

# Modern Slavery Statement FY22

TIMBER LINK  
AUSTRALIA



# Timberlink Australia has zero tolerance for any form of Modern 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 8.7 billion in assets globally. These assets include sustainable timber plantations, rural land and conservation investments related to ecosystem restoration and protection. 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 FY22.

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 550 direct employees with 82% 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 Asia and Europe.

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 42% 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;
- Energy and other utilities;
- 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 and the rollout of a targeted employee Modern Slavery awareness program.

Building on the FY21 program, Timberlink continued the due diligence process with all new suppliers onboarded in FY22 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 33% of our suppliers have completed the questionnaire accounting for 76% of Australian procurement spend. In addition, and as New Zealand's supply chain settles post the closure of the NZ manufacturing site, we have commenced the rollout of the modern slavery questionnaire to New Zealand suppliers. (Please note: New Zealand procurement expenditure for FY22 accounts for approximately 1% of total Group 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 implement programs to address 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 86% of suppliers (attributable for 68% of total FY22 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 14% of suppliers (11% of procurement expenditure) 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 Index<sup>1</sup> are within the regions of South America, Middle East, Asia, and Africa and are attributable to 6% of the Group's suppliers and 4% of total procurement expenditure. It is worth noting that only 0.4% 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); and
- Building services (security and maintenance, asset, and tenant management).

These areas 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, these risk industries were incorporated into the FY22 modern slavery program for assessment. One third of suppliers within these industries were contacted with a questionnaire, supporting more than 50% of procurement expenditure within these industries. 98% of these suppliers 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. 18% of these suppliers returned a modern slavery questionnaire accounting for approximately 50% of total expenditure for these products and services. While 25% of these suppliers (and 58% of spend) have policies in place and/or supplier due diligence program, there is 42% of procurement spend with suppliers that do not have any supplier review program in place.

## **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 FY22 Modern

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<sup>1</sup> Identified countries were mapped against the Global Slavery Index 2018 with specific consideration to modern slavery prevalence, Government activity and overall ranking for modern slavery vulnerability.

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 FY21 statement with the following success:

Item	Status	Outcome
Incorporate supplier visit/audit program within programmed domestic and overseas travel itinerary.	Adapted	COVID19 impacted Timberlink’s ability to achieve this element of the program. The second half of FY22 saw the opening of Australian borders and with that an increase in international travel to mostly capital equipment supplier manufacturing sites offering line of site of their operations.
Continued third party due diligence assessments to be completed for existing suppliers prioritising materiality and high-risk industries and products.	Complete	More than 100 targeted existing suppliers were contacted to complete the Modern Slavery questionnaire. Follow up action to target suppliers who did not respond will be incorporated in the FY23 modern slavery program.
Review and implement where possible supplier due diligence status indicators within current systems.	Ongoing	This initiative was reviewed. The current process is deemed sufficient in providing the appropriate support for those employees that can influence procurement decisions.
Review and implement improvements to the current due diligence process.	Complete	Reviewed. Improvements identified will be implemented in the FY23 modern slavery program.
Implement Modern Slavery framework within the redefined New Zealand subsidiary.	Complete	Modern Slavery due diligence program extended to Timberlink New Zealand existing suppliers. This will form part of the Modern Slavery program moving forward.
Extend Modern Slavery training to next tier of key employees, for example credit card holders and travellers.	Complete	A modern slavery awareness program was rolled out to more than 30% of the employee base.

## 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 be strengthened in FY23 in keeping with the bolstered Corporate Governance regime implemented in the later part of FY22.

In addition, Timberlink’s Whistleblower policy, Anti Bribery & Corruption and Modern Slavery policy were reviewed as part of the biennial policy review program to ensure continued applicability and observance of legislative expectations.

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 FY23 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 FY22 Modern Slavery program.
- Biannual review of the Modern Slavery program with the Executive Team; and
- Biannual Board updates on the progress of the Modern Slavery program.

## 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.

## FY23 Modern Slavery Program

Notwithstanding any unforeseen disruption due to COVID-19, a number of steps will be undertaken in FY23 to support Timberlink's Modern Slavery program.

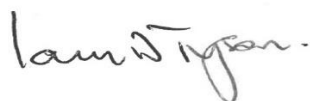
These steps include:

- Implement Modern Slavery questionnaire and risk rating system review outcomes
- Develop an audit program for high-risk suppliers
- Include Modern Slavery weighting structure for all tendering situations
- Strengthen governance and oversight of the program

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 3<sup>rd</sup> November, 2022.

This statement was signed by Ian Tyson in his role as Director and Chief Executive Officer of Timberlink Pty Ltd on 17<sup>th</sup> November, 2022.

Signature



Name

Ian Tyson

Title

Director/Chief Executive Officer

### Timberlink Australia Pty Ltd

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