

ENVIRONMENTAL POLICY



1 Purpose

This Policy establishes the principles and guidelines to ensure that environmental sustainability is integrated into all areas of OneFortyOne's (*OFO*) business and to ensure that OFO's business operations are conducted in an environmentally responsible manner.

2 Scope

This Policy applies to all Australian entities and subsidiaries within OFO, all the employees, directors and officers and to third party contractors ("our people"), unless otherwise specified.

This Policy is to be made publicly available.

3 General environmental management

OFO is committed to operating its business in an environmentally, socially, culturally and economically responsible manner and to providing a safe and healthy working environment for our people and visitors.

To ensure a systematic approach to environmental management across OFO's business operations, under this Policy OFO will:

- comply with all relevant legislation (including all applicable environmental laws) and contractual requirements, codes and standards to which OFO subscribes;
- implement measures that aim to minimise OFO's environmental footprint and to prevent pollution across all OFO's business operations;
- consider the impact of purchasing decisions on the environment, and where possible, purchase environmentally-friendly goods and services;
- endeavour to integrate environmental sustainability initiatives into all areas of its business;
- record all relevant environmental incidents and responses (if any) to these incidents;
- provide and maintain appropriate resources expertise, systems of work, information, instructions and training regarding the management of OFO's operations in an environmentally-responsible manner;
- undertake and support research so that operational practices are strengthened by sound science;
- maintain sustainable waste management systems across OFO's business operations and activities with the aim of minimising, and where possible, eliminating, waste, and promoting the efficient use of natural resources;
- continuously improve environmental performance across all of OFO's business operations by conducting annual aspect and impact assessments (including by monitoring, auditing and reviewing compliance with this policy and associated management plans;
- work with suppliers, contractors, regulators and other stakeholders to achieve environmental objectives.

4 Sustainable forest management

OFO acknowledges that the forests in which it operates contain and protect many significant plant and animal species, as well as important cultural and historical artefacts.

Sustainable forest management epitomises the very ethos of OFO, and OFO is committed to environmental stewardship and to actively working with the forestry industry at the local and national level to drive improvements for a safe and sustainable future.

To ensure a systematic approach to safe and sustainable forest management, under this Policy, OFO will:

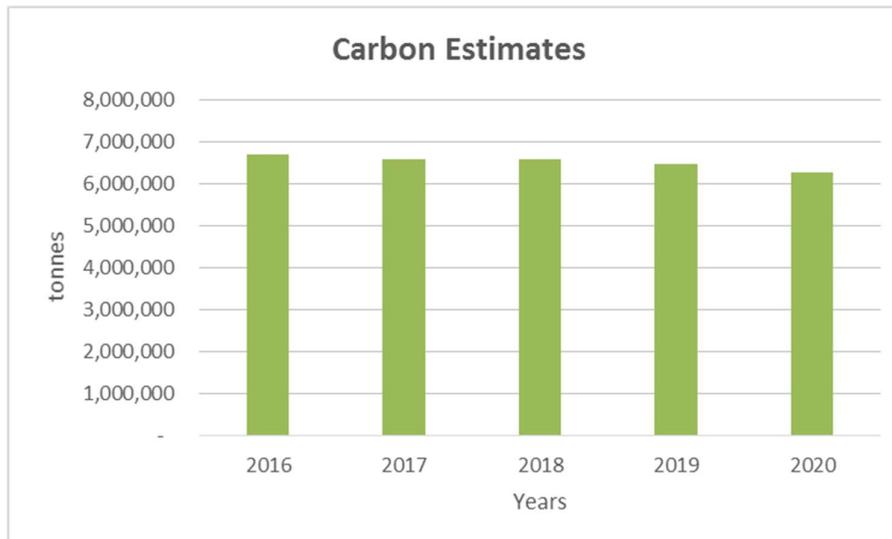
- resource and maintain a forest management system that is certified compliant to the Responsible Wood Certification Scheme (AS4708-2013);
- continuously improve our forest management system to enhance environmental and sustainability performance to ensure a systematic approach to safe and sustainable forest management;
- identify and monitor any threatened species, communities and habitats for operational impacts;
- protect, maintain, and where possible, enhance biodiversity values within the estate;
- identify emerging trends in sustainable forestry management and climate change science;
- proactively engage with and consider the views of our stakeholders.

5 Forest carbon

OFO acknowledges that forests play an important role in the carbon cycle and in mitigating the impacts of climate change. In accordance with the requirements under the Responsible Wood Certification Scheme (AS4708-2013) OFO is committed to maintaining the capacity of our forests to contribute to the carbon cycle.

The State of South Australia has retained the carbon rights attached to OFO's forest vegetation under the Plantation Lease Agreement, and so OFO does not participate in any carbon trading.

OFO's Sustainable Forest Management Plan contains estimates of the amount of carbon sequestration in its Kyoto compliant plantations. This is slightly different to its entire estate, and the estimate of carbon sequestration in its plantation estate is shown in the graph below:



To ensure a systematic approach to maximising forest protection and minimising stored carbon losses, OFO does and will continue to:

- conduct fire management activities to minimise the spread of wildfires and reduce the potential for carbon emissions from potential wildfires;
- maintain a dedicated and immediate response fire-fighting capability, including its own industry brigade, for any fire event, to protect forest areas;
- minimise burning operations between rotations;
- reduce fallow periods across the plantation estate;
- minimise soil erosion activities;
- maintain a risk register which monitors the physical impacts of climate change, including in relation to our carbon footprint.

