Timberlink is an Australasian sawmilling business that transforms sustainably grown plantation pine into timber products every day.
About us

Timberlink is an Australasian sawmilling business that transforms renewable plantation pine into timber products every day. We are proud to help support regional communities with the jobs of the renewable future.

At our core we are a customer focussed, diversified timber products business. Our investment in customer service is second to none and our customers and stakeholders can be assured that this will continue into the future.

This customer facing focus has recently been backed up by significant investments in our mills to create world class timber processing facilities.

As we grow we remain committed to our values of Openness, Fairness, Resilience, Respect and Integrity. These guide our behaviours every day, and whilst the Timberlink brand is young, we remain authentic and professional in all of our dealings.

Growth is key to us achieving our vision but not at any cost – our first priority is to get our staff HOME SAFE, every day.

Our key goals as an all round sustainable business are:

- Improved safety
- Improved environmental outcomes
- Improved asset quality and performance
- Increased customer satisfaction
- Ongoing investment in staff training

Sustainably contributing to the local economy of our regional towns is also a key priority for Timberlink. This includes both direct and indirect employment, research, training, the support of local suppliers, capital investment programs, payment of taxes and contributions to local community groups. In total over 1,600 direct and indirect jobs are created by Timberlink across Australia and New Zealand. We rely on these people and their families, and they rely on us. We take this responsibility seriously and we plan to be around for the long-term.

About New Forests

New Forests is a sustainable real assets investment manager offering leading edge strategies in forestry, land management, and conservation. New Forests is the manager for the Australia New Zealand Forest Fund, which owns Timberlink. The relationship with New Forests, its certified plantations assets, and Timberlink helps ensure alignment from the forest all the way to the frame.

Founded in 2005, New Forests offers institutional investors targeted opportunities in the Asia-Pacific region and the United States, and has more than $2 billion AUD in assets under management globally. The assets include sustainable timber plantations, rural land, and conservation investments related to ecosystem restoration and protection. New Forests focuses on managing their clients’ assets for a future in which landscapes encompass both production and conservation values. New Forests manages approximately 1 million hectares of land and forests and is headquartered in Sydney with offices in San Francisco, Singapore, and New Zealand.

New Forests’ investment strategies take into account a long-term view of economic and market trends and emphasise positive environmental, social, and development outcomes. The company concentrates on buying well and then steadily adding value through productivity enhancements, market development, and a focus on commercial management.
Welcome to our 2019 sustainability report. As you read through our report I hope that you discover how significant the commitment of being a sustainable business is to us. It’s not about pursuing a fashionable goal, rather something that is part of the very fabric of what we do, how we think and what we strive to achieve. It manifests itself in all aspects of our decision making, from investment in new capital, creation of new and better ways of operating, to developing and training our people as we get them HOME SAFE every day, and the way we engage and work with our customers, communities and suppliers.

Our business model transforms a renewable and sustainable plantation forest resource, with all its carbon benefits, into timber products that provide some of the most basic needs of society. Timber that builds our homes, the places we work in, and where we are educated in and relax and play sport in. Sustainably grown and transformed plantation timber has become the building material of choice for the 21st century. Truly the ultimate renewal.

Our business focus hasn’t changed, and our resolve has only strengthened in the last year. We are committed to operating in a sustainable and ethical way, living and demonstrating our values. Investing in a sustainable future for all.

I hope you enjoy reading about our business, as we demonstrate how at Timberlink we have sought to deliver on this commitment.

Ian Tyson
Chief Executive Officer
Timberlink Australia & New Zealand

Status/Targets

Stage 1: Pre-Compliance
Outlaws: Disobey social and environmental regulations; only focused on short term

Stage 2: Compliance
Compliers: Take a minimalist approach, reactively do what they legally have to do

Stage 3: Beyond Compliance
Case-Makers: Move from defense to offence; sustainability initiatives increase but are still marginalized in different departments

Stage 4: Integrated Strategy
Innovators: Company transforms and fully integrates sustainability into its corporate strategy; captures value-added from sustainability initiatives

Stage 5: Purpose and Passion
Trailblazers: Driven by a passionate value-based commitment to improve well-being of the company, society and environment

Action Plan

Internal assessment
Employee awareness/training
Procedural compliance/systems

SHEQ integration
Procurement/Capital Benchmarks
Waste stream/energy study

Review community engagement
Establish Sustainability Committee/Recruitment and Promotional criteria

Formal community connection
100% Green Energy
Promote market leader status

5 stages of sustainability

Timberlink

Target
Environmental Compliance

Tarpeena Mill
Our Tarpeena mill operates under South Australian EPA site licence #5563/3 and the business was commended on its performance during this reporting period. All monitoring and reporting requirements have been met.

Bell Bay Mill
Bell Bay operates under Tasmanian EPA licence #39742 and had no notifiable events or community complaints during this reporting period. Notice issued by the Marlborough District Council of Grant conducted multiple site visits which were a combination of routine inspections and meetings to discuss environmental approvals associated with the proposed sawmill upgrade.

• The baghouse on the boiler operating in bypass modes comprehensive in Tasmania than in other jurisdictions.

