



TIMBER LINK™

AUSTRALIA | NEW ZEALAND

Sustainability Report

Financial Year 2016



# Message from our CEO



Timberlink's objective is to be a zero harm, sustainable business. We understand that for us to be successful in the long-term we need to look after our people, our environment and the regional and wider communities in which we operate.

In broad terms, we define sustainability as making business decisions that make the world better and not worse off. We create products that do their job reliably and consistently. We develop sustainable customer and supply partner relationships that are enduring, seeking to expand as markets grow and supply chains develop.

Our economic success is focused on continuous and sustainable business improvement. This provides secure employment opportunities that deliver both environmental and community benefits through our use of plantation-based forests. In manufacturing, we generate sustainable efficiencies from our management of human and machine capital, while we ensure our measures of success are always sustainable, responsible and multi-dimensional.

In our first Sustainability Report, we have tracked our social and environmental management and performance for the year, concentrating on the following areas:

- Forestry Sourcing and Traceability
- People and Community
- Environment and Efficiencies
  - o Environmental management
  - o Pollution, waste and consumption minimisation
  - o Carbon sequestration
- Compliance

We have focused on the environmental aspects of sustainability. In future reports, this will be expanded to include more detail on all aspects of sustainability across all our business functions.

Sustainability at Timberlink is more than a policy; it is part of our DNA.

Ian Tyson  
Chief Executive Officer, Timberlink Australia | New Zealand

## TIMBER LINK™

AUSTRALIA | NEW ZEALAND

Since our inception in 2013, we have steadily grown to become a modern, multi-country business employing almost 550 people, 85% of which are employed in regional areas.

We have two sawmills in Australia, one at Bell Bay in Tasmania and the other at Tarpeena in South Australia. We also have a mill in Blenheim, New Zealand purchased in 2015 from Flight Timbers, which operates as Timberlink New Zealand. All our mills have a secure long-term supply of quality plantation fibre, which allows us to make long-term investments in our facilities, people and products.

We make fit-for-purpose indoor and outdoor plantation pine products, used in construction, manufacturing and packaging. Every cubic metre of kiln dried pine we make, represents 631kg of the greenhouse gas carbon dioxide being removed from our atmosphere and locked into the timber for its service life<sup>1</sup>. Everything you see made from timber is doubling as a carbon dioxide storage facility.

Despite being such a young company, we have a wealth of experience with many employees recording over thirty years' continuous employment with Timberlink and its predecessors. This long history is a reflection of the deep engagement we have with our regional communities and how truly sustainable our industry is.



**Every cubic metre of kiln dried pine we make, removes 631kg of carbon dioxide from our atmosphere, and locks it into the timber for its service life.**



01



### Forestry Sourcing and Traceability

More than 97% of our Australian log intake is certified by either the AFS/ PEFC or FSC® schemes (or both). The remainder is controlled through a Due Diligence System.

All three mills are certified to FSC Chain of Custody and Controlled Wood, with Blenheim certified to sell FSC Mix solid wood and Tarpeena and Bell Bay certified to sell FSC Mix woodchip.

02



### People and Community

All staff at a team leader level and above have completed specific environmental awareness training.

We have implemented a new safety structure to achieve our target of zero harm. A team of seven dedicated safety roles are now led by a WHS Business Leader to support safety matters across our entire business. Safety however is the responsibility of all our employees.

This year the indirect economic impact of our mills is estimated to be \$180M for Tarpeena, \$150M for Bell Bay and NZ\$60M for Blenheim.

In Blenheim, we are working with neighbours and other stakeholders to determine solutions to pre-existing issues of light spill, noise emissions and visible emissions, and will be deploying them in FY17. Considerable investment has been made in eliminating a pre-existing dust emissions issue, through installation of a site wide filtering system.

03



### Environment and Efficiencies

The new technology contraflow drying kiln at Tarpeena is using 40% less electricity compared to our conventional batch kilns when drying our wood.

All new projects are installed with low energy LED lighting.

The world-first commercialisation of a new preservative treatment formulation has resulted in a huge reduction in emissions of harmful organic compounds including ethylbenzene, toluene, xylenes and polycyclic aromatic hydrocarbons compared to a plant treating with a traditional formulation.

04



### Compliance

Our Tarpeena mill had no notifiable environmental events.

We passed our EPA on-site audit at Bell Bay with 100% compliance and were commended for our environmental management practices.

05



### Carbon Sequestration

We are a carbon negative industry. For every cubic metre of dry finished timber we produce, we remove 631kg of carbon dioxide from our atmosphere and it is locked in the timber for its lifetime.



*“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

Brundtland Commission of the United Nations on 20th March 1987

Our Sustainability Policy is built around this definition of sustainability. Our key principles are:

- To only produce wood products from responsibly managed wood sources and to implement systems to trace the origins of our forest products
- Use suppliers and contractors that share our commitment to sustainability
- Train employees in sustainable management practices and provide industry leadership
- Set ourselves challenging sustainability objectives and targets
- Minimise pollution, waste and consumption
- Facilitate carbon capture via sustainable forestry and efficient energy use
- Comply with all legislation

We have had a dedicated sustainability policy since our inception in 2013. This year it was updated to include our recently acquired New Zealand mill in Blenheim, Marlborough.

