

Annual Review 2019



the creative fibre group

onefortyone.com



Redefining the Value of Fibre ›

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Sustainable forests, innovative sawmills and experienced professionals who care about their regions and environment. Welcome to the OneFortyOne Annual Review for 2019.

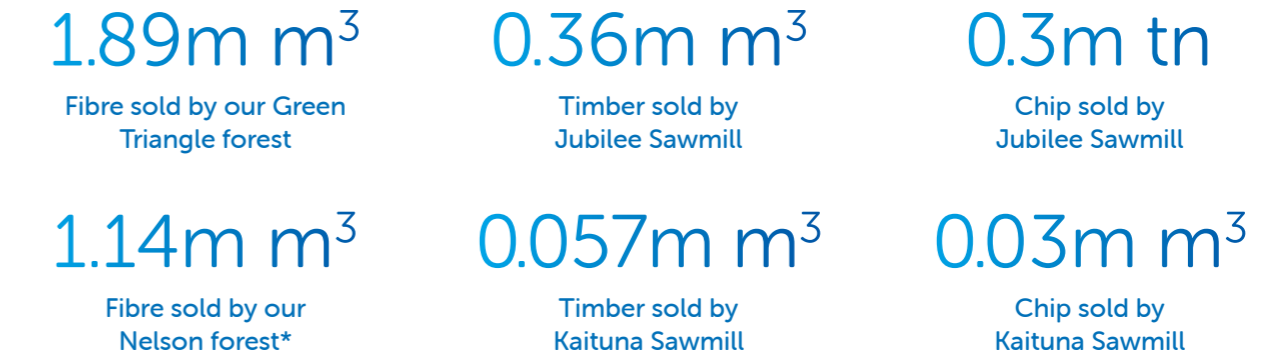
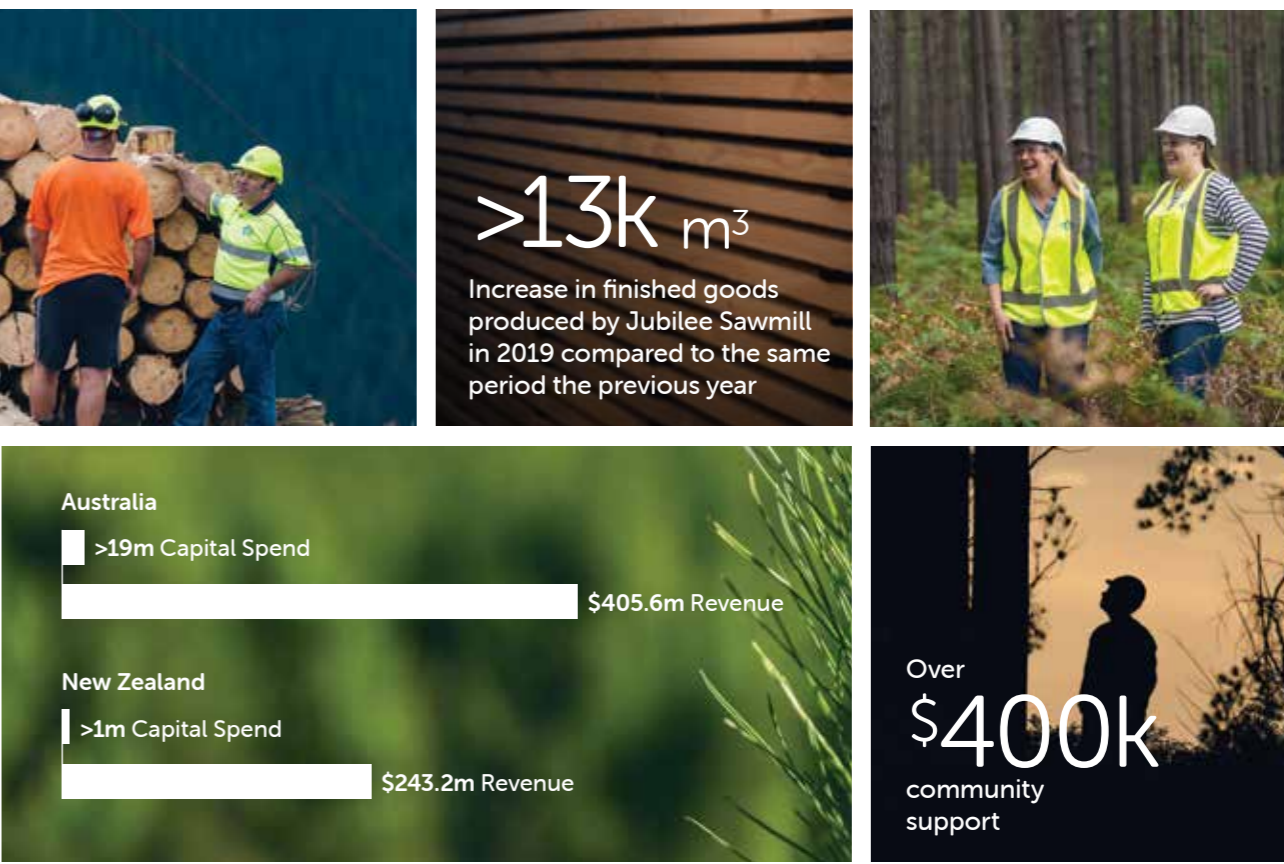
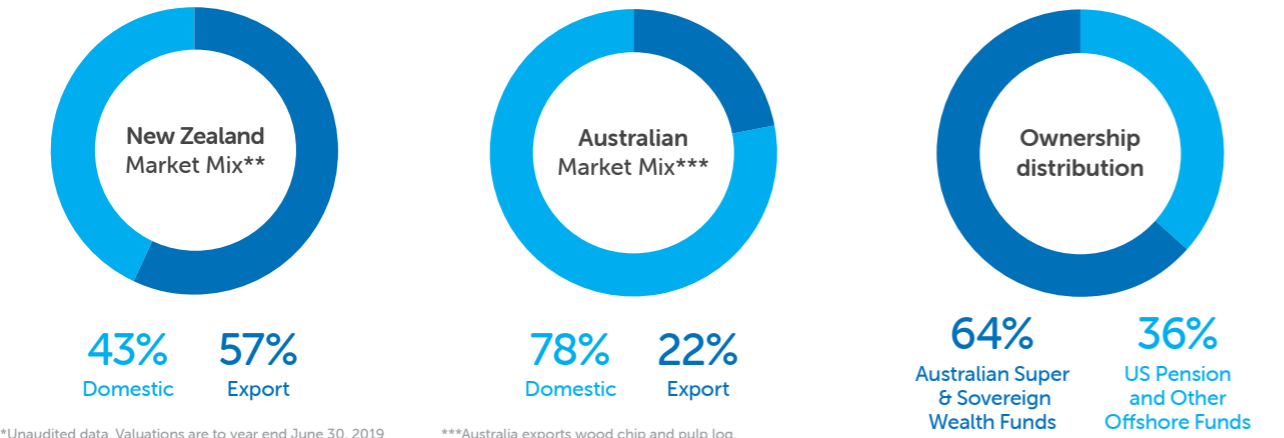
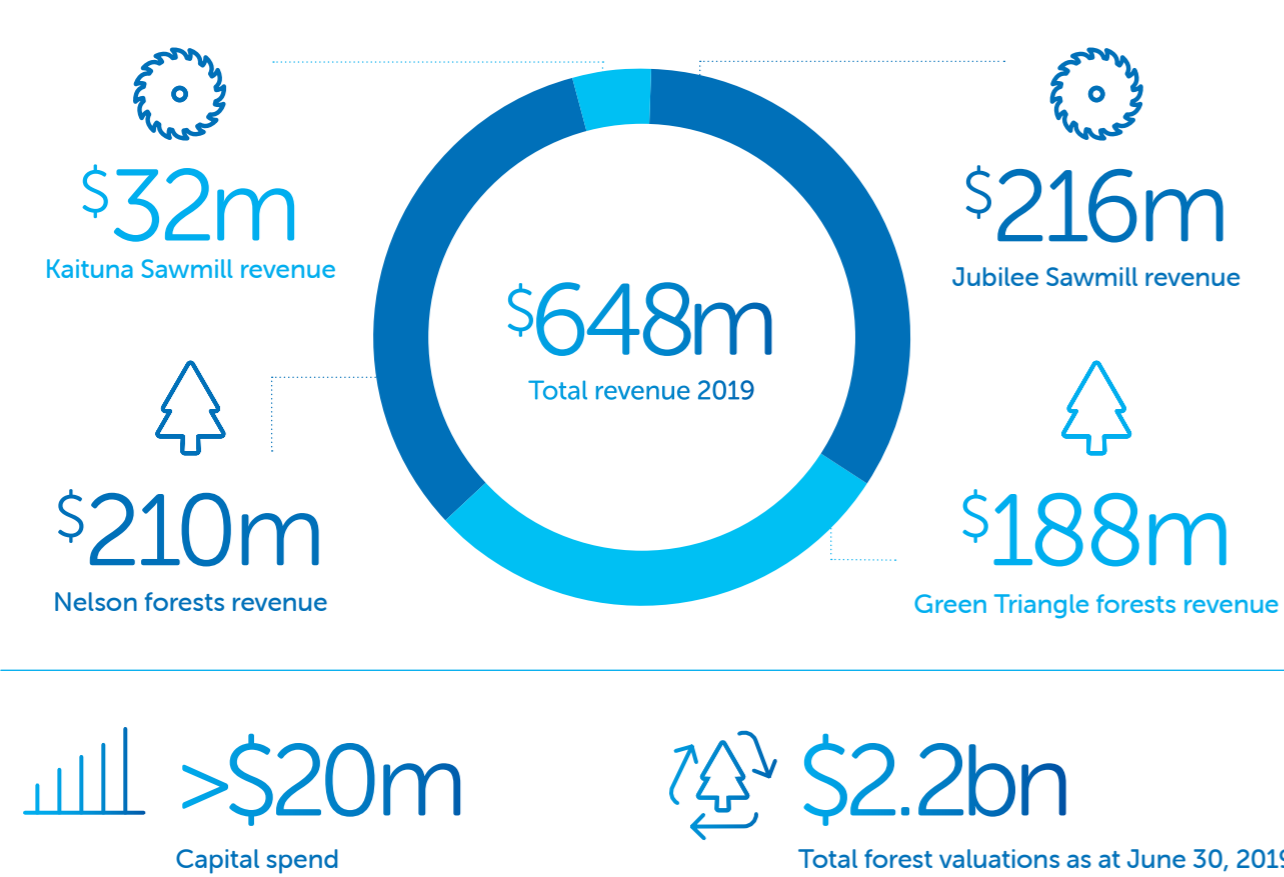
As a business we have grown quickly. For us 2019 was all about consolidating our business processes, becoming more productive, better understanding our environmental contribution and continuing our support for the communities in which we live and work.

We hope you enjoy learning a little more about OneFortyOne.



Operational Highlights

A summary of select performance indicators from 2019*
All dollar figures throughout report are in Australian Dollars



Our Year at a Glance



We now better understand our total carbon footprint

We set about understanding what our carbon footprint is across whole of business and refining the process. Utilising the Forest Industry Carbon Assessment Tool™ (FICAT™)¹, we measured our carbon emissions and sequestrations for the 2018 year. The results were extremely encouraging: OneFortyOne's trees sequester and store far more carbon dioxide (CO₂) than it takes to process and deliver them to market, making the entire company carbon negative. The net result is that we remove around 860,000 tons of CO₂ from the atmosphere each year – the equivalent of taking 184,000 cars off the road. This helps us to quantify the part we're playing in addressing climate change. With this tool we can now set targets, measure our progress and aim to achieve an even better result in the future.

This project was led by our team in New Zealand and measures the footprint of our business in New Zealand and Australia.



