Damp Heathland</td>
<td>4</td>
</tr>
<tr>
<td>713 - Damp Sands Herb-rich Woodland/Damp Heathland/Damp Heathy Woodland Mosaic</td>
<td>55</td>
</tr>
<tr>
<td>723 - Forest Bog</td>
<td>2</td>
</tr>
<tr>
<td>781 - Damp Sands Herb-rich Woodland / Herb-rich Foothill Forest Mosaic</td>
<td>8</td>
</tr>
<tr>
<td>785 - Heathy Herb-rich Woodland/Damp Sands Herb-rich Woodland Mosaic</td>
<td>1</td>
</tr>
<tr>
<td>793 - Damp Heathy Woodland</td>
<td>18</td>
</tr>
<tr>
<td>819 - Spike-sedge Wetland</td>
<td>6</td>
</tr>
<tr>
<td>931 - Wet Heathland / Sedge-wetland Complex</td>
<td>12</td>
</tr>
<tr>
<td>932 - Wet Verge Sedgeland</td>
<td>5</td>
</tr>
<tr>
<td>960 - Plains Grassy Wetland/Spike-sedge Wetland Complex</td>
<td>19</td>
</tr>
<tr>
<td>1111 - Alkaline Basaltic Wetland Aggregate</td>
<td>1</td>
</tr>
<tr>
<td>2004 - Swamp Scrub/Gahnia Sedgeland Complex</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>6,514</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48,529</td>
</tr>
</tbody>
</table>
In July 2018 the Victorian Government announced the Forest Park in the Strzelecki Ranges. Brataualung (pronounced Bra-too-alung) is the name of the Forest Park that has been created from the first handback of the Cores and Links agreement.

The Cores and Links comprises an area of 8,000ha which returned to public ownership under the 2006 agreement between the Victorian Government and HVP Plantations.

Included in the area is 1,500 hectares of plantation that is undergoing a once-off harvest under license, as it matures. As it is harvested and then revegetated to native species, the area is being progressively handed back to the government which will take until 2028 to complete.

In addition to the return of the land to public ownership HVP Plantation’s has agreed to permanently protect a further 15,000 hectares of native forest within the Strzelecki ranges. This results in over 23,000 hectares of land in the Strzelecki ranges being permanently protected.
### Summary of the Agreement

- **8,000 ha** (Cores and Links) returned to public ownership
- A further **15,000 ha** plus of native forest in the Strzelecki Range permanently protected
- Within the Cores and Links, HVP retains the rights to a once-off harvest of **1,500 ha** of plantations over 20 years
- Regeneration of indigenous eucalypts following the harvest of **1,500 ha** of plantations within the Cores and Links
- Protection of the rainforest
- Cost to Government **$5.5 million**
- HVP retains the rights to future carbon and bio diversity credits generated by the protection of native forest

*This legal agreement between the Victorian Government and HVP Plantations delivers protection for 23,000 hectares of land in the Strzelecki Ranges.*

<table>
<thead>
<tr>
<th>Environment</th>
<th>Date of last FSC Certification audit</th>
<th>Date of last AFS Certification audit</th>
<th>Number of Code of Forest Practice and BMP Harvesting Audits</th>
<th>Average score for Code of Forest Practice Harvesting Audits</th>
<th>Average score for Company BMP Harvesting audits</th>
<th>Number of Code of Forest Practice and BMP Site Prep Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec 2017</td>
<td>June 2018</td>
<td>48</td>
<td>93%</td>
<td>92%</td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
<th>Average score for Code of Forest Practice Site Prep Audits</th>
<th>Average score for Company BMP Site Prep audits</th>
<th>Number of Flora or Fauna surveys completed</th>
<th>Area of primary Koala habitat</th>
<th>Area of secondary Koala habitat</th>
<th>Most recent Koala survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>96%</td>
<td>88%</td>
<td>135</td>
<td>5,310</td>
<td>4,139</td>
<td>June 2018</td>
</tr>
</tbody>
</table>