31 environmental hazard and incident reports were raised by staff in production areas, with none carrying significant risk. These were generally minor spills or potential environmental hazards that were rectified with no adverse impact. A high level of reporting is taken as a proactive leading indicator for our environmental management.

Bell Bay had a number of “reportable incidents” none of which resulted in material environmental harm. Reportable incidents are not considered as infractions. Licence which resulted in material environmental harm. Reportable incidents are not considered as infractions.

• The Bell Bay Industrial zone in which many large operations including Timberlink are located received several noise complaints. However, noise testing completed during April in accordance with the Development Approval for the Continuous Flow Kiln (CFK) confirmed compliance with noise levels specified within the EPA Licence.

134 environmental hazard and incident reports were raised during this period, many driven from internal assessments and proactive inspections being completed. The majority of reports related to the baghouse operating in bypass mode for very short durations of time. A high level of reporting is taken as a proactive leading indicator for our environmental management.

Blenheim Mill
The Blenheim sawmill operated under multiple resource consents during this reporting period. All monitoring and reporting requirements have been met.

Blenheim had a number of “reportable incidents” none of which resulted in material environmental harm.

The reportable events were:

• Exceeding emissions criteria for total solid particulate levels during isokinetic emissions testing on boiler and drier stacks. Subsequent testing during 2019/20 FY has confirmed compliance.

• Short term smoking events from the boiler. Generally these events are caused by upset combustion conditions such as starting up the boiler after a stoppage or planned shut.

• Community complaint and a subsequent Infringement Notice issued by the Marlborough District Council regarding fugitive emissions of dust resulting from roads and unssealed areas on a very windy day.

Continuous kiln conversion
In December 2018, as part of Timberlink’s $100m upgrade program at its Australian mills, Tasmania’s first continuous contraflow kiln (CFK) replaced two batch kilns.

Continuous kilns are a relatively new technology that are far more energy efficient than batch kilns. Timberlink has worked with their partner supplier, German company Mahild Development Technologies for 5 years to refine the technology, with this being the fourth contraflow kiln project completed together.

In contrast to a traditional kiln, which dries a charge of timber by heating, drying, cool down and then steaming, CFKs exchange heat between two continuous tracks of timber being pushed in opposite directions. The hot, dry wood on one track preheats cold, wet wood on the other track. Much of the water that is normally evaporated to the atmosphere condenses on the cold timber, providing further heat recovery. The reduction in energy usage per cubic metre of timber produced allows Timberlink to reduce the amount of sustainable, certified biomass consumed in our on-site boiler, so this wood fibre can be diverted to saleable products, queuing the carbon contained for longer.

In addition, the much longer heat-up and steaming phases that result from the continuous process improve finished product quality, with better dried uniformity, straighter timber and lower residual stresses, so there is less downgrade and wastage in downstream processing. There are also substantial reductions in electricity usage. The system captures the majority of organic compounds released during drying as condensate, which is processed through a wastewater treatment plant, rather than being released to atmosphere – although these natural compounds are at very low levels and not generally regarded as harmful.

Kiln drying is a highly energy-intensive process, with heat input comprising over 90% of total energy usage on site at Bell Bay. Although the heat is all generated from sustainably grown and harvested sawmill residue and the boiler operates with very low levels of emissions, improving energy efficiency materially reduces the environmental impact of the kilns. Testing has shown a decrease in heat energy required per cubic metre of timber dried from 1.9 to 1.3 GJ/m³ when comparing timber dried in the CFK to that dried in a high-temperature batch kiln, a 30% decrease. The changed kiln configuration also results in a decrease in electricity consumed by fans that circulate the air in kiln from 15.8 to 14.1 kWh/m³, an 11% decrease.

In practice, the CFK operates continuously, with the remaining high temperature batch kiln used flexibly to dry remaining structural dimension product, so the consumption of heat and electrical energy is minimised and due to the continuous heat demand, the boiler operates very efficiently. This brings the mill’s capacity up to match current log availability to the mill. Future log availability is forecast to increase by approximately 20% in future years; the CFK and existing site boiler have sufficient capacity to match this increase by approximately 20% in future years; the CFK and existing site boiler have sufficient capacity to match this throughput level without significant retool, so the CFK project can facilitate a total throughput increase of 40%.

Australia is a net importer of wood products, including structural softwood timber. Ultimately the CFK project will enable Timberlink to replace nearly 60,000m³ of product that currently needs to be imported, mainly from Europe, with domestically manufactured timber.

Timberlink Sustainability Report 2019
In the second half of the 2019 financial year, Timberlink installed and commissioned a world-class multi-sensor scanner in the drymill, supplied by American company Lucidyne. This was a $2.7m investment.

The scanner uses a combination of sensors including lasers to determine geometry and grain direction, and high-speed colour video to accurately map all fibre qualities along each piece of timber. This happens at production speeds of over 600 lineal metres per minute, or up to 2 boards per second, requiring nearly 30 computers to process all the data and produce an optimal solution, maximising the value recovery out of every piece of timber run.