We changed waste into product

OneFortyOne has committed to investing \$40 million into the Jubilee Sawmill at Mt Gambier, and the new stacker-sorter was one of the first big-ticket items on the 'to do' list. It's a real win-win for the business, because the \$14 million, 61-bin sorter-stacker increases the amount of product we can cut and sort. That means we have the ability to extract more fibre from the same number of logs, producing more product of a higher quality with less waste. The mill remained operational throughout the process of installing the new plant, which involved over 100 contractors working on site. The \$10 million spent locally has also given the Mt Gambier economy a boost.

This project reflects our whole-of-business approach to redefining the value of fibre.



We launched a secondary school learning program

In October, we launched the Ultimate Renewable Forest Learning Pathway Program, which provides secondary students in the Green Triangle with education and skills to foster their success in the forestry and timber industry. Designed in partnership with the industry and South Australian Department of Education and Child Development, the program incorporates both classroom and hands-on experiences, ranging from forest growing and management, through to harvesting, haulage, sawmilling and processing.

Available from 2020, the Forest Learning Pathway Program provides a strong career pathway with a bright future for local students who want to stay in the region.



We improved safety on both sides of the Tasman

The safety of our colleagues, contractors and communities that use our forests drives our decision making at OneFortyOne, and in 2019 we have made great strides forward. The injury rate was reduced significantly in 2019 at Jubilee Sawmill in Australia. In Nelson, New Zealand, we achieved a 56% reduction in injuries amongst forest contractors. At Jubilee, we've reduced open workers' compensation claims from 56 in 2013 down to just 7 in 2019, with a 36% decrease in recordable injuries.

We've also made personal health and wellness a priority for the business and we've started by creating a policy that gives equal importance to physical, emotional and mental health.



We delivered to the community

We live and work in our local regions and are committed to supporting projects that promote healthy, safe and vibrant communities. In 2019 we provided over \$400,000, employee time and expertise as well as materials to support the communities in which we live and work. In Mount Gambier, we have thrown our support behind the OneFortyOne Pioneers women's basketball team and never miss a game. We have partnered with the Limestone Coast's community capacity building organisation Stand Like Stone, devoted mentors and financial support to the Lifechanger high school mentoring program.

In New Zealand, we have helped to create stream passages for the 3000-plus fish in the streams that run through our New Zealand forests, protected our Kea and local sanctuaries, and sponsored our local Mitre 10 Cup rugby team, the Tasman Mako.



We evolved our branding

In 2019, we undertook a major branding overhaul, giving OneFortyOne a consistent identity across all our locations. The new logo represents not only the physical shape of fibre that is at the heart of our business but also the way that we approach working with wood fibre; there are so many possibilities.

The branding has galvanised our business across Australia and New Zealand, giving us a collective sense of purpose. It's been an exciting project to work on and has helped us all to have a strong understanding of what OneFortyOne stands for: redefining the value of fibre.

¹ The Forest Industry Carbon Assessment Tool™ has been developed by The National Council for Air and Stream Improvement, Inc. This methodology was selected due to its credibility and portability across geographies.

Chairman's Letter

On behalf of the Board of Directors of OneFortyOne, I welcome you to the Annual Review 2019.

OneFortyOne is a dynamic company within an important industry and as highlighted in this Review, has a meaningful positive impact on our environment, our communities and our employees. In partnership with our Leadership Team, the Board is accountable to our shareholders who look not only to financial return but also hold us responsible to be exemplary in our relationships with customers, the industry, our government, and all those we work with.

"In a short seven years, OneFortyOne has experienced incredible progress and growth. The Shareholders of OneFortyOne firmly believe in the long-term benefits of owning forests and forest assets. Starting with an investment in the Green Triangle forest plantation and nursery, the Company expanded to include the Jubilee Sawmill in Mount Gambier, the Nelson Forests, Kaituna Sawmill and Manuka Island forest in New Zealand."

The OneFortyOne Board is determined to drive rigorous corporate governance and with the Leadership Team focuses on high business performance, the wellbeing and safety of our workforce and meaningful stakeholder relationships each being key initiatives in 2019.

Global markets experienced a downturn during 2019 and this affected businesses across our industry, including OneFortyOne. Despite the challenging market we remain resilient, strong and focused on our strategic priorities and creating value, both for the short and long term. We have continued to make capital investments within our mills and financially supported important safety initiatives. We invest in our people and strive for diversity in our workforce. Such investments and initiatives have shaped OneFortyOne to be a leader in environmental protection, fibre waste minimisation, efficiency and safety. Throughout the Review I am proud that OneFortyOne can demonstrate its on-going commitment to safety, its achievements, and goals. Readers will learn about initiatives that support emotional and mental health, truck driver fatigue, air quality and risk reduction at the mills.

Good people are essential to the success of OneFortyOne and we are fortunate to have the calibre of professionals and talented employees as a foundation for our company.



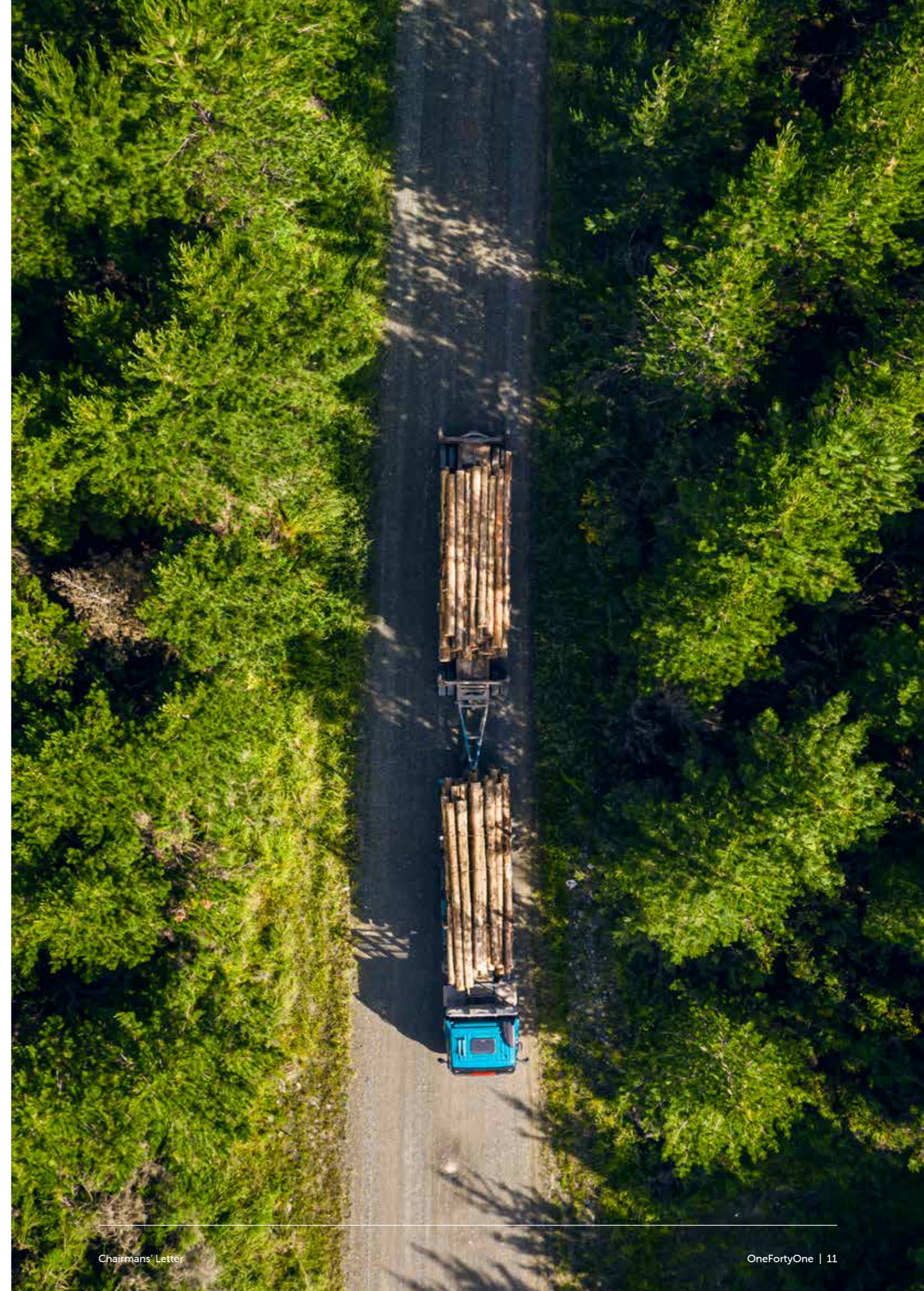
The work in our forests and in our mills is demanding and requires skill. As you will see in the Review, the people of OneFortyOne embrace their roles of community members and environmental custodians in addition to their everyday responsibilities.

In closing and on behalf of the Board of Directors, I thank our Leadership Team, all employees, contractors, customers, stakeholders, and shareholders. The work of OneFortyOne makes a difference in our communities, for our environment, and in the industry. The year 2019 brought challenges and opportunities, each met with integrity and positive energy. I hope you find the Annual Review enlightening and informative. We are excited to share it with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'John S. Gilleland'.

John S. Gilleland
Chairman



CEO Report

There's nothing like the process of writing an Annual Review to make you think about where you've been and where you're going. Considering the layout and the writing and reviewing of each draft gives you time to ask, did we focus on the right things, did we end up where we wanted to be at 31 December, what would we do differently?

2019 was certainly the year we looked inwards as we consolidated after two significant acquisitions the year before. We challenged ourselves as to what we needed to improve, with safety being one of our earliest priorities. Our industry has risks, and no matter what we do to mitigate the risk, more can always be done. We have given our people a mandate to put forward innovative approaches to improving safety. We are also promoting the importance of mental and emotional health as these are just as important, and valid, as physical health.

Fire readiness is another area on which we can always improve. We take the responsibility of fire readiness very seriously and it is a key priority, every day of the year.

The fires in Nelson, NZ in February 2019 were unprecedented for the region. And, this summer in Australia, the tragedy and devastation of the bushfires have impacted hundreds of communities, some of these were once home to thriving forest and timber industries. Undoubtedly the Australian industry has changed forever because of the fires. We don't know what shape it will take in 2020. What I do know is that in 2019, before the fires, the industry collaborated in ways I have never seen before and this means I am hopeful for the future. The Fire Management chapter in this Annual Review will give you an insight into our practices.

We have remained financially profitable in challenging markets whilst staying true to our practice of offering fibre first domestically in Australia and developing our strategy to increase domestic processing in NZ. We have continued our capital investment program despite these challenges which has signalled our long term commitment to the business. We have supported the future of the industry by investing in education through curriculum development, scholarships, graduate roles, apprenticeships and vacation job programs. We have supported the future of our communities by supporting initiatives that promote regions, culture, the environment and diversity. We now understand our carbon footprint and can diligently say that we are carbon negative, our trees absorb and store more carbon than the business emits.



"I never expected the last 12 months to look like they did, so I have learnt not to wonder too much as to what's ahead, but instead to focus on remaining positive, agile and flexible, ready to adapt to any opportunity that's ahead."



We are a proud and active member of our industry. We know the power of collaboration and we support our industry bodies, research and colleagues. The Green Triangle Forest Industries Hub (GTFIH) came together to grow a vibrant industry, sustainable for future generations. The GTFIH is part of the Federal Government's Regional Forestry Hub program and this is a great example of industry and government collaboration. During 2019 the GTFIH released our Industry Action Agenda and Statement of Commitment to the communities in which we operate.

We continue to take our corporate responsibility seriously. We remain compliant with the requirements of the Plantation Lease Agreement between OneFortyOne and the South Australian Government. In 2019 our Australian and New Zealand forests were re-certified to international forestry standards.

Finally, it would be remiss of me not to mention the significant change to our visual identity. The new logo represents the physical shape of the fibre that is at the heart of our company. With the rapid growth of our business, we have used this exercise to create a new energy, evolve our culture and provide a fresh start for everyone within the business. We also want to talk about our approach to producing wood fibre – what will customer and consumer needs be in the future? We don't know the answer to that, yet, but what we do know is that fibre is precious, and that there can be a use for all of it.