Statistics from 2017-2018 Financial Year

---

**Brataualung Forest Park**

**Cores & Links**

---

**Date of last FSC Certification audit:** Dec 2017

**Date of last AFS Certification audit:** June 2018

**Number of Code of Forest Practice and BMP Harvesting Audits:** 48

**Average score for Code of Forest Practice Harvesting Audits:** 93%

**Average score for Company BMP Harvesting audits:** 92%

**Number of Code of Forest Practice and BMP Site Prep Audits:** 17

**Average score for Code of Forest Practice Site Prep Audits:** 96%

**Average score for Company BMP Site Prep audits:** 88%

**Number of Flora or Fauna surveys completed:** 135

**Area of primary Koala habitat:** 5,310

**Area of secondary Koala habitat:** 4,139

**Most recent Koala survey:** June 2018

---

**Statistics from 2017-2018 Financial Year**

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Land base

Ownership Status

The company’s land is held under three principal land tenures.

i. VPC Act Licence
The bulk of HVP land is held under a perpetual licence issued pursuant to the Victorian Plantations Corporation Act 1993. The license gives the licensee exclusive possession of the licensed land (VPC Act s. 9(4)). It was purchased for a license fee, rather than being the subject of any periodic rental. Ownership of license rights is recorded in a public Register of Plantation Licenses (VPC Act Divn. 3 of Part 3A), the registrar of which is also the Registrar of Titles. Usage of licensed land is governed by s.27B(1) of the VPC Act, which limits permitted usages to (a) establishing, maintaining and managing timber plantations, (b) taking and converting forest produce and (c) all other necessary things in connection with, or as incidental to (a) or (b).

ii. Freehold Land
Much of the Gippsland Region and a small proportion of the land in other regions are held in freehold title. This is in simple title, with the exception of a small number of Latrobe Valley properties a title restriction states: “that the land be used solely for the production of timber associated with the operation of the Pulp and Paper Business Plant in Gippsland.”

iii. Leased Land
HVP holds significant areas of land under lease. A principal lease held in the Northern Region is in the Buffalo Valley, south of Myrtleford. Gippsland Region holds a suite of leases throughout central Gippsland. Most leases are held from the State Government, and are of a sufficient duration to allow the completion of the current rotation. Expectations of renewal beyond the current expiry date vary. Almost all leases are worded to limit usage of the leased land to plantation forestry during the lease.

iv. Other Minor Land Tenures
Smaller areas of plantation are the subjects of share-farming agreements between HVP and landowners. These areas are outside the scope of our certification and hence the wood products from these are not certified. These agreements provide for HVP to manage and market the current timber crop and for either an annuity or a proportion of timber sale revenues to be paid to the landowner. The sharefarms are planned and harvested by HVP contractors and to HVP standards. In addition HVP hold licences to occupy small areas of Crown land comprising unused roads and water frontages, particularly in Gippsland.

Land Use

The greater part of the company’s land is used for plantation forestry (including roads, firebreaks, etc.). The remaining land is almost entirely occupied by native vegetation, which is managed for conservation purposes only. A number of small properties are used as office, depot and house sites. The company operates two forest nurseries, at Cowwarr and Gelliondale which are outside the scope of certification.

Profile of Adjoining Lands

The company’s land is predominantly situated in rural Victoria. As such, the greater part of adjoining land is farmland. Plantations originally established by the Crown are frequently adjacent to publicly owned native forests. In southwest Victoria in particular, plantation forests in separate ownership are common neighbours to HVP land. In certain areas of the state the company’s plantations adjoin more urban areas, where neighbouring lands are either residential or industrial. These include the outskirts of Bright, Beechworth, Myrtleford, Traralgon South, Ballarat and Creswick.
**Native Title**

The status of Native Title on Company land will continue to unfold as Native Title determination processes progress. Three applications have been concluded in localities involving HVP land.

In 2002, the Federal Court determined that the Yorta Yorta People have no native title rights over their claim area in northeast Victoria. In 2007 the Federal Court in the Gournditjmara claim determined by consent that Native Title continued to exist in certain areas including some areas of HVP licensed land, in southwest Victoria. A similar consent determination, also affecting certain areas of licensed land, was made in 2010 recognising similar native title rights for the Gunai-Kurnai people in Gippsland.

**This Determination has the following specific consequences for HVP land:**

- It recognises native title rights over certain areas of land. This provides native access for camping, hunting, fishing, and other rights

- The native title rights which continue to exist over HVP licensed land do not have effect over HVP forestry rights on its licensed land for so long as the HVP licence continues to exist. (This is a confirmation of HVP rights under the Licensing arrangements)

- Native title rights have been extinguished where the land is or has at some time been freehold or subject to a lease.