The scanner is far better at consistently recognising and measuring timber features and applying complex grade rules than any human grader could be. However, the process to train the scanner to recognise defects relies on experienced graders teaching the scanner using Lucidyne’s proprietary artificial intelligence algorithms, providing a far quicker and more tuneable path to accurate grading than traditional methods. Implementation of the scanner has enabled Timberlink to lift the capability of multiple staff, with detailed training required to operate this sophisticated equipment.

One particularly interesting feature of the Lucidyne scanner is its board tracking system. In contrast to traditional systems, which rely on printing a code on each piece so it can be later recognised and the correct data assigned to it, the Lucidyne uses a camera downstream of the scanner to recognise each board by its unique fibre “fingerprint”, similar to facial recognition technology used with passports. This system has proven very reliable, with virtually no boards unable to be identified, significantly reducing operational costs and improving yield to high value products.

The scanner forms part of Timberlink’s long-term strategy to maximise yield from our precious forestry resource. The incredibly accurate scanning and ability to apply sophisticated grade rules enables us to maximise yield to high-value structural grades, including in Timberlink Green. It will facilitate planned future significant improvements in the way in which we grade timber to continue to improve yield while at the same time further improving reliability of timber as an engineered structural material.

Both of our Australian mills manage the majority of stormwater and wastes they may contain such as small amounts of oils and greases via on-site controls including 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. Soakage pits near hydrocarbon sources, such as our mechanical workshop, are equipped with interceptors to remove any oil or grease that may enter the pit. This year we significantly upgraded the soakage pits.

Liquid condensate from the kiln drying process is disposed to trade waste (sewer) or through a bio-filter 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.

Bell Bay and Tarpeena collect cardboard waste for recycling and boiler ash from both sites is utilised for soil remediation.
Energy

89% of the energy required by our mills is heat used by kilns for drying timber. We produce this heat energy from our own wood fibre by-product, with surplus by-product available for sale. We generate the energy in biomass fired heat plants which are run on our lower-value by-products such as sawdust, shavings and offcuts.

Despite being renewable, we are still working on reducing the energy consumption of our kilns. We operate four CFK kilns; two small ones at Blenheim, one large one at Bell Bay and one large one at Tarpeena with another opening in 2020. Each of these has reduced the energy we use drying timber by more than 30%, relative to drying in traditional batch kilns.

In January 2019 we opened our first CFK at Bell Bay, further reducing emissions.

The specific energy consumption of the overall process at Tarpeena and Bell Bay is shown below.

Wood residue specific consumption at our Australian mills has trended down over time, due to both improved efficiency of operation of heat plants and higher volume being processed using the same heat plants.

The higher volume is enabled by the continuous drying kilns at Tarpeena and Bell Bay. These also create a much more even energy demand and this stability improves overall heat plant operation and efficiency. Improved tracking of wood residue streams within the business during the FY19 has confirmed that previous volumes of wood burnt overestimated the amount of wood fuel being consumed in the facilities boilers/heat plants.

Wood residue consumption and % Improvement per cubic metre of finished product

Electricity

Electricity is utilised almost exclusively for motive applications such as motors to drive saws and kiln fans. Specific electricity consumption averaged across both of our Australian mills is shown below. Efficiency improvements and higher volumes processed continue to drive down electricity consumption.

Electricity consumption and % Improvement per cubic metre of finished product

Liquid fuel

Liquid fuels used at the sawmills principally consists of diesel for mobile plant such as forklifts and loaders. In addition, Tarpeena uses LPG co-fired through two of the three heat plants as part of the start-up procedure.

Liquid fuel consumption and % Improvement per cubic metre of finished product

Emissions to air

All three of our sawmills run biomass fired heat plants providing thermal energy to dry our timber. Emissions to air are regulated by local environmental authorities and our heat plants are regularly tested by external bodies to ensure they are compliant.

We run continuous improvement programs at all three of our mills around optimisation of fuel mixing and flow into a stable combustion process. These programs have over time reduced emissions.
Water

Water consumption in our Australian mills, shown below, has continued to decrease over a five-year period due to the operation of continuous flow kilns, however water consumption has increased slightly during financial year 2018/19.

Water consumption and % Improvement per cubic metre finished product

<table>
<thead>
<tr>
<th>Year</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>KLM/m³</td>
<td>30%</td>
<td>25%</td>
<td>20%</td>
<td>15%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Bell Bay, Tasmania

Bell Bay’s biomass boiler operates a fabric baghouse emissions scrubbing unit. This results in very low emissions. A sensitive particulate measurement instrument was installed in the heat plant exhaust stack to continually monitor emissions and provide early warning of damage to filter bags or other equipment. The baghouse occasionally is switched into bypass mode to protect it, typically during a boiler start-up phase, which is less than 2 hours in duration. In normal operation the baghouse particulate discharge rate is less than 5% of the regulatory limit imposed.

Blenheim, Marlborough

As mentioned in previous reports, when we purchased our Blenheim mill it had a dust abatement notice on the site due to wood dust escaping when shavings were transported from a planer to a fuel hopper. The baghouse removes dust from the airstreams transporting wood fibre to the furnace. Recent air emission testing of the boiler and drying loop achieved compliance with the conditions of the Resource Consent.