*Sustainability at Timberlink is more than a policy; it is part of our DNA.*

Ian Tyson, CEO



Our sawmills only process plantation grown *Pinus radiata* or Radiata Pine, with the timber's primary source originating from plantations owned by New Forests managed funds. This enables Timberlink to have excellent traceability on our timber input.

This relationship means we integrate right back to the forest with one linked supply chain; from forest to processing to customer. Not only does this make traceability easier, the long-term log security allows us to make significant investments in our facilities improving efficiency and sustainability.

Our two Australian mills are certified to Australian Forestry Standard (AFS) / Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody. Over 90% of our input log is certified and the remainder is controlled as required through a Due Diligence System.

All three mills are certified to Forest Stewardship Council (FSC) Chain of Custody and Controlled Wood. Over 75% of log supply is from FSC certified forests with the balance of supply Controlled. Our Blenheim mill is certified to sell FSC Mix solid wood and woodchip, and our Australian mills are certified to sell FSC woodchip.

A minor part of the log supply to the mills is from forest not holding any certification. This is typically from smallholdings where the expense and effort of forest management certification are not justified for the forest owner. There has been a trend in Australia for companies specialising in management of these forests and their harvesting to implement group certification schemes such that the uncertified log intake to our two Australian mills now constitutes less than 3%.

## New Forests

New Forests is a sustainable real assets investment manager with investments in more than 765,000 hectares of land, conservation projects, timber plantations, and associated natural vegetation, agriculture, timber processing, and infrastructure.

Their investment programs are based on shared value and long-term performance; providing attractive returns for clients while contributing to positive outcomes for the communities in which they operate.

This sustainable landscape investment model is based on:

- appropriate land use and land use planning;
- improving both the biological and economic productivity of assets;
- ensuring that they support the provision of ecosystem services like carbon storage, clean water, and biodiversity conservation;
- implementing good governance, including openness to new ideas, transparency in decision-making, and accountability for their decisions;
- risk management and emphasising long-term outcomes rather than short-term gains; and
- promoting shared prosperity through business practices that support local communities.





## Product Responsibility

To make sure our products perform as required, we run stringent internal product compliance systems, particularly in regard to structural and preservative-treated timber compliance, to minimise risk to the community from non-conforming product.

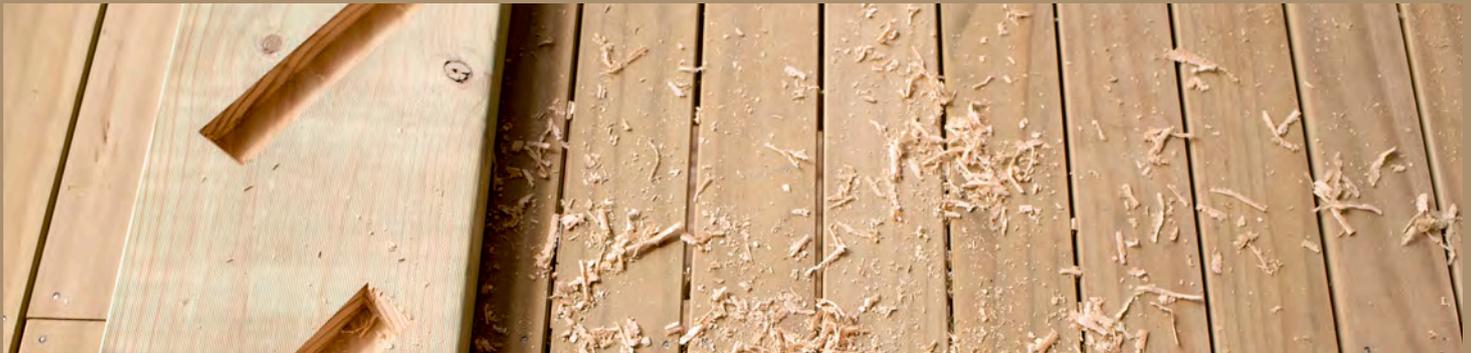
In addition, Blenheim structural products and finger-jointed products are externally certified as verified to the appropriate Standards. All mills operate output testing regimes including physical testing of structural properties with continual monitoring of test data.

Timber products treated for durability are verified compliant by a combination of output testing and tight process control, with any treatment charges not meeting requirements being re-treated prior to dispatch.

## In-Market Behaviour

Rigorous internal training covering customer privacy; anti-competitive behaviour; ethics and integrity is completed annually by all employees in relevant positions.

This year we also launched a product training program, across the business so employees can provide responsible and considered product advice. All employees regardless of function have been encouraged to undertake the training and improve technical timber knowledge across our industry.



## Community Support

All of our mills are significant direct economic contributors to the regions in which they operate. Not just employing locals and using local businesses but also providing substantial indirect economic support to their communities. Accepted methodologies for estimating these impacts indicate the total economic impact of all three of our mills is over \$380M. This is approximately \$180M pa for Tarpeena, \$150M pa for Bell Bay and NZ\$60M pa for Blenheim.

We also provide support to local community groups such as schools, childcare centres, scout groups and sporting clubs as well as community health fund raising events.