The Traditional Owners Settlement Act (Vic) TOSA intends to provide certainty about Traditional Owner rights over Crown land, and certainty about who the Traditional Owners are and how they are represented. It provides a framework for the State government to enter into agreements with traditional aboriginal owner groups that will settle native title claims, both actual and prospective, within Victoria. The state can enter in a “Recognition and Settlement Agreement” with each group and these agreements can constitute a settlement of native title issues with these groups. Under this Act a “Land Use Activity Agreement” is required to agree management of activities on public land within the agreement area. Existing agreements (VPC Act licence, Crown leases) take precedence over the terms of a LUAA however there may be circumstances in the future where negotiations are required in relation to this Act. To date, the only TOSA affecting HVP land is the Dja Dja Wurrung agreement, affecting the northern part of the Ballarat Plantations.
Forest Description

The company’s estate comprises of approximately 239,300 hectares. Of this area approximately 170,100 hectares is productive plantations.

**Figure 1: Plantation Area by Species Group (as July 1 2018)**

![Bar chart showing plantation area by species group. The predominant species are Pine (Pinus radiata) and Eucalypt (E. regnans, E. nitens and E. globulus).](image)

**Figure 2: Plantation Area by Region (as July 1 2018)**

![Bar chart showing plantation area by region. Gippsland Region has the largest area comprising approximately 82,700 ha or 49% of the estate.](image)

**Infrastructure and Custodial land**

Approximately 69,000 hectares of land is classified as custodial land or infrastructure associated with the plantation (for example roads, bridges, firebreaks, and dams). Custodial land comprises land external to plantations including native forest and vegetation, riparian areas and natural water bodies. This area exceeds 45,000 ha and although mainly in Gippsland extends across all areas of HVP’s plantations.

**Environmental limitations**

The HVP estate has numerous operational constraints that stem from environmental compliance and community concerns that impact on the production plantation area. Mapping projects have been initiated to delineate exclusion areas within the plantation due to compliance with slope limitations, buffer strip retention and flora and fauna habitat conservation and community issues. A number of exclusion categories often overlap one another, for example very steep areas often occur near watercourses. These areas are often retained as buffer strips.
**Softwood Plantations**

The primary objective of management of the company’s stands of *Pinus radiata* is the production of high quality sawlogs. Stands may be divided into those which will be thinned, and those which are not to be thinned, due to slope or market conditions. Stands to be thinned are generally established at stockings of 1,200 stems to the hectare. The objective is to maintain stockings in the early part of the rotation at levels sufficient to promote upward growth and to occlude lower branches. Two commercial thinnings are generally prescribed in the middle part of the rotation. These are thinnings with outrows and thinning of bays, aimed at maintaining a uniform stocking and releasing trees of good growth and form from competition, in order that they can individually grow faster and maximise sawlog recovery at final harvest.

Stands which are not expected to be thinned are usually established at lower stockings (around 900 stems per hectare). In both thinned and unthinned silviculture, final harvest is programmed between 26 and 30 years.

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**Eucalypt plantations**

The eucalypt plantations are all in the Gippsland Region. The principal species is *E. nitens* (shining gum) although some areas have been planted in the past with *E. regnans* (mountain ash) and *E. globulus*. Where eucalypts are to be planted shining gum is planted on the more elevated, higher rainfall sites. *E. nitens* is particularly frost hardy and grows rapidly during its early years. The *E. nitens* trees get above weed-competition and browsing animals quickly and reduce Gippsland Region’s reliance on herbicides and browsing deterrence. Therefore *E. nitens* is the species of choice where frosts, severe weed-competition and browsing pressure are anticipated.

The primary objective of management of the company’s eucalypt plantations is maximising value through the production of sawlogs and pulpwood. Stands may also be divided into those which will be thinned, and those which are not to be thinned, due to slope or market conditions. Stands are generally established at stockings of 1000 stems to the hectare.

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**Other Productive Uses**

Non-wood productive uses of the forest estate e.g. honey, seed & gravel, may occur as opportunities arise.

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The objective is to maintain stockings in the early part of the rotation at levels sufficient to promote upward growth and to occlude lower branches. One commercial thinning is possible in the middle part of the rotation where slope permits. This is an outrow thinning with thinning (from below) of bays, aimed at maintaining a uniform stocking and releasing larger trees of good form from competition, in order that they can individually grow faster and maximise recovery at final harvest.