The most common question asked of me over the last seven years has been "what's the next 12 months look like for OneFortyOne?" My consistent answer over these years has been "I never expected the last 12 months to look like they did, so I have learnt not to wonder too much as to what's ahead, but instead to focus on remaining positive, agile and flexible, ready to adapt to any opportunity that's ahead."

The people, business and initiatives that are showcased in the Annual Review gives me great trust in the Board and my colleagues. OneFortyOne prioritises the right things, performance is only part of the matrix that includes health and safety, people, capital investment, environment and communities.

As we head towards our 8th year, we're confident in our performance, proud of our people, excited by our potential and grateful for the ongoing support of our colleagues, customers and communities.

Linda Sewell
CEO

Innovation and Research



Our commitment to redefining the value of fibre means we're looking for innovation across our operations, from breeding the best-performing trees through to new marketing strategies for timber products.

Innovation takes many forms: research, discovering, collaboration and incremental improvements across every aspect of our business.

It starts with our tree quality: understanding how trees are performing, estimating growth and knowing what potential products we can harvest. On both sides of the Tasman, one of our research priorities is tree breeding and genetics, so we can plant the trees that are most suited to each site. By mapping the genomes of our best specimens, we can continue to improve our forests each year. We are also exploring pine tree adaptation to climate change and co-investing in programs that protect our crops from new and existing pests and diseases.



Forest technology in action

In 2019, we found new ways to capture data about our harvests and log transportation, which is helping us improve efficiency in our forest supply chain. We are also exploring new ways to measure wood density and stiffness – in both standing trees and logs. This will allow us to tailor log density to customers' requirements.

Already in action is the use of remote light detection and ranging (LiDAR) sensors. LiDAR makes it possible to create high-resolution maps of our forests using a combination of 3D and laser scanning, generating an aerial view of how and where our trees are growing.

We've also started trialling sensors for employees in our mills and forests, which assist us in monitoring worker safety and managing workplace fatigue. We've been working with local universities and our teams of contractors to assess how well the sensors are working and to identify strategies to prevent fatigue.

National forestry research endeavours

OneFortyOne pays levies to both Forests and Wood Products Australia and The Forest Growers' Levy Trust in New Zealand. These organisations are also supported by matched government funding and undertake research including:

- » Evaluating the environmental benefits of forests.
- » World-first studies into the benefits for employees of timber industries in the workplace.
- » Surveys into consumer attitudes to wood products.
- » Management techniques for pests and diseases.
- » Improved productivity: tree breeding, silviculture and harvesting systems.
- » Fire prevention and response.
- » Biosecurity incursion response and management.



Advancements at Jubilee Sawmill

We took two huge steps at the Jubilee Sawmill in 2019: installing the massive new sorter-stacker which has led to significant efficiency gains; and switching our boiler to cyclonic technology, reducing emissions by 60% (see page 28).

Smart systems are also revolutionising our dry mill. In late 2019, we installed a Lucidyne scanning system, which use artificial intelligence and deep learning technology to maximise fibre and value recovery. We also started the process of switching to continuous drying kilns, which dry a 35% greater volume using 25% less energy; the first will be fully operational by September 2020 and the second in March 2021.

"We're always looking at new ways to innovate," says Paul Hartung, General Manager at Jubilee Sawmill. "New technology, and new applications for existing technology, means every year we can lift our efficiency or sustainability. Some years it will be small tweaks. And in other years, like 2019 and 2020, it will be massive strides."



Promoting timber to consumers and builders

There are a myriad of benefits to using timber framing in the construction industry – it's cheaper, safer and far better for the environment than using steel or aluminium. We are supporting an advisory program by Wood Solutions that aims to engage and educate builders about all the upsides. As more people learn about why timber is superior, consumers will also begin to demand timber framing.

The team at Wood Solutions carries out its own research into innovations in timber construction, as well as showcasing stunning uses of timber in modern architecture.

"OneFortyOne is naturally innovative and we're always looking for ways to build our capacity and be creative with fibre," says Lees Seymour, Executive General Manager, New Zealand. "We focus on learning and solving problems – and we think deeply about improvements and safety."



Understanding the land

In South Australia, we are partnering with other regional forest growers to find out more about how much water trees use. By knowing how they intercept rainfall and draw from groundwater, we can predict usage.

In New Zealand, we are working with Manaaki Whenua Landcare Research (MWLR) to identify landslide and debris flood susceptibility across the estate. The work will culminate with a toolbox of mitigation techniques, including retreat from areas where very high risks are unable to be mitigated. The work is of critical interest to the rural communities that have experienced natural disasters involving forest debris.

We are also working with the Cawthron Institute in Nelson, New Zealand and MWLR in researching the effectiveness of our best practice sediment control techniques in maintaining high freshwater quality and healthy ecosystems. This work is crucial in preparing and responding to the proposed New Zealand Government's National Policy Statement and National Environmental Standards for Freshwater.

OneFortyOne has used an internationally recognised carbon calculator and found out how much carbon our business removes from the atmosphere. We're carbon negative, which means we sequester more carbon than we emit – and we're planning ways to improve even further.

Calculating our Carbon Footprint

– it's a positive climate story

"A very, very big deal!"

Our business captured and retained over

860,000

tons of CO₂ eq in 2018*

Each cubic metre of treated NZ laminated veneer lumber sequesters

600kg

of CO₂

Our carbon removal is equivalent to taking over

184,489

cars off the road

The typical timber framed home store

10 tonnes

of CO₂¹

Climate change is one of the major global issues of our time – but OneFortyOne is proud to be part of the solution.

In 2019 we made this a business priority.

We used an internationally recognised method called the Forestry Industry Carbon Assessment Tool (FICAT™), developed using data from the Intergovernmental Panel on Climate Change. FICAT calculates how much carbon our forests sequestered in 2018 and the amount of carbon emitted by all our operations over the same time period. We found OneFortyOne's tree growth and carbon removal far outweighed the emissions generated through our supply chain for the same time period, capturing over 860,000 tons of CO₂ eq.

Understanding our starting point is an important first step and we can do even better. Measuring a strongly carbon negative starting point is an important step in tracking our progress – OneFortyOne would like to increase that number to 1 million tons per annum over the next decade.

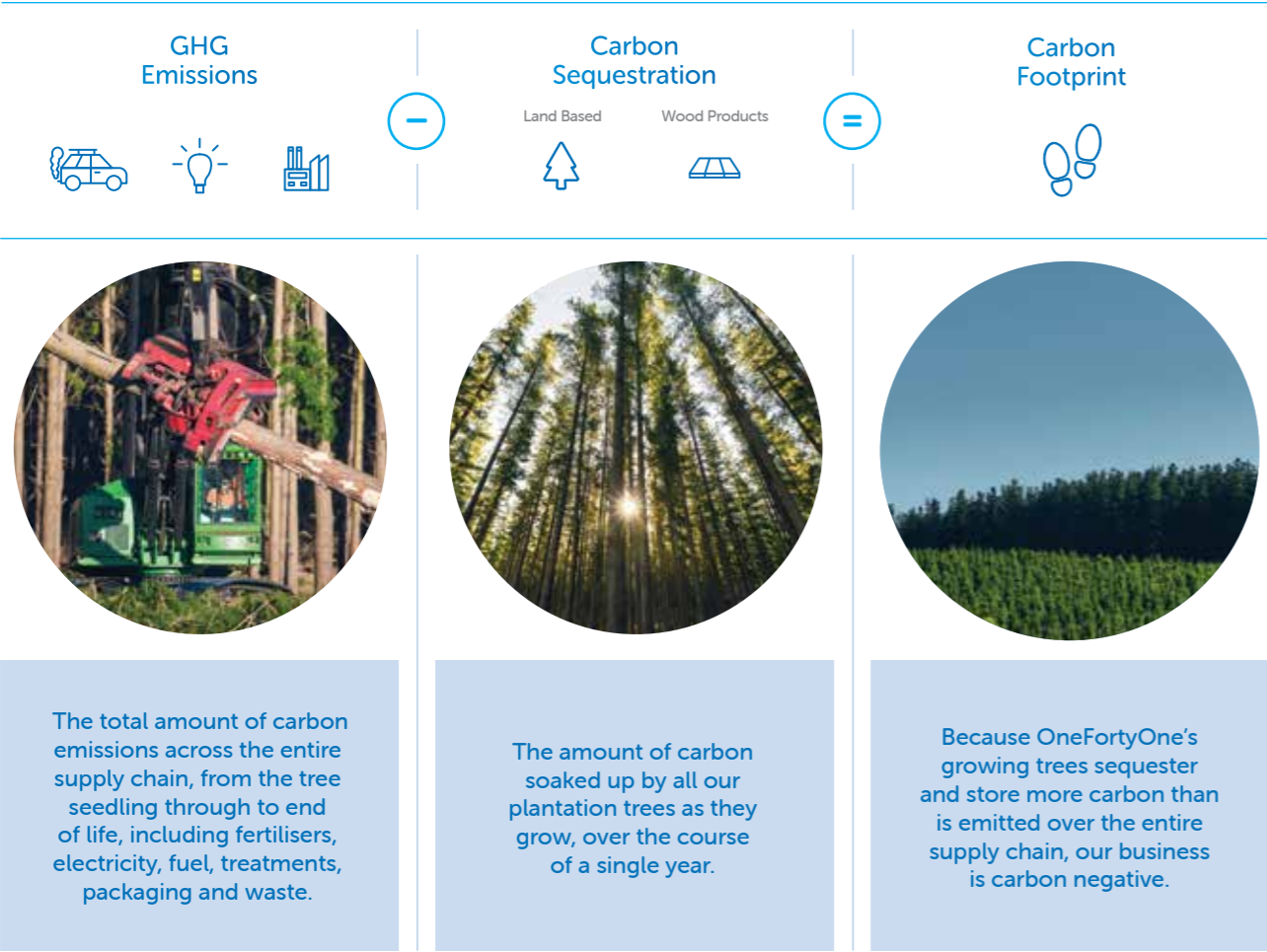
"Understanding how forest and timber investments can abate carbon emissions is key to understanding ways in which we can address climate change," says Kristie Paki Paki, leader of the carbon footprint project. "We can hold ourselves to a high standard and set a new bar for the industry."

And now with a very clear understanding of our key emission areas, OneFortyOne has the opportunity to deeply consider how we create efficiencies and reduce our emissions profile.

*The Net Carbon Stock Change for the 2018 calendar is calculated on amount of carbon sequestered minus carbon emissions.



How do we calculate our net carbon negative status?



The power of timber products to capture carbon

Wood and timber products don't only sequester carbon as they grow, they also store that carbon throughout their lifespan. Around half the dry weight of wood is carbon².

"Trees capture carbon and timber traps it," Kristie, explains. "Carbon doesn't leave a tree at harvest; it stays inside the timber for the life of that product. Let's not forget that trees convert carbon dioxide into oxygen over their lifetime."

"Timber really is the ultimate renewable resource, and we can now quantify the amount of CO₂ that is removed from the atmosphere through tree growth, and more importantly, how much we can permanently store in timber products. The analysis confirms that forest and timber industries help tackle climate change."

Timber framing for houses is more than just a premium building product, it's a powerful way to take carbon out of the atmosphere and lock it away for decades. Each timber-framed home is storing around 10 tonnes of carbon dioxide, and 95% of that CO₂ will remain stored in the home after 30 years².

"Timber is a far better option than other alternatives from an environmental point of view," says Mike Bloomfield, General Manager, Sales & Marketing.

"It's not only the sequestered carbon, but also the embodied energy. Timber uses much less energy to produce when compared to alternate building products."

It takes eight times the amount of energy to produce a tonne of steel compared to a tonne of timber, and 46 times the energy to produce a tonne of aluminium. If half of Australia's new homes were built using mainly timber products, more than 1.3 million tonnes of CO₂ emissions would be saved per annum¹.

"We're hoping to get this message out to consumers so they will drive increased demand for timber framing," Mike says. "When customers understand the benefits of using timber, they'll feel confident to ask their builder to ensure the frame is constructed using timber. Consumers have the ability to choose materials that make a strong contribution to the environment."