This year we:

- Donated timber and helped to build a local childcare centre's veggie gardens and outdoor kitchens to help teach kids healthy eating habits
- Donated plants and seeds for new school gardens
- Sponsored a community fun day to raise money for and awareness about mental health
- Purchased new flags for a local scout group to use when marching such as this year's ANZAC Day march
- Sponsored and judged this year's Science and Engineering Challenge
- Regularly donated sawdust for high school use
- Helped a local Country Fire Service (CFS) brigade buy new lockers to store their fire-fighting gear safely off the floor.

## The Science and Engineering Challenge

For a number of years now, Timberlink Australia has supported The Science and Engineering Challenge providing funding and an employee to assist with the judging. This is a nationwide Science, Technology, Engineering and Mathematics (STEM) Outreach Program presented by the University of Newcastle in partnership with communities, Rotary Clubs, Universities and businesses. Over the past ten years more than 21,000 school kids have participated in the challenge.

The aim of the program is to help address Australia's current skills shortage in the fields of science and engineering. It does this by setting challenges where the students have to use creativity, innovation, problem solving and team work to solve a challenge set on the day. This helps kids to understand how we need and use science and engineering to solve problems every day something that can get lost when looking at textbooks in a classroom.

The success of the program will be measured by how many more students decide to study Enabling Sciences and Mathematics in Years 11 and 12 thereby giving them the option of a career in the sciences or engineering.

Over the past ten years  
over **21,000 school  
kids** have participated  
in the national Science,  
Technology, Engineering  
and Mathematics  
Outreach Program.





## Occupational Health and Safety

Since our inception, substantial resources including substantial capital have been dedicated to improving the safety and utility of our working environments. This includes improvements to pedestrian/plant separation; provision of new mobile plant (including large-screen reversing cameras in forklifts to significantly improve ergonomics) and a substantial improvement to equipment guarding.

A similar program is underway in Blenheim with significant expenditure in FY16. The focus has now moved to implementing cultural change with a national safety leader appointed and specific engagement training for management planned for FY17.

## Regional and Equitable Employment

Our two Australian mills employ the majority of their workforces under collective Enterprise Agreements negotiated with the workforce and representative unions. These arrangements ensure equitable employment arrangements including equal remuneration for men, women and different age groups. All salaries are based on the requirements of position and not the individual. We have 38% of our workforce located in Mt Gambier region and 35% in Bell Bay.

Our New Zealand site ensures Timberlink is true to its Equal Opportunity Policy by providing jobs, promotions, training and remuneration based upon requirements of position. Approximately 15% of our employees are located at our Blenheim Mill, New Zealand.

Share of Female Employees at Timberlink		
	2015	2016
Number of employees at year end	458	550
% of women among all employees	12%	12%
Women in the Leadership Team	2 out of 9	2 out of 9

Figure 1. Share of Female Employees FY16

Employee Distribution by Age					
	Age	Blenheim	Tarpeena	Bell Bay	Rest of Business
Up to 30	21%	16%	26%	6%	19%
31- 50	39%	47%	56%	52%	49%
51 and over	40%	37%	18%	42%	31%

Figure 2. Employee Distribution by Age FY16

## Leadership Development Opportunities

Engagement and development with our employees is a key part of our social sustainability story. While our biggest responsibility is to keep people safe, we also want to offer employees opportunities to grow and develop their skills.

To encourage this, we implemented our Timberlink Leadership Group program. This program is in its second year, with leaders in our business across Australia and New Zealand working on longer term strategic objectives with action learning projects that focus on making our business sustainable.

## Formal Employee Surveying

This year we conducted our first formal employee survey to get feedback on how we can improve, grow and develop as a business. We had a response rate of 65%, which is a good result for an optional online survey. As it was such a successful way to get honest feedback on our company's performance we will continue to conduct the survey annually.

## Regular Internal Communication

We have a strong network of internal communications. We produce a regular internal newsletter which was recently expanded into magazine format. Written by regular contributors from across the business, LinksLetters is distributed to all employees in both soft and hardcopy formats. A weekly safety alert is sent out across the business to get employees thinking about potential hazards and how they can prepare to prevent them happening. More regular communications such as weekly "toolbox" talks and regular all-employee-meetings help ensure that our staff are informed and engaged.

We operate a formal system of 6-monthly reviews of employee performance, where managers and their reports collaborate to identify great performance and opportunities to improve. This incorporates identification of appropriate training to help our employees reach both their goals and ours as well as focussed discussion of company culture.



## Significant Regional Employer

We are a significant provider of regionally based employment opportunities.

88% of our positions are located in regional areas of Australia and New Zealand.