Static dust test sampling points are continuing to be regularly monitored, results demonstrate the effectiveness of improved dust control measures around site.

The site has also enacted regular gravelling of one Section of the site to minimise dust impact.

Tarpeena, South Australia

The heat plants at the Tarpeena site comply with the EPA limits specified within the South Australian Air Quality Policy 2018. There is no requirement for routine testing due to ongoing compliance and the low risk posed by the facilities biomass heat plants upon the local air shed.

We have committed to re-test the heat plants during early 2020 when the new kilns come online to ensure we are still compliant with licence conditions and running the systems as efficiently as possible.

A Glance at the Mills
Dual Certification

The majority of log supply to the Australian mills is dual certified to both FSC and PEFC/Responsible Wood from forests owned by New Forests administered investment trusts.

Forest Stewardship Council® (FSC)

Timberlink holds RW Chain of Custody certification at both Australian sites for solid wood products and by-products (including woodchips) covering both our Australian mills. Certificate number 100872. RW holds mutual recognition status with the international PEFC system, enabling Timberlink to market RW certified products to the domestic market and PEFC certified products internationally.

Timberlink Australia holds an FSC Chain of Custody and Controlled Wood Certificate for production and distribution of solid wood, wood chips and all by-product, including sawdust, shavings, boiler ash as well as reject logs (FSC Mix, Controlled Wood) covering our Australian mills and distribution centres. The certificate numbers are GMP-COC-100872 and GMP-CW-100872; FSC licence code is FSC-C117015.

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.

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. This certification is vital for production of products to be utilised as exported packaging. Blenheim mill is similarly certified to ISPM15 under New Zealand regulations.
During FY19, to help raise our awareness and sharpen our focus, Timberlink developed and launched a program known as HOME SAFE – Everyone, Every Day. HOME SAFE is Timberlink's business owned, people led, and behaviour focused program aimed at educating, engaging and empowering all our people, contractors and visitors on what makes a safe workplace.

HOME SAFE is a natural evolution from the great work of our “Safety Starts with you” safety promotion program.

The fundamental principle of HOME SAFE is our belief that everyone one deserves to go home safe every day and at Timberlink this is our number one priority.

We believe there are three parts to a safe workplace being safe people, safe plant, equipment and environment and safe systems. And we believe that individual and collective attitudes and behaviours develop cultures that will help keep us all safe.

HOME SAFE makes use of an introduction video clip from our CEO and also an engaging animation that reinforces our values, beliefs and expectations.

Since the HOME SAFE launch, 249 of our executives, managers, supervisors and employees have attended a two-day HOME SAFE at Timberlink workshop that introduces key concepts, systems and behaviours to ensure all our people go HOME SAFE.

Our 2019 safety achievements

Work, Health, Safety and Environment (WHSE) Council

During the year, our SHEQ management system continued to be improved with all Group standards reviewed by an external party. The SHEQ system was then assessed at our Manufacturing sites to determine the effectiveness and application of Group Standards. Plans and programs have since been developed to ensure continuous improvement.

Timberlink’s SHEQ provides the standards, guidelines and tools that allow our sites to achieve compliance with legislation, systematic governance and continuous improvement in our ways of working. SHEQ also provides for a standardised approach across the Group to managing hazards and risks and communicating and engaging with our employees and stakeholders.

Machine Safeguarding and Traffic and Pedestrian Separation Reviews

Timberlink engaged external experts to review our machine safeguarding of existing and future plant and equipment along with traffic and pedestrian separation standards at our manufacturing sites. This process has been powerful in raising our critical risk control standards, increasing understanding of risks and controls as well as working towards standardisation across Timberlink.

MyOSH Incident Reporting and Action Management Program

We continued to expand the use of MyOSH, our integrated reporting system to cover all incidents, hazards, near miss, actions and reporting. The MyOSH Phone App was made available to all company mobile phones. Record numbers of hazards and near miss incidents are being identified, controlled and reported into MyOSH.

HOME SAFE - Everyone, Every Day at Timberlink New Zealand

Getting our people HOME SAFE, everyone, every day is our top priority and firm commitment, and nothing is more important.

Timberlink New Zealand reached a significant achievement during FY19 where the business achieved 2 years lost time injury free.

Such an achievement does not happen by luck, with large amounts of focus, energy and most importantly care for self and others required every day.

During the last 24 months the New Zealand team has been focused on embedding key standards, educating and developing engagement and empowerment at all levels and ensuring full site involvement to foster a changing culture.
Key Performance Measures

In FY19 we continued to measure and monitor Total Recordable Injury Frequency Rate (TRIFR). Pleasingly, during FY19, Timberlink achieved a 25% reduction in TRIFR compared to the previous year.