Can we achieve even more in the future?

This is a fantastic starting point, and we are currently working to make the carbon calculation tool more automated and efficient. That will help us set targets and compare our progress.

Our New Zealand operations have been working on measuring their direct emissions for some time, and they are more carbon negative than our Australian operations.

Part of this is due to New Zealand's electricity, approximately 80% of which comes from renewable energy, compared to approximately 20% in Australia. Initiatives like larger, more efficient trucks have also helped, reducing fuel use by 9% and emissions by around 900 tons of CO₂eq each year.

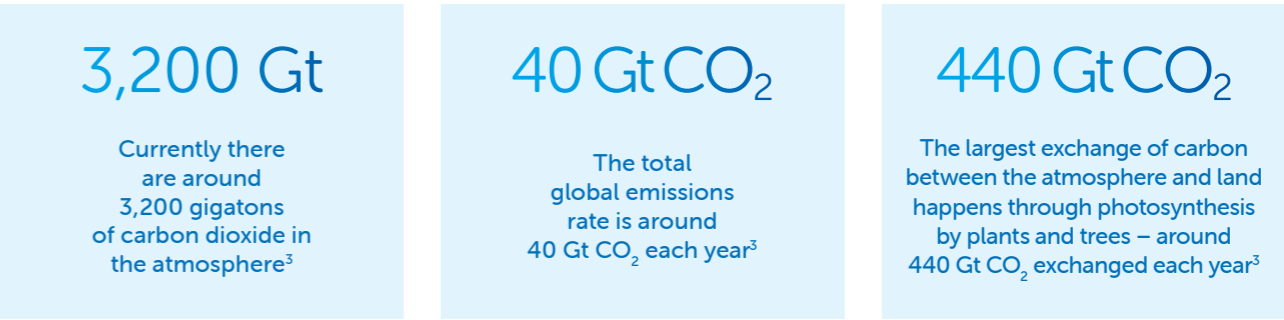
Redefining the value of fibre isn't only about efficiency, it's also about finding ways to reduce our carbon footprint further and contribute to a healthier world. We can do this by exploring how to:

- » Increase tree mass per hectare through improved genetics or forest management.
- » Identify the optimal harvest age to maximise carbon capture.
- » Identify energy efficiency gains in timber processing.
- » Utilise hybrid or electric vehicles for fleet use and, in the future, possibly for transport and processing.
- » Investigate co-generation for wood waste in Australia.

Now that we have the tools to calculate OneFortyOne's entire carbon footprint, we can work towards building a business that is making a significant contribution to addressing climate change.

Trees make the biggest difference

Industries like ours have the power to make a difference to climate change:



¹ Love, Simon, Carbon Footprint of New Zealand Laminated Veneer Lumber, December 2010, Scion Research.
² Forest and Wood Products, Fact Sheet: How Carbon is Stored in Trees, Available at <https://www.woodsolutions.com.au/articles/carbon-storage>
³ Deutch, John, Negative Carbon Emissions, 2018, MIT Energy Initiative. Available at <http://energy.mit.edu/podcast/negative-carbon-emissions/>

Our Forest Certifications

We are extremely proud to be a sustainable, responsible business – building a brighter future with our products and practices.

In 2019, independent forestry auditors confirmed that our Australian forests meet the globally-recognised Australian Standard® for Sustainable Forest Management.

The audit tests demonstrate how sustainably we manage our Green Triangle forests, checking off nine key criteria and 167 individual requirements.

“Our Green Triangle Plantations have been certified since 2013, and our continued success is absolutely thanks to the hard work and dedication of our employees and contractor partners who work in the forests every day,” says Janeth Mackenzie, Planning and Compliance Manager.

“It’s important to all the team at OneFortyOne that our forests and management practices are recognised as being best practice, and that endorsement is sealed through our international and independent certification.”

In New Zealand, Nelson Forests* was once again certified as meeting the Forest Stewardship Council® (FSC®) standard for forest management. Heather Arnold, Environmental Planner says that the international accreditation is confirmation that plantation forestry is a responsible business.

“Our forests are part of the landscape and continually interact with our environment and communities. Achieving the re-certification affirms that we are managing the land appropriately, with the future front of mind.” The forests were found to comply with the internationally-agreed ‘10 principles of responsible forest management’: upholding indigenous peoples’ rights; community and workers’ rights; maintaining high conservation value forests, and maintaining the ecosystem.

It’s vital to our company that we maintain our certification and aim to keep raising our standards. It allows us to demonstrate our commitment to responsible forest management practices and the renewable, environmentally beneficial credentials of our timber products.



*In New Zealand OneFortyOne forests are certified with FSC® as Nelson Forests.

Our Wellbeing Philosophy

In 2019, OneFortyOne continued to focus on building a wellbeing culture across the business with a commitment to ensuring that every person goes 'Home Safe and Well' every day. This was reflected in our improving health and safety performance throughout the year.

Prioritising wellbeing is a fundamental shift in the approach to health and safety. Together with our employees, contractors and partners, we are building a culture of wellness that will increase our overall quality of life and reduce our risk of injury.

Better wellbeing improves the lives of our people – at home and at work. It makes each one of us happier and gives us the energy to invest more in the things that are most important to us. Prioritising wellbeing also keeps us safe: reduced mental and emotional health can be a significant contributor to increasing the risk of workplace incidents. We have now made it a priority to nurture mental and emotional health with as much emphasis as we place on physical health.

Working toward wellbeing

Our goal is to boost the wellbeing of our entire workforce. That means not only keeping them safe from physical harm but also encouraging mental and emotional health. These three cornerstones of good health are strongly interrelated, and together they represent total wellbeing:

- » Improvements to our physical health protect us from injury and illness and improve our quality of life.
- » Good mental health allows us to meet all the challenges of life and realise our potential.
- » Strong emotional health builds resilience and become more confidently vulnerable and authentic.

Already making a difference

At Kaituna, we've upgraded all our machine guarding, with strong visual safety reminders. At Jubilee, we've seen a 36% reduction in recordable incidents, by improving safety measures across three key danger spots for workers.



56%
reduction in
recordable
incidents

in our New Zealand Forests



36%
reduction in
recordable
incidents

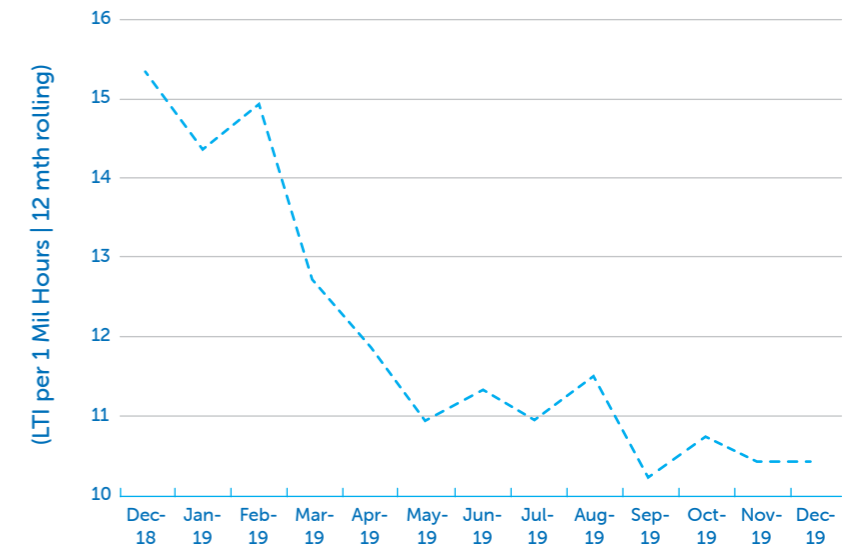
at our Jubilee Sawmill

We have also been working to improve haulage safety, collaborating with the transport industry to find ways to combat driver fatigue. We have worked with our forestry contractors so that they can invest in machinery that keeps them safe, whilst carrying out their work, reducing time previously spent doing potentially risky jobs by hand.

"Since our inception seven years ago, OneFortyOne has already raised the health and safety bar across all our locations," says Lachlan Spencer, Group Health Safety Environment and Risk Manager. "In 2019 we defined our vision of a safer, healthier workplace for everyone. I think we're already seeing benefits and I believe we can really make a positive difference in the lives of all the people who work at OneFortyOne."

Lost Time Injury Frequency Rate

For all employees and contractors working directly for OneFortyOne





Australian Forests & Mill

The Green Triangle is where it all began, in the forest estate that gives our company its name, located on the 141st meridian east line on the border of South Australia and Victoria.

OneFortyOne’s Green Triangle operations are a vital part of the local economy, employing over 390 people directly and an additional 400-plus contractor workforce. The work starts in our Glencoe nursery and continues as we tend to over 80,000 hectares of Radiata pine softwood plantation estate. The majority of our forests are under a 105-year lease with the South Australian Government, with approximately 2,000 hectares of freehold land and trees.

We are a significant contributor to the region and the forestry and timber industry. In fact, in 2019 OneFortyOne supplied every timber processor in the Green Triangle region. During 2019, it is estimated that OneFortyOne put \$100 million into the local Green Triangle economy.



AUSTRALIA AT A GLANCE



95,000
hectares of defined forest area



8million+
Radiata pine plants grown at our Glencoe Nursery each year



82,000
hectares of plantation area



\$40m
investment commitment in the Jubilee Sawmill to date



circa 40%
area of softwood plantations in the Green Triangle region



396
direct employees
400+
contractor workforces



\$100m
injected into the local economy by our operations



3.8m
trees harvested
5.17m
trees planted

Starting with millions of seedlings

The life cycle of our business starts at our nursery in Glencoe, where our team grow seedlings. The nursery sold over 1.2 million cuttings and another 600,000 seedlings. When the plants destined for our forests are between eight and 14 months old, they are replanted into the forest, always during the winter months, and according to a carefully designed forest plan.

Taking care of the trees and the environment

We are responsible for the stewardship of 95,000 hectares of forest, including 82,000 hectares of plantation forest. Over the 2019 year, a total of 5,174,455 trees were planted across 28 separate planting sites. We harvested a total of 3,779,272 trees during 2019 which means we planted over one million more trees than we harvested in 2019.



Mt Gambier
Australia

OneFortyOne takes care of the native forests in our borders, along with the wildlife and ecosystems. We are removing pine wildlings within wetlands and conservation areas. Once the larger trees have been removed, we plan to remove the smaller pine wildlings too. We've been working with our neighbours to weed the conservation corridors which link areas of native vegetation, as well as creating new conservation corridors. Our community partner Nature Glenelg Trust has been rehabilitating nearby wetlands (see page 42) and monitoring Wedge Tail Eagle nests in our trees.

Getting the most from every tree harvested

OneFortyOne purchased Mount Gambier's Jubilee Sawmill in 2018 and we have already committed to investing almost \$40 million to ensure the mill remains one of the largest and most efficient mills in Australia. We are always striving to extract more value from all fibre that passes through our hands, getting 100% of the possible value returned from each tree harvested. This means working with domestic processors and manufacturers to find efficiencies so we can ensure every part of each tree harvested is utilised.

Investment projects in 2019 included the \$4 million boiler emissions project (see page 28) and \$16 million spent on two continuous drying kilns, which will increase both our energy efficiency and our product quality. The other serious investment was the \$14 million spent commissioning a 61-bin sorter-stacker at the mill. This has resulted in major gains in efficiency, as production manager Nigel Boyd explains:

"More bins mean more products we can cut and sort, which means efficiency gains. Ultimately it means more fibre from the same amount of logs. Also, out of \$14 million, only \$4 million was spent overseas and we were able to spend the remaining \$10 million with local partners and contractors."

These two projects were pivotal in the sawmill winning the Environment and Sustainability Award at the 2019 Mount Gambier Chamber of Commerce Outstanding Business Awards. We are also very proud of our performance at the Green Triangle Timber Industry Awards, where Jubilee Sawmill received the Supreme Timber Industry Award and the Timber Sawmilling & Processing Excellence award. The overall results for OneFortyOne's employees were similarly outstanding, with Andrew White taking out the Innovation Award, Sam Von Duve awarded Trainee of the Year and Chris Atkinson winning the Forest Operations (silviculture, harvesting and chipping) award.