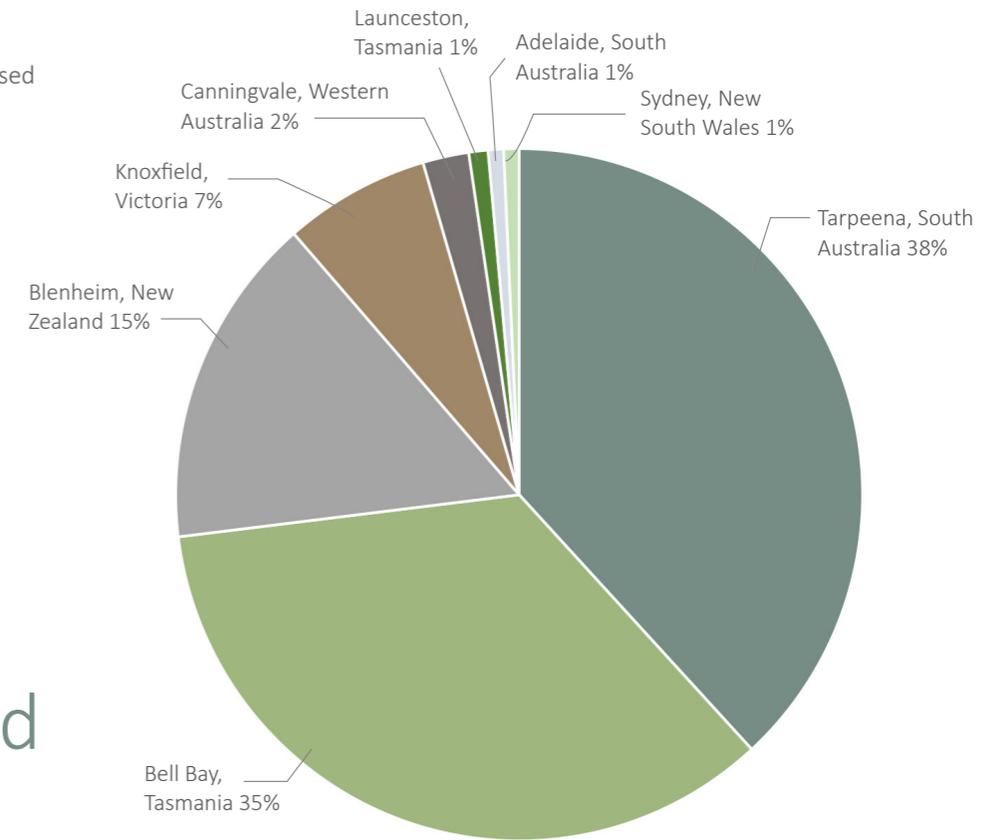


Figure 3. Employee Distribution by Location FY16

A close-up photograph of a pine branch with vibrant green needles, set against a clear blue sky. The needles are densely packed and have a bright, healthy appearance. The lighting is bright, highlighting the texture of the needles.

We make fit-for-purpose indoor and outdoor plantation pine products, used in construction, manufacturing and packaging.

# Our External Stakeholders



## Formal Engagement

At a formal level, Timberlink engages with a broad range of around 100 stakeholders as part of our FSC certifications in Australia and New Zealand. This engagement happens at least annually, with broader distribution via the FSC website and e-newsletter. This engagement ensures that the sustainability of our log supply is assured, particularly from a “High Conservation Values” (HCV) viewpoint.

## Industry Communication

We produce a magazine style newsletter three times a year, primarily aimed at our customers and broadly distributed externally. This helps to keep customers and suppliers up to date with industry news as well as keeping customers informed about our product and service developments.

This year we produced our inaugural company booklet. We had achieved some of our key objectives such as implementing major facility investment programs at our mills and expanding into New Zealand. So we thought it was a good opportunity to tell our customers about ourselves; about our values, what drives us, how we want to do business with them, and what we plan to achieve with them.

## Customer Surveying

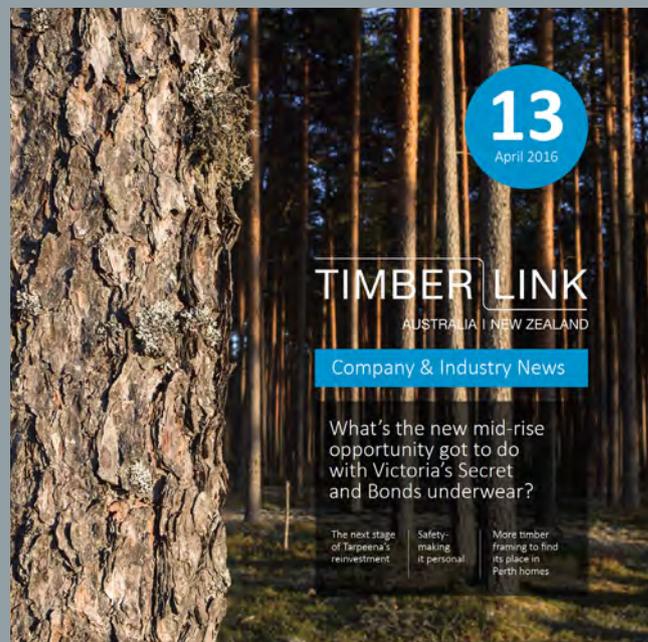
We conduct a formal customer survey annually using a third party, principally to measure how successfully we are engaging with our customers. This survey includes measures of our performance against goals such as “Timberlink helps my business to grow”. Two surveys have been completed with improvement seen in virtually all metrics across the matrix of customer groups and geographic location. It was feedback from our surveys that resulted in the development of our Low Odour Timberlink Green range and our online product training program, Timberlink TECH.

## Industry Representation

To ensure our industry remains relevant, we encourage employees to participate in industry campaigns, speak at industry events or be members of advisory committees and Boards of national industry groups. We also participate in the development and review of various relevant Australian Standards.

As a business we are members of Australian Forest Products Association (AFPA; national & the new SA chapter), Forest and Wood Products Australia (FWPA), Timber Preservers Association of Australia (TPAA) and Wood Processors & Manufacturers Association (WPMA; NZ).

