TIMBER LINK®

AUSTRALIA | NEW ZEALAND

Sustainability Report 2020

Timber The Ultimate Renewable™

Contents

Front cover: Our world-class Tarpeena Sawmill

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CEO Welcome

Welcome to our FY20 sustainability report. We hope that you discover our significant commitment to being a sustainable business is making real progress.

Moving beyond basic sustainability compliance towards becoming an inherently sustainable business is a goal Timberlink's leadership team and Board set itself a few years ago. We are proud that the Australian mill upgrade program will see the limited Australian timber supply used more efficiently, bringing our customers a more secure timber supply for years to come. We are excited to have announced this year, plans to build Australia's first joint CLT and GLT plant which will see more engineered softwood timber used in major building projects, reducing Australia's carbon footprint. We are pleased to be the first timber manufacturer in Australia to set out a path to reduce carbon emissions in line with the Paris Climate Agreement. And most of all we are proud of our people led safety program, **HOME SAFE**. Because nothing is more important than getting our people **HOME SAFE - Everyone, Every Day**.

This is all in addition to the fact that the timber that builds our homes, decks and pergolas is built from renewable plantation pine timber. Wood will become the building material of choice for the 21st century, and Timberlink will be a key part of this transition across Australasia.

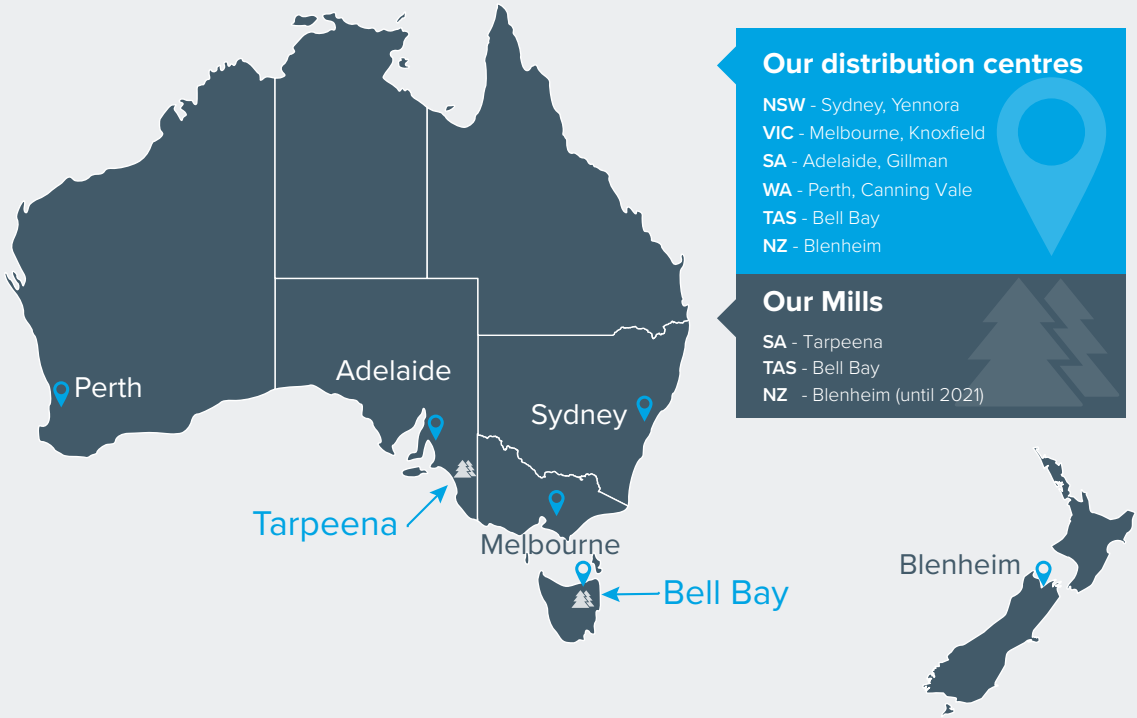
We hope that you enjoy learning about our business as we strive to deliver on our commitments to our employees, our local communities, our customers, and all of our stakeholders.

Ian Tyson
Chief Executive Officer
Timberlink Australia I New Zealand

TIMBER LINK®

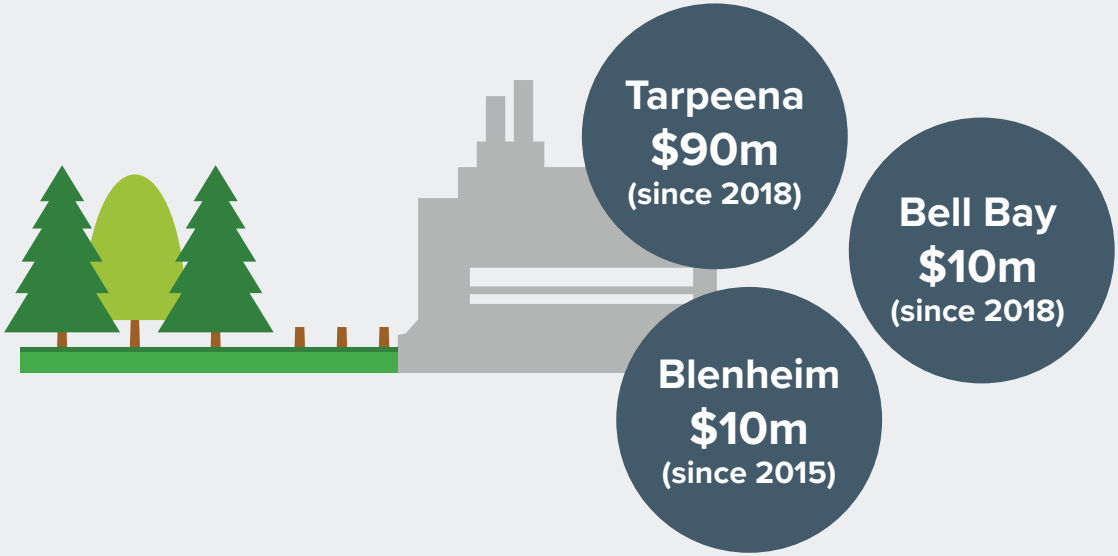
AUSTRALIA | NEW ZEALAND

Timberlink is an Australasian manufacturer that transforms sustainably grown plantation pine into timber. Our products are used to produce homes, pergolas, decks, pallets and paper across Australia, New Zealand, and Asia. For Timberlink, sustainability is a triple bottom line concept. It means we look after our people, our environment, and the regional and wider communities that we operate in.



Investment and Innovation

Timberlink's mill upgrade program, building world-class timber mills



Core Values:

Our core values guide everything we do and ensure that we continue to be a triple bottom line sustainable business.

The mills at a glance

Tarpeena Mill

The Tarpeena mill employs 201 staff on a 40ha site just north of the regional centre of Mount Gambier. It's one of the largest sawmills in Australia and since Timberlink purchase more than $130M has been invested in upgrading the mill to world class standards. The mill is heavily focused on manufacturing high quality structural timber.

Bell Bay Mill

The Bell Bay mill is the only scale softwood mill in Tasmania. It employs 190 staff on a 74ha site in the north of the state. The mill was constructed in 2008 and Timberlink has invested significantly in upgrades to the latest technology and safety improvements since taking ownership in 2013. The mill manufactures a broad range of products from the Tasmanian resource including large volumes of outdoor timber, appearance products and structural timber.

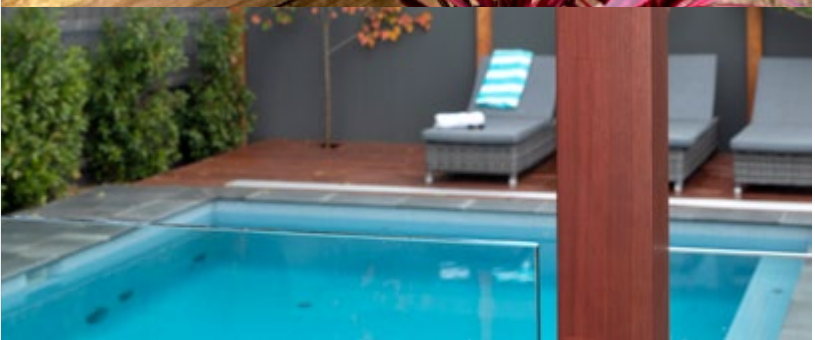
Blenheim Mill

The Blenheim mill is an integrated softwood sawmill and remanufacturing site on the outskirts of the town. Since purchasing the mill in 2015, Timberlink has invested heavily in upgrading capacity and efficiency, with the mill employing 80 people.

In 2021 Blenheim will move to become a distribution based business only.

Our Products

In homes across Australia and New Zealand you will find renewable Timberlink pine in house frames, pergolas, verandas, carports, fences, and gardens.



Key Products:

Untreated Structural framing

Timberlink Blue
Termite Resistant Structural Framing H2F

TIMBER LINK®
BLUE

Timberlink Green
Outdoor structural framing H3

- Pickets
- Fencing
- Stair Treads
- Decking

TIMBER LINK®
GREEN

Other Products:

Posts

Sleepers

Woodchips

About us

During FY20 Timberlink operated 3 regional sawmills, located in Bell Bay in Tasmania, Tarpeena in South Australia and Blenheim in New Zealand. Timberlink is proud to support these regional communities and they support us. In total **we directly employ over 550 people, 87% of whom live in regional areas**.

Sustainably contributing to the local economy of our regional towns is a key goal 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 an estimated 1,600 direct and indirect jobs are created by Timberlink across Australia and New Zealand.

We are a customer focussed business, where relationships matter. Our continued investment in customer service has been recognised by our customers through our annual customer survey whereupon we are provided an opportunity to hear their feedback. Our customers can be assured that this will continue into the future.