Working together to raise our game

Success in business is a team effort, and it starts with taking care of our people – safety is always front of mind. We are proud of establishing the nationally recognised OneSafeGroup, a contractor safety forum which fosters collaboration and alignment in safety across the industry and the Green Triangle region.

We have also been researching an in-vehicle camera technology tool that could reduce road accidents for our truck drivers. Guardian is an infrared camera designed to detect 'microsleep'; it beeps and vibrates the driver's seat if it senses that the driver's eyes have drifted closed for more than 1.5 seconds. This Australian product is globally well regarded and our trials have already shown its value. During 2020 we hope to fit more trucks with this technology to improve road safety for our drivers and everyone else on the roads.

Fire prevention is also a priority (see page 34); we work with other forest growers and local fire services to maintain round-the-clock firefighting resources. We have the largest fleet of fire vehicles among Green Triangle forest growers, and our team training produces world-class firefighters.

In July 2019, Green Triangle forest growers (Green Triangle Forest Products, OneFortyOne and Timberlands Pacific) formed a network to solve regional weighbridge infrastructure issues and improve the uptake of A-double trucks. The network has grown to include over 70 cross-border industry representatives, including forest growers, finished goods manufacturers, haulage contractors, local councils, regional development associations, and compliance regulators.

OneFortyOne is a proud member of the Green Triangle Forest Industries Hub (GTFIH), which represents around 90% of the Green Triangle industry – large and small businesses, growers and processors, soft and hardwood, Victorian and South Australian. Members of the GTFIH prioritise domestic processing, and at OneFortyOne, almost 80% of our forest products were sold domestically in 2019. GTFIH launched its Action Agenda in September – outlining how the Hub plans to secure the industry's future.

The 2019 boiler upgrade is one of the most important projects undertaken at Jubilee Sawmill for many years. The installation has improved emissions and cleaned up the air for our people, neighbours and the local community.

Cleaner Air in Mt Gambier

Green timber must be dried before it is suitable for the market and we use steam generated from wood-fired boilers to heat the kilns. Wood boilers make sense for the mill because we can use waste timber to fuel them. But when compared to gas or oil systems, wood-fired boilers produce higher levels of particulate matter – tiny pieces of solid matter which can be so small as to be invisible. This particulate matter, especially when it's extremely fine, makes its way into the air and can be carried for some distance.

Emissions from wood-fired boilers are regulated in South Australia under the Environment Protection (Air Quality) Policy 2016, which was amended in 2016 to reduce the acceptable level of particulate emissions. To renew its licences, the Jubilee Sawmill needed to develop an Air Quality Environmental Improvement Program that would reduce its boiler emissions below the maximum level.

How cyclonic separation works

When OneFortyOne purchased the mill in 2018, a decision was made to kickstart the project. The plan was to switch the boilers to a system that uses cyclonic separation, the same type of process that occurs in your modern vacuum cleaner.

Cyclonic separation uses centrifugal force to separate solids from air. The flue gases and particulate matter come into the top of a cylinder at high speed, rotating rapidly like a cyclone. The heavier particulate matter starts to separate out from the gas and is flung to the sides of the cylinder before sliding down to be captured at the bottom. The clean air moves to the centre of the cyclone and escapes through the top of the cylinder.

It took six months and \$4.2 million to upgrade the boilers at Jubilee, with a dedicated team of OneFortyOne engineers, boiler operators, maintenance and safety teams and support from local contractors, Whitty Engineering and Gabriel Electrical.

Improving air quality for the whole community

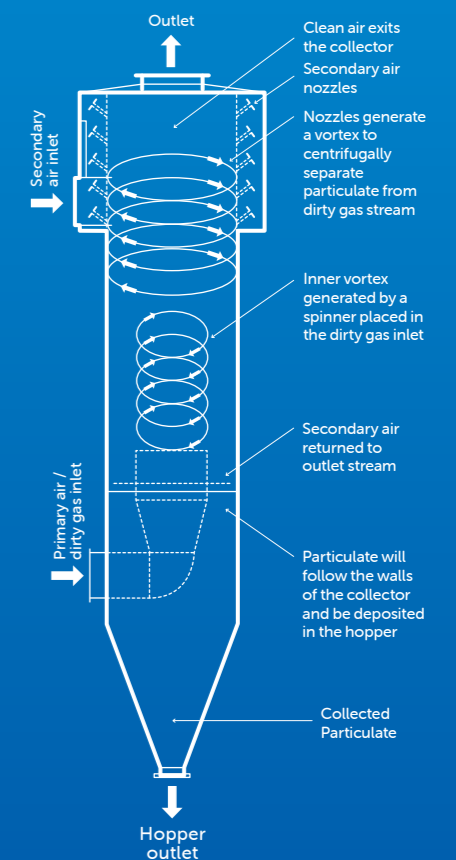
Jubilee now complies with – and exceeds – the new air emissions standards. The cyclonic separation systems have succeeded in reducing boiler emissions by 60%; particulate matter is down from 230 milligrams per cubic metre to around 95. The South Australian Environment Protection Authority signed off the emissions certification three months earlier than expected.

“We’re happy that the change went so smoothly and that we’re now compliant with the regulations,” says Andrew White, Project Engineer, Wood Products, “and it’s a great feeling to know that this will result in cleaner air for the whole Mt Gambier community.”

The boiler emissions project led to the mill winning the ‘Environment and Sustainability’ award at the Mt Gambier Chamber of Commerce Outstanding Business Awards and ‘Innovation Award’ at the 2019 Green Triangle Timber Industry Awards.

Paul Hartung, Jubilee’s General Manager, added that the emissions project “is great news for our workforce and the local community. It was the first investment of its kind at Jubilee and as well as improving emissions, it is just one of many significant investments OneFortyOne has undertaken since it took over the mill.”

How cyclonic separation works

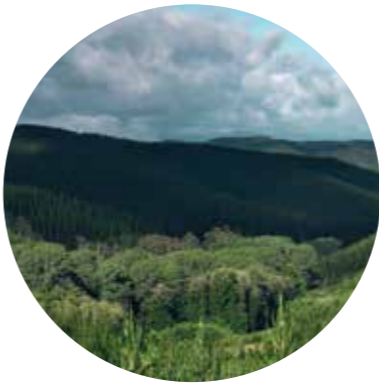




New Zealand Forests & Mill

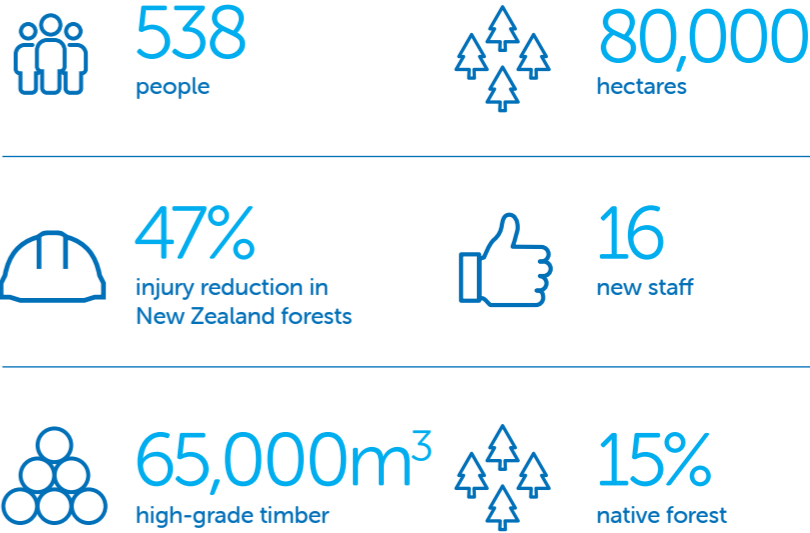
Located at the top of the South Island in the beautiful Nelson Tasman and Marlborough regions, our New Zealand forests were first planted in 1927. We purchased the forests, along with the Kaituna Sawmill, in 2018. We also purchased Manuka Island forest which has helped increase the available harvest from the estate. Since then our integrated New Zealand operations have gone from strength to strength.

Our New Zealand operations saw 1.75 million trees planted, more than 750,000 trees harvested and more than 785,000 tonnes of carbon dioxide captured and sequestered in our trees. We protect more than 9,000 hectares of conservation land, take care of endangered species and we're reinvigorating the health of the natural environment in Nelson Tasman and Marlborough.



1.2m m³
annual harvest from
OneFortyOne's
New Zealand forests

NEW ZEALAND AT A GLANCE



OneFortyOne purchased Nelson Forests in 2018. Some of that forest was first planted in 1927 - 93 years ago. As one of the region's largest employers, we were very pleased to be able to retain every single staff member across the entire New Zealand operation during the purchase process. During 2019 we worked hard on both sides of the Tasman to create a sense of one single team, and our new cohesive branding has helped with that feeling of togetherness.

"We've been working collaboratively and figuring out how to make the best of each other's strengths and knowledge," says Lees Seymour, Executive General Manager New Zealand. "The new branding is positive because it's a tangible representation of how we fit together as a whole. It tells a compelling story about us as a creative fibre business both now and in the future."

Raising the bar at the Kaituna Sawmill

During 2019 we invited independent external assessors, along with internal assessors, into our forests and mills to find ways to improve our systems and processes. They focused on leadership, engagement and risk reduction. One key area for improvement was forklift safety: keeping forklifts apart from pedestrians and noticing when forklifts bump into things as they go about their usual activities. First, we created an 'exclusion zone' around the forklifts using red proximity lights which prevent pedestrians from approaching the forklifts. An Infolink system was also installed, which shuts down a forklift if there is an impact above a certain level. That effectively 'freezes' the scene so one of our on-site team members can work out what's happened.



Kaituna Sawmill
Blenheim,
New Zealand

Cilla Ivory, Kaituna’s Sawmill Health and Safety Facilitator, says that there has been some useful learning as a result. “The forklift operators were able to identify that they had picked up some habits that, while not dangerous for pedestrians around them, could have damaged the forks on their machines.” Cilla believes they are more careful and have become safer drivers as a result.

Another significant improvement in 2019 was ceasing to machine treated timber at the mill, which means we no longer produce any treated wood shavings or dust. The treated shavings had no value to us because they cannot be burned for fuel, and the dust was travelling through the air and leading to discomfort for everyone who works at the mill.

“Treated shavings represented about six percent of our total machined volume,” says Tracy Goss, Kaituna General Manager. “All of those treated shavings used to go to landfill, and we had to pay another organisation to get rid of them. We are very pleased to have eliminated the environmental and monetary costs associated with that process.”

We’ve also changed the way we handle untreated wood shavings to reduce the amount of dust produced. We’ve been monitoring dust levels to protect staff health, and we’ve been mapping noise levels to safeguard workers’ hearing.

“There’s real engagement at all levels in making sure we keep all our people safe,” says Cilla. “Everyone is aware of the changes we’ve made and are thinking about keeping themselves and others safe when they’re working.”

The stream at Kaituna Sawmill was diverted 19 years ago to prevent potential CCA contamination. CCA condensate is now recaptured and used on site.

The New Zealand forests and mills have been taking care of not only the people but also the local environment. The stream at the Kaituna Sawmill was diverted 19 years ago to ensure it wasn’t contaminated with chromated copper arsenate (CCA). With CCA Condensate no longer discharged at the mill, it is now recaptured and used on site. The Kaituna team monitors the stream health, including water and invertebrate quality.

65th anniversary for Coronation Forest tree planting

This was the 65th year of planting at Coronation Forest, an annual tree planting event for local school children in Golden Downs, south of Nelson. Each year, we host around 300 children across a week to plant seedlings, understand the relationship between indigenous forest and plantation forest, and learn about how a plantation forest works.

OneFortyOne silviculture contractor Barry Walsh remembers planting trees at Coronation Forest when he was at Waimea Intermediate School. His son took part in planting while at school and is now working in a harvesting crew. Barry’s daughter-in-law, Saraya Walsh, also works in forestry and his grandson came with his school group this year to take part.

