



Modern Slavery Statement FY 2021

TIMBER LINK
AUSTRALIA

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 head office is located 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 5.7 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 FY21.

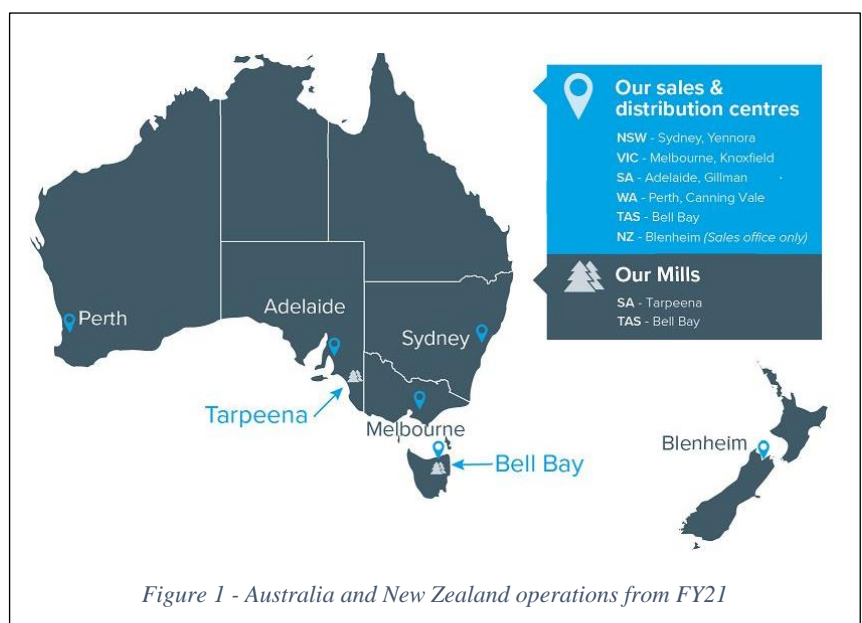
Since the Company's inception in 2013, the Group has grown to become one of the largest pine timber manufacturing and distribution business in Australia and New Zealand employing 502 direct employees with 82% from regional communities. Approximately 67.5% are on Enterprise Bargaining Agreements with the remaining employee base on either negotiated employee contracts or Modern Awards.

Operations

The Group operates largely in regional Australia. Timber is sourced from Timberlink's two sawmills - located geographically near to sustainable pine plantations that supply the mills - Bell Bay in Tasmania and Tarpeena in South Australia. Timber sales are then facilitated through a national distribution network with centres in Adelaide, Melbourne, Perth, and Sydney.

During the reporting period the Blenheim, New Zealand mill ceased manufacturing with activity during the period centred around asset sale/reappropriation and site remediation. The New Zealand subsidiary will continue to operate as a sales centre located in Blenheim.

The company 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 spend is log supply responsible for just under 42% of the Group's overall procurement spend. The greater majority of log procurement spend 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 (including chemicals); and
- IT software/hardware.

Risk of Modern Slavery in Supply Chain

During the reporting period, Timberlink reassessed the risks of modern slavery practices with particular consideration of the changes in operation brought about by the closure of the manufacturing facility in New Zealand and the commencement of major capital investment programs within the Australian enterprise.

Timberlink sought to validate the desktop review conducted in FY20 of material suppliers to Timberlink Australia with a rigorous Modern Slavery due diligence questionnaire. Approximately 70% of material suppliers (attributable to 71% of total procurement spend in FY21) completed this questionnaire with a small subset offering their Modern Slavery statement and Human Rights policy as an alternative.

Eighty-eight percent of respondents, operate only in Australia and New Zealand. Of the suppliers operating outside of Australia and New Zealand, 71% are obliged to assess their risk under the *Modern Slavery Act 2018* (Cth) and furnish a statement accordingly.

Analysis of new suppliers that were onboarded in Timberlink during the reporting period identified approximately 87% of suppliers operating in Australia and/or New Zealand only. Of the suppliers operating outside of Australia and New Zealand, 14% are obliged to assess their risk under the *Modern Slavery Act 2018* (Cth) and furnish a statement accordingly.

In our 2020 Modern Slavery Statement, we identified the following key areas of modern slavery risks 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 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 spend is local to the business operation, that is in Australia and New Zealand, suggesting a lower risk to modern slavery within first-tier suppliers but Timberlink accepts that Australia and New Zealand are not immune to modern slavery practices.

Timberlink do source some products from overseas jurisdictions which carry an increased risk that the Group may be indirectly linked to modern slavery. Timberlink has low visibility of suppliers in items (1) and (2) of the list above due to their geographical location, however with the progressive rollout of the due diligence questionnaire to its existing suppliers, it is expected that greater visibility will evolve.

Of the suppliers (both existing and new) that have completed the due diligence questionnaire during the reporting period, approximately 15% of suppliers 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 4% of the Group's suppliers and less than 2.5% of total procurement spend (92% of this spend is with suppliers obliged to assess their risk under the *Modern Slavery Act 2018* (Cth) and furnish a statement accordingly).