To support our sales team Timberlink is investing in the renewable future, with our substantial Australian mill upgrade program. The current $100m upgrade program is in addition to multiple upgrades at all of our mills under Timberlink ownership. We are proud of our consistent investment in these assets as we journey towards creating world class mills, providing a sustainable business and a safe working environment for our employees. In addition, this year we announced our intention to build a Cross Laminated Timber (CLT) and Glue Laminated Timber (GLT) production facility for completion in 2023. This facility will further unlock value in lower grade products while providing innovative solutions to the construction industry.

During the reporting period, Timberlink has taken significant steps in reducing our climate impact. We have completed a full greenhouse gas inventory and have established carbon reduction targets in line with the Paris Agreement 1.5ºC of warming goal. These targets have been verified by SBTi, the international body that sets and applies the rules for setting carbon reduction targets. Timberlink leads our industry sector, being the first in the region and one of only three globally in the forest and paper products sector to have targets in place in line with the 1.5ºC goal.

Timberlink has an integrated ownership model that allows it to be in control of much of its resource from the forest to the mill. Timberlink's upstream related party, New Forests has plantations across Australia and New Zealand. This integrated supply chain allows Timberlink to provide certainty of supply to our customers.

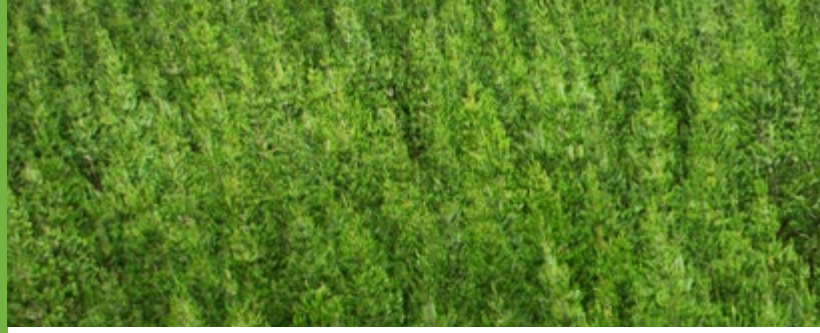
The confidence this structure has given our business is such that we have been able to embark on a $100m Australian mill upgrade program. Both our Tarpeena and Bell Bay sites are being transformed into modern, world-class timber mills. The upgrade program is further detailed in the body of this report.

About New Forests

New Forests is a sustainable real assets investment manager offering leading-edge strategies in forestry, land management, and conservation. Timberlink sits within one of New Forests investment funds with the relationship ensuring that there is an integrated connection 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 AUD 5.6 billion 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 our clients' assets for a future in which landscapes will encompass both production and conservation values. New Forests manages approximately 765,000 hectares of land and forests and is headquartered in Sydney with offices in San Francisco, Singapore, and New Zealand.

New Forests' investment strategies consider 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.



Sustainability Overview

- Drivers for Sustainability
- Sustainability Stages Model
- Measuring Sustainability Performance

SUSTAINABLE DEVELOPMENT GOALS

Drivers for Sustainability

Timberlink has several drivers for improving our sustainability improvement. These are aligned with the United Nations Global Compact's Sustainable Development Goals (SDGs).

The relevant SDGs and highlights include:

SDG 3 Good Health and Well-being
A program of themed monthly modules was rolled out during FY20. These modules were supported by webinars, specific websites, and live presentations to connect with our employees on the importance of overall wellbeing. With COVID-19 emerging in the second half of the financial year, the wellbeing calendar was complemented with further programs on mental and physical health to support our remote working employees.

SDG 4 Quality Education
Timberlink continues to focus on employee development through several training programs. Having successfully completed the inaugural Emerging Leaders and Front-Line Leaders programs in 2019, these flagship development programs progressed a combined 46 new employees through the 10-month program in 2020. A program of lunch 'n' learn modules continued across our sites. The company's learning management system (LMS) is now maturing to support change management and training as new programs and processes evolve.

SDG 5 Gender Equality
Understanding the importance of diversity and inclusion, Timberlink has taken positive steps in this area with the development of a Board approved Diversity and Inclusion policy as well as signing to the Diversity and Inclusion Charter with the Australian Forest Products Association (AFPA) in FY20. This will assist Timberlink in benchmarking with comparable companies within the industry.

SDG 7 Affordable and Clean Energy
Most of the energy utilised by Timberlink is heat used in the process of drying timber. This is produced by the combustion of renewable biomass in the form of residues from our sawmills. Net emissions from the process are low, resulting only from the byproducts of combustion Methane (CH4) and Nitrogen Dioxide (NO2). Plantations harvested to produce logs processed by Timberlink are replanted. Also, during the period, Timberlink's Tarpeena sawmill moved from predominantly "brown" to predominantly "green" electricity sourced from SA's highly renewable grid.

SDG8 Decent Work and Economic Growth
Timberlink recognises the value of sustained and inclusive economic growth in driving progress, improved living standards and job creation. Since inception in 2013 Timberlink has invested heavily in its manufacturing assets, implementing world best practice technology in several key areas including kiln drying and timber scanning. A generational investment at Tarpeena mill will be completed in FY21, deploying world best practice in sawmilling equipment and increasing capacity to suit projected log availability. A pipeline of projects to be completed in the next five years further advances our deployment of technology to drive economic growth.

SDG 9 Industry, Innovation, and Infrastructure
Timberlink believes that our model of sustainable manufacturing, producing the world's only carbon negative building material, addresses both environmental and economic challenges. Our triple pronged approach includes provision of innovative carbon negative building materials to developing market segments; investment in world-leading technologies to optimise the efficiency of our manufacturing plants; and proactively measuring and managing our sustainability performance, particularly our carbon footprint as evidenced by setting Science Based Targets for greenhouse gas reduction.

SDG 12 Responsible Consumption and Production
The key resource consumed by Timberlink is logs. All logs processed are from responsibly managed plantation forests, with most products manufactured certified to both FSC® and PEFC™ standards. Timberlink puts substantial focus on optimising recovery of building products from these logs; these products sequester carbon for the lifetime of the building and so have an inherently stronger sustainability profile than products manufactured from our byproducts.

SDG 13 Climate Action
Timberlink believes that it is not sufficient to manufacture carbon-negative building materials as our contribution to managing climate change. We view it as vital that all industry sectors play their part in limiting global warming to levels that avoid catastrophic impacts to the planet. To that end, we have committed to Science Based Targets for greenhouse gas emissions reductions in line with the more ambitious limit of 1.5C warming above preindustrial levels of the Paris Agreement.

5 Stages of Sustainability

The United Nations Global Compact outlines a 5-stage model of sustainability as part of its Roadmap for Integrated Sustainability, which aims to support companies in deepening the integration of sustainability-related goals and strategies across the organisation.

Global Compact Network Australia

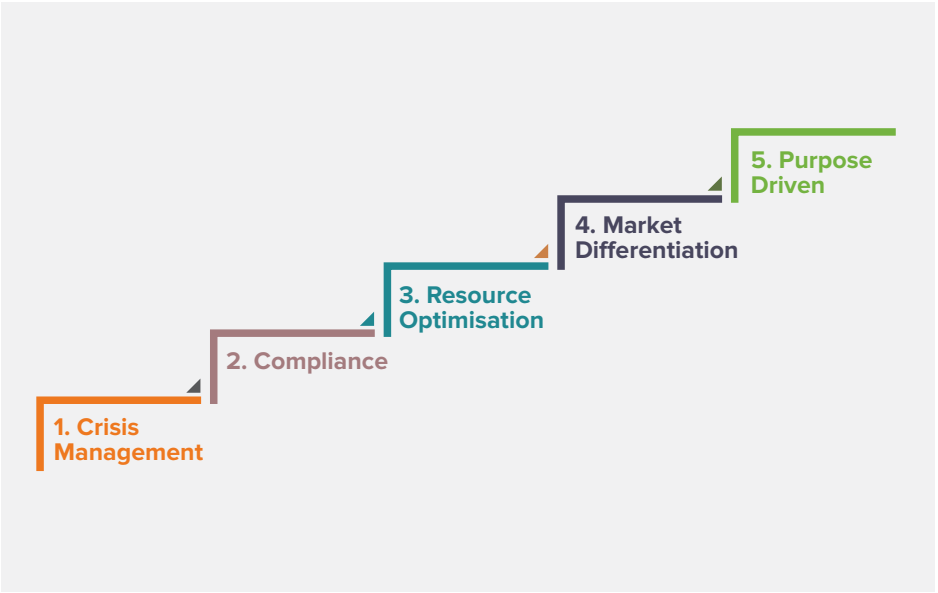
Sustainability Stages Model

Similar models use alternative labels for the stages such as:

1 Pre-compliance
2 Compliance
3 Beyond Compliance
4 Integrated Strategy
5 Purpose and Passion

However, they are reasonably well aligned in their detailed descriptions. A business at stage 1 does not operate in compliance with all regulations and stakeholder expectations. At stage 2, a business ensures compliance with the law and relevant regulations but investments beyond compliance are not made. At stage 3, businesses move beyond compliance to improve productivity and reduce negative impacts. Moving from stage 3 to 4 requires a fundamental shift with sustainability viewed as investments and opportunities rather than cost and risk, with a strong focus on sustainability-led innovation. Stage 5 companies are driven by values, with a commitment to improve the world, with the business model linked to addressing social and/or environmental challenges.

Sustainability Stages Model



Measuring Sustainability Performance

Timberlink's sustainability performance has been tracked since July 2017 using internally developed Key Performance Indicators (KPI's). Multiple indicators are tracked across economic, environmental, and social aspects so that performance on each measure can be trended and compared to benchmarks.