Near Miss / Injury Ratio 30:1 This Year v Last Year Actual (TLANZ)

<table>
<thead>
<tr>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
</tr>
</tbody>
</table>

We also developed a measure known as Catastrophic Safety Occurrence Frequency Rate (CSOFR). CSOFR measures all incidents with actual or potential fatality or life changing consequences. We rate these incidents as catastrophic because we firmly believe all injuries that are fatal and life changing are catastrophic to Timberlink, the person involved and their families and loved ones. All Catastrophic Safety Occurrences are given the highest management priority and are recorded in our MyOSH incident database. The FY20 data will provide a baseline for systematic improvement in future years.

In FY19 we also introduced a Near Miss Incident to Injury Ratio of 30:1 designed to increase our efforts to systematically learn from near miss incidents. Our aim is to consistently achieve at least a 30:1 ratio during FY20.

Key achievements include:

- Increased employee engagement in change management procedures
- Improved housekeeping standards
- Focus on hazard reporting and close out of hazards
- Proactive incident reporting to learn from the incident and prevent re-occurrence
- Leadership Development
- An external review of traffic management procedures
- Ongoing staff recognition via Most Valuable Player Awards

The above points have been a key part to ensuring an ongoing changing and improving safety culture which has underpinned the success seen across site.

Our New Zealand team are well and truly on their journey towards HOME SAFE - Everyone, Every Day.

Key achievements at a glance:

- Development and launch of HOME SAFE, Everyone, Every Day
  - 249 executives, managers, supervisors and employees attended a two-day HOME SAFE at Timberlink workshop
- Establishment of a Health and Wellbeing program focused on physical and mental health and resilience
- Machine Safeguarding third party audits conducted at all Manufacturing sites
- Group SHEQ management system audited by third party
- Manufacturing sites SHEQ management systems audited by third party
- Development of Catastrophic Safety Occurrence Frequency Rate as a key measure
- Development of 30:1 ratio of near miss incidents to injuries as a key measure

development and launch of HOME SAFE, Everyone, Every Day

249 and supervisors and employees attended a two-day HOME SAFE at Timberlink workshop

Establishment of a Health and Wellbeing program focused on physical and mental health and resilience

Machine Safeguarding third party audits conducted at all Manufacturing sites

Group SHEQ management system audited by third party

Manufacturing sites SHEQ management systems audited by third party

Development of Catastrophic Safety Occurrence Frequency Rate as a key measure

Development of 30:1 ratio of near miss incidents to injuries as a key measure
Customers

Helping our customers grow their businesses, now and in the long-term, is a firm commitment of Timberlink. That is why we are a Gold sponsor of the Wood Solutions Mass Timber Program and a Silver Sponsor of the Frame and Truss Manufacturers Association (FTMA). It is also why we have become the only softwood timber manufacturer to run a mass media campaign anywhere in the country in Australian history. It is why we have been a strong supporter and contributor to The Ultimate Renewable campaign and Timber Framing campaign. It is because we’re looking at ways to help drive demand for our customers to help contribute to their long-term sustainability.

Forest and Wood Products Australia’s The Ultimate Renewable campaign hit TV screens this year, aiming to educate the public on the renewability benefits of timber framing. Timberlink has supported the campaign and helped our customers to take this message to their customers.

The Wood Solutions Mass Timber Program is aimed at educating and equipping developers, builders, architects and engineers with knowledge to build mid-rise offices and apartments using timber. The buildings which can be anywhere from 3 – 8 stories, use new technological advances to safely use environmentally friendly plantation timber rather than carbon producing concrete and steel.

For our customers, this is a game-changer. It demonstrates what is achievable with Mass Timber Construction it also provides a vision to a sustainable timber construction industry for this generation and those that come after us.

Our frame and truss manufacturer customers are a key part of our business and we are proud to be a Silver sponsor of the Frame and Truss Manufacturers Association (FTMA). Amongst other things the organisation promotes and educates safe work practices, particularly for small and medium sized businesses. We are committed to ensuring that the sector continues to grow, and flourish.

Our Made of Tasmania campaign is lighting up the air waves in Tasmania, helping to educate a generation about plantation timber. We’ve run ads on TV, Newspapers, Online and outdoor media. We have a Tasmanian focused website, www.madeoftasmania.com.au and regularly host events and mill tours for stakeholders in Tasmania.

Our customers, like us are passionate about delivering a sustainable building industry and we will continue to strive to invest in new sustainable solutions for timber to be used now and in the future.

The program has culminated in the construction of a prototype mid-rise mass timber building at Holmesglen Tafe in Melbourne. Not only does this site demonstrate what is achievable with Mass Timber Construction it also provides a vision to a sustainable timber construction industry for this generation and those that come after us.

Our frame and truss manufacturer customers are a key part of our business and we are proud to be a Silver sponsor of the Frame and Truss Manufacturers Association (FTMA). Amongst other things the organisation promotes and educates safe work practices, particularly for small and medium sized businesses. We are committed to ensuring that the sector continues to grow, and flourish.

Our Made of Tasmania campaign is lighting up the air waves in Tasmania, helping to educate a generation about plantation timber. We’ve run ads on TV, Newspapers, Online and outdoor media. We have a Tasmanian focused website, www.madeoftasmania.com.au and regularly host events and mill tours for stakeholders in Tasmania.

