



Modern Slavery Statement FY 2020

TIMBER LINK
AUSTRALIA

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

About Timberlink Australia

This statement covers Timberlink Australia Pty Ltd (known herewith as Timberlink) which is a large Australian proprietary company limited by shares, incorporated, and domiciled in Australia under the Corporations Act (Cth) 2001. Timberlink is a reporting entity for the purposes of the *Modern Slavery Act 2018 (Cth)*. Its head office is located in Melbourne, Victoria. Timberlink also includes a wholly owned subsidiary company, Timberlink New Zealand Ltd domiciled in Blenheim, New Zealand (together the ‘Group’).

The Group is owned by Australia New Zealand Forest (Investment) Fund, managed by New Forests Asset Management Pty Ltd. New Forests manages approximately AUD 5.6 billion in assets under management in pine plantations across Australia and New Zealand. This integrated supply model provides the Group with a level of supply security from the ‘forest to the frame’ and accounts for a significant portion of procurement spend in FY20.

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 580 direct employees with 87% from regional communities. Approximately 58% are on Enterprise Bargaining Agreements with the remaining employee base on either negotiated employee contracts or Modern Awards.

The Group operates largely in regional Australia and New Zealand with three sawmills located geographically nearby to the sustainable pine plantations that supply the mills - Bell Bay in Tasmania, Tarpeena in South Australia and a smaller mill in Blenheim in New Zealand. This is supported by a national distribution network with centres in Adelaide, Melbourne, Perth, and Sydney.

Soon after the end of the reporting period, Timberlink announced the closure of the New Zealand mill with manufacturing ceasing soon after. The New Zealand subsidiary will continue to exist as a sales and distribution centre from Quarter 1, FY21(see Figure 1).

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.



Figure 1 - Australia and New Zealand operations from FY21

Timberlink’s indoor and outdoor plantation pine products 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.

Suppliers

The Group operates a decentralised purchasing regime within the Group’s established procurement framework.

The Group procures products and services from a broad range of industries including log supply, saleable product, fixed plant and commodities, freight and logistics, energy, information technology and storage.

One of the largest categories of spend is log supply responsible for just under 40% 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.

Risks in Supply Chains

In 2020, Timberlink undertook a review of potential risks of modern slavery practices across the Group.

During the assessment process, Timberlink considered risks that may possibly cause, contribute and/or be directly linked to modern slavery practices, in accordance with the Australian Government Home Affairs Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities document.

As part of the assessment process Timberlink considered risk factors as identified in the guidance document including geographic locations, industry,

and type of products.

As a result, Timberlink has been able to identify areas with no or low risk of modern slavery in operational activities directly undertaken by its employees which are covered by internal processes.

Timberlink nonetheless identified potential risk ‘hotspots’ as follows:

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.

Further analysis of the Group’s supply chain has identified that the greater majority of procurement spend for the Group is local to the business operation, that is in Australia and New Zealand, suggesting a lower risk to modern slavery within first-tier suppliers (see Figure 2).

During the reporting period, greater focus was directed towards the Australian operations and supply chains in light of the size of operation as compared to New Zealand and therefore the number of supply chains and the potential risk factors associated with sourcing from offshore suppliers.