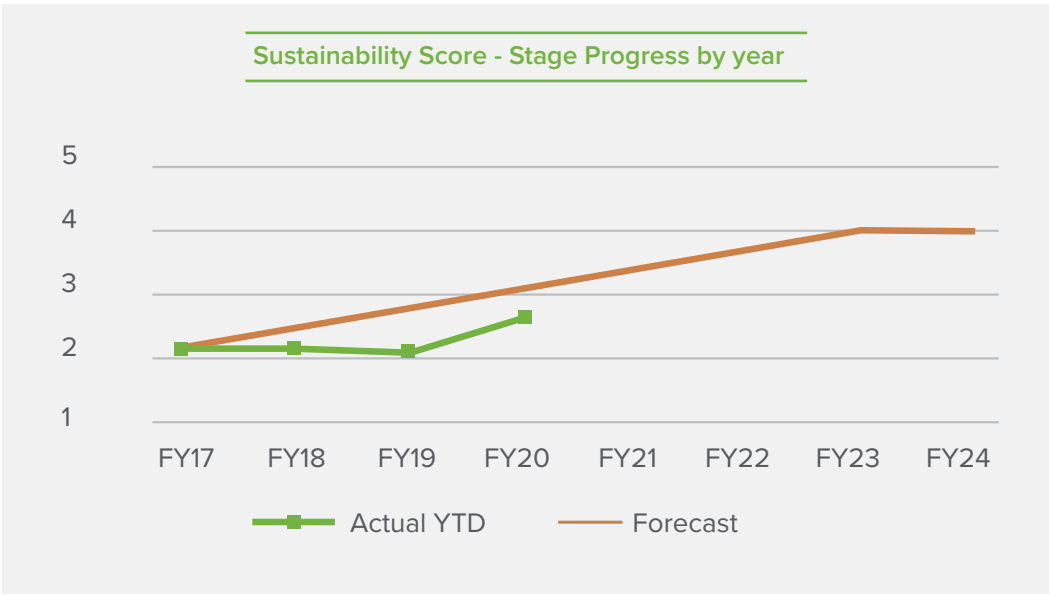
The performance of each indicator is scaled from **1** to **5**, in line with the common model for stages of sustainability. The indicators are based on the Global Reporting Initiative (GRI) framework. These are weighted and consolidated into an overall score, so that sustainability performance can be tracked monthly and broken down to identify contributing factors. The approach applied was novel as no suitable exemplars could be found.

Timberlink developed an updated and extended KPI for implementation at the beginning of FY21. This was part of our commitment to continual improvement, with further metrics utilised to better reflect business performance and provide a more stable measure. Benchmarks were tuned based on best available information for each metric. The new KPI was aligned with the old one over several months' data to ensure reliable continuity in reporting.

Sustainability Performance

We completed a self-assesment in FY17 and found that overall our performance is between stage 2 and 3. We then set a target to achieve stage 4. Performance as tracked by our consolidated measure is shown in Figure 1 with flat performance to FY19 followed by a marked improvement in FY20. The improvement has been driven by multiple factors, principally in the environmental aspect. Investments in improved processing technology have increased resource utilisation efficiency and decreased energy consumption per unit produced, including biomass utilised in heat plants, liquid fuel used in mobile plant fleet, and electricity.

Figure 1



Environment

- Carbon Footprint and Reduction
- Compliance
- Pollution, Waste and Consumption Minimisation
- Effluent and Waste
- Dual Certification

Carbon Footprint and Reduction

During FY19, Timberlink worked with consultants Edge Environment on an industry-funded project to develop a framework and simple tools to enable industry members in Australia to set carbon reduction targets in compliance with the rules set down by the Science Based Target initiative (SBTi).

The SBTi is a collaboration between not-for-profit CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It defines and promotes best practice in science-based target setting and independently assesses and approves companies' targets. These targets must be aligned with the Paris Agreement, which aims to limit global temperature rise this century well below 2ºC above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5ºC.

Timberlink made substantial contributions to the project as we feel that it is important that all industry sectors play their part in tackling climate change. Our hope is that by demonstrating leadership in this field, other companies in our sector will be encouraged to formalise targets and formulate their own plans to reduce their carbon impact.

The project had two major outcomes for Timberlink: completing a detailed greenhouse gas inventory of our entire operations, including supply chain and product impact through end-of-life; and developing carbon reduction targets in compliance with SBTi rules that could then be submitted for verification.

SBTi targets:

Reduction in Scope 1 and 2 emissions by 53%

Third at 1.5ºC target level in our industry globally

First in Australia in the industry

Carbon Footprint

Timberlink's carbon footprint for FY18 (due to project timing, FY19 data was not yet available) is outlined in Figure 2 with detail presented in Table 1 (overleaf). Note that the net biogenic emissions from heat plants at the mills is zero – the mill residues burnt are all fully renewable. Effectively, emissions from the heat plants comprise only byproducts of combustion such as methane, which is reflected in the way emissions are calculated for mandatory National Greenhouse and Energy Reporting.

Scope 1 and 2 emissions are often considered together as they are largely under direct control. Scope 1 is direct emissions such as from burning diesel in mobile plant; Scope 2 are indirect emissions from purchased electricity, which can be reduced not only by improving electrical energy efficiency, but also by choosing to purchase lower-impact electricity. Scope 3 emissions are from the supply chain. Biogenic emissions and sequestration are accounted for separately – these are carbon emissions associated with natural sources; for Timberlink there is a very large sequestration of carbon into the trees we process, slightly offset by emissions from usage and end-of-life treatment of our products.

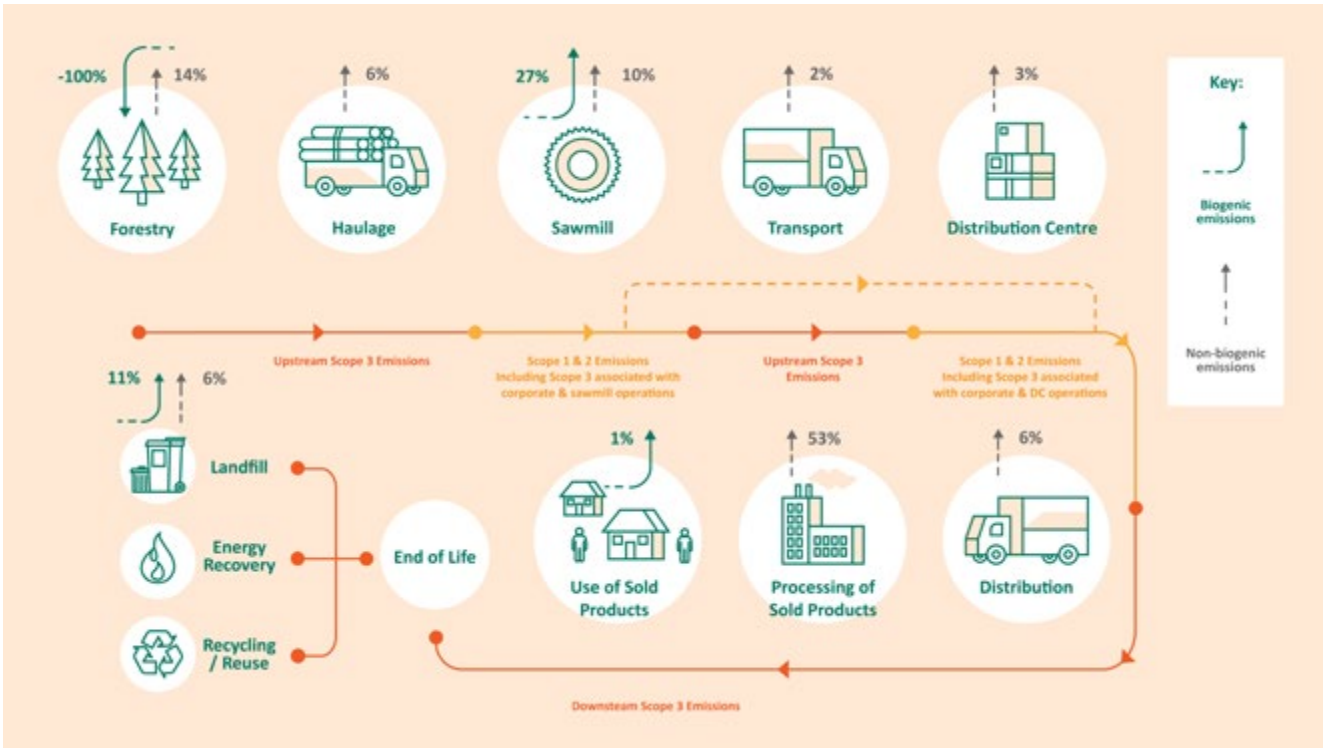


Figure 2. Timberlink's carbon footprint

Scope	FY18	%	FY18 biogenic
	CO2 tons		CO2 tons
Scope 1 emissions	6,692	2	308,589
Scope 2 emissions	13,810	4	-
Scope 3 emissions	348,575	94	-997,076
	369,076	**100**	**-688,487**

Scope 3 Category	FY18	%	FY18 biogenic
	CO2 tons		CO2 tons
Cat 1: Purchased goods and services	95,505	27	-1,134,405
Cat 2: Capital goods	98	0	-
Cat 3: Fuel and energy related emissions	3,567	1	-
Cat 4: Upstream transportation and distribution	6,049	2	-
Cat 5: Waste generated in operations	509	0	-
Cat 6: Business travel	637	0	-
Cat 7: Employee commuting	1,626	0	-
Cat 8: Upstream leased assets	39	0	-
Cat 9: Downstream transportation and distribution	22,179	6	-
Cat 10: Processing of sold products	195,225	56	1,194
Cat 11: Use of sold products	990	0	8,571
Cat 12: End-of-life treatment of sold products	22,152	6	127,564
	348,575	**100**	**-997,076**

Table 1. Timberlink's carbon footprint by scope

Carbon Reduction Performance

Timberlink has estimated the change in its carbon footprint in FY19 and FY20, based on the full greenhouse gas (GHG) inventory performed for FY18. Combined Scope 1, 2 and 3 emissions haven't seen a material reduction as emissions are strongly driven by Scope 3, particularly processing of sold residues and end of life of sold products. Significant reductions in Scope 3 will only arise from material change in use of our products, particularly residues. More importantly, we have achieved substantial reductions in combined Scope 1 and 2 emissions, driven principally by changing electricity supply for Tarpeena to a predominantly clean energy supplier.