In both thinned and unthinned stands, final harvest is usually programmed between 20 – 30 years.
Annual Program 2018/19

Plans for current year

Table 3. HVP has the following plans for the financial year 2018/19

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Gippsland</th>
<th>Northern</th>
<th>Western</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area planned to be planted - season 2019 (ha)</td>
<td>3,088</td>
<td>1,648</td>
<td>1,650</td>
<td>6,386</td>
</tr>
<tr>
<td>Area planned to be thinned (road, T1,T2,T3) (ha)</td>
<td>2,637</td>
<td>3,440</td>
<td>3,013</td>
<td>9,090</td>
</tr>
<tr>
<td>Area planned to be final harvested (ha)</td>
<td>3,018</td>
<td>1,209</td>
<td>1,631</td>
<td>5,858</td>
</tr>
<tr>
<td>Plantation products planned to be sold* (m³)</td>
<td>1,310,000</td>
<td>885,000</td>
<td>993,000</td>
<td>3,188,000</td>
</tr>
</tbody>
</table>

*excludes private wood

Annual Harvest Rates

The company has three levels of resource planning: strategic, tactical and operational. Annual harvest rates for the Company’s estate are derived from strategic planning models. Strategic level planning is undertaken using estimations of future wood flows along with projections of future revenue and cost profiles. (See Appendix 1 for Resource Planning system)

Optimised management of the estate considers a number of criteria and constraints including:
- market demands
- silviculture of stands
- age class
- cost of establishment
- log product outturn
- cost of harvesting, haul and management
- log price
- operational constraints

These are modelled over a period of 60 years (two rotations).

Annual harvest rates are derived for each supply region meeting long-term supply commitments for a range of customers for a range of products. The model can be constrained to ensure supply constraints are met including such criteria as non-declining yields, maximum recovery over a period of time and minimum clearfell age.

The resource description, wood flow projections, revenue and cost profiles are used to formulate a business model for the company on an annual basis. The model output also provides the basis for forest valuation.
Species Selection

Species grown for timber production are *Pinus radiata* across all locations while in Gippsland, the hardwood species *Eucalyptus nitens* may also be planted depending on forecast demand. Species selection is predominantly determined by the requirements

- to maximise the return to the investors,
- meet commitments to customers
- minimise business risk

Species grown for stewardship purposes will be endemic species selected according to the site-specific environmental benefits being sought.

HVP Plantations do not use genetically modified organisms (gmo’s).

**Pinus radiata**

Selection of *Pinus radiata* as the predominant softwood plantation species has a historical background based on early species trials in SE Australia seeking a softwood species to complement the plentiful hardwood timber availability from the native forests. *P. radiata* was clearly the most productive species and this experience has been repeated in similar climates such as New Zealand and Chile.

Timber production from radiata pine has been pursued from this historical background due to:

- returns on investment currently maximise returns to HVP’s investors
- the reduced risk resulting from the large body of operational experience and silvicultural research knowledge developed over a long period including over 50 years of tree breeding to improve growth and form and other characteristics.
- there are other major growers in Australia and New Zealand providing synergies to support efficiencies in both the growing and processing industries
- the development of a large domestic processing industry based on *P. radiata* as the basic raw material, with volumes to enable international competitiveness
- the species is relatively drought tolerant and flexible in silvicultural management regimes over a wide range of sites enabling the accumulation of substantial estates to supply industry, indicating some resistance to climate change
- the species’ wood characteristics make it versatile for a broad range of processes and uses, with a large underpinning market in the building industry.
- Product markets are well established and stable through long term supply commitments to industry.

**Eucalyptus nitens.**

Where eucalypts are planted (Gippsland only) the species that is most appropriate for that site is used after considering the environmental and economic impacts. Gippsland sites can clearly be split into lowland (<250m elevation) and Strzelecki (>250m elevation) sites. Each planting block will usually be considered as a whole and generally planted with only one species.