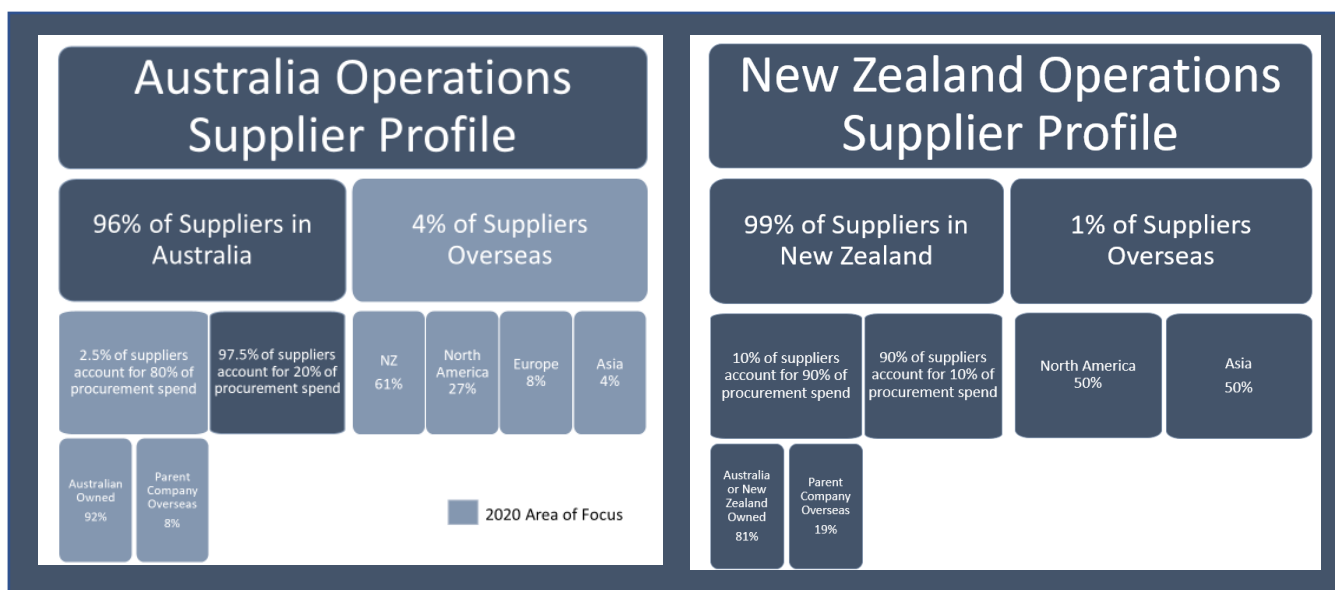


Figure 2 – Australian and New Zealand Operations Supplier Profile FY2020

Addressing Risk of Modern Slavery

A twofold approach was undertaken in the 2020 calendar year comprising of:

1. Implementing a risk review process for new suppliers; and
2. Conducting a risk assessment of existing suppliers.

1. Risk Review for New Suppliers

i) Training

During 2020, Timberlink developed and executed a modern slavery training program for key procurement/purchasing officers in the organisation to increase overall awareness of risk factors when selecting an appropriate supplier. This training is a prerequisite before employees can request a new supplier to be created within the Timberlink environment.

ii) Third Party Attestations

Timberlink has reviewed the onboarding process of suppliers and as a result prepared a Supplier Code of Conduct document. Timberlink's Supplier Code of Conduct sets out Timberlink's minimum standards expected for our suppliers and forms part of our standard purchasing terms. To support the drive for ethical and sustainable sourcing, Timberlink requests all new suppliers to support this through their endorsement of Timberlink's supplier code of conduct as part of their onboarding process.

iii) New Supplier Risk Rating

Timberlink established an automated risk rating process for all new suppliers. The ratings are based on known risk factors including geographic location, product type, company turnover and estimated procurement spend. This rating system has been established using the resources detailed in the Australian Government Home Affairs Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities document.

2. Risk Assessment of Existing Suppliers

i) Review of Existing Suppliers

A review of existing high procurement spend suppliers and direct offshore suppliers – see Figure 2, against the risk factors identified in the Australian Government Home Affairs Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities document, has been conducted.

The review has revealed a low risk of Modern Slavery in Timberlink's supply chain based on the product type and location of existing suppliers¹, however Timberlink is committed to continuing to review all existing suppliers.

ii) 3rd Party Annual Reviews

Timberlink embarks on a formal annual review of all critical or significant 3rd party suppliers. This review process has been revised to include Modern Slavery obligations.

iii) Other Activity

During the reporting period it was acknowledged that an overarching Modern Slavery Policy was required to support the newly implemented supplier due diligence/risk assessment process. The objective of the Policy is to create awareness and understanding of the policy across the business with the purpose to:

- ensure that the goods and services purchased through our supply and value chains are ethical and minimise or eradicate modern slavery risks;
- set out the responsibilities of Timberlink, our employees, operations and suppliers in observing and upholding Timberlink's position on modern slavery; and
- provide information and guidance to our employees on how to recognise and deal with modern slavery issues.

¹ Global Slavery Index, 2019

Effectiveness of our Approach

Timberlink will regularly review and improve its modern slavery internal controls and procedures in order to monitor their effectiveness.

Further, along with the creation of the Supplier Code of Conduct and Modern Slavery Policy, Timberlink has also established and implemented other policies to support its commitment to social responsibility including a Whistleblower policy and Anti-Bribery and Anti-Corruption Policy.

Timberlink's Whistle-blower Policy is supported by a 3rd party independent and confidential reporting service to encourage the escalation of actual or potential misconduct including modern slavery activity within Timberlink's supply chain.

Timberlink's Anti-Bribery and Anti-Corruption Policy outlines Timberlink's zero tolerance position on bribery and corruption.

Both these policies are available on Timberlink's [website](#).

It is expected that as the Modern Slavery program in Timberlink matures, additional monitoring and audit systems will be developed and implemented.

Next Steps in 2021

Notwithstanding any unforeseen disruption due to COVID-19, a number of steps will be undertaken

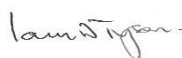
in the 2021 calendar year to support Timberlink's Modern Slavery program.

These steps include:

- Incorporate supplier visit/audit program within programmed domestic and overseas travel itinerary.
- Third party attestations from existing suppliers of Timberlink's Supplier Code of Conduct.
- Extend supply chain review based on known potential Modern Slavery risk factors.
- Review risk profiling process for new suppliers and implement any changes where necessary.
- Introduce new supplier contractual terms to protect 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.
- Implement and embed the Modern Slavery Policy within the Group and extend training to the broader employee base.
- Include modern slavery requirements into sustainable logging procurement process.

Approved and adopted by the Board 29th January 2021.

Signature



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Title

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