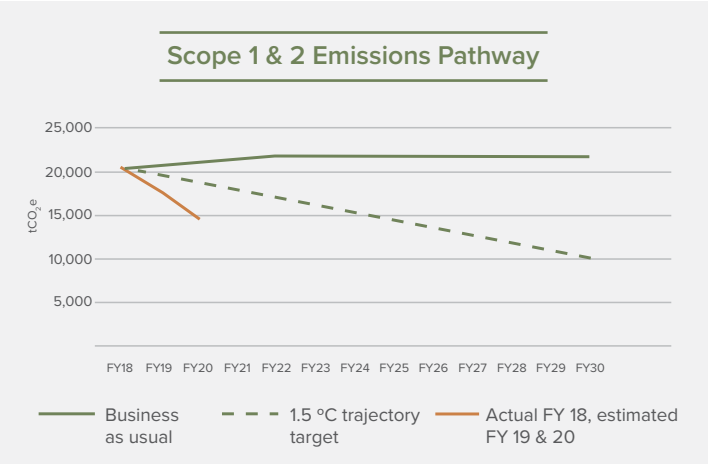


Figure 3

Carbon Reduction Targets

Timberlink's carbon reduction targets were formulated in compliance with SBTi rules using FY18 as the base year. We elected to commit to targets in line with the more ambitious 1.5ºC of warming target.

The overall target is to reduce Scope 1, 2 and 3 GHG emissions by 21% per m^3 of throughput by 2030. Embedded within that target is a commitment to reduce combined Scope 1 and 2 emissions by 53% per m^3 and to reduce Scope 3 emissions by 20% per m^3 throughput by 2030. A combined target was set as SBTi rules require that biogenic emissions from our heat plant must be included in the target, meaning we had to include Scope 3 to capture biogenic sequestration associated with that biofuel. It should be noted that the overall carbon balance is strongly negative, driven by carbon sequestration of the trees we process.

Shortly after the end of the reporting period, Timberlink was advised by SBTi that our targets had been technically verified and approved. Timberlink joins a select group of companies worldwide that have achieved this benchmark, with approximately 400 companies having accepted targets, of which only 140 are set at the more ambitious 1.5ºC level.

Environmental Compliance

Tarpeena Mill

Tarpeena mill operates under South Australian EPA Environmental Protection Licence #39742.

The District Council of Grant issued development approvals for the installation of new timber drying kilns, stacker and sawmilling processes which are part of the facility's $90m upgrade project scheduled to be completed during early 2021.

During the reporting period two reportable incidents and two community complaints were received, none of which resulted in material environmental harm.

The reportable events were:

- Elevated Biological Oxygen Demand (BOD) in the Kiln Condensate System, however recent tests have indicated a decrease in this parameter and the elevated level was restricted to one location.
- Elevated Total Solid Particulate Emissions from Heat Plant #4 during isokinetic testing, however this was due to a fault and was a short-term event.
- Community complaint received regarding light emissions from the new Dispatch yard, which has been rectified.
- Community complaint received regarding rubbish on Riddoch Highway, which has been rectified.

Fifty-four 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 lead indicator for our environmental management.

Bell Bay Mill

Bell Bay mill operates under Tasmanian EPA Environmental Protection Notice #8563/3.

The Bell Bay mill had several reportable incidents, none of which resulted in material environmental harm. Reportable incidents are not considered as infractions.

The reportable events were:

- Elevated Total Solid Particulate emissions from the boiler, associated with mechanical wear on the bags within the baghouse system designed to treat emissions prior to atmospheric discharge. This event was short term and was rectified by shutting the boiler down and replacing the faulty bags.
- Moisture detected within the leak detection system of the Timber Preservation Plant; however, the leak was contained within the membrane beneath the treatment plant and did not result in any impact to the environment via land or groundwater.
- Use of a chainsaw powered by internal combustion engine between the hours of 1900-0700 to remove jammed logs in the process.
- Two community complaints received regarding emissions of noise, internal investigation confirmed no excessive noise and/or unusual operations at the time of complaint.

In total, 69 environmental hazard and incident reports were raised during this period, many driven from internal assessments and proactive inspections being completed. Many reports related to the baghouse operating in bypass mode for very short durations of time.

Blenheim Mill

The Blenheim mill 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 FY20 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 unsealed areas on a very windy day.

New Kiln at Tarpeena

Pollution, Waste and Consumable Minimisation

Electricity

In our mills, 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 in Figure 5. **Efficiency improvements and higher volumes processed continue to drive down specific electricity consumption**.

In December 2018 Tarpeena's electricity contract was changed from predominantly brown power to predominantly green power. This and the overall greening of the grid has driven a substantial reduction in the carbon impact of electricity usage from Tarpeena in particular. Tasmanian electricity is close to 100% renewable in most years.

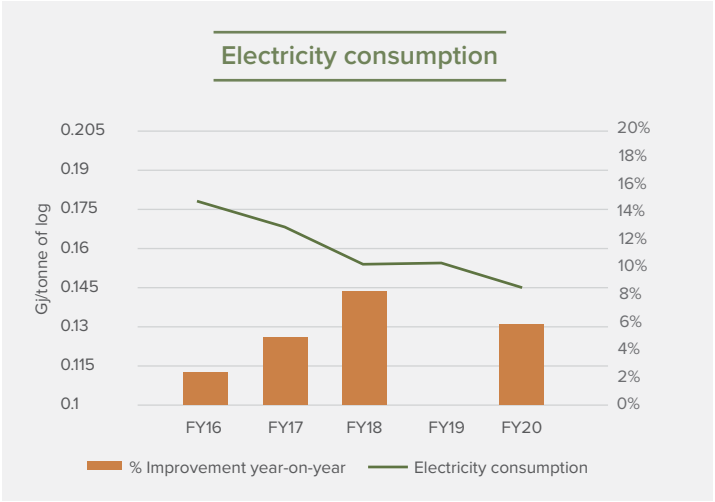


Figure 5. Electricity consumption per tonne log input and % Improvement per annum

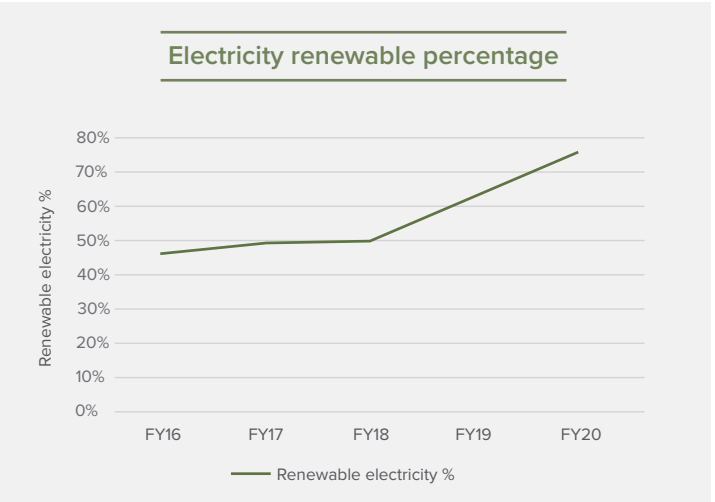


Figure 6. Percentage renewable electricity

Energy

Over 85% of the energy used by our mills is for heating kilns to dry our timber. The heat energy is generated 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 lower-value by-products such as sawdust, shavings, and offcuts. The fuel is 100% renewable, with all of the forests from which we source logs being replanted.

Despite the energy being renewable, we continue to work on reducing the heat consumption of our kilns. We operate five continuous kilns: two small ones at Blenheim, a mid-sized one at Bell Bay and two large ones at Tarpeena. Each of these has reduced the energy required to dry timber by more than 30%, relative to drying in traditional batch kilns. They also reduce electricity consumption by around 10%.

Wood residue

An improvement in measurement methodology resulted in a step change down of estimated wood residue consumption in FY19. Overall, wood residue specific consumption at our Australian mills has trended down over time, due both to improved efficiency of operation of heatplants and higher volume being processed using the same heatplants.

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

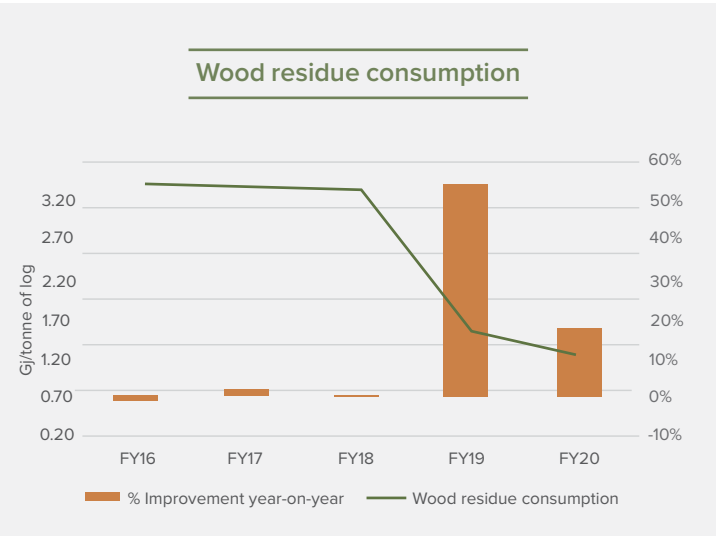


Figure 4. Wood residue consumption per tonne log input and % Improvement per annum

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.