We have recently become a partner of the National Road Safety Partnership Program, nrsp.org.au, a collaborative network supporting positive road safety culture to help reduce the nation’s road trauma.





## Environmental Management

Each of our mill sites now has an Environmental Coordinator to oversee the implementation of our environmental management system and drive a strong sustainability culture; creating ownership of environmental performance at an operational area level within the mills.

These roles are coordinated by our Environmental Manager who is responsible for environmental management across the company. Timberlink operates an integrated Safety, Health, Environmental and Quality (SHEQ) management system across the whole business.

Environmental aspects and impacts registers have been completed for the two Australian mills with the process planned for Blenheim in Financial Year 2017.

## SHEQ

The Safety, Health, Environment and Quality (SHEQ) system is a core component of our “one company” focus and direction. It houses all systems documentation specifying all aspects of operations relevant to safety, health, environment and quality.

A key part of SHEQ is rolling document review. This is performed by site compliance teams working under a company-wide SHEQ Coordinator. The SHEQ system is housed on a common platform across the company.

Incidents and Hazards across the SHEQ spectrum, including investigation and correctives, are also dealt with on a common platform. Blenheim is being incrementally brought into the SHEQ system, with incident management standards being put in place immediately.

## Training

Staff at team leader level and above on all mill sites have undergone specific training in environmental awareness. Relevant staff at all three mill sites have completed training in risk assessment and incident management utilising Timberlink’s integrated risk assessment matrix, investigation procedure and corrective actions system

## External Review

As part of due diligence, external experts completed a review of our Blenheim mill prior to purchase which included a detailed site contamination and noise assessment. Following the acquisition, external consultants also reviewed our operators’ exposure to dust, noise and contaminants. Exposures were all controlled to safe levels with the use of personal protective equipment as appropriate.

The EPA in Tasmania audited our Bell Bay mill recording a 100% compliance to all licence conditions.



Each of our mills has an Environmental Coordinator to oversee the implementation of our environmental management system and drive a strong sustainability culture.





## Energy

We use a lot of heat energy to dry our timber. In fact, 93% of our mills' energy usage is heat energy. The good news is all our heat energy is renewable as it is generated in biomass fired heatplants which use the mills' by-products and waste e.g. sawdust, shavings and offcuts.

Our Tarpeena mill operates the largest contraflow type timber drying kiln in the Southern hemisphere. These work by drying timber on racks on two lines that travel in opposite directions. The hot dry wood preheats the cold wet wood entering on the other line and so recovers significant energy. Timber quality is improved as the drying process takes longer and is gentler than that in the batch kilns they replaced.

This type of kiln reduces specific heat consumption by about 30% compared to conventional kilns. Blenheim mill will commission contraflow kilns next financial year. The specific energy consumption of the overall process at Tarpeena and Bell Bay is shown in Figure 4.

Electricity is utilised almost exclusively for motive applications, such as motors to drive saws and kiln fans. A range of measures are in place to minimise electricity consumption, for example:

- Sophisticated control software varies sawline speeds to optimise cutting performance of chipping heads and saws as well as reduce electricity consumption
- Low energy LED lighting is fitted in new capital projects and to replace existing high intensity discharge (HID) lighting on a case-by-case basis.
- Kiln schedules are optimised to minimise drying time to the required dried product quality level, minimising fan motor electricity consumption.

Specific electricity consumption averaged across both of our Australian mills is shown in Figure 5. The commissioning of the contraflow kiln at Tarpeena mill alone dropped specific electricity consumption of the drying process through that kiln by over 40% compared to conventional kilns; other significant gains came from commissioning of a modern high speed planer, replacing an older planer of much lower throughput.

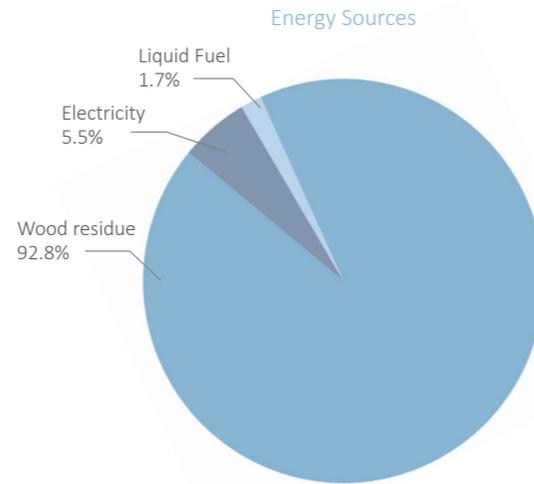


Figure 4. Energy Sources FY16

**Changing to a Contraflow Kiln in Tarpeena reduced specific energy consumption by 30%**

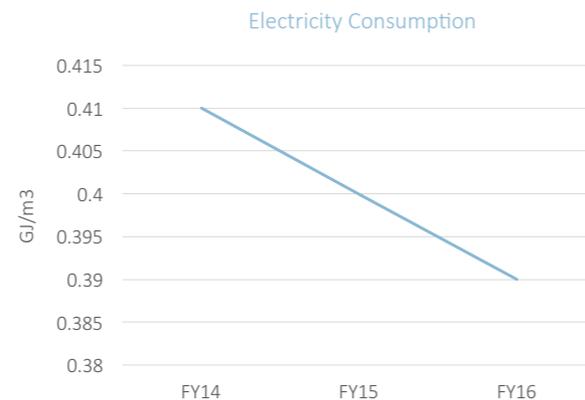


Figure 5. Electricity Consumption Per Cubic Metre Finished Product

## Water

Specific water consumption in our Australian mills, shown in Figure 6, has decreased due to a range of measures, including drying timber in the contraflow kiln, which doesn't require water sprays or generation of steam to condition the wood; optimisation of water used for saw lubrication; and reduction of water usage to cool boiler ash.

