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Tēnā koutou katoa.

Welcome to Aratu's stakeholder newsletter, the first under our new CEO's watch. We hope you find it informative. Aratu Forests Ltd is now almost two years old as a company and continues to strive to be recognised as the most responsible, effective and efficient forest manager in Aotearoa. You will have already seen some big changes to how we operate and can expect to see more as we look to position ourselves in the industry as a company with a strong focus on ensuring our approach to people, communities and the environment is sustainable for the long term.

Introduction to the CEO



I have met many of you since joining the company as CEO on January 11th this year and look forward to further developing relationships with you all. My background is forestry even if I am now well into my second rotation. I started in the NZ Forest Service in Rotorua in 1982 straight from school before heading to Forestry School in Christchurch. Since graduating I have had roles in corporate forestry, consulting and most recently based in Auckland where I was responsible for the NZ Super Fund's global forestry and agriculture investments. I wanted to get back to the pointy end of forestry and was fortunate enough to be selected as CEO of Aratu Forests and am pleased to have enjoyed my first summer in Tairāwhiti.

Staff Announcement

It was with great sadness that we farewelled George (Mack) Papuni on 8th June after a very short illness. George was with the HFF and AFL for 7 years and gave excellent service in caring for our forests. His family can be very proud of the excellent forests he left behind.

Out of respect for George, we have retired his radio call sign - **Aratu 5** from our register. He was a valued member of the Aratu team and his humour and work ethic will be greatly missed by his team mates here.

Haere atu rā e te rangatira ki ō mātua tipuna e whanga ana mōhou, okioki ai.

Health and Safety

Our Health and Safety Manager George Swanepoel resigned recently, and we are actively recruiting for a replacement. Depending on progress we are hoping to have someone joining the team by end of August.

In the meantime, we will continue to manage this important aspect of our business within the team, and have also contracted Jeff Cornwall whom many of you will know to provide support and leadership in this area on a part time basis.

One of the biggest risks for Aratu's staff is driving and we have recently put all staff through a driver assessment program and have installed EROAD in all fleet vehicles. We are looking forward to using the EROAD data to encourage safer driving behaviours. There is already healthy competition in the office to be top of the Leader board which is encouraging.

Careers with Aratu

With the high levels of harvesting activity in the region we have seen a few other staff changes and are looking to fill those as quickly as possible.

Our website Careers section shows the vacancies we currently have. We are working to attract people who want to work in an environmentally and people focused company and in a strong team. So please remember to forward to family or friends you may know who may be a match.

Stakeholder and Community engagement

Our Community Liaison Manager Jody Walters celebrates a year with Aratu and has undertaken engagement with a large number of our stakeholders. These include Iwi, landowning neighbours, environmental organisations and GDC. Recent activities undertaken include Jody coordinating further debris removal to restore Tolaga Bay beach.

Jody has also been busy completing our annual Community Sponsorship program resulting in donations for the year to 20 separate community groups.



Environment

Aratu has recently announced a JV with eLandNZ a company that specialises in establishing native forests for carbon, honey and other positive environmental outcomes. We will look to identify areas that are better retired from pine plantations to protect our steep slopes and waterways, and eLandNZ will establish and maintain native vegetation on these areas. <https://www.elandnz.com/araturiparians>. We see the planting of riparian

zones and other areas identified as being unsuitable for continued plantation pine management as being part of the long-term solution to stabilise steep land and reduce the amount of woody debris entering waterways. This will also promote more habitat for native species within our forests in time. AFL aims to learn more about land management and habitat through this new activity on our land.

Environmental Audits

In July and August this year we will be hosting external auditors who will be reviewing our performance against the international FSC¹ and PEFC² environmental standards.



This is an important process for Aratu, where our systems and approaches to forestry are reviewed by third party experts giving us an independent view on the things we do well, and those things that can be improved. As stakeholders you may be called on to participate in this process as the auditors look to

understand our relationships and activities.

Markets

The demand for NZ radiata pine logs in Asia continues to be strong, with prices at record levels. This combined with the maturing crop in Tairāwhiti is generating unprecedented activity in the Region. Those of us that have been through a few log price cycles are waiting for the correction that usually occurs when prices get to these levels and for additional supply to flow from the usual competing sources, USA, Canada, Russia, Europe and Australia.

Most commodity prices have risen significantly as stimulus money from Governments around the world post Covid19 is put to work. Coal, iron ore and other commodities are following similar paths and the Chinese Government is looking at how to slow the price growth.

In tandem with rising log prices are rapidly increasing shipping rates so only a modest part of the log price increase is coming back to forest owners. We will continue our focus on productivity, planning and operational improvements to maintain solid returns, while taking care of the environment, and our community.

Noho ora mai,
nā mātou te whānau o Aratu.

May happiness and wellness abide with you,
from the family of Aratu.

¹ Forest Stewardship Council www.fsc.org

² Program for Endorsement of Forest Certification www.pefc.org