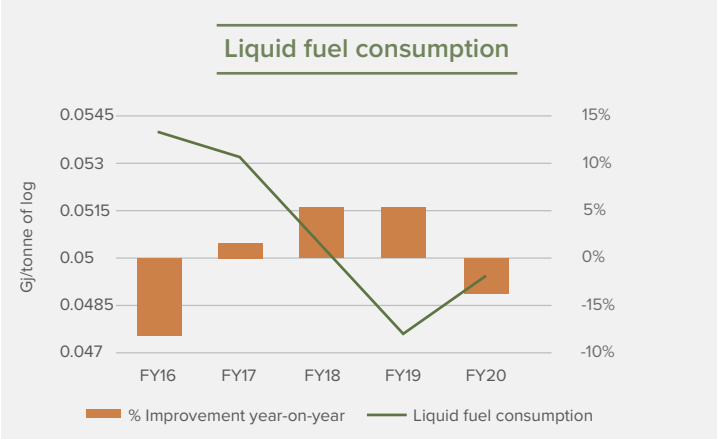


Figure 7. Liquid fuel consumption per tonne log input and % Improvement per annum

Water

Specific water consumption in our Australian mills, shown in Figure 8, 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.

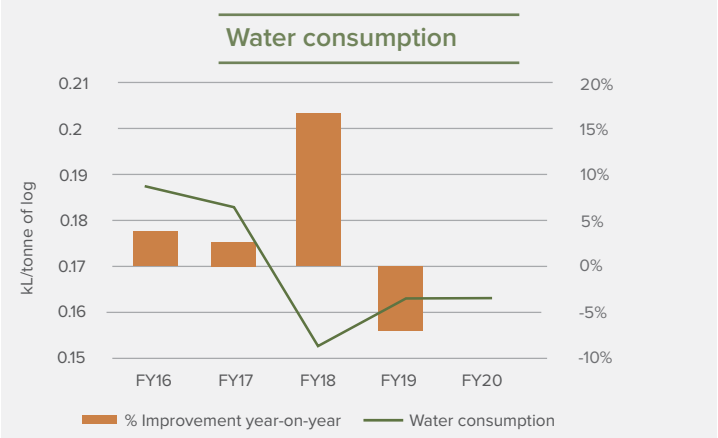


Figure 8. Water consumption and % Improvement per tonne of log input

Effluent and Waste

Both our Australian mills deal with the majority of stormwater and wastes it may contain such as small amounts of 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. 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.

Liquid condensate from the kiln drying process is disposed to trade waste (sewer) or land via agreement with appropriate authorities and vendors in Bell Bay and Tarpeena. At Blenheim it is consumed through the timber preservative treatment plant.

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.

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.

Continuous improvement programs operate 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.

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.

Responsible Wood

Responsible Wood
RW/1-31-237

Timberlink holds RW Chain of Custody certification at both Australian sites for solid wood products and by-products (including woodchip) 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.

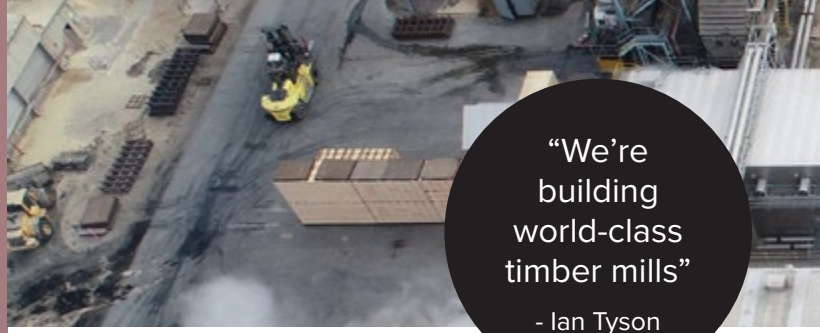
Forest Stewardship Council® (FSC)

FSC
www.fsc.org
FSC® C117015
The mark of responsible forestry

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.

Innovation

- Tarpeena Upgrade
  - Sawline Sawshop Equipment Upgrade
  - Weighbridges
  - Diamond Roll Screen
  - New Forklifts
  - Tarpeena Woodchip Trucks
  - Loop Road
- Bell Bay Upgrade
  - Lucidyne Scanner
  - Wrapping and Strapping Line
- CLT and GLT Plant



"We're building world-class timber mills"

- Ian Tyson

Timberlink is in the midst of a $100m mill upgrade program

We are investing in the renewable future and Australian jobs by upgrading our Australian mills. This generational investment will see the total processing capacity at Timberlink's Australian sawmills increase by over 15% whilst helping to reduce emissions and waste in many areas by increasing efficiency.

Here are some of the key upgrades implemented at our mills over the past year.

Tarpeena Upgrade

Sawline Sawshop Equipment Upgrade

The installation of new saw shop equipment will apply world-class technologies including robotics, automation and CNC (computer numerical control) saw servicing equipment. This will result in improved sawing performance by minimising sawing deviations and achieve the optimum "Green Off Saw" sizing (GOS), to maximise solid wood recovery from the log.

Automation of Sharpening Equipment

CNC controlled saw servicing equipment and automated processes ensure a more consistent product quality due to sawing deviation reductions and increased fibre recovery from the log intake. The bandsaw and circular saw servicing equipment has automatic measuring of the tooth geometry. This provides far greater control and reliability of grinding results eliminating the reliance on the operator to manually set the machine up to achieve consistent "on target" grinding results. Both the circular saw and bandsaw sharpening equipment allows the operator to enter all the required finished tooth geometries allowing the machine to automatically adjust accordingly to ensure the required finished geometries will be achieved. The greater control and reliability of grinding results will result in improved sawing performance for both bandsaws and circular saws.

Safety and Environment

With computer automation and the use of robotic technology, the automated bandsaw and circular saw handling systems reduce the risk of handling sharp sawblades in the saw shop with key benefits of:

- Reducing the risk of injuries from handling saws
- Reducing repetitive and labour-intensive tasks
- Limiting saw movements within a controlled area
- Enclosing sharpening service centres, thereby minimising fumes and mist exposure
- Eliminating stored energies within the machine centres and improving efficiency by 75% compared to hydraulic controlled equivalents with Servo motion controls, and
- Reducing noise levels by having fully enclosed grinding machines.

OelHeld's fully synthetic grinding oil is used with oil benefits derived from the user-friendly nature of the product protecting the operator from skin irritations, cobalt leaching risk and other possible health effects that are associated with water based or lower grade mineral oil products. In addition, there is less maintenance of machines, longer machine life as well as lower grinding wheel consumption, all contributing to a longer saw life.

New Weighbridges

In mid-June 2020 stage 1 of the new weighbridges at Tarpeena was successfully opened. Our goal was to provide a weighbridge to service 36.5 metre freight combinations, reduce weighbridge transit time, increase accuracy of weighing and future proof the set up for possible automation at a later date.

- **Reduced gate to gate times, improving fatigue management for drivers**
- **Easier, safer and more efficient traffic flow on site**
- **Live data from the weighbridge to the Despatch clerk**
- **Accurate weights measuring in 10kg increments**
- **The weighbridge is 38 metres in length (made to suit 36.5m trucks), and can take up to 120 Tonnes.**

Diamond Roll Screen

To ensure we optimise the fibre of the logs, we have installed a Diamond Roll Screen at our Tarpeena mill to separate wood fibre residue, wood chip and sawdust fines by particle size. This means, we can confidently meet our customer's minimum wood chip size requirements for paper milling, while the smaller particles are used as combustion fuel for the site's heat plants.

New Forklifts

Timberlink welcomed the arrival of 21 brand new Hyster forklifts to its Australian mills.

These 16 tonne forklifts can weigh approximately 30 tonnes fully laden.

- **Forward and reverse cameras to assist the driver in hard to navigate areas**
- **Reverse assisted radar to warn drivers of closing distance from rear of forklift**
- **Air suspension seats in the 7T forklifts for driver comfort**
- **Air pressurised cabs to reduce dust inside cabs**
- **Increased service regime to support ongoing reliability**

Tarpeena Woodchip Trucks

One third of the total volume of logs processed at our Tarpeena mill become woodchip. Most of the more than 200,000 tonnes of chip is exported overseas via the Port of Portland each year. This is enough to fill 5,000 B-Doubles, each travelling 1,440,000km per year to reach their destination.

In July 2019, Timberlink partnered with a local company called Porthaul based in Portland, Victoria. Porthaul's new fleet of vehicles were able to meet our sustainability and safety goals, while providing the site with the flexibility and capability to meet Timberlink's growth targets.

The benefits of the new A-Double trucks include:

- **35% more woodchip carried on each trip.**
- **Fitted with new Euro 6 engines**
- **15% less emissions and up to 15% greater fuel economy, per tonne of chip transported**
- **New walking floor technology, replacing truck tippers and eliminating the safety risk previously associated with unloading in high winds.**
- **Less noise**
- **20% reduction in truck journeys (1,000 truck journeys per year)**
- **15% less emissions**
- **15% less liquid fuel consumed**

Loop Road

BENEFITS:

TIME
More efficient movement of vehicles through the site including the new A-Doubles carting chip to Portland port for export.

ENVIRONMENTAL
Reduced wait time for trucks means less idling time and thus reduced fuel usage and emissions.

ENVIRONMENTAL
New LED lighting installed in new despatch yard, weighbridges, and around new chip stockpile area. LED lamps last longer than other alternative lighting solutions, and offer a better quality of lighting while using less energy overall.