- Lowland sites are generally planted with *Pinus radiata* as described above. (sites predominantly below 250m elevation)
- Strzelecki sites (sites predominantly above 250m elevation on fertile clay loams)
- These sites can be planted to *Pinus radiata* or Shining gum (*Eucalyptus nitens*). Shining gum occurs naturally within 60km of these sites, and has demonstrated superior growth to other eucalypt species on these sites. Growth of *E. nitens* is more than 50% greater than *E. regnans* (mountain ash) and *E. globulus* on these sites and is similar to *Pinus radiata*. *E. nitens* grows rapidly, and establishes a large crown quickly. This rapid early growth allows the trees to overcome weeds and browsing animals quickly and reduces the need for follow-up weed control application, reduces fertiliser requirement and reduces the need for browsing animal control. *E. regnans* (which occurs naturally on similar sites) increases height and develops its crown more slowly and consequently requires additional weed control, fertiliser and browsing deterrence measures to assure its commercial success.
Estate Management

Monitoring of Forest Growth

HVP’s Resource Planning System plans the management of the plantation resource. The objective is to:

- Predict future volume by log products produced from the HVP estate (wood flow modelling);
- Predict future cash flows associated with managing the estate and producing and selling those products (cash flow modelling); and
- Indicate which stands should be harvested and in what order to meet customer contracts and maximise the value of the forest, while meeting forest and environmental management objectives (strategic planning).

The outputs from this Resource Planning System informs Tactical and Operational resource planning and preparation of the financial model and budgets.

Area and yield

Forest area and inventory

Information pertaining to the forest area and timber inventory are captured throughout the life time of a plantation:

- At establishment, the planted boundary is captured using Global Positioning System (GPS) and transferred to the Geographic Information System (GIS) system. This information is annotated with the planting year, species, genetic material and plant type.
- An assessment of the survival of the plants is undertaken around 9 months after planting, at a time when further mortality due to summer stress is unlikely. Results are compared to the target stocking levels and are used to determine whether replanting is required to achieve an acceptable stocking level.
- Between 3 and 5 years after planting, a desktop assessment of the plantations is undertaken using aerial photography. This allows identification of unstocked areas and adjustment of plantation areas as appropriate.
- A timber inventory is undertaken at various times throughout the rotation, including between the ages of 8 and 9, after any thinning operation, and before a clearfell operation. Sample plots are located to provide statistically valid estimates of tree and stand characteristics. The assessment process includes diameter and height measurements and “cruising” of trees to classify each section of the stem by quality attributes such as branch size, sweep and damage. The inventory assessment provides information about the site quality, volume, stocking and timber quality of the stand.
- Long term effects of insects, pests and drought, as well as genetic improvement and better silvicultural management, are progressively captured through inventory assessment.
- Activities that change the stocking of a stand, such as fires, windthrow, road building and thinning operations, are mapped in the GIS system throughout the life of the plantation, to ensure the area data is up-to-date and/or to trigger the need for an updated inventory assessment.

Tree growth, shape and size

The shape and size of trees and growth of trees over time are described by biometric functions. These functions are constructed from two data sources:

- Permanent Growth Plots (PGPs) are established to capture the variety of growing conditions across the estate. PGPs are fixed plots that are measured every two years. Data from these plots are used to construct the biometric functions that describe how the basal area, height and stocking of stands of trees vary over time.
- Volume and taper plots are undertaken periodically. These involve destructive sampling and detailed measurements of cross sections of the stems from the base to the tip. This data is used to construct models that describe the taper (or shape) and volume of trees.
Yield Tables

A yield table predicts future volume by log product at different ages, including both volume harvested and volume remaining after thinning.

To develop a yield table, the area and inventory information and the growth, shape and size functions, are combined to estimate the standing tree volume at the age of the inventory and in the future. At each time step, the features and the size and shape of the tree stems are assessed against product specifications, and the volume of each product that is available is calculated.

Yield tables are constructed to match the likely management regimes that will be implemented for that stand. Where applicable, yield tables will estimate volumes available for thinning operations. Unless the stand is on a very steep slope, the normal planning process is for a stand to receive a first thinning at around age 11 - 14 and a second thinning around age 18 - 20, before final harvest at around age 25 to 27. On very steep slopes, thinning is typically impractical for economic reasons and such stands are modelled through to final harvest in an unthinned state. The capacity to undertake thinning operations may be limited by available markets, particularly for lower quality pulpwood logs.

The accuracy of yield tables is assessed annually by reconciling the volume prediction against actual harvested volume.

