



**Modern
Slavery
Statement
FY23**

Timberlink Australia has zero tolerance for any form of slavery in its supply chain.

About Timberlink Australia – Structure, Operations and Supply Chain

This statement covers Timberlink Australia Pty Ltd ('Timberlink') which is a large Australian proprietary company limited by shares. Timberlink is a reporting entity for the purposes of the *Modern Slavery Act 2018* (Cth) (the 'Act'). Its national office is in Melbourne, Victoria. Timberlink has a wholly owned subsidiary company, Timberlink New Zealand Ltd, domiciled in Blenheim, New Zealand (together with Timberlink, the 'Group').

Structure

The Group is owned by the Australia New Zealand Forest Operating Fund, managed by New Forests Asset Management Pty Ltd ('New Forests'). New Forests manages approximately AUD 10.7 billion in assets globally with a diversified portfolio of sustainable timber plantations and conservation areas, carbon and conservation finance projects, agriculture, timber processing and infrastructure. This integrated timber supply model provides the Group with a sustained level of supply security from the 'forest to the frame' and accounts for a significant portion of procurement spend in FY23.

Since Timberlink's inception in 2013, the Group has grown to become one of the largest softwood pine timber manufacturing and distribution business in Australia and New Zealand employing 650 direct employees with 76% of the employee base from regional communities. Approximately two-thirds of employees are on Enterprise Bargaining Agreements with the remaining employee base on either negotiated employee contracts or Modern Awards.

Operations

The Group's manufacturing operations are based in regional Australia. Timber is sourced from Timberlink's two sawmills - located geographically near to sustainable softwood pine plantations that supply the mills - Bell Bay in Tasmania and Tarpeena in South Australia. Timber sales are then facilitated through a national and New Zealand sales and distribution network with centres in Adelaide, Melbourne, Perth, Sydney and Blenheim (NZ) (sales office only).

Timberlink will continue to service both the Australian and New Zealand markets as well as in Asia.

Broadly speaking, Timberlink customers range from timber merchants to large Truss and Frame manufacturers for the building construction, packaging, and pallet manufacturing industry. Timberlink's plantation pine products for indoor and outdoor use are suitable for building construction, renovation projects and other industrial manufacturing applications including packaging, pallets, and furniture components. The highly sought-after woodchip is also used in the manufacturing of paper products.

Supply Chain

The Group operates a decentralised purchasing organisation within the Group's established procurement framework.

One of the largest categories of expenditure is log supply responsible for just under 43% of the Group's overall procurement spend. The majority of log procurement expenditure is sourced from businesses within the Australian forestry funds managed by New Forests. This integrated supply chain managed by New Forests

provides the platform for a consistent supplier value system across an integral part of the supply chain significantly reducing the risk of modern slavery in this area. The majority of the Group's remaining procurement spend is attributable to:

- Plant and equipment;
- Spare parts and maintenance;
- Transport and logistics;
- Third Party finished products;
- Consumables; and
- IT software/hardware.

Risk of Modern Slavery in Supply Chain

During the reporting period, Timberlink continued its Modern Slavery program that entailed the continued application of the Modern Slavery due diligence questionnaire. Building on the FY22 program, Timberlink continued the due diligence process with all new suppliers onboarded in FY23 risk assessed for Modern Slavery after completing the Modern Slavery questionnaire. Complementing this, Timberlink embarked on a second campaign to target existing suppliers (based on identified risk factors) who have yet to complete the questionnaire. To date 34% of our suppliers have completed the questionnaire accounting for 78% of procurement expenditure.

The following key areas of modern slavery risks have been identified in our supply chain:

1. Sourcing product directly from overseas suppliers e.g., plant and equipment and asset spare parts.
2. Sourcing from multinationals with a local presence e.g., saleable product and consumable chemicals.
3. Local retailer/distributor sourcing product from overseas (i.e., Tier 2 supply) e.g., uniforms and technology.

The Group assesses its overall risk to modern slavery as being low but continues to assess potential risk areas based on geographic location, industry, and type of product.

Geographic Risks

The majority of supply chain procurement expenditure is local to the business operation, which is in Australia and New Zealand, suggesting a lower risk to modern slavery within first-tier suppliers. Notwithstanding this Timberlink acknowledges that Australia and New Zealand are not immune to modern slavery practices. Analysis of questionnaire responses revealed that approximately 89% of suppliers (attributable for 72% of total FY23 procurement expenditure) operate in Australia and/or New Zealand only.

Timberlink does source some products directly from overseas jurisdictions which carry an increased risk that the Group may be indirectly linked to modern slavery. Timberlink's Modern Slavery due diligence process has provided greater visibility to this risk and will continue to do so as the company progresses with its Modern Slavery program.

Of the suppliers that have completed the due diligence questionnaire, approximately 11% of suppliers (7% of procurement expenditure covered by a due diligence response) have indicated that they have overseas operations. Conservatively and for the purpose of this statement it is assumed that the offshore operational activity of these suppliers' forms part of Timberlink's supply chain accepting that this may not be the case with all suppliers. Notwithstanding this, the countries identified as having a higher risk based on the Global Slavery Index¹ are within the regions of South America, Middle East, Asia, and Africa and are attributable to 6% of the Group's suppliers and 5% of total procurement expenditure covered by a due diligence questionnaire. It is

¹ Identified countries were mapped against the Global Slavery Index 2023 with specific consideration to modern slavery prevalence, Government activity and overall ranking for modern slavery vulnerability.

worth noting that only 0.5% of high geographic risk procurement spend are with suppliers that are not required to assess their modern slavery risk under the Modern Slavery Act (2018).