Our customers, like us are embracing the Ultimate Renewable timber industry messaging.

Communities

Timberlink in the local community

At Timberlink we want to be intrinsically part of the local communities that we operate in, and that’s why we support local community groups, sporting groups and charities.

Our employees and their families rely on us and we rely on them that’s why we’re so proud to give back.

Below we have highlighted some of the community activities we were able to support.

Tarpeena Country Fire Service

Timberlink was delighted to be able to donate 2 defibrillators to the CFS’s at Tarpeena and Kalangadoo with the units to be put on trucks at both sites.

The Timberlink Tarpeena sponsorship committee had heard that the CFS’s were in need of this potentially lifesaving equipment and made it a priority to get them to the sites for Christmas with the delivery made on the last day of business for the year.

The Two-week trip saw many ups downs, visiting schools, pubs, replacing parts in the middle of the desert and making great mates along the way.

Variety Bash

Timberlink supported the Variety Bash this year by sponsoring the Dukes of Essex. The car powered through the Australian Outback for a great cause. The Variety Bash raised money for kids with cancer and Timberlink proudly sponsored Lance in his 1971 Holden HG Kingswood, named the Dukes of Essex.

Outback for a great cause. The Variety Bash raised money for kids with cancer and Timberlink proudly sponsored Lance in his 1971 Holden HG Kingswood, named the Dukes of Essex.

The two-week trip saw many ups downs, visiting schools, pubs, replacing parts in the middle of the desert and making great mates along the way.

Supporting the local economy

Our support goes beyond just sponsorship however, in Bell Bay the mill generates over $150m for the local George Town economy, and Timberlink incredibly employs around 3% of the town’s population.

The town of Tarpeena has a population of 402 and the mill employs 207 people. Here we reached out to support several local groups such as the Penola High School, the Mt Gambier RSL and the Garvan Institute.

Our employees and their families rely on us and we rely on them that’s why we’re so proud to give back.

Timberlink in the local community

At Timberlink we want to be intrinsically part of the local communities that we operate in, and that’s why we support local community groups, sporting groups and charities.

Our employees and their families rely on us and we rely on them that’s why we’re so proud to give back.

Below we have highlighted some of the community activities we were able to support.

Tarpeena Country Fire Service

Timberlink was delighted to be able to donate 2 defibrillators to the CFS’s at Tarpeena and Kalangadoo with the units to be put on trucks at both sites.

The Timberlink Tarpeena sponsorship committee had heard that the CFS’s were in need of this potentially lifesaving equipment and made it a priority to get them to the sites for Christmas with the delivery made on the last day of business for the year.

Community meeting at Blenheim

The mill operates in a sensitive area as it is very close to urban properties. We understand the importance of having a good relationship with our neighbours, they are a critical element of our social licence to operate, so we host regular meetings with our neighbours to share business updates and discuss any emerging issues.

38 environmental hazard and incident reports were raised during this period, many driven from internal assessments and proactive inspections being completed.

The mill operates in a sensitive area as it is very close to urban properties. We understand the importance of having a good relationship with our neighbours, they are a critical element of our social licence to operate, so we host regular meetings with our neighbours to share business updates and discuss any emerging issues.

38 environmental hazard and incident reports were raised during this period, many driven from internal assessments and proactive inspections being completed.
People

Our Vision
“as an employer of choice we will create a culture that values all Timberlink employees and the communities that we operate within. Recognised as the leading people function in the timber industry”

People, Performance and Culture (PPC)

Over the last 12 months, the PPC team has developed its strategic framework to align with the Company’s 5-year plan. Lunch ‘n’ learn sessions continue to be run at all sites on topics such as workplace behaviours, attendance management, recruitment and performance review planning process. These sessions and more will feature in the next 12 months. Enterprise Agreements have been negotiated and finalised at both Australian sawmills.

Emerging Leaders Program

In 2019, six high-potential Timberlink employees from across Australia and New Zealand participated in our inaugural Emerging Leaders Program. Each supported by a Timberlink senior leader as a mentor, the participants completed a number of leadership workshops and led a selection of innovative improvement projects in their workplace. Throughout the program, participants developed a range of leadership and communication skills to set them up for continued success in their careers. Timberlink plans to build on the success of the inaugural program with a second cohort in 2020.

Frontline Leader Development Program

Timberlink also commenced a Frontline Leader Development Program designed to help equip existing and prospective frontline leaders with the skills to adapt leadership styles, develop increased self-awareness and lead individuals and teams effectively. The program consists of several face to face workshops, online modules and workplace action plans. Like the Emerging Leaders Program, the Frontline Leader Development Program will continue in 2020 across Australia and New Zealand.

Sustainable and Responsible Business

Timberlink Australia/New Zealand is committed to conducting its business in a sustainable and ethical manner, underpinned by our core values of being open, fair, resilient, respectful and with integrity.

In FY2019, a concerted and focused effort was made in formalising several key policies for our employees, contractors and business partners. These policies signal Timberlink’s commitment to sound business practices and form part of a renewed governance program introduced this year that will further cement our position as a responsible and sustainable business.