6 Fossil fuel usage

OFO acknowledges that climate change is a global challenge and that the continued use of fossil fuels and the emissions of greenhouse gases will cause further warming of the planet, with unavoidable physical and economic impacts. OFO is committed to reducing the use of fossil fuels across its business generally, and to prioritising energy-efficient practices across all business operations.

6.1 OFO's operations

The main source of OFO's fossil fuel use is through its vehicle consumption. To minimise its fossil fuel use at an operational level, OFO will:

- ensure its vehicles are fuel-efficient and fit for purpose, and procure any new vehicle on the same basis;
- continuously review, assess and identify the ways to reduce reliance on vehicle in all its operations;
- ensure all vehicles, equipment and machinery are serviced and maintained regularly to ensure optimal efficiency.

6.2 Contractor operations

OFO recognises that its contractors can be significant contributors to fossil fuel use. To ensure the fossil fuel use of its contractors are minimised, OFO will:

- optimise cartage routes for transport contractors through the harvest planning process;
- consolidate and schedule contractor works programs in close proximity to reduce fuel consumption;
- obtain details of machinery to be used in tendered / contracted works to assess fossil fuel usage and ensure fuel efficient and high productivity vehicles are used where possible;
- use slow steaming clauses in contracts for our export vessels;
- continuously review, assess and identify the ways to minimise fossil fuel use in contracted operations.

7 Illegal logging

This section of the Policy applies to OneFortyOne Wood Products Pty Ltd (**OFO Wood Products**). OFO Wood Products' principal business activities are the processing, manufacturing and sale of wood.

OFO Wood Products is committed to complying with its obligations under the Illegal Logging Prohibition Act 2012 (**the Act**) and the Illegal Loggings Prohibition Regulation 2012 (**the Regulations**) in all its business activities. OFO Wood Products is also committed to ensuring that it does not import or use timber products which have been illegally logged.

All raw logs purchased by OFO Wood Products in Australia for processing are Australian plantation grown softwood pine.

To ensure that OFO Wood Products complies with its obligations under the Act and the Regulations in relation to the purchasing and processing of raw logs and the importing of regulated timber products, OFO Wood Products carries out the following due diligence processes:

7.1 Due diligence processes for purchasing and processing raw logs

Gathers all information required under Regulation 19 of the Regulations as part of its contractual arrangements with supply contractors and stores this information in the relevant contract file.

7.2 Due diligence processes for importing regulated timber products

Undertakes a risk assessment and management exercise before committing to import any regulated timber product, in order to minimise the chance that the timber product was illegally harvested. This process has 3 steps:

- **Gather information:** OFO Wood Products gathers the information required by Regulation 10 of the Regulations by using the Supplier Information Request and Supplier Questionnaire. This information relates to the timber products, their country of harvest, quantity, details of the supplier and information on compliance with the relevant legislation in the country where the timber product was harvested.

- **Assess the risk:** OFO Wood Products undertakes a detailed assessment of the risk of the regulated timber product being illegally harvested. This includes consideration of risk factors including prevalence of the illegal logging, illegal harvesting of that species, or armed conflict in the area of harvest; and the complexity of the product.
- **Undertake risk mitigation if required:** If OFO Wood Products decides that there is anything other than a low risk of illegality, it will mitigate that risk by seeking additional information and verification from the product supplier to more precisely determine the extent of the risk. The steps in this process will be determined taking in to account the circumstances in each case. If risk cannot be mitigated OFO Wood Products will not proceed with purchase.

7.3 Storage of records

OFO Wood Products is committed to regularly reviewing and updating this due diligence process for importing regulated timber products to ensure that it complies with OFO Wood Products' due diligence requirements under the Regulations.

7.4 Due diligence processes for importing regulated timber products

All information collected in the due diligence processes must be forwarded to the Due Diligence Officer, with a copy to OFO Wood Products' Legal Department.

OFO Wood Products keeps all records of its due diligence system for at least 5 years.

7.5 Further information

For further information, please contact the Health, Safety, Environment and Risk Manager or OFO Legal Department.

8 Document Administration

8.1 General Information

Document Title	Environmental Policy			
Version number:	2.0			
Description:	Establishes the principles and guidelines to ensure that environmental sustainability is integrated into all areas of OneFortyOne's (OFO) business and to ensure that OFO's business operations are conducted in an environmentally-responsible manner			
Author:	Irina Shainsky			
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Division, Business Unit	Group			
Document owner(s):	Executive General Managers			
Review period (years)	1			
Review dates:	Last review date:	February 2019	Next review date:	February 2021

8.2 Approval

Approver	Position	Date
N/A	Board	February 2019

8.3 Risk

Instructions are created not only to outline the process to be followed when undertaking a task, but also to address particular risks.

This instruction addresses the following risks:

Risk	Likelihood	Consequence	Risk Rating
Environmental Compliance Breaches leading to enforcement notice	Possible	High	High

8.4 Related Documents

Sustainable Forest Management Plan
Document Retention Policy

8.5 Version History

Version number	Revision date	Revision author(s)	Revision notes
1.0	May 2018	Irina Shainsky	
2.0	January 2019	Irina Shainsky	