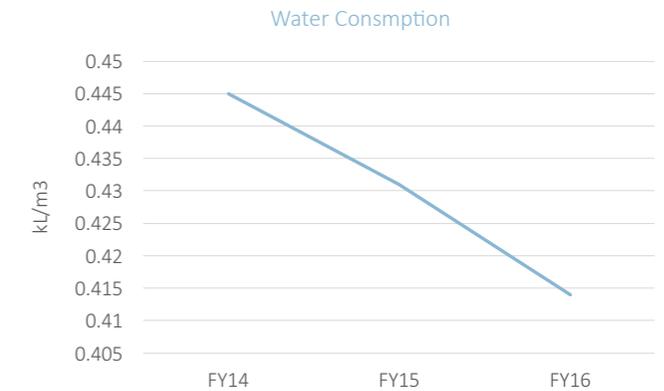


Figure 6. Water Consumption Per Cubic Metre Finished Product

## Emissions to Air

All three of our sawmills run biomass fired heatplants with emissions to air regulated by local environmental authorities. Annual testing ensures the heatplants are compliant with regulation. All three mills run continuous improvement programs around optimisation of fuel mixing and flow into a stable combustion process. Over time this is expected to reduce emissions further below regulated limits.

### Bell Bay

Bell Bay's biomass boiler operates a fabric baghouse emissions scrubbing unit. This results in very low emissions; particulates are typically less than 5% of the regulatory limit. A sensitive particulate measurement instrument was installed in the heatplant exhaust stack to continually monitor emissions and provide early warning of damage to filter bags or other equipment.

As a result of these control measures and active environmental management and engagement with the EPA in Tasmania, a new draft environmental licence for the site reduced the stack test frequency from annually to three-yearly.

### Blenheim

Our Blenheim mill had a dust abatement notice on the site when we purchased the assets last year. This related to the escape of wood dust from the exhaust of a cyclone that removes most wood dust from the air when transporting shavings from a planer to a fuel hopper.

A solution, well beyond what was required to close the abatement notice, is scheduled for commissioning early in financial year 2017. This will scrub exhaust air from all cyclones on site. It will also enclose the dry fuel bin within a room, preventing the escape of fugitive dust. Static dust test monitoring points have been installed to ensure the installed system remains effective. Additionally, occupational exposure testing was carried out at Blenheim to ensure no employees are exposed to levels of airborne dust approaching harmful levels, either inhalable (road dust) or respirable (wood dust).

### Tarpeena

The Environment Protection Authority in South Australia released a new Air Quality Policy for application in FY17. Timberlink made significant submissions to the preparation of this Policy. It takes a risk based approach to regulating air emissions, with human health impact the primary concern. Limits are placed on the ground level concentration (GLC) of contaminants, irrespective of their source. These can be estimated by airshed modelling.

Timberlink will take this approach in FY17 to ensure the heatplants are compliant to the new requirement within the two-year phase-in period ending on 23rd July 2018. Recent work to improve the consistency of fuel feed to the three heatplants at our Tarpeena mill, as well as the far more consistent heat load provided by the contraflow kiln, are expected to reduce heatplant emissions.



## Volatile Organic Compounds Exposure

Exposure to volatile organic compounds (VOC) was also tested to ensure treatment plant worker safety, both at Blenheim and Bell Bay. Conversion to “Low Odour” solvent based preservative at Bell Bay reduced the unpleasant odour of the timber treatment process at Bell Bay with the new solvent also having a lower volatile component than the previous solvent. Bell Bay was the first treatment plant in the world to utilise this new technology, which was developed and commercialised in partnership with our principal treatment chemical supplier, Lonza.

Utilisation of the new formulation avoided emission of approximately 500kg of ethylbenzene, 600kg of toluene, 2.5 tonnes of xylenes and 6 tonnes of polycyclic aromatic hydrocarbons over the year, in comparison to plants treating a similar volume of wood with the traditional solvent.

There are also emissions to air arising from operation of mobile plant and onsite storage of liquid fuels. In Australia these are reported through the National Pollution Inventory. In addition, contribution to climate change is estimated via the National Greenhouse and Energy Reporting framework. Timberlink reports to both of these authorities, with all data made public.

## Effluent and waste

Both our Australian mills deal with the majority of stormwater and associated wastes such as oils and greases via on-site controls like oil mops and settling pond systems. Blenheim mill has no surface water discharge, with all stormwater going to groundwater via soakage pits as is common practice in the region. Timberlink has installed a triple-interceptor at Blenheim to prevent greases and oils escaping to groundwater. Trade waste is disposed of via agreement with appropriate authorities and vendors in all three jurisdictions.

All mills actively monitor groundwater contamination via bores, principally to ensure that previous and/or current timber treatment plant operations are not resulting in contamination, particularly metals.