Very timely, as we embark on the next phase of growth through the significant expansion in our Australian mills announced earlier this year - bolstered by the strength of our financial position made possible through responsible debt gearing, a healthy working capital and overhead expense management. All of which have been anchored into a detailed and integrated rolling 5-year plan that forms part of our 20 year agreed roadmap.
We continue to be a significant employer in the regional areas where we operate. Around 86% of our positions are in regional areas of Australia and New Zealand.

To underpin our commitment to developing our people, Timberlink also launched “Timberlink Learning”, our Learning Management System. This online platform allows users to complete and track assigned learning activities relevant to their roles as well as enrolling in and completing learning programs to foster their ongoing professional growth. Over 1800 courses were completed on Timberlink Learning across the business during 2019.

To further underpin our commitment to developing our people, Timberlink has committed to the recruitment of one apprentice across each site for 2020, with each site well underway in their plans for where an apprentice will best fit into the site.

Now in its fifth year, our Timberlink Leadership Group continues to work on initiatives that support our 5-year strategic plan. The Group meets formally once a year to work on key strategic plans for the business. Outside of the formal meeting, project committees meet separately to continue the work of this group.

In 2019, Timberlink attended four Careers Days (two in Tasmania, one in South Australia and one in New Zealand), with the aim of increasing awareness to the students about the endless possibilities Timberlink has on offer for students to stay and build careers in the region. In 2020, Timberlink has committed to attending the same Careers Days with a greater focus on promoting an internship program into one of the sites for 2021 and a broader focus of building a more technological savvy and efficient workforce.

Timberlink has also built a close relationship with the Department of Education in South Australia, who is committed to supporting Timber Product businesses in the Limestone Coast region. As a result of ongoing conversations between the Department of Education and a variety of different Timber businesses, a program has now been developed to begin in April 2020 titled the “Forest Learning Pathways Program”. This program will see 15 Year 10 Students begin a three year program learning and studying the variety of different career options available to students in the industry, culminating with a Certificate III in Sawmilling and Processing, with the option to lead into an Apprenticeship/Traineeship for the students as well. Timberlink has been invited onto the panel for the recruitment process to be held in December 2019.

### Apprenticeships/Traineeships

To further underpin our commitment to developing our people, Timberlink has committed to the recruitment of one apprentice across each site for 2020, with each site well underway in their plans for where an apprentice will best fit into the site.

### Timberlink Leadership Group

Now in its fifth year, our Timberlink Leadership Group continues to work on initiatives that support our 5-year strategic plan. The Group meets formally once a year to work on key strategic plans for the business. Outside of the formal meeting, project committees meet separately to continue the work of this group.

### Forest Learning Pathways Program

Timberlink has also built a close relationship with the Department of Education in South Australia, who is committed to supporting Timber Product businesses in the Limestone Coast region. As a result of ongoing conversations between the Department of Education and a variety of different Timber businesses, a program has now been developed to begin in April 2020 titled the “Forest Learning Pathways Program”. This program will see 15 Year 10 Students begin a three year program learning and studying the variety of different career options available to students in the industry, culminating with a Certificate III in Sawmilling and Processing, with the option to lead into an Apprenticeship/Traineeship for the students as well. Timberlink has been invited onto the panel for the recruitment process to be held in December 2019.

### Careers Days

In 2019, Timberlink attended four Careers Days (two in Tasmania, one in South Australia and one in New Zealand), with the aim of increasing awareness to the students about the endless possibilities Timberlink has on offer for students to stay and build careers in the region. In 2020, Timberlink has committed to attending the same Careers Days with a greater focus on promoting an internship program into one of the sites for 2021 and a broader focus of building a more technological savvy and efficient workforce.

### Regionally Based Employees

We continue to be a significant employer in the regional areas where we operate. Around 86% of our positions are in regional areas of Australia and New Zealand.

<table>
<thead>
<tr>
<th>Location</th>
<th>% of Employ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide, SA</td>
<td>1%</td>
</tr>
<tr>
<td>Launceston, TAS</td>
<td>1%</td>
</tr>
<tr>
<td>Sydney, NSW</td>
<td>1%</td>
</tr>
<tr>
<td>Perth, WA</td>
<td>2%</td>
</tr>
<tr>
<td>Knoxfield, VIC</td>
<td>9%</td>
</tr>
<tr>
<td>Blenheim, NZ</td>
<td>14%</td>
</tr>
<tr>
<td>Bell Bay, TAS</td>
<td>33%</td>
</tr>
<tr>
<td>Tarpeena, SA</td>
<td>39%</td>
</tr>
</tbody>
</table>

### Diversity and Inclusion Program

In 2019, Timberlink developed a Diversity and Inclusion Strategic statement which underpins everything we do.

We understand and value differences between our employees and build capability based on this to drive innovation, performance and growth. Our commitment to diversity and inclusion is underpinned by our company values, and this extends to all areas of our business.

This is supported through our leadership, development programs, recruitment, and wellbeing program. We measure our success and strive to continuously improve the program.