In 1953, schools were given a supply of tree seeds to establish their own small nurseries to raise seedlings and supply tree stocks for planting the following year. As the seedlings were grown during the year that Queen Elizabeth II was crowned, the forest was named Coronation Forest. The seedlings were then planted in Coronation Forest in 1954, covering six hectares. Douglas-fir seedlings were planted by 712 children from 20 schools across the Nelson Tasman region.

“Staff and contractors look forward to the event each year, with the workers involved volunteering to be part of the day, running activities and acting as guides for each school group as well as cooking sausages and preparing hot chocolate for the children,” says Heather Arnold.

Top of the South

In the inaugural Top of the South Forestry Awards in mid 2019, Heather Arnold won the Skilled Forestry Professional of the Year, for her positive environmental influence both regionally and nationally. She also won the Women in Forestry Excellence Award.

Earlier in the year, Les Bak was given a special recognition award for his contribution to improving health and safety across the forest industry.

Our fire readiness strategies are constantly improving and extending across both our Australian and New Zealand operations. We prepare for fire season all year round.



Our Fire Readiness

Supporting local fire response in New Zealand

Our New Zealand team responded to the Pigeon Valley fires in early 2019 which covered around 2,300 hectares of mainly commercial forest in the Tasman region; the largest wildfire in New Zealand since 1956. Although the fires did not affect any OneFortyOne forests directly, they required a huge community effort to manage and ultimately extinguish.

OneFortyOne's New Zealand team had a level of firefighting training that proved invaluable to the response teams.

Many of the New Zealand team were utilised in the incident management team including Les Bak, our Health and Safety Manager.

Our ongoing fire management strategies in the Green Triangle

It often surprises people outside the industry to find out that fire prevention doesn't only happen in the fire season. It begins all the way back when we design the layout of a forest before we plant it. This allows us to pre-emptively protect our asset:

"We follow a set of guidelines that assist with fire protection and suppression, as well as protecting our other assets," explains Andrew Matheson, Estate Manager, Green Triangle. "We design the forest with strategic breaks and setbacks from boundaries and structures."

Then every year we manage those fire breaks, which can mean slashing, ploughing, grading or spraying to keep them in check. We train our forestry personnel in fire management and suppression techniques throughout the year, including ongoing training throughout the fire season.



A combination of spotter planes and tower networks are used for early fire detection; we are also participating in research to find better technology for fire detection. That has only started recently but is likely to be pushed ahead faster after the devastation of the 2019/2020 fire season.

Our forest staff are on rotating fire duty throughout the fire season, so we can respond rapidly as soon as a blaze is detected. Forestry organisations across the Green Triangle region support each other across the industry and the region, and come together when we're needed to help fight fires beyond our estate. More than 20 OneFortyOne staff members joined the firefighting efforts in December, spending two weeks fighting fires across New South Wales.

"We are fortunate in our region that we have really good cooperation with other growers, the County Fire Service and County Fire Authority, so we know that when we have 20 people away, they have our back," Andrew says.

The cross-border regional strategy means fire managers and fire authorities collaborate to train people, improve equipment and patrol plantation areas.

As part of this effort, we attend fire simulations and joint training events so we can all work to minimise losses to our communities.

In Australia we have seven fire trucks for the ground level response as well as access to aircraft for fighting fires from the air. OneFortyOne in Australia works closely with the two local firefighting agencies: the South Australian County Fire Service and the Victorian County Fire Authority. We're aiming to increase our collaboration with these organisations, supporting increased awareness and understanding of forestry, to help them tailor their approach to commercial forest fires. Cooperation also extends between forestry businesses, with the Forest Owners Conference group offering mutual aid between plantations. We are currently working with other major Green Triangle forestry operations to enhance and extend that agreement, allowing us to do more to help one another in the event of a major fire.

"Every big fire starts as a small fire – if we can detect it early enough we can do a better job of fighting it," says Andrew. "We are always looking at opportunities to improve, collaborate and fast-track new technology and improvements."



Our New Zealand forests have an abundance of streams and waterways, which are full of native freshwater fish. They've been struggling to swim upstream to complete their migratory life cycles because of culverts and stream crossings. We've been working with Fish & Wildlife Services to make that journey go a lot more smoothly.

Safer Trips Upstream for our Native Fish



It's always been vital to be able to cross the waterways in our forests – some of the stream crossings in our New Zealand forests have been in place for decades. But while they make life much easier for our forestry workers, they can make it tough on native fish. When fish want to migrate upstream to breed, culverts can make it impossible for them to navigate back to their favourite spots.

That's why the team at OneFortyOne New Zealand has been collaborating with Fish & Wildlife Services to make sure New Zealand's native freshwater fish can wriggle their way upstream unimpeded. The solution was to retrofit fish ramps and ropes to the trouble spots, making it easier for fish to 'climb' upstream.

Heather Arnold, Environmental Planner for OneFortyOne, New Zealand, has spearheaded the project to ensure unimpeded fish passage in streams in the company's forest estate since 2017. The team mapped out stream crossings, then each one was validated, photographed and a range of data was collected and collated to pinpoint crossings that posed a barrier to fish passage.

"It was a big project to start with just to identify where all the unknown crossings were in our fish-bearing streams because they weren't in our GIS system," says Heather. Using the completed map, Heather then utilised the skills of students from the scholarship scheme. "They used the plan I had put together to go and physically find all the structures. Some culverts were blocked and if they were in disuse, roads access was challenging."



57

New Zealand native freshwater fish species

Once the data collection phase of the project was complete, Heather worked with Tim Olley from Fish & Wildlife Services to come up with a work program and implement solutions that would allow fish to move both upstream and downstream.

The project definitely illustrated how forestry practices have changed over the years, says Heather. It's also provided an opportunity to build relationships between OneFortyOne and council staff.

"The Nelson City Council funded the assessment work with OneFortyOne funding the retrofitting work done by Tim Olley," says Heather. "Next year we will be rolling out the project into the area between the Rai Saddle and Havelock and then in 2021, we will roll it out to the rest of our forest estate in Marlborough."

This work should provide a population boost for local native species like the koaro, kokopu, inanga and bullies.

"It's fantastic that Tim is already seeing native fish in the waterways," Heather says. "We know that we are helping the freshwater fish to get the whole way through a catchment and complete their life cycles."

Our Communities

Since its inception, OneFortyOne has been committed to supporting vibrant communities and promoting sustainability. This is an intrinsic part of our business, in both Australia and New Zealand, and we aim to have a lasting positive impact on the people, places and wildlife around our business.

Our organisation is strongly tied to the communities in which we operate: the people who live and work in the areas where our mills and forests are located; the natural environment of our forests and their surrounds; the wildlife that inhabits them.

“Supporting the community here in the Green Triangle has been essential to the OneFortyOne ethos from day one,” says Cameron MacDonald, Executive General Manager, Australia. “We look for ways to boost the success of the people here, grow our diversity and make this a better place to live and work – now and in the future.”

We support education and training to upskill local people and initiatives designed to foster more inclusivity and cultural diversity. Because our business is embedded in the land and the trees, we’re always seeking ways to create a more sustainable, more biodiverse environment.

“As a forestry business we have an extremely close connection to the environment, which means we take our role as custodians of the forest very seriously,” says Lees Seymour, Executive General Manager, New Zealand. “Taking care of our native species makes what we do here more meaningful for everyone on the team.”

Over \$400K in community contributions during 2019

During the 2019 calendar year, OneFortyOne contributed over \$400,000 to a wide range of community projects in these categories:



5%

Supporting education and training



39%

Contributing to a culturally vibrant and sustainable community



23%

Acting on environmental challenges



25%

Promoting individual and community health and social wellbeing



8%

Diversity



C



A



B

A

Students from the Youth Opportunities Association (SA) Inc for the “Thrive Student” hybrid leadership program.

B

School students from the New Zealand Coronation Forest celebrations count and measure trees.

C

The Stand Like Stone Boandik Lodge grant supported the purchase of exercise equipment and specialised mobility aids for lodge residents and the wider community.

These four case studies provide a sample of some of the projects we supported during 2019.

1



The OneFortyOne Pioneers

After the dissolution of the South East Australia Basketball League, and being rejected by the new elite Victorian competition, the future looked bleak for the Mt Gambier Pioneers basketball team. Then the club was thrown a lifeline, accepted into the South Australian Premier League for the 2019 season. But there was a catch: The Pioneers needed a women's team as well as a men's team.

It was a scramble with just three months to pull together a new team and meet all the requirements of the league. But happily, OneFortyOne was able to step in, providing sponsorship for the women's team that allowed them to take part in their inaugural season in the SA Premier League. It has also been a success for the local players, who would previously need to travel to Adelaide to get the chance to play in the league.

"I coach under 12s and I think, just for their age group, to be able to look up and say, 'I want to be a Pioneers women's player when I'm older' is just something to aim for and now a bit more of a realistic goal," Pioneer player Melissa Russell told ABC. She says that as a child, she used to ask for Pioneer season tickets for Christmas, "so the fact that there's going to be a women's team now — and I'm a part of it — is exciting."

2



Stand Like Stone: putting \$180,000 into the Limestone Coast

The Stand Like Stone Foundation is a leading philanthropic community foundation in South Australia and has been in partnership with OneFortyOne since 2014. Since then the partnership has awarded over \$180,000 to 18 charitable projects through OneFortyOne Community Capacity Building Grants. The recipients of the 2019 grants are:

- » Fit for Life Equipment (Boandik Lodge), \$4100.
- » Seeding a social enterprise incubator in the Limestone Coast (Carers Association of South Australia), \$15,000.
- » Empowering young people across south-east South Australia (Youth Opportunities Association South Australia), \$20,000.
- » HER-Self (I-myself Pty), \$10,000.
- » Charitable operations (Sunset Community Kitchen), \$900.

Anne Kerr, CEO of Stand Like Stone says "Grants like this just aren't normally available here in the Limestone Coast. And so to have \$50,000 for charitable projects in our region every year is truly amazing. Simply put, OneFortyOne helps us to inspire kindness and courage in our community."

3



The Great Taste Trail gets a new section

Ngā Haerenga, the New Zealand Cycle Trail, is a hugely popular activity for visitors and locals — it's made up of 22 Great Rides and 22 Heartland Rides that link them together. One of the Great Rides is the Great Taste Trail, which begins at the Nelson Airport or the Nelson City i-SITE featuring panoramic coastal and mountain views over Tasman Bay, Waimea Estuary and the Western Ranges, and ending at Kaiteriteri. The Trail passes by many places to stop and explore the best of the region's food and drink offerings.

The Great Taste Trail is still under construction, and when a section of the trail needed to be completed through our forests, representatives from the Nelson Tasman Cycle Trails Trust reached out to OneFortyOne. We were able to provide financial support for essential earthworks.

"We were really delighted when the Trust approached us to help," says Andrew Karalus, OneFortyOne Estate Value Manager. "The trail is a great community asset, many of us have enjoyed riding on it and it passes through our forest estate, so it made sense to offer our help. This section of the trail captures the beauty of the Golden Downs Plantation Forest, and in particular, the amenity species that line the Norris Gully and the historic Railway Reserve."

4



The Great Taste Trail is still being fully completed, and when complete, the whole trail — including a section in the Motueka River Valley — will cover a distance of 175km. You will be able to walk or cycle on the coastal and rail routes from Nelson, to Richmond, Brightwater, Wakefield out to Tapawera, along the Motueka River Valley to Riwaka, Kaiteriteri, and then back to Richmond through Motueka, Mapua and Rabbit Island.

"The support for the trail from OneFortyOne has been key in getting the trail through Spooners Tunnel, and to Kohatu," says Gillian Wratt, Nelson Tasman Cycle Trails Trust Board Chair. "They have been open to the route through their forests and have had their contractor help with trail construction without the costs coming back to the Trust. We have really appreciated their approachability, enthusiasm, and support for the trail."