Industry risks

Within Timberlink's operations there are a number of industry sectors that the company engages with that may have inherent modern slavery risks present:

- Corporate services (marketing, cleaning, and travel);
- Building services (security and maintenance, asset, and tenant management); and
- Construction.

The construction industry has been identified as a high risk industry² and has been included as a risk area in this year's Modern Slavery Statement. Over the reporting period, Timberlink has undertaken construction activity at both the Tarpeena and Bell Bay manufacturing sites to support Timberlink's capital investment programs at these sites.

The identified risk industries can potentially demand low skilled workers and inexpensive labour, leaving individuals vulnerable to underpayment, withholding of wages and excessive work hours. As a majority of the Group's operations are focussed on Australia, Timberlink considers these risks to be relatively low. Nonetheless, expenditure in these industries account for approximately 1% of total FY23 procurement spend with approximately 75% of spend supported by a due diligence questionnaire. 99% of these suppliers (by procurement spend) operate wholly in Australia and/or New Zealand reinforcing the relatively low risk in this area.

Product risks

Certain products within Timberlink's supply chain present a higher risk of the Group being linked to modern slavery. These products include:

- Maintenance/spare parts,
- Chemicals,
- Uniforms; and
- Technology.

These products present a higher modern slavery risk as they are sometimes produced by low skilled employees that may be subject to sub optimal working conditions. While the Group has long standing relationships with many suppliers of these products, this area poses the greatest difficulty in assessing modern slavery risk with such risks in most cases embedded beyond the first tier of suppliers' supply chain. Notwithstanding this, Timberlink's due diligence questionnaire seeks to explore the level of controls its suppliers have in place, such as policy development, supplier due diligence program and audit regime. 24% of these suppliers returned a modern slavery questionnaire accounting for approximately 58% of total expenditure for these products and services.

Addressing Risk of Modern Slavery

The Group recognised and accepted that any risk exposure to Modern Slavery would fundamentally reside in Timberlink Australia's supply chain with much of the risk exposure in Timberlink New Zealand near eliminated with the change of operations from manufacturing to sales and distribution. Nonetheless, the FY23 Modern

² KPMG and Australian Human Rights Commission, 2020, "Property, Construction and Modern Slavery"

Slavery program sought to include the Timberlink NZ supply chain through the targeting of existing NZ suppliers based on known risk factors to complete the Modern Slavery due diligence questionnaire.

Timberlink commenced the program outlined within the FY22 statement with the following success:

Item	Status	Outcome
Implement Modern Slavery questionnaire and risk rating system review outcomes	Complete	Additional review questions included in the due diligence questionnaire as well as revised the rating system to improve the identification of high risk suppliers.
Develop an audit program for high-risk suppliers	Complete	Development of an audit program for high risk suppliers completed for implementation in FY24
Include Modern Slavery weighting structure for all tendering situations	Complete	Tender assessments include both qualitative and quantitative metrics of which Modern Slavery assessment forms part of
Strengthen governance and oversight of the program	Continuing	Ongoing program to strengthen governance of the program through Executive updates and Board reporting

Assessing the Effectiveness of Modern Slavery Program

Timberlink will regularly review and improve its modern slavery internal controls and procedures to monitor their effectiveness. The Governance & Risk and Supply Chain departments met regularly during the reporting period to assess the progress of the Modern Slavery program with progress detailed via reporting mechanisms to the Executive Lead Team and Board. It is expected that the governance of the program by the Executive Lead Team and the Board will continue in FY24.

Timberlink recognises that the success of its actions to identify and address modern slavery risks in its supply chain is based on a continuous improvement regime supported by annual goals. For the FY24 reporting period, Timberlink will continue to assess its actions against the following key performance indicators:

- Response rate of due diligence questionnaire to targeted existing suppliers.
- Completion of the FY24 Modern Slavery program.
- Biannual review of the Modern Slavery program with the Executive Team; and
- Board updates on the progress of the Modern Slavery program as appropriate.

Timberlink Group Joint Consultation

During the reporting period, Timberlink Australia and Timberlink New Zealand actively engaged and consulted in the development of this statement. Timberlink discussed details of the Act's reporting requirements and reached an agreement on both the Modern Slavery program and the Modern Slavery statement for the Group.

FY24 Modern Slavery Program

A number of steps will be undertaken in FY24 to support Timberlink's Modern Slavery program.

These steps include:

- Rollout of the due diligence questionnaire to existing high risk suppliers who have not yet completed the questionnaire,
- Commence implementation of the audit program for high-risk suppliers,
- Develop a preferred supplier program for high risk industries and/or products, and
- Explore potential system developments to improve tracking and reporting of Modern Slavery risks,

This statement was approved by the Board of Timberlink Australia Pty Ltd as the principal governing body of Timberlink Australia Pty Ltd on its own behalf and as the parent entity of Timberlink New Zealand on 20 November 2023.

This statement was signed by Paul O'Keefe in his role as Director and Chief Executive Officer of Timberlink Australia Pty Ltd and Timberlink New Zealand Ltd on 20th November 2023:

Signature



Name

Paul O'Keefe

Title

Director/Chief Executive Officer

Timberlink Australia Pty Ltd

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