Bell Bay also monitors water quality in its multi-stage settling pond system.



# Carbon Sequestration

Our industry is the only major industry to make a significant contribution to reducing Australia's total emissions. It is alone in having a role in storing the future's emissions.

During growth, trees absorb carbon dioxide (CO<sub>2</sub>) from the atmosphere through the process of photosynthesis and convert this into carbon-based compounds that constitute various components of a tree, including wood.

An Australian study (Gifford 2000<sup>2</sup>) found that half the dry weight of radiata pine wood is made up of the element carbon. To store these carbon atoms, the tree has taken nearly four times the weight of CO<sub>2</sub> from the atmosphere compared to the weight of the carbon it stores. How?

A CO<sub>2</sub> molecule is made of one carbon atom and 2 oxygen atoms. The atomic weight of carbon is 12 and that of oxygen is 16. The molecular weight of CO<sub>2</sub> is therefore 44. This means to store 12 kg of carbon in wood, a tree needs to absorb 44 kg of CO<sub>2</sub>, or 3.67 times the weight of carbon

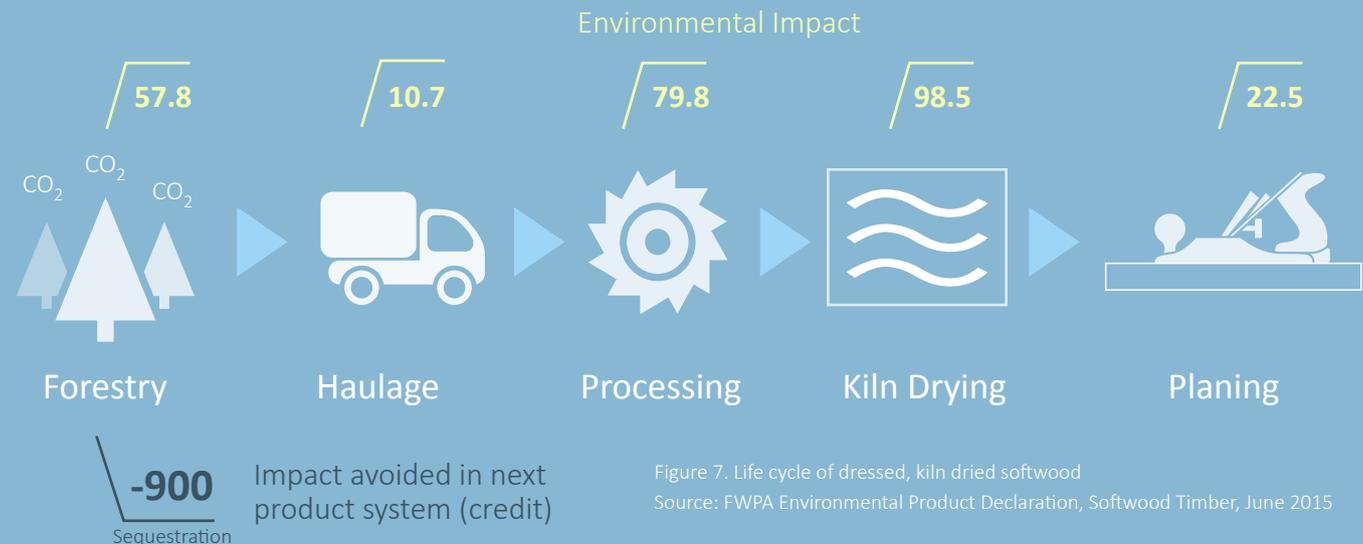
stored. In photosynthesis the tree absorbs CO<sub>2</sub>, adds energy in the form of sunlight, stores the carbon atoms in the wood, and releases oxygen and water vapour. **So to make one tonne of wood, a tree removed 1.84 tonnes of CO<sub>2</sub> from the atmosphere.**

Now when making and transporting our timber products we do use energy and emit CO<sub>2</sub>, however we still absorb more CO<sub>2</sub> than we produce. In fact, when everything is taken into account for every cubic metres of kiln dried moulded pine we produce, we have removed 631kg of CO<sub>2</sub> from the atmosphere and the timber stores the carbon over its entire lifetime.

By being a reliable and successful customer of sawlogs and developing sustainable markets for sawlog residues, we can support the expansion of plantations which play an important role in cleaning our atmosphere through carbon sequestration.

## Life cycle of dressed, kiln-dried softwood

Life cycle carbon footprint in kg CO<sub>2</sub>- equivalent per m<sup>3</sup> kiln-dried softwood (12% moisture content), including both biogenic and fossil carbon.



2. Gifford, Roger M. (2000). "Carbon Contents of Above-Ground Tissues of Forest and Woodland Trees: National Carbon Accounting System - Technical Report No. 22." Department of Climate Change, Canberra.





## Tarpeena Mill, South Australia

Our Tarpeena mill operates under South Australian EPA site licence #39742 and had no notifiable events or complaints in the period.



## Bell Bay Mill, Tasmania

Bell Bay operates under Tasmanian Environmental Protection Notice (EPN) #8563/1.

Bell Bay passed its on-site EPA audit of all its licence conditions with 100% compliance and we were commended for our environmental management practices.

