

## SUSTAINABILITY REPORT

### SUSTAINABILITY REPORT FOR FINANCIAL YEAR 2016

In 2017 TFS Corporation was re-named to Quintis Limited.



WE ARE THE WORLD'S ONLY TRUSTED GUARDIAN OF THIS  
PRECIOUS SUPER-INGREDIENT, SANDALWOOD ALBUM.



TFS Corporation Ltd

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# 2016

## SUSTAINABILITY PERFORMANCE

Growing value responsibly



TFS Corporation Ltd



We grow *Santalum album* in Australia, a species of sandalwood commonly known as Indian sandalwood. This is the highest quality and most prized species of sandalwood in the world.

Throughout the report you'll see this species referred to as sandalwood (*Santalum album*).

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## Summary

### PRODUCT



**4,531**

SAMPLES TESTED  
through our Quality Assurance



**>500T**

SANDALWOOD  
processed to oil



### Good Manufacturing Practices

(GMP) processes and upgrades implemented



**8,551ha**

MANAGED  
for plantation investors



**200,000**

PRODUCTS  
MANUFACTURED

## PEOPLE

 **556**  
workers

Safety incidents  
reduced by  
**81%**  
Asset incidents  
dropped by 49%

**463**  
training sessions  
  
**4,400 hours**  
of training



## COMMUNITY

 **90%**  
of our staff work in  
regional Australia

**\$254,790**  
in sponsorship value  
in regional Australia

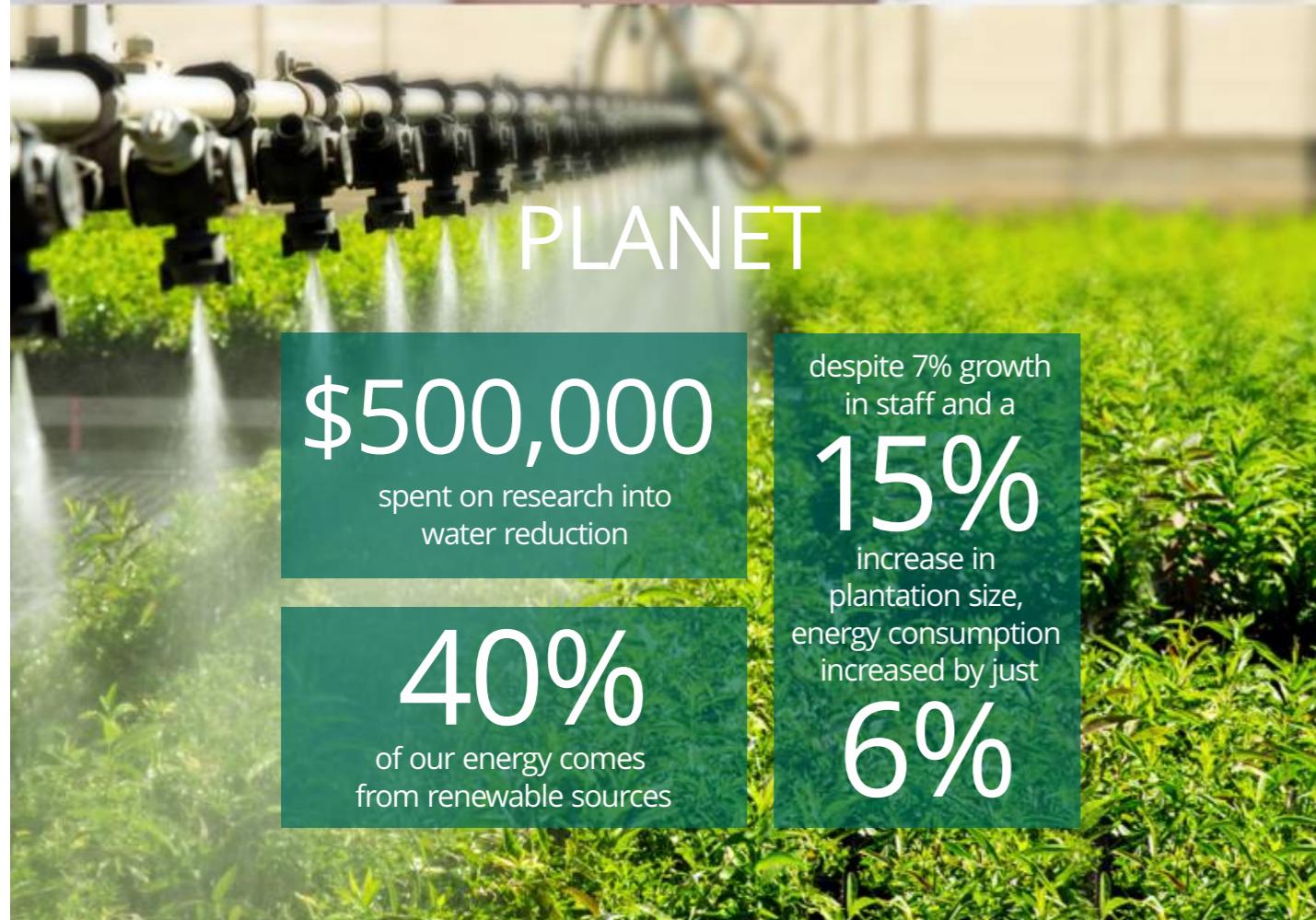


## PLANET

**\$500,000**  
spent on research into  
water reduction

**40%**  
of our energy comes  
from renewable sources

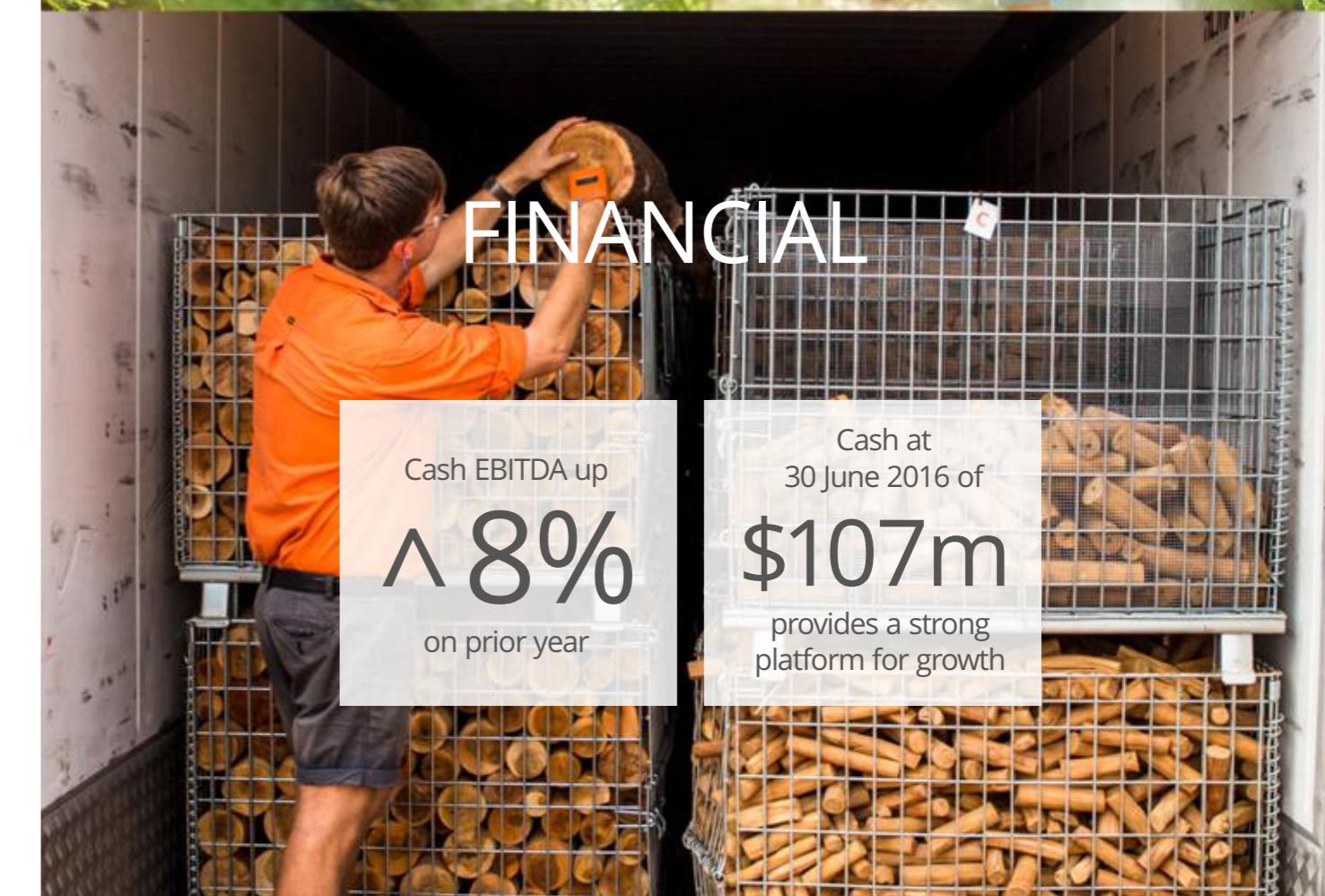
despite 7% growth  
in staff and a  
**15%**  
increase in  
plantation size,  
energy consumption  
increased by just  
**6%**