Bell Bay Upgrade

Timberlink officially opened the latest stage to its multimillion-dollar upgrade program in FY20.

To celebrate, Timberlink CEO Ian Tyson hosted the former Minister for Agriculture, Bridget McKenzie and the Federal Member for Bass, Mrs Bridget Archer, at a launch event attended by employees, customers, and suppliers at our Bell Bay mill. The investment upgrade created 90 jobs in the construction phase and importantly 6 new permanent full-time jobs.

The upgrades have seen the installation of new state of the art Contra Flow Kilns (CFK), which will cut down waiting times for drying timber, whilst decreasing heat power usage by 30%. A new Lucidyne Scanner that uses state of the art Artificial Intelligence technology has been installed in the dry mill, learning with every photo that it takes.

A new strapper and packer has also been installed to alleviate bottlenecks and thereby improve efficiency and throughput.

Finally, there have also been upgrades to the site traffic network to improve safety by separating heavy plant equipment from smaller vehicles. This is a great outcome for improved safety, so our people go Home Safe, Every Day.

The completion of this current stage of capital works sees a total investment to date of $27 million.

Below and right - photos of Bell Bay Upgrade launch Nov 2019

Total investment to date **$27m**

Lucidyne scanner uses AI technology to learn with each scan

Bell Bay

Lucidyne Scanner Installed

Many months of planning for a new vision grader finally came to fruition for the Projects team with the installation of Bell Bay's $3M Lucidyne GradeScan with Perceptive Sight® Intelligent Grading using deep learning artificial intelligence (AI)to grade fibre.

This investment allows the site to further optimise fibre grade recovery. The scanner uses multi-sensory imaging technology in conjunction with new self-training Perceptive Sight software to ensure each piece meets the structural properties required under Australian standards and also exceeds the minimum visual requirements.

Lucidyne's linear distortion detection WarpScan™ is also a part of this installation. This in combination with the GradeScan provides the best possible value-added solutions to each board.

The data is then integrated with the new True-Q® to match the correct solution. As boards travel downstream from the scanner, they can get turned over, or crossed up and out of queue. It is critical to ensure that the correct solution is matched to the correct board, and Lucidyne's patented TrueQ® does just that. As they pass beneath the TrueQ® system, the board's fibreprint is matched to the four-sided image from the scanner, to ensure that the boards are correctly identified.

Wrapping and Strapping Line

In the first half of the 2020 financial year, Timberlink commissioned a second wrapping and strapping station within the Bell Bay Drymill at a cost of $2.8m. This line increases Drymill throughput by 35% and is an integral part of the overall increase in log throughput for the site.

Full throughput benefits of the previously commissioned continuous flow kilns and the recently commissioned Lucidyne scanner can now be realised through eliminating the throughput constraint in the wrapping and strapping line.

As part of Timberlink's vision of maximising high-quality yield and volume from renewable Tasmanian plantation forests, the reliance on imported timber will reduce further, while guaranteeing ongoing employment in Tasmania for direct employees and contractors.

35% increase in capacity

The new wrapping and strapping line caters for future expansion

Atlassian tower, Sydney

Australian tech giant Atlassian is planning on building the worlds largest commercial timber hybrid tower

Photo courtesy: Atlassian

Timberlink to Build New CLT and GLT Plant

Investing in the future of engineered timber

During the period, Timberlink announced that it successfully received board endorsement to build a state of the art, value adding Cross Laminated Timber (CLT) and Glue Laminated Timber (GLT) production facility for completion in FY24. In line with Timberlink's innovation strategy, this project will create additional downstream value from the existing fibre resource – further expanding the company's vertical integration value model.

The $60m investment will create up to 50 new full-time jobs and the new CLT and GLT plant will be the first of its kind in Australia, combining both CLT and GLT in the one facility. The growing mass timber construction market will contribute to both the modernisation of the Australian building and architectural landscapes while reducing emissions by using the ultimate renewable, Timber.

With new technologies come new opportunities and there is no doubt that the potential of laminated timbers is only just beginning to be realised around the globe and in Australia.

Aurecon building is currently Australia's largest engineered timber building

The $60m investment will create up to **50 new full-time jobs** and the new CLT and GLT plant will be the **first** of its kind in Australia, combining both CLT and GLT in the one facility

What are CLT and GLT?

CLT (combined with GLT in building design) is a sustainable, lightweight, precision building solution, that embraces pre-fabrication building techniques that are evolving through the advancement of Building Information Modelling (BIM) technology. CLT is like giant plywood, with layers of timber typically 20, 30 or 40mm thick laid with the timber grain at 90 degrees to provide panels with impressive structural properties in both directions. Panels are up to 16m long, 3.5m wide and 360mm thick, and are produced using digital manufacturing processes, resulting in highly engineered, carbon sequestering products with minimum waste.

CLT panels can be used to form complete floors, walls, and roofs in a wide range of construction sectors including residential, commercial, retail, mid-rise, education and aged care. CLT is at the heart of a revolution in building, displacing concrete and steel with timber for buildings that have far lower embodied carbon. In addition, construction is much faster as there is no need to wait for concrete to cure; panels are simply craned into place in sequence. This also leads to a safer worksite.

Timberlink's CLT/GLT plant will enable more efficient utilisation of the logs manufactured into structural timber in our mills. We will require that feedstock supplied to the plant will be Chain of Custody certified to both FSC® and PEFC™/RW Standards.

CLT and GLT will be the building material of the 21st century

Our People

"As an employer of choice we will create a culture that values all Timberlink employees and the communities that we operate within."

- People, Performance Culture
- Employee Distribution by Age
- Emerging Leaders Program
- Frontline Leader Development Program
- DISC Profiles
- Timberlink Learning
- Careers Days
- Leadership Group
- Wellbeing Program
- Consultative Committees
- Regionally Based Employees
- Employee Amenities Upgraded

People, Performance and Culture (PPC)

Lunch 'n' learn sessions continue to be run at all sites on topics such as code of conduct, workplace behaviours, attendance management, recruitment, internet and computer usage, and performance review planning process. There were 11 sessions (with a total of 67 attendees) held during the year. More sessions will feature in the next 12 months.

A new Enterprise Bargaining Agreement (EBA) was negotiated and finalised at the Tarpeena sawmill during the reporting period. The Tarpeena EBA covers 84% of the site workforce. Negotiations will commence in FY21 for the Bell Bay Enterprise Agreement which covers 80% of the site workforce. Total workforce covered by an Enterprise Agreement is 58%.

Attraction **Engagement** **Development** **Succession**

Employee Distribution by Age

Age	Blenheim	Tarpeena	Bell Bay	Rest of Business	Total Business
Up to 30	19%	18%	21%	5%	17%
31 - 50	36%	47%	56%	52%	49%
51 & Over	45%	35%	23%	43%	34%

Emerging Leaders Program

The Emerging Leaders Program continued in 2020 for eleven high-potential employees from across Australia and New Zealand in the areas of Finance, Information Services, Sales and Production. It is built on the success of the inaugural program, where six participants graduated in 2019. Due to the travel restrictions imposed by COVID-19, the 2020 program had a distinct technological flavour, with workshops adapting from traditional face-to-face learning to utilising the latest digital collaboration and communication tools. This enabled participants and mentors to connect across Victoria, Tasmania, South Australia, and New Zealand and aided the facilitation of a range of workshops and skills development sessions to support participants' effectiveness in leading workplace improvement initiatives and foster their ongoing career development.

Frontline Leader Development Program

The Frontline Leader Development Program, which commenced in 2019, has now evolved to become a core leadership program on the annual training calendar. In 2020, the 10-month program supported the development of 35 participants across New Zealand, Tasmania, and South Australia through a range of leadership and professional development workshops and online modules. Participants from this program were from the Operations and Distribution teams. This program will continue to expand its reach in 2021.

DISC Profiles

Underpinning Timberlink's leadership development programs in FY20 is the use of DISC Profiles. DISC is a tool used to help individuals to understand the behavioural preferences of themselves and other people to enable more effective communication, collaboration, task management and influencing skills. The primary styles of DISC are Dominance, Influence, Steadiness and Compliance and an individual's profile will comprise a combination of these traits. During the reporting period, 50 employees completed a DISC profile and an accompanying workshop as part of their ongoing development.

Timberlink Learning

Our Learning Management System "Timberlink Learning" has continued to evolve in FY20 as a platform to access and record learning content, whether that is delivered face-to-face, online or a combination of both. The content library has grown to include a range of professional development and compliance courses and is increasingly being used as a platform to manage training activities at our manufacturing sites. In FY20, over 4,500 course completions were recorded on Timberlink Learning across the business, representing an increase of 150% from the previous year.

Careers Days

In FY20, Timberlink has continued to attend careers days across Australia and New Zealand, culminating with playing a major role in the Forest Learning Pathways Program that has been developed in the Limestone Coast. The purpose of this program is to attract local talent to the industry. In FY21, Timberlink is committed to an apprenticeship program across all mills, while continuing to promote the vast career opportunities and possibilities that we can offer in all sectors.

Timberlink Leadership Group

Now in its sixth year, our Timberlink Leadership Group continues to work on initiatives that support our 5-year strategic plan. During COVID-19 and the travel restrictions in place, the customary 2-day workshop was not held, however a video conference meeting was held to run through the 5-year strategic objectives with the group.

Wellbeing Program

Timberlink takes pride in providing a supportive environment that encourages working conditions that are safe, stimulating, satisfying and enjoyable for its staff. Similarly, Timberlink recognises that its physical environment provides an ideal setting to promote and maintain the health of staff. With this in mind, a balanced approach to health and wellbeing allows our people to enjoy improved function in everyday life.

Our wellbeing framework and program will continue to encourage the adoption of healthy behaviours and provide the tools to allow all staff to take positive actions, in both personal and professional life. The right balance will enhance and maintain the health and wellbeing of the Timberlink community.