Wood flow and Cash flow modelling and Strategic Planning

To predict future wood flows and cash flows and undertake strategic planning, area, yield, cost and price information are combined, together with management and contract constraints, into a linear programming (LP) framework.

Examples of the type of management and contract constraints that might be implemented in planning include:

• Specific volumes to specific customers as required by contract;
• Supply from specified areas may need to be limited due to seasonal or environmental constraints on harvesting and haulage, road capacity or road limitations;
• Volumes harvested by particular types of harvesting systems may have minimum volume requirements for operational feasibility and/or maximum volumes requirements for capacity;
• Where supply of log volumes is not specified by contract, supply may need to be smoothed over various periods to make sales to customers more manageable and consistent; and
• Particular stands may need to be harvested in particular years, such as where land is leased or where third parties are involved.

The LP analyses all of the information provided and generates a strategic level schedule, outlining the order in which each plantation stand should be harvested (whether that be by thinning or clearfell) to maximise the value of the plantation estate while meeting the model constraints.

Resource Planning System Uses

The strategic level model is used to guide more detailed operational planning. Tactical plans comprise schedules of harvesting over 3 to 5 years that address specific planning issues such as harvesting adjacent areas in the same time frame, balancing road upgrades and access, harvesting and haulage crew capacities, seasonality issues and haulage distance to customers.

Plans of Utilisation (operational plans) refine tactical plans for the first 6 to 12 months, to address detailed supply issues to customers on a weekly and then monthly basis (such as more precisely matching customer orders against volumes of specific log products from each stand).

For business planning, wood flow and cash flow outputs from the strategic model are aggregated into a consolidated business model that includes other aspects of HVP’s operations (e.g. the nursery and SPE).

The tactical and operational plans for each region underpin preparation of a regional budget. The regional budgets are consolidated into a business-wide budget and added to the first year of the consolidated model to generate a financial model. The financial model is used for a range of reporting requirements and to track corporate and investor metrics.

Chemical and Fertilizer use

HVP has the clear desire of using less chemicals, of the safest type possible, to meet our objectives. The objective of wood production in plantation crops is to produce wood fibre as efficiently as possible on the minimum area in a commercially viable manner without environmental damage whilst minimising negative impacts on local communities. Management of the crop requires providing the maximum advantage to crop trees in terms of access to moisture, nutrient and light.
In Victorian conditions, multiple research projects have repeatedly proven that weed control during the first year is essential to ensure seedling access to moisture for initial survival and rapid early growth. Once established, the plantation canopy itself is the most effective weed control measure on that site for the next 25+ years.

HVP recognise that the application of these herbicides, particularly where undertaken aerially is a contentious issue for many members of the community and if not undertaken with attention to detail and care, has the potential for adverse environmental and social outcomes. To address these issues HVP:

- has a policy to minimise and reduce the amount of chemical used in our operations and to use the safest effective chemicals available.
- has an integrated pest management program which seeks to minimise the use of chemicals through silvicultural techniques, mechanical, manual and biological control methods.
- has a restricted list of chemicals to be used as approved by the Australian Pesticides and Veterinary Medicines Authority (APVMA) and the Forest Stewardship Council (FSC)
- is a member of a research consortium seeking alternative control methods, more benign chemicals, application techniques and reduced application rates
- has strict controls for use including untreated buffers and weather restrictions to ensure no off-site effects occur
- communicates with neighbours about our plans for chemical treatments
- uses trained staff to plan and supervise the operations

Where it is deemed that due to steepness, remoteness, operator safety, roughness, or timing that aerial application is our only practical option the additional precautions are taken:

- larger untreated buffers are applied
- helicopter only are used (i.e. no fixed wing application except for routine granular fertiliser)
- use of accurate GPS positioning equipment to ensure helicopter is where it needs to be

- no product is carried in the helicopter when flying over non-HVP private land
- strict limits on climatic conditions to minimise the chance of spray drift
- all supervising staff to have undergone specialised aerial training
- use of water sensitive paper and spotters to identify any chemical movement
- collection of water samples from creeks and waterways leading from the treated areas to ensure no adverse impacts on water.