Taking care of our precious kea

The kea is the world's only mountain parrot, and it's only found in New Zealand's South Island. These birds are incredibly intelligent and curious, which unfortunately tends to get them into trouble — they're attracted to interesting activities like forestry work at our plantations.

"Like the kiwi, kea are an iconic New Zealand species," says Heather Arnold, Environmental Planner, OneFortyOne. "However, most people don't realise that there are fewer than 5,000 kea left, compared with 68,000 kiwi."

From 2019 onwards, OneFortyOne is now providing funding to the Kea Conservation Trust to support the Conflict Transformation Program for at least the next five years. This is a citizen science research program that will strive to establish how important plantation forestry is to kea by using kea sightings and data from our staff and contractors, and a third research program that supports kea in situ.



We've been working with our teams to help them respond to kea onsite, which means covering vehicles with tarps and smearing garlic on wiring, to protect them from the kea's often destructive playfulness. We're also leg-banding as many birds as we can within our forests so we can track and monitor their behaviour, as well as reporting sightings.

"The forestry industry has been really proactive as opposed to reactive — and it's worked," says Andrea Goodman, the Kea Conservation Trust's Kea Conflict Management and Community Engagement Coordinator. "We have had examples where we have found a kea nest on a harvest site and the guidelines were followed to the letter. The work we've been doing is showing that plantation forestry clearly plays an important role in kea conservation."



Environmental Recovery in Action

Thanks to the partnership between Nature Glenelg Trust and OneFortyOne, Mt Burr Swamp is showing the incredible potential of ecosystem recovery. The change in the wetland, plants and animals has been remarkable in this incredible habitat.

Mt Burr Swamp Habitat Restoration Reserve is a 300 hectare property containing a number of former deep freshwater marshes, half an hour from Mt Gambier and right next to long-established wetland sanctuary, Marshes Native Forest Reserve. Previously drained for agricultural use, the Reserve was acquired in 2016 by the Nature Glenelg Trust, an environmental not-for-profit charitable organisation, with funding support from OneFortyOne. Prior to the purchase, Nature Glenelg Trust and a team of volunteers constructed a trial sandbag weir structure in the artificial outlet drain. The results were immediate and dramatic as the wetland filled.

Since that time the Nature Glenelg Trust has worked alongside volunteers to restore the centrepiece wetland on the property, Mt Burr Swamp, into a flourishing ecosystem for plants and animals. The resulting explosion in biodiversity has been an impressive demonstration of what we can achieve when we work together to build a sustainable habitat for local species.

Protecting an ever-growing range of threatened species

During 2019, Nature Glenelg Trust and OneFortyOne turned our collective focus to threatened species conservation. We know at least six nationally threatened species call Mt Burr home: the Little Galaxias (fish), Growling Grass Frog, Australian Bittern (bird), Southern Brown Bandicoot, Southern Bent-wing Bat and the Red-tailed Black-cockatoo. Now, thanks to the introduction of sustainable water management, the reserve has attracted another vulnerable species. In late 2019, juvenile southern pygmy perch were found at Mt Burr Swamp – a really encouraging sign in response to wetland restoration efforts.

In March, the presence of the Southern Bent-wing Bat was confirmed at Mt Burr Swamp, which was very exciting as this is a critically endangered species. This microbat has seen declining populations since the 1950s and is currently at number 17 on the National Threatened Species Recovery Hub's list of the top Australian animals likely to go extinct in the next 20 years. Happily, this little mammal seems to be making itself very much at home in the nearby Mt Burr caves, and Nature Glenelg Trust and OneFortyOne have provided much-needed wetland feeding habitat (attracting a diversity of insects) to help it thrive.

Also discovered in 2019 was a rare butterfly, the White banded Grass Dart, and a vulnerable native plant, the Vanilla Lily. Less endangered, but still delightful to encounter, were an echidna and several "very healthy looking" tiger snakes, as well as three white-winged trillers flying around the property; all were seen for the first time at Mt Burr in 2019.

"We have these plans and think we're doing good things," says Rose Thompson, project ecologist with Nature Glenelg Trust, "but to have it confirmed by the animals being found on site is really great."

Sustainable wetland management

Restoring the wetland into a sustainable habitat means establishing more vegetation, and retaining water in the swamp all year round. Nature Glenelg Trust's work in 2019 included planting 7,500 native trees to generate habitats for creatures of all sizes – using a diverse list of plants provides food for red-tailed black cockatoos as well as various heights of vegetation for shade and shelter. Creating thickets around the edges of the wetland, for instance, has made protective habitats for birds and bandicoots. This effort was a step towards the larger goal for Nature Glenelg Trust of contributing to the Australian Government target of 20 million native tree plantings.

The quality and level of the water is another essential part of building a thriving and biodiverse ecosystem; higher year-round water levels are attracting animals like the bats and allowing the pygmy perch to survive. A new solar-powered water level sensor allows for on-line tracking of the water level in real time.

"The Mt Burr Swamp project has already been more successful than we could have imagined in just three years," says Janeth MacKenzie, Planning and Compliance Manager for OneFortyOne. "The explosion of biodiversity is evidence that all our efforts are paying off – and as the wetland becomes even more established it should become a home for even more species."



Spotted in 2019 for the first time at Mt Burr Swamp



Southern Bent-wing bat



Southern Pygmy Perch



Echidna



Vanilla Lily



White banded Grass Dart



Tiger snake



Our People

It's been an astonishing trajectory for our organisation: from just four people in 2015 to more than 500 employees and even more contractors in 2019. Rapid expansion has presented a few challenges, but it's also been a source of enormous opportunity and learning for everyone in the business.

This growth provides a unique opportunity for people to expand their interests and horizons through the supply chain, from forest to manufacturing to marketing and sales. Building on and developing this opportunity means there are ways for our people to move between roles, advance through the organisation and change direction. By integrating OneFortyOne's forest and mill operations across two countries, when our people find themselves interested in a different aspect of the business, they can find a career pathway to take them in that direction.

Creating pathways is a focus for the business – seeking value and opportunity links our uniquely integrated business to our people. Thinking creatively to gain value chain benefits for a person's career development is a genuine benefit to both an individual's experience and OneFortyOne: enabling pathways for our people is a core focus, and where we see an opportunity, we act.



500+
employees
across
all
locations

Leadership, wellbeing and inclusion

The three primary pillars of our people strategy are leadership, inclusion and wellbeing, says Peter Brydon, Chief People Officer – each one vital and interwoven. We need an inclusive and healthy leadership team guiding an inclusive and healthy workforce.

In September 2019, our senior leaders came to discuss the future of the business and our people. That was a hugely rewarding experience for everyone involved and will now be a six-monthly event.

We've also been working hard to make OneFortyOne a welcoming environment for everyone, aiming to improve our diversity so that it reflects the local communities in which we operate. All of our locations have its own history, culture and heritage. We want to respect and honour each culture, ensuring each location has its own unique personality, while also bringing everyone together as a united team.

"We are making this a place that feels safe for everyone, and you can see that reflected in our engagement survey, which shows 72% engagement," says Peter. "We're very pleased that our board has such a high level of gender balance – it's quite rare and we'd like to see that reflected across the organisation."

A pipeline for women and young people

In 2019 our Australian operations focused on creating a pipeline for women and young people, attracting them to the forestry and timber industry by showing them the excellent career pathways available. Providing a pathway for burgeoning local talent supports the entire industry.

"It starts early," says Candice Fennell, Regional Head of Human Resources, Mt Gambier. "We're aiming to attract the talent today, that we hope to have in five years."

In 2019 we appointed Linda Cotterill as Industry Career Pioneer, and she is working to position OneFortyOne as a diverse and inclusive workforce.

"My role plays a key part in helping build our culture of inclusivity, championing and valuing diversity," she says. Linda was the second registered professional forester in the Australian Institute of Forestry, and the first woman, so she has first-hand knowledge of some of these challenges. "To me, diversity is about so much more than increasing numbers of women, it's about age, culture, collective wisdom, giving our youth the opportunity to excel and at the same time stay local. Getting the right balance of these will drive a better working world."

The team in New Zealand also worked on attracting fresh talent. This reduced the average age of employees from the early fifties to the early forties. This is essential to the future of the New Zealand business because it means our team can pass on the full breadth and depth of their wisdom to the next generation.

The shape of work in the future

In addition to our main three drivers, says Peter, there's another vital element to our people strategy: a future-focused approach to the way we work: "By embracing technology, flexibility and work-life balance, we can attract and maintain the best talent in the industry."

We invest heavily in technology designed to make our workplaces safer and more efficient, which raises the standard for every person at OneFortyOne. The modern way of working is more flexible, more transparent and creates a more positive life balance.

The four-day week in the greenmill at our Jubilee site is already contributing to improved wellness, and is a point of difference for new hires, while other teams have the ability to work from home. We're working towards replacing an attendance mindset with a value mindset across the organisation.

"In the not-so-distant future, we will be attracting people to OneFortyOne as an employer of choice, because we're growing a reputation for doing things the right way," says Peter. "We can say with confidence, 'Come to us if you're looking for much more than a standard workplace experience.'"



Our Graduates, Scholars & Apprentices

We've been working hard to build a skilled workforce and develop our future leaders, and 2019 showed us how successful our programs can be. OneFortyOne offers not only excellent apprenticeship opportunities, but also scholarship and graduate programs that are transforming lives and introducing young high achievers to the potential of the industry.

In 2019 we reconfigured our scholarship and graduate programs to have more of a local focus, reaching a more targeted audience at secondary and tertiary level. This has been paying off with more local applicants and greater diversity: equal numbers of male and female applicants and a wider range of ages and backgrounds.

Students leaving school and about to start a bachelor's degree in a relevant field (like forestry, mechanical engineering, commerce or IT) can apply for a full academic scholarship through our Australian operations. It includes paid vacation work in Mt Gambier or Nelson, along with mentoring. Our first scholarship was awarded in 2018 and that recipient has recently completed her first year in an environmental science degree, with excellent results.

The graduate program is a chance to work full-time in paid employment at OneFortyOne, with exposure to learning opportunities across the business. It includes development of leadership, decision-making and communication skills, alongside mentoring. Our two graduate program recipients from 2018 have both taken on permanent roles at OneFortyOne before completing their programs, which is a really pleasing outcome.

We had our highest-ever level of apprenticeship applications in 2019, at 37, as well as our first-ever female apprenticeship application. And we launched a holiday employment program which recruits students to be part of our fire protection efforts and do some basic forestry work. The inaugural intake saw two students take up the opportunity in New Zealand and one in Australia.

Positive apprentice experiences

Apprentices are a valuable addition to our mills in both Australia and New Zealand; for them it's the chance to look at lots of the jobs throughout the mill to help them get a feel for all the possible roles.

Sam Von Duve is currently completing his apprenticeship in mechanical engineering, working at Jubilee Sawmill while completing his certificate 3 at the local TAFE. During his apprenticeship he's worked as a mechanical fitter on a range of mechanical projects, under the guidance of some of the most experienced and well respected sawmillers, engineers and mechanics in the industry.

Sam's dad also worked at Jubilee: "Of course, it's a real privilege to work in the same mill as my dad did, but I'm also looking forward to establishing my own career."

He's already doing a sterling job, winning the 2019 Trainee of the Year at the Green Triangle Industry Awards and he's finding the work at the mill both challenging and rewarding.

"I would recommend it here. It's a really good place to learn. They really look after you."

"There used to be a common misconception that working in the mill meant low pay and a boring job simply stacking timber. I think that misconception is changing now. More and more young people know that the timber industry will provide them with really interesting and well-paid jobs after school, working for large international companies in regional areas."

In New Zealand, Ryan Williamson qualified as a maintenance engineer six years ago after doing his apprenticeship at the Kaituna Sawmill; he started at just 16 years old.

"At the time, I didn't realise the opportunities that were here – working here gives me an opportunity to better myself and add to what I can do. I wouldn't change anything about the job. It's a very good job. The only thing that I want to do is continuously further myself and find the next step in my career."