Diversity and Inclusion Program

Timberlink finalised its first Diversity and Inclusion Policy in FY20 as well as signing up to the Diversity and Inclusion Charter with the Australian Forest Products Association (AFPA). Timberlink will report applicable data to the Charter and compare our performance tracking within the industry.

We remain committed to the priority areas as outlined below:

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.

We are focused on achieving the following outcomes:

DIVERSITY: "BUY IN" FOCUS

- Employee Value Proposition
- Recruitment

INCLUSION: INTERNAL SYSTEMS FOCUS

- Talent & Succession
- Movement
- Development
- Culture

Consultative Committees

The 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 are 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 and Inclusion Program.

Regionally Based Employees

We continue to be a significant employer in the regional areas where we operate. Around 87% of our positions are in regional areas of Australia and New Zealand.

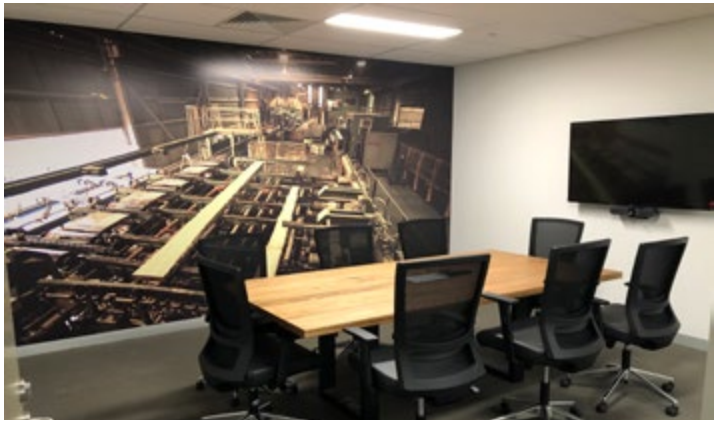
Location	% of Employ
Adelaide, SA	1%
Launceston, TAS	1%
Sydney, NSW	1%
Perth, WA	2%
Knoxfield, VIC	10%
Blenheim, NZ	14%
Bell Bay, TAS	31%
Tarpeena, SA	40%

Employee Amenities Upgraded

Timberlink invested heavily in employee amenities to improve the work environment and welfare of employees. Upgrades included modernisation of lunchrooms and toilet facilities at the Tarpeena site at a cost of over $300k, as well as upgrade of the Knoxfield offices. This contributes to a more pleasant environment for employees during the working day.

New Tarpeena Greenmill lunchroom

Knoxfield renovations office



Knoxfield renovations meeting room

Safety

- Safe People
- Safe Plant, Equipment and Environment
- Safe Systems

Timberlink was safer in 2020 and several milestones were reached however we did not achieve all stretch targets. The shared ownership of safety across the company and throughout all levels is expected to continually drive the safety performance and culture over the coming years.

HOME SAFE
TIMBERLINK®
AUSTRALIA | NEW ZEALAND

Safe People

Above all else, ensuring that our employees, contractors, suppliers, visitors, and customers get home safe is our greatest priority. The Safe People principle means that everyone is educated, engaged, and empowered to lead and be safe.

HOME SAFE – Everyone, Every Day

Home Safe is the behavioral program aiming to develop a stronger, more embedded safety culture. Home Safe has become the cornerstone and branding that brings the whole safety program together. The foundation is a facilitated two-day workshop for participants and streamlined one-day workshop to further support deployment to all Timberlink employees.

Since beginning the Home Safe program in 2019, the full two-day workshop has been attended by 299 Timberlink employees with a further 29 attending the one-day workshop. This provides the basis for a real cultural shift and a change to the language we use as a business.

Safe Plant, Equipment and Environment

During the year, our Safety, Health, Environment and Quality (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.

The procurement, operation, maintenance, and end of life management of plant and equipment is guided by the risk management program. In 2020, as part of the review and reset focus, several activities were undertaken to improve the risk control effectiveness across the organisation.

Critical Risk Program

A critical risk program was developed at Timberlink to identify the risks that could lead to significant harm and the critical controls needed to mitigate those risks. Critical risks are defined as those that could result in fatality or serious and permanent injury.

Timberlink developed bow ties for the following critical risks:

- People and mobile plant interaction
- Timber packs falling
- Dust – Fire or explosion
- Log Yard management
- Treatment plants
- Entanglement – plant
- Fire asset failure

Plant and Equipment

An external machine guarding audit was conducted at the three manufacturing sites to AS/NZS 4024 1.(2014). The audit included plant and equipment with the aim to increase the level of controls used. There were 189 findings that are tracked and reported regularly for closure.

Machine safeguarding and traffic and pedestrian separation reviews

Timberlink safety programs continued to prioritise traffic, equipment, and pedestrian segregation. This year projects included a new traffic light system, improved site entry, barriers alongside products where forklift access occurs and road segregation to separate through traffic and heavy forklifts.

A new carpark at Bell Bay further segregated light vehicles from forklifts, and designated maintenance walkways reduced the risk of contact between employees and plant. These initiatives continue to reduce risk to employees, contractors, and visitors.

Pedestrian Walkway to Carpark at Bell Bay Office

Safe Systems

Timberlink continues to monitor and identify the specific safety and other related resources that are needed to progress the safety strategy. In 2020 a new safety structure was implemented to provide appropriate levels of governance, expertise, and operational support.

Safety Management System

The safety, health, environment, and quality (SHEQ) system was established in 2013. In FY20, a comprehensive review of the safety management component was undertaken. An external management system audit was conducted and a plan for updating and implementing the system has been developed.

The external safety management system audit identified 98 issues or opportunities, 76 were closed during the reporting period with the remainder included in the safety management system improvement plan.

Incident Management

In 2020, a serious investigation review process was implemented. Incidents that were rated as actual or potentially serious (critical risk or lost time injury of more than five lost days) were investigated by local management with an additional review carried out by the Executive Lead Team (ELT) members.

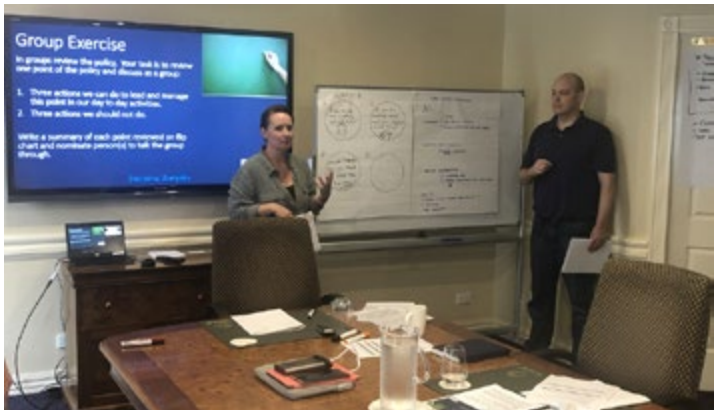
There were 15 incident reviews completed by ELT members in FY20 following implementation of the process in February 2020.

HOME SAFE
TIMBER LINK®
AUSTRALIA | NEW ZEALAND

HOME SAFE - Every One, Every Day

Workshop attendees working through an exercise.

Home Safe training program



Marita Pierce-Indugula Group Product Manager - Marketing and Iain Kelso Senior Project Manager and Business Analyst pictured presenting back to the group on Timberlink's WHSE policy review.

Safety Performance

Injury Performance

- The total recordable injury frequency rate (TRIFR) reduced by 14% to 34.5
- The lost time injury frequency rate (LTIFR) increased by 16% to 17.3
- The medically treated injury frequency rate (MTIFR) decreased by 35% to 17.3

A significant milestone was achieved at the Blenheim manufacturing site in New Zealand, achieving 1000 days without a lost time injury and one (1) year without a medical treatment injury.

Near Miss to Injury Ratio

- A target of 30:1 ratio was identified for FY20, to establish an early intervention approach to incidents to assist in preventing injury.
- The FY20 near miss: injury ratio achieved was 42.8: 1, which represents a 130% improvement from the previous year

Hazard Reporting

- Hazard reporting is promoted by the Home Safe training and MyOSH systems
- Hazard reporting has tripled from 953 in FY19 to 2898 in FY20

Corrective Action Closure

- The corrective action closure target was 90% for actions related to incidents or hazards
- There were 3,497 safety actions raised in FY20, 96% were closed within the year.

Definitions:

Lost Time Injury Frequency Rate (LTIFR)
The Australian/New Zealand definition of the number of injuries resulting in at least one shift lost per million hours worked in a working period.

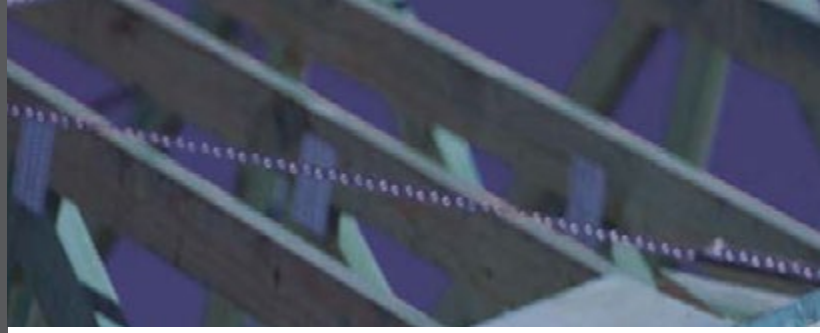
LTIFR = (LTIs/Total hours worked) * 1M

Medical Treatment Injury Frequency Rate (MTIFR) The number of medical treatment injuries (treatment defined in Australian Standard by a medical professional) per million hours worked in a working period.