The main chemicals HVP use (and their common product name) are Glyphosate (Roundup), Metsulfuron (Brush Off) and Hexazinone (Veipar or Velmac). We also regularly use smaller amounts of Clopyralid (Lontrel), Haloxyfop (Verdict) and Triclopyr (Garlon). We occasionally use very small amounts of Aminopyralid,Dicamba, MCPA, Picloram and Cuprous Oxide. 1080 poison is used very occasionally and in extremely small amounts for the control of wild dogs, foxes and pigs, usually as part of a community or government organised program.

In addition a number of exotic pest insects (sirex wasp, pine aphid), pest animals (rabbits) and pest plants (gorse, blackberry, St Johns Wort and tutsan) have biological control agents in place to aid control without the use of chemicals.

Plantation pests having an impact on growth, and environmental pests and weeds having an impact on environmental values or neighbours, may require chemical control for commercial, social, environmental or legal reasons.

Regarding fertilisation, phosphorus, nitrogen and sulphur, are the most common elements to be applied to ensure tree health and optimum growth. Potassium, copper, zinc, boron and other trace elements may also be applied where deficient. The fertilisers used are the same as would commonly be applied to agricultural land used in food production.

Fertiliser programs are developed on the basis of results from foliar sampling programs; a plantation site may receive 2 or 3 applications of fertiliser during a 25-30 year rotation.
Maps

The entire company estate is mapped in digital format in Arc GIS. The information available through the company GIS is co-ordinated by the Forest Resources group. More detailed maps of our certified area are held on our website.

Maps - Resource base

Resource maps are a component of the Forest Resource Systems. Base layers maintained are:

- **Plantation layer** - forest address, year planted and species
- **Roads layer** - road name and standard
- **Hydrology layer** - hydrological features

The data in these layers is updated annually after planting season to account for changes associated with recent harvesting operations. Data is updated using GPS and aerial photography techniques with data quality control managed centrally through Melbourne Office.

Maps – Ownership

Maps illustrating the boundaries and basic attributes of land owned or managed by HVP are stored on the company GIS. The table for HVP properties may be accessed from other sites on the company intranet by those with the requisite permissions. Copies of documents evidencing land tenure (titles, licences, leases, etc) are held by the In-house Lawyer.

Maps – Custodial Lands

HVP has undertaken a project to map its custodial lands including mapping the Ecological Vegetation Classes, identifying the dominant overstorey species and its age structure and indicating disturbance history. This process was initially carried out on aerial photos, and then followed up with 60% ground-truthing. This mapping was carried out at a scale of 1:10,000. This mapping has been supplemented with specific projects conducted using ecological consultants.
Product processing and marketing

HVP has no in-house log-processing facilities, however does export some pine log and chip.

A large domestic processing industry has developed based on *P. radiata* as the basic raw material, with volumes to enable international competitiveness. The Company is the main provider to this industry in Victoria, managing approximately 70% of the State’s softwood resources. The largest downstream product from HVP plantation log sales is sawn timber for the domestic housing market; the most significant impact on sawn timber production is the domestic housing construction cycle.

Log production from across the regions is displayed in figures 3 and 4 below.

**Existing Long term contracts**

- The Company has many contracts of 3 years or longer. These sales arrangements encourage investment in domestic processing and optimal resource use to enable international competitiveness in a market environment which has a scarcity of long rotation resource
- Long term domestic contracts and diversified markets dampen the influence of market cycles on plantation wood production

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**Fig 3. Volume Production by Region 2017/18**

- Gippsland 39%
- Northern 31%
- Western 30%

**Fig 4. HVP Production of Products 2017/18**

- Sawlog 30%
- Pulplog 47%
- Post and Poles 2%
- Other 21%

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The company marketing program has a volume distribution of long term contract sales and short term contract or spot sales.
New large sales

- For large volume sales the Company assesses the resource, and seeks processing options to return the highest value through matching the resource to potential sales.
- Investment is sought in domestic industrial processing which increases the product diversity of the Company’s customers.

Export sales

- Export sales provide an outlet for logs which usually go to China, Japan or Korea. Export volumes vary from year to year, based on price, domestic demand and export demand.

Short term contracts and Spot Market sales

- Sales of small parcels of roundwood occur regularly to test the market and encourage small local processing. Short term sales enable flexibility with harvesting operations.

“Total volume involved in 2017/18 was 3,517,000 cubic metres.”

New Opportunities

- Through its large plantation estate HVP is a significant collector of solar energy in the form of wood cellulose. This will increasingly provide opportunities to harvest and sell wood residues for use in energy plants or for the production of fuels such as ethanol, and bio-diesel.