## FINANCIAL

Cash EBITDA up  
**^8%**  
on prior year

Cash at  
30 June 2016 of  
**\$107m**  
provides a strong  
platform for growth



# 5 pillars of sustainability

PILLAR	MATERIAL ISSUE	SUSTAINABILITY GOALS	SUSTAINABILITY TARGETS	PROGRESS
people	safety	Ensuring the safety and wellbeing of our team	Restructure Human Resources to support continued staff growth Introduce company-wide intranet to support internal communications Implement Systems to capture, report and act on safety lead indicators (subjects to include hazard reporting, workplace inspections, internal training).	→ ✓ Commenced FY17
product	quality	Creating high quality products for customers and consumers around the globe	Invest in rebranding and staffing to support greater product sales Continue to develop a diversified customer base Invest in innovation and new product development Strengthen and improve quality assurance systems	→ → → →
planet	energy water biodiversity	Preserving the environments where we work by minimising our environmental impact and using resources efficiently	Improve data capture across sites Develop metrics to monitor our performance Conduct feasibility for renewable energy Conduct research to reduce water usage	→ → → →
community	employment	Establish strategic partnerships that create value for the community and our stakeholders, and play an active role in the communities where we work	Develop a formalised community engagement plan for all sites Sponsor local charities and community groups	To commence FY17 →
financial	economic	Delivering strong value to our investors Meeting our statutory requirements, commitments and obligations Managing risks and opportunities responsibly and proactively	Appoint Risk Manager Strengthen finance team to support active monitoring of progress	✓ ✓
<span style="float: right;">→ Ongoing    ✓ Completed</span>				



As founder and MD of TFS Corporation,  
I'm proud to introduce our first sustainability report.

Since we began in 1997, we've been committed to sustainable and ethical business. Yet this year marks an important evolution in our journey – a move to increase our transparency and map our progress to support our growth.

As global resources become more scarce, and customers demand products produced with greater environmental and ethical care, sustainability represents an opportunity for companies willing to act as stewards in this space.

At TFS, we believe sustainability has – and will continue to – supported our growth by not only creating efficiencies for our

business, but differentiating our product in global markets and helping us to manage risk.

We have created a sustainable supply of Indian sandalwood (*Santalum album*) - a fragrant and medicinal tree that is nearing extinction in the wild. Yet our footprint goes much further; we have adopted award-winning water recycling systems; established safety programs; created new standards for product quality and developed strong governance processes. While we are proud of these successes, we recognise that these are just small steps towards what we can achieve.

Our business has impacts on many stakeholders both locally and globally. In building our first sustainability report, we have been able to better understand the needs of our stakeholders, and to monitor both the positive and negative impacts we have on these people and areas. Ultimately, this information will help us to better manage risks within our business, and will drive our progress to deliver greater value to our stakeholders.

I am very pleased that FY16 was another year of solid progress for TFS, as we progressed our strategy and established strong foundations for sustained growth.

We achieved excellent financial results and are working to track and progress our water and energy usage, as well as developing our approach to community.

Our pioneering position in the plantation sandalwood industry is our strength, yet it poses a number of challenges for us as a business.

300 tonnes  
of heartwood harvested.  
A ten-fold increase on last year

In FY16 we successfully expanded our operations by producing more than 300 tonnes of heartwood (a ten-fold increase on last year's harvest) and increased the plantation estate by 15% to 12,182 hectares. To support this growth, our workforce increased by 7%.

This created challenges around safety and human resources, many of which we successfully mitigated through effective planning and improved risk management, delivering achievements such as an 81% reduction in safety incidents in FY16. Attracting and retaining high quality staff was - and will continue to be - a challenge that we will monitor and manage closely.

Following the acquisition of our US pharmaceutical partners Santalis and ViroXis, we have improved capacity for product development and greater control of our value chain – creating opportunities for additional revenue streams and greater profits. To support their clinical work and improve product safety, we introduced Good Manufacturing Practices (GMP, ICH Q7), a quality assurance system used by the pharmaceutical industry. In FY16 we invested in staff and equipment to