Bell Bay didn't receive any complaints during the period but there were 14 reportable incidents, none of which resulted in material environmental harm. Reportable incidents are required to be notified to the EPA but are not considered as infractions subject to penalty. It's important to note that licence conditions and testing requirements are substantially more comprehensive in Tasmania than in other jurisdictions.

The incidents were:

- 6 relating to low investigation trigger limits that are addressed in a draft new EPN to be applied early in FY17
- 4 limited-term instances of running the boiler with the baghouse on bypass
- 1 from a ruptured fire main putting water into a test point under the treatment plant
- 1 from using a chainsaw outside permitted hours (this is acceptable as long as the EPA is notified)
- 1 was a smouldering fire in a mulched waste MDF pile remaining from the previous industrial occupier of the site
- 1 was a spill of approximately 1.5m<sup>3</sup> of woodchip on a highway by a contractor

## Blenheim Mill, Marlborough, New Zealand

Our Blenheim mill operates under multiple resource consents of varying ages from the Marlborough District Council. Monitoring and reporting requirements are not dissimilar to the Australian mills, with regular groundwater and boiler stack testing required.

Our Blenheim mill complied with all applicable resource consents for the period. However, the mill operates in a sensitive area, being very close to both urban and rural residential properties.

In the period, the mill received 8 external complaints, with some arising from mill operations and some from capital works. One of these was related to visible smoke emissions from the boiler, which was related to unstable operational conditions.

Seven of the complaints were related to noise and/or light spill to nearby residential properties. Actions were taken to mitigate the effects of operations including scheduling problematic tasks for particular times and rearranging storage to filter out noise and light. However, Timberlink recognises that good relationships with our neighbours are a critical element of our social licence to operate, so more extensive long term solutions to solve the issues of light spill, noise emissions and visible smoke are under investigation with deployment planned for FY17.



Timberlink Australia holds several certifications relevant to sustainability. These all require a commitment to the “Plan-Do-Act-Check” cycle and continual improvement.

## Forest Stewardship Council® (FSC)

Timberlink Australia has held an FSC Chain of Custody and Controlled Wood Certificate (DNV-COC-000719, DNV-CW-000719, FSC-C117015) for production and distribution of wood chips (FSC Mix, Controlled Wood) since 18th June 2013 covering Australian production.

The majority of log supply to the Australian mills is FSC certified from forests owned by New Forests administered investment trusts.

Timberlink New Zealand holds FSC Chain of Custody and Controlled Wood Certificate (RA-COC-006687, RA-CW-006687, FSC-C115860) for production and distribution of solid wood products and woodchip.

## Australian Forestry Standard (AFS) and Programme for the Endorsement of Forest Certification (PEFC)

Both of our Australian mills hold AFS Chain of Custody certification for both solid wood products and by-products (including woodchip). AFS holds mutual recognition status with the international PEFC system, enabling Timberlink to market AFS certified products to the domestic market and PEFC certified products internationally.

## International Phytosanitary Scheme (ISPM15)

Both Australian mills are certified producers of heat-treated wood packaging compliant to the Australian Wood Packaging Certification Scheme (AWPCS) which in turn is compliant with the international phytosanitary scheme ISPM15<sup>3</sup>. This certification is vital for production of products to be utilised as exported packaging. Blenheim mill is similarly certified to ISPM15.



# Appendices

## International Finance Corporation Performance Standards

The International Finance Corporation (IFC) is part of the World Bank, focussed on leveraging the private sector. They publish a sustainability framework, part of which is a set of Performance Standards (PS). These set an international benchmark in identifying and managing social and environmental risks and impacts for sustainable businesses. New Forests use the IFC PS as part of their Social and Environmental Management System (SEMS) in evaluating risk in processing assets, and require demonstration of compliance as part of management of those assets. The IFC PS includes the following components:

- PS1 – Assessment and management of Environmental and Social Risks and Impacts
- PS2 – Labor and Working Conditions
- PS3 – Resource Efficiency and Pollution Prevention
- PS4 – Community Health, Safety, and Security
- PS5 – Land Acquisition and Involuntary Resettlement
- PS6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS7 – Indigenous Peoples
- PS8 – Cultural Heritage

IFC has also issued Environmental, Health, and Safety Guidelines for Sawmilling & Manufactured Products.

New Forests completed a gap analysis for Timberlink to the IFC PS in June 2013, soon after acquisition. This identified some minor gaps and was used as the basis for work demonstrating compliance with the IFC PS completed by Timberlink 12 months later. Timberlink demonstrate ongoing compliance to New Forest SEMS via the provision of ESG metrics and this sustainability report.

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## Blenheim Environmental improvements

Key environmental improvements made at the Blenheim mill in the first year of Timberlink ownership are:

- Installation of a baghouse scrubbing system to largely eliminate particulate emissions from the exhaust air emitted from cyclones used to capture dry fuel transported in air streams
- Quantification of operator exposure to noise, dust and volatile organic compounds throughout the process, verifying that these are limited to safe levels with personal protective equipment utilised where necessary
- Upgrades to equipment and procedures around preservative treatment plants on site to significantly reduce the possibility of spills
- Installation of systems to trap contaminants in drainage systems
- Improvements to site water reticulation systems and measures to significantly reduce plant consumption
- Improved housekeeping, particularly around chemical storage
- Environmental awareness training of staff across the site of team leader level and above, with targeted training on incident management for mill management staff.

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