Our strategic priority areas focus on achieving the following outcomes:

- **DIVERSITY**
  - Employee Value Proposition
  - Recruitment

- **INCLUSION**
  - Talent & Succession
  - Movement
  - Development
  - Culture

### Employee Distribution by Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Blenheim</th>
<th>Tarpeena</th>
<th>Bell Bay</th>
<th>Rest of Business</th>
<th>Total Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30</td>
<td>10%</td>
<td>18%</td>
<td>26%</td>
<td>4%</td>
<td>19%</td>
</tr>
<tr>
<td>31 - 50</td>
<td>37%</td>
<td>50%</td>
<td>50%</td>
<td>55%</td>
<td>49%</td>
</tr>
<tr>
<td>51 &amp; Over</td>
<td>44%</td>
<td>32%</td>
<td>24%</td>
<td>41%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Our Employee Consultative Committees will continue to meet as required and ensure that the work we do flows through to these forums and underpins everything we do.

Our measurements of success in this area relate to attracting local talent into senior roles and recruiting female employees into vacant management roles.

Our workplace will benefit from higher employee engagement, improved performance and retention of talent with the introduction of our Diversity & Inclusion Program.
How we operate

Timberlink enjoys strong working relationships with a range of stakeholders. These include our employees, customers, suppliers, the local communities we operate in, government regulators, financiers and investors. We seek to engage with our stakeholders who are involved with our business, to ensure we understand their businesses and can find a way to ensure both parties are working well together. This is a constantly evolving conversation.

In any engagement with stakeholders we will ensure that sustainable practices and renewability are front of mind. We will make it clear that we will never jeopardise the safety of our workers, our local communities or the future of the business for any short-term goal.

We have a number of approaches to engaging with our stakeholders. In Australia and New Zealand we have developed a formal customer survey process to improve customer experience. The Voice of the Customer is an annual quarterly customer survey of our distribution channel partners with the feedback being used to drive change through the business.

We have further ways to engage with our employees and at our manufacturing sites we work with the local community through community development programs. These include HR initiatives, newsletters and conversations with management.

We are involved with associations such as AFPA, FWPA and the FTMA and various timber industry associations, we stay connected with industry-wide issues and contribute to their resolution. We often rely on these organisations to represent Timberlink’s interests to relevant government authorities, when a collective response is required. Our interactions with government regulators keep us engaged in the regulatory process.

We have open lines of communication with our investor community, enabling us to gather feedback on our activities and monitor issues important to them.

To increase accessibility of information about our activities, we place a high priority on responding to feedback, questions or concerns and provide information on our company websites.

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timberlink Board</td>
<td>Reporting, Meetings, Strategic planning, Business planning</td>
</tr>
<tr>
<td>Investors</td>
<td>Site visits &amp; meetings, Sustainability reporting, Strategic plan, New Forests Investor meetings &amp; conferences</td>
</tr>
<tr>
<td>Financiers</td>
<td>One-on-one meetings, Covenant requirements reporting, Financial reporting</td>
</tr>
<tr>
<td>Employees</td>
<td>Employee survey, Staff performance reviews, Town hall site meetings, Timberlink Leadership Group Conference, LinkaLetters newsletter, Upgrades newsletters, Site safety committees, Tool box talks</td>
</tr>
<tr>
<td>Customers</td>
<td>Customer satisfaction survey, Customer relationship management &amp; engagement, Company website news, Company external newsletter, Mili visits, Social media, Media</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Key supplier reviews, Supplier relationship management, Supplier audits</td>
</tr>
<tr>
<td>Non-government organisations</td>
<td>Industry group forums &amp; associations meetings</td>
</tr>
<tr>
<td>Media</td>
<td>Media releases, Interviews, Site visits</td>
</tr>
<tr>
<td>Local Communities</td>
<td>Community relations activities</td>
</tr>
<tr>
<td>Regulators</td>
<td>Site visits &amp; inspections, License requirements reporting, Meeting</td>
</tr>
<tr>
<td>Government</td>
<td>Site visits, Meetings</td>
</tr>
</tbody>
</table>
Conclusion

Pathway to our Sustainability Goal

We will be using the ingrained sustainability that you find in plantation timber as the basis for our philosophy to ensure that we reach the desired level of integrated strategy as outlined below. To determine what specific actions the business must take to reach stage 4 and achieve the transformation to full integration of sustainability into our corporate strategy, Timberlink will be capturing sustainability initiatives from the GRI G4 (Global Reporting Initiative Sustainability Reporting Guidelines). Any aspects which are not applicable (as per the original analysis against IFCPS) have been excluded from measurement, as are measurements that are already tightly managed functionally (economic performance for example).

Forward Actions by Financial Year

**FY18-19**
- Completed

**FY19-20**
- Engage third party to conduct risk based audits across all mills
- Engage third party to complete business full life cycle carbon footprint analysis

**FY20-23**
- Complete annual environmental reports for all mill sites
- Develop formal process for community engagement at all mills
- Implement employee based environmental awareness programme
- Review product packaging with a view to sustainable outcomes
- Formalise carbon reduction targets and create a plan to achieve goals
- Path to Stage 4 by FY22, with a view to renew and execute plan