MTIFR = (MTIs/Total hours worked) * 1M

Total Recordable Injury Frequency Rate (TRIFR)
The total number of lost time and medically treated injuries per million hours worked in a working period.

TRIFR = ([LTIs + MTIs]/Total hours worked) * 1M



Customers

- FTMA
- The Ultimate Renewable
- Buy Aussie Timber First

As a business we are always looking at ways to drive demand for our customers to help contribute to their long-term sustainability.

Timberlink is a Gold sponsor of the Wood Solutions Mass Timber Program and a Silver Sponsor of the Frame and Truss Manufacturers Association (FTMA). This investment is backed up with our announcement to build a new CLT and GLT plant in 2023.

We are the only softwood timber manufacturer to run a mass media campaign anywhere in Australian history and our Made of Tasmania campaign continues in Tasmania. Our dedicated www.madeoftasmania.com.au website continues to run alongside ads, brochures, pamphlets and partnerships with our customers.

Timberlink has been a strong contributor to both **The Ultimate Renewable** campaign and the **Buy Aussie Timber First** campaign.

The Wood Solutions Mass Timber Program is aimed at educating and equipping developers, builders, architects, and engineers with knowledge to build midrise apartments and offices 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 it is forecast that this program will result in a dramatic shift in the Australian building industry over the coming years, increasing demand for timber products.

Our frame and truss manufacturing 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 practises, particularly for small and medium sized businesses. We are committed to ensuring that the sector continues to grow, and flourish.

To ensure we maintain our high standards of service we engage in a Customer Survey each year. The responses we receive from our customers help to inform us of areas where we can improve our relationships and help each other's businesses grow.

Buy Aussie Timber First

Timberlink asks customers to buy local timber to help Australian manufacturing during COVID-19

Timberlink supported the Australian Forest Products Association's campaign to help sustain and support the Aussie timber industry through the COVID-19 economic downturn. Timberlink CEO Ian Tyson explained that in "normal economic times" Australia produces around 80% of the softwood timber that is used to build homes for Australians. The balance of supply is then imported. Now the impact of COVID-19 will see a significant drop in forecasted housing starts, affecting the demand for Australian softwood timber.

To help the industry avoid the dramatic impact on the people employed right across the timber supply chain we have asked our customer to Buy Aussie Timber First. Many of those people are employed in regional towns across the country. "The Australian softwood timber industry directly supports around 45,000 jobs and is key to many regional towns and communities."

Timber Framing The Ultimate Renewable BUY AUSSIE TIMBER FIRST

Buy Aussie Timber First website and social media campaigns

FTMA "We support you!"

Wood Solutions

Community

- Support Homeless People
- Supporting local Communities
- Science Challenge
- New Substation

Support Homeless Luncheon

Timberlink is proud to support the AC Care “Support Homeless People Luncheon” each year. AC Care helps homeless people in the Limestone Region in South Australia, which our Tarpeena mill is located in.

The annual event has been running since 2012, raising over $300,000 and assisting over 1,000 men, women, and children in the region.

Timberlink participates each year by organising a cross section of employees to attend. The event includes a variety of guest speakers including the Mayor of Mount Gambier and James Morrison from the academy of music.

Support for this worthy cause seems to grow in momentum each year and offers an opportunity for Timberlink employees to come together to support a worthy cause in their community.

Timberlink supporting local Communities

Timberlink values relationships with community groups in Tasmania and the Launceston Rotary Club is one of these. Timberlink provided timber to assist with the construction of a kitchen for a community garden. A key part of our Made of Tasmania campaign is supporting fellow Tasmanian businesses and community groups to help the long-term sustainability of the Tasmanian economy.

Timberlink was also proud to support the Blenheim RSA in replacing memorial garden crosses.

Science Challenge

The Science and Engineering Challenge (SEC) is a nationwide STEM (science, technology, engineering, and mathematics) outreach program presented by the University of Newcastle in partnership with communities, Rotary clubs, universities, and sponsors (including Timberlink). Through the SEC, students experience aspects of science and engineering which they would not usually see in their school environment.

On Friday 21st June 2019 Steve Ansink and Andrew McKinnis also represented Timberlink as judges for the event.

What does a Challenge Day involve?

Challenge Days are designed for Year 9 and 10 students, although younger students can be invited to attend.

Students compete against other schools in fun and engaging hands-on activities such as designing an earthquake proof tower, building a hovercraft or bridge, providing electricity to a city, or creating an environmentally friendly house. Nine schools and approximately 150 students from around Mount Gambier and surrounding districts took part in the 2019 Challenge Day held at Tenison Woods College. Points are awarded based on their performance and the school with the highest point score at the end of the day is the winner. Qualifying schools may go on to compete at a State Final, and eight winning schools from around Australia are invited to compete at a one-day National Final each year.

On this occasion the challenge day was won by Tenison Woods College.

New Substation

As part of the Timberlink mill upgrade program Timberlink funded the construction of a new electrical substation to the south of the mill, alongside the Riddoch Highway. The new substation employs new hardware and provides increased electrical capacity and improved reliability for the township of Tarpeena.

This substation will service the town for many years to come and boost supply by up to 20%. It was built with help from SA Power Networks (SAPN).

SAPN created the new substation so that should the electrical load demand in the area increase, the substation can be expanded easily in the future.

In the event that the transformer needs to be taken offline for servicing, a mobile unit can be deployed and connected beside it to allow supply to continue to the town.

How We Operate

Timberlink and COVID-19 Pandemic

COVID-19 has had a substantial impact on not only the way we live but also in the way we work. At Timberlink a cross functional crisis management team was set up in March, overseen by the Executive Team. COVID-19 safe plans were immediately created and implemented across our sites.

It is through the ongoing vigilance to the safety measures implemented by our site management and teams across our mills and distribution centres that we continue to operate in a COVID-19 free environment. This is particularly important as the majority of Timberlink's operations, like many manufacturing and distribution operations, are performed onsite.

In March 2020, the New Zealand Government took an unprecedented step to apply level 4 restrictions across the entire country. This meant that all business operations except for essential services were required to shut down for 4 weeks.

This restriction also applied to our mill in Blenheim. Fortunately, the outcome of the restrictions has resulted in the Blenheim site resuming a way of life and work closely resembling pre COVID-19 environment.

In Australia, the country continues to manage the COVID-19 pandemic and Timberlink has successfully managed to adapt its operations according to various State and Federal restrictions as they evolve. At the time of print, the only site still in a 'disrupted' state is our Knoxfield office in Melbourne, where the majority of employees continue to successfully work remotely while the distribution arm of the site operates onsite in line with government regulations.

Timberlink continues to closely assess and manage the COVID-19 situation to ensure the safety of our people, suppliers, customers, and operations.

A socially distanced Toolbox meeting in Blenheim

Governance and Risk

Timberlink's Governance and Risk program has taken significant steps over the last 12 months with the creation and appointment of two new positions within this space. The first is the Governance and Risk Manager position responsible for the governance, risk, and compliance programs for the Timberlink Group and a Company Secretary to support the Board governance process. Both positions report directly to the Company's Chief Financial and Governance Officer.

In addition, the responsibilities of the Chief Financial and Governance Officer have been broadened to include a governance mandate specifically over the work health, safety, and environment program for the Company. This will support the continued program of improvement across the 3 pillars;

- Safe People
- Safe Plant, Equipment and Environment
- Safe Systems

All three positions will bolster the Company's established commitment in this area and will provide the necessary framework to pursue with confidence the Company's board approved 5-year strategy.

Stakeholder Group	Engagement Approach	
Timberlink Board	Reporting	Monthly
	Meetings	Quarterly
	5 year strategic planning	Annual
	20 year strategic planning	Annual
	Business planning	Annual
Investors	Site visits & meetings	Every 2 years
	Sustainability reporting	Annual
	Strategic plan	Annual
	New Forests Investor meetings & conferences	Annual
Financiers	One-on-one meetings	Ongoing
	Covenant requirements reporting	Quarterly
	Financial reporting	Quarterly
Employees	Staff performance reviews	Bi-annual
	Town hall site meetings	Regularly
	Timberlink Leadership Group Conference	Annual
	LinksLetters newsletter	3 issues p.a.
	Upgrades newsletters	Monthly
	Site safety committees	Monthly
	Tool box talks	Daily
Customers	Customer satisfaction survey	Annual
	Customer relationship management & engagement	Regularly
	Company website news	Ongoing
	Company external newsletter	3 issues p.a.
	Mill visits	On request
	Social media	Weekly
Suppliers	Key supplier reviews	Annual
	Supplier relationship management	Ongoing
	Supplier audits	Initial & then as needed
Non-government organisations	Industry group forums & associations meetings	Regularly
Media	Media releases	Regularly
	Interviews	
	Site visits	
Local Communities	Community relations activities	Regularly
Regulators	Site visits & inspections	Several times p.a.
	License requirements reporting	Annual
	Meeting	Regularly
Government	Site visits	On request as needed
	Meetings	

Conclusion

Pathway to our Sustainability Goal

Timberlink has made great progress in a number of key areas in FY20 on its way to becoming a more sustainable business.

Significant steps have been taken to reduce emissions in line with the Paris Climate Agreement, making Timberlink a real leader in its field. This is a truly momentous step for both the company and industry.

Our $100m upgrade program has led to numerous improvements in efficiency, in both the percentage of timber used to make high grade products and in reduced emissions. Innovations such as the new sawline, Lucidyne scanner and CFKs are an excellent example of Australian manufacturing in the 21st century. These innovations will continue as the business completes the upgrades to the Tarpeena site in FY21.

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timberlinkaustralia.com.au
timberlinknz.co.nz

Contact for Further Information

Dr Trevor Innes
General Manager Technical and Sustainability
Timberlink Australia Pty Ltd
trevor.innes@timberlinkaustralia.com.au

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