Also enjoying his work is Ricky McKnight, who's a relatively new apprentice at the Kaituna Sawmill. He says it's been "Really enjoyable. Everyone's really easy to get on with. I would recommend it here. It's a really good place to learn. They really look after you."

Building on our momentum

Looking ahead to 2020, we plan to offer an additional graduate position or scholarship, depending on which applicants best fit into the business strategy. We're looking to fill more apprenticeship roles and we want to keep pushing toward greater diversity among applicants.

"We're upskilling people to help grow the industry and foster a passion for sustainable timber products" says Jenny van Workum, HR Manager in New Zealand. "Our progress in 2019 was really encouraging and we're aiming to keep building on this strong base."



37

apprenticeship applications

the highest number ever

Leadership Team



Linda Sewell
Chief Executive Officer



Peter Brydon
Chief People Officer



Andy Giles-Knopp
Chief Financial Officer



Cameron MacDonald
Executive General Manager Australia



Lees Seymour
Executive General Manager New Zealand

Our Board



John Gilleland
Chairman of the Board



Sarah Carne
Director



Angie Davis
Director



Stan Renecker
Director



Dave Rumker
Director



Vanessa Stoddart
Director



James White
Director

Australia



Planting



5.17
million

trees planted in 2019

Products



1/15

OneFortyOne builds homes.
In 2018, 1 in 15 Aussie homes were
built using structural timber produced
by our mill from our forests.

Australian Owned



64%

Australian sovereign
wealth and
superannuation funds

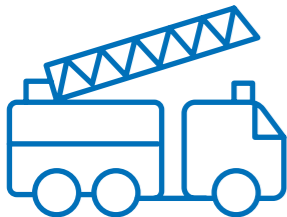
Conservation



2,700ha
of conservation
features protected

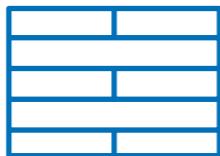
55.6% Native Vegetation | 36.3% Swamp Vegetation
4.7% Grasslands | 3.1% Biodiversity corridors | 0.3% Watercourses

Fire Management



OneFortyOne has the largest private
fire fighting force in the Green Triangle.
This is a resource that is shared with
the community when it is needed.

Vertically Integrated Sustainable Wood Products



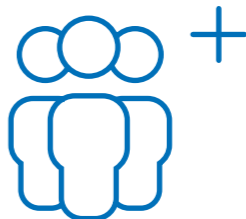
Green Triangle
Pine Forests

Jubilee
Sawmill

Sustainable
Wood Products

Australian Jobs

- + Foresters
- + Mill Tech specialists
- + Engineers
- + Scientists
- + IT professionals
- + HR and safety specialists
- + Accountants
- + Legal



We are committed to skill
development, training,
apprenticeships and
graduate programs.

Employees



396

Direct employees in
Australia and
400+ contractors

Community Invested



\$200k
of contributions

In 2019 we have provided over \$200K in support of
community, environmental and local sporting teams.

Our Customers



289

Products sold in 289
locations in 4 states

People

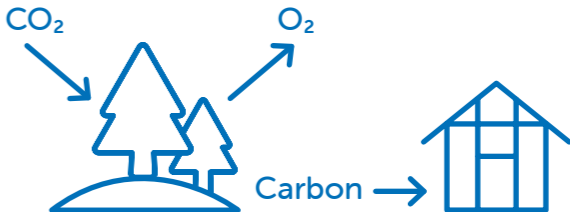


61

people have a
30+ years tenure!

Carbon Footprint: in 2018 our trees removed

492,665 t CO₂ eq



New Zealand

Planting



1.75 million
trees planted in 2019

Our Products



70%

Domestic
Approximately 70% of our harvest is delivered to the domestic market.

Our People



116

Employees
2 staff who have been with the company for over 30 years.
OneFortyOne is one of the region's largest employers.

Conservation



9,043ha
of conservation land total

60% Native Forest | 33% Other Native Vegetation | 7% Waterway & Riparian

Trees



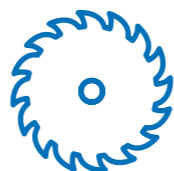
751,799

Trees harvested in 2019

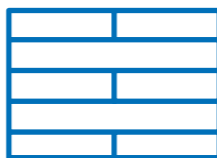
Vertically Integrated Sustainable Wood Products



Nelson Pine Forests

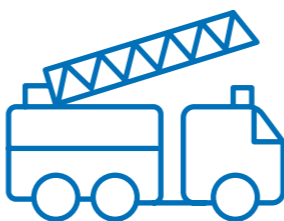


Kaituna Sawmill



Sustainable Wood Products

Fire Management



OneFortyOne supports the Rural Fire Authorities in the Nelson/Tasman and Marlborough/Kaikoura regions

We do this by

- + Maintaining a network of fire ponds
- + Maintaining fire breaks
- + Training Rural Fire Authority staff and contractors
- + Holding a large supply of firefighting equipment including four dedicated rural fire appliances ready to respond should a fire start

New Zealand Jobs



- + Foresters
- + Mill Tech specialists
- + Engineers
- + Scientists
- + IT professionals
- + HR and safety specialists
- + Accountants
- + Legal

Community Invested



\$200k
of contributions

In 2019 we provided over \$200K in support of community, environment and local sporting teams.

Our Timber Customers



50% in New Zealand
35% to Australia
15% to South East Asia

Coronation Forest

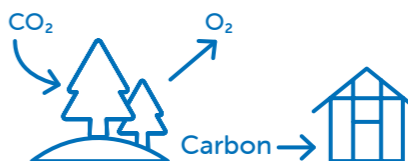


Established in
1954

Every year school students come and plant trees and learn about plantation forestry. Over 40,000 students have planted trees in Coronation Forest.

Carbon Footprint: in 2018 our trees removed

786,500t CO₂ eq



Climate change	t CO ₂ eq
Carbon Stored in Wood products	679,500
Carbon Emitted	-563,450
Retained Carbon	902,550

Our Corporate Governance

OneFortyOne is committed to identifying, managing, minimising and eliminating risk as much as we can. Risk exists at every level and in every business – and every one of us has a role to play in keeping ourselves, our colleagues and our communities safe.

Our Board, Leadership Team and Employees take governance very seriously: we operate responsibly, ethically and transparently.

Taking responsibility

At OneFortyOne we have four governance committees, each chaired by a Board member. The tasks and responsibilities of the Governance Committees are defined in their charters, which are approved by the Board.

1. Audit and Risk Committee, chaired by Board Director Angie Davis
2. Finance Committee, chaired by Board Director James White
3. Health, Safety and Environment Committee, chaired by Board Director Stan Renecker
4. People Committee, chaired by Board Chairman, John Gilleland.

Audit and Risk Committee

The role of the Audit & Risk Committee is to assist the Board to perform its duties by:

- » assisting the Board to oversee and monitor, in greater detail than the full Board, the audit processes including the Company's internal control activities and policies of the Company;
- » Supporting the Board in maintaining the integrity of the Company's financial reporting;
- » in relation to all risks which may impact the Company (excluding those risks which are expressly included as responsibilities in the Charters of other Board Committees);

- » understanding such risks and impacts arising out of the activities and operations of the Company;
- » ensuring that the Company and officers of the Company effectively discharge their duties in relation to such risks;
- » reviewing and making recommendations in relation to the adequacy of internal and external resources used by the Company to manage key risks; and
- » reviewing and monitoring policies, systems and governance structures for the assessment, management and mitigation of such risks which are material to the Company.

The Audit and Risk Committee met seven times during 2019.

Finance Committee

The role of the Finance Committee is to assist the Board to perform its duties by assisting the Board to consider all matters pertaining to the financial arrangements of the Company in greater detail than the full Board agenda allows.

The Finance Committee met six times during 2019.

Health, Safety and Environment Committee

The role of the HSE Committee is to assist the Board to perform its duties by:

- » understanding the key health, safety and environmental risks and impacts arising out of the activities and operations of the Company;
- » ensuring that the Company and officers of the Company effectively discharge their duties in relation to such risks;
- » reviewing and making recommendations in relation to the adequacy of internal and external resources used by the Company to manage health, safety and environmental issues; and
- » reviewing and monitoring policies, systems and governance structures for the assessment, management and mitigation of health, safety and environmental risks which are material to the Company.

The Health, Safety and Environment Committee met five times during 2019.

People Committee

The role of the People Committee is to assist the Board to perform its duties by:

- » making recommendations to the Board in relation to the remuneration of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), and approving the remuneration of other members of the Executive team as set out in this Charter;

- » ensuring that the Company's remuneration and incentive policies and practices are suitably designed to motivate the Company's CEO, CFO and members of the Executive team to pursue the growth and success of the Company; and
- » considering any other employment or personnel matter as required by the Board.

Formerly known as the Remuneration Committee, the People committee met four times during 2019.

Internal audits

During 2019 OneFortyOne established an in-house internal audit function, reporting to the chair of the Audit and Risk Committee. That auditing process provides independent assurance on OneFortyOne's risk management and internal control processes.

The internal audit function performed eight internal audits during 2019 to ensure we are meeting our responsibilities to our people and complying with all the relevant regulations.

Tax Transparency Statement

OneFortyOne is a private company which carries out operations in Australia and New Zealand. The Australian wholly-owned entities form a tax consolidated group where OneFortyOne Plantations Holdings Pty Ltd is the head entity.

Tax risk management is governed by OneFortyOne's tax policy that ensures our corporate governance obligations are met. We have a low-risk tax strategy and are committed to:

- » complying with all relevant laws, rules, regulations, and reporting and disclosure requirements.
- » applying professional diligence and care in the management of all tax risks.
- » fostering constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration, mutual trust and safeguarding the company's reputation.

OneFortyOne Group has paid all taxes that it owes, all tax compliance obligations are up to date and all information has been disclosed to the tax authorities as required and in a timely manner.

In Australia we are eligible for tax deductions. These deductions are supported by the ATO Taxation Ruling TR 95/6 and relate to the cost of acquiring the right to fell trees from the South Australian Government which we purchased in 2012. In time these deductions will be utilised, with the expectation that our Australian operations will pay corporate income tax.

OneFortyOne's income for 2019 includes the revaluation of the forest estate. This income is not assessable for tax until the sale of the revalued trees has been realised.

Our New Brand

At the beginning of 2019, we were operating under two separate brands. The original OneFortyOne logo was designed by CEO Linda Sewell, while Nelson Forests had a logo designed by Heather Arnold. These two logos have served us well but we knew that it was time to create a unified, cohesive brand, a fresh start for everyone.



Our new logo device is known as 'the Bounce', and its shape was inspired by the wood fibre that's at the heart of everything we do. If you take a microscope and look closely at timber, the Bounce is the same shape as the space between the wood fibre cells. The sense of movement captures the flow of ideas and relationships, while the three sweeping lines reference a core strategy: strengthen, integrate and extend. They're all interconnected, but not locked: the open space represents our openness to fresh ideas and innovation.

Our blue 'Bounce' is a reminder that we're about more than just trees, and we think about wood fibre creatively.

Our new brand has brought all our locations together, while still maintaining their own distinct cultures. With this consistent branding across our entire operation, we're signalling our intention to lead the way as an innovative, modern group committed to delivering creative fibre solutions.



Company Directory

Australia

Level 1,
636 St Kilda Road
Melbourne, Victoria
Australia, 3004
T: +61 3 8554 0600

Mount Gambier Forest Office

152 Jubilee Hwy E,
Mt Gambier, South Australia,
Australia, 5290
T: +61 8304 2100

Wood Products

Level 1, 436 Elgar Road,
Box Hill, Victoria
Australia, 3128
T: +61 1300 989 322

Jubilee Sawmill

170 Jubilee Hwy E,
Mt Gambier, South Australia,
Australia, 5290
T: +61 8 8721 2777

New Zealand

Nelson Forest Office

58A Gladstone Road
Richmond, 7020
Nelson
New Zealand
T: +64 3 543 8115

Kaituna Sawmill

Mahers Road
Kaituna, Renwick 7273
Marlborough
New Zealand
T: +64 3 572 8921

the creative fibre group

onefortyone.com