Total volume involved in 2017/18 was 3,517,000 cubic metres. The most significant change in volume last year related to reduction in resource in Gippsland due to bushfires from 2008-2017 which led to the closure of the Carter Holt Harvey sawmill in Gippsland, resulting in considerably less sawlog in that region.
“... the HOPs system is to improve value recovery, through increased and meaningful engagement with our harvesting contractors...”

Andrew Tucker has developed the Harvester Operational Performance System (HOPs) which provides us and our harvesting contractors the ability to monitor value recovery on a weekly basis.

The objective of the HOPs system is to improve value recovery, through increased and meaningful engagement with our harvesting contractors on value recovery and through efficient monitoring of value recovery during harvesting.

As part of a joint project with Hyne ‘Tucks’ developed a process for evaluating value recovery and for engaging our harvesting contractors on this subject. Since then, the process has been refined to allow the process to be applied consistently across the whole of HVP.

This process provides HVP and our harvesting contractors the foundation for constructive discussions about value recovery, through our common understanding and confidence in inventory and yield estimates. The second part of the process involves producing reports that compare HVP’s estimate of the volume of products that would be cut on a coupe (based on inventory), with the actual volumes achieved (from harvesting machine data).

### Forest Products

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Sawlog</td>
<td>1,059,000m³</td>
</tr>
<tr>
<td>Domestic Pulplog</td>
<td>1,643,000m³</td>
</tr>
<tr>
<td>Domestic Post &amp; Poles</td>
<td>73,000m³</td>
</tr>
<tr>
<td>Other Domestic Logs</td>
<td>96,000m³</td>
</tr>
<tr>
<td>Export Log and Wood Chip</td>
<td>647,000m³</td>
</tr>
<tr>
<td>Total Volume</td>
<td>3,517,000m³</td>
</tr>
</tbody>
</table>

Statistics from 2017-2018 Financial Year
Andrew Tucker
Resources Manager

These reports are produced weekly with an identical cutting instruction, and provides HVP with an invaluable tool to gauge of how well value recovery is going on the coupe, and an indication of where there might be issues. The development of the HOPS tool shows real innovation by utilising information HVP already was collecting in two different parts of the business and providing a way to compare these. This addresses a gap identified by a number of staff, resulting in significant value gain for our investors.

<table>
<thead>
<tr>
<th>Forest Products</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other forest produce licences (honey, seed, mushrooms etc)</td>
<td>3 000m³</td>
</tr>
<tr>
<td>Quarrying licences</td>
<td>1 000m³</td>
</tr>
<tr>
<td>Area of pine plantation</td>
<td>138,804 ha</td>
</tr>
<tr>
<td>Area of eucalypt plantation</td>
<td>17,231 ha</td>
</tr>
<tr>
<td>Area awaiting replanting</td>
<td>14,476 ha</td>
</tr>
<tr>
<td>Native forest*</td>
<td>48,529 ha</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure/ other (roads, firebreaks, depots, etc)</td>
</tr>
<tr>
<td>Total Estate Area</td>
</tr>
<tr>
<td>Area planted during 2016 season</td>
</tr>
<tr>
<td>Area harvested</td>
</tr>
<tr>
<td>Area thinned</td>
</tr>
</tbody>
</table>

Statistics from 2017-2018 Financial Year
Training to implement the plan

A Company training plan and training register documents training programs to support the Forest Management Plan.

Plan Review and Update

The Forest Management Plan will be reviewed annually in September and the Best Management Procedures (BMP) will be continually revised as improved practices develop. The Forest Management Plan review will consider results of the HVP monitoring program, legislative changes and public comments received during the year.
Plantation Resource Planning System

Resource Planning System

- Area Data
- Inventory
- Prices
- Costs
- Constraints

Area snapshot

Area Information

- Biometrics
- Log products
- Regimes

Yield Tables

- Log Prices
- Price Indexation

Current and Future Prices

Costs

- Forest Management, harvesting, haulage, overheads
- Contracts
- Market Operational

Constraints

Linear Programming Framework

Cash Flows

Wood Flows

Strategic Schedule

Business Planning System

- Regional Tactical Plans
- Regional Plans of Utilisation

- Consolidated Business Model
- Financial Model
- Consolidated Budget