Industry risks

Within Timberlink's operations there are a number of industry sectors engaged 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 often 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. Nevertheless, due diligence activities will be undertaken with suppliers in these sectors and will form part of the FY22 Modern Slavery program.

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 levels of controls that its suppliers have in place, such as policy development, supplier due diligence program and audit regime. During the FY21 program, Timberlink has canvassed a number of suppliers (attributable to 15% of procurement spend for the combined

¹ 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.

risk product categories) and have identified that all of these suppliers have in place appropriate procurement programs within their respective businesses. It is expected that this risk profile will evolve over time as Timberlink progresses with its Modern Slavery program.

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 eliminated with the change of operations from manufacturing to sales and distribution. As a result, the program developed over FY21 focused on Timberlink Australia with the agreed expectation that any formalised processes developed for Timberlink Australia will be refined and implemented in Timberlink New Zealand where appropriate over the FY22 reporting period. Timberlink commenced the program outlined within the FY20 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. Where possible and as it relates to new overseas suppliers (potentially higher risk exposure), there has been increased due diligence undertaken with greater preference towards reputable and referenced companies.
Extend supply chain review based on known potential Modern Slavery risk factors.	Complete	Timberlink Australia broadened the scope of this component of the Modern Slavery program by strengthening the comprehensive nature of the due diligence questionnaire to support informed decision making. In addition, the due diligence process has been engineered to form a pre-requisite requirement to the supplier onboarding process. The new due diligence process applies to both existing and new suppliers and has been instrumental in identifying risk in Timberlink’s supply chain.
Third party attestations from existing suppliers of Timberlink’s Supplier Code of Conduct.	Complete	The Modern Slavery due diligence process for existing and new suppliers’ requests suppliers to confirm acceptance of Timberlink’s supplier code of conduct. Non acceptance of the Code requires additional supplier review and approval by the Timberlink Executive General Manager Operations & Supply Chain and the Timberlink Governance and Risk Manager. To date non acceptance is largely due to the supplier having their own policies/codes of conduct they abide by.
Review risk profiling process for new suppliers and implement any changes where necessary.	Complete	Timberlink’s risk assessment process was enhanced during the reporting period as a result of the improved due diligence questionnaire identifying several key indicators by which to inform Timberlink of the risk exposure.
Introduce new supplier contractual terms to protect	Complete	Standard Modern Slavery clauses have been developed and were implemented into new supply contracts.

Item	Status	Outcome
against the risk of modern slavery including rights to audit supplier working practices, interview suppliers' personnel, conduct ongoing due diligence and auditing of suppliers for the lifecycle of the contractual term and remedies for non-compliance.		In addition, the clause has been included in Timberlink's standard terms and conditions and forms an integral component to the procurement process.
Implement and embed the Modern Slavery policy within the Group and extend training to the broader employee base.	Complete	<p>During FY21, Timberlink revised and implemented a modern slavery training program for key procurement/purchasing officers in the organisation to increase overall awareness of risk factors when selecting a supplier.</p> <p>The Modern Slavery policy forms part of this training program.</p> <p>This training is a prerequisite requirement before employees can onboard a new supplier within the Timberlink environment.</p>
Include modern slavery requirements into sustainable logging procurement process	Complete	The Modern Slavery due diligence questionnaire has been incorporated in the sustainable logging procurement process.

Assessing the Effectiveness of Modern Slavery Program

Timberlink will regularly review and improve its modern slavery internal controls and procedures in order to monitor their effectiveness. The Governance and Risk department and the Supply Chain department met regularly during the course of the reporting period to assess the progress of the Modern Slavery program with progress detailed in quarterly reports to the Board.

Further, along with the creation of the Supplier Code of Conduct and Whistleblower policy, Timberlink has also established and implemented a Modern Slavery policy setting out expectations for the business and this is incorporated into the training program.

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 FY22 reporting period, Timberlink will assess its actions against the following key performance indicators:

- Response rate of due diligence questionnaire to targeted existing suppliers.
- Training program to target employees completed.
- Completion of the FY22 Modern Slavery program.
- Completion of a biannual review of Modern Slavery program with Executive Team; and
- Completion of quarterly Board updates 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.

FY22 Modern Slavery Program

Notwithstanding any unforeseen disruption due to COVID-19, a number of steps will be undertaken in FY22 to support Timberlink's Modern Slavery program.

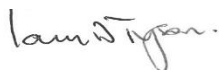
These steps include:

- Incorporate supplier visit/audit program within programmed domestic and overseas travel itinerary.
- Continue requiring third party due diligence questionnaires to be completed for existing suppliers prioritising materiality and high-risk industries and products.
- Review and implement where possible supplier due diligence status indicators within current systems.
- Review and implement improvements to the current due diligence process.
- Implement Modern Slavery framework within the redefined New Zealand subsidiary.
- Extend Modern Slavery training to next tier of key employees, for example credit card holders and travellers.

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 5 November 2021.

This statement was signed by Ian Tyson in his role as the Director and Chief Executive Officer of Timberlink Pty Ltd on 9 November 2021:

Signature



Name

Ian Tyson

Title

Director/Chief Executive Officer

Timberlink Australia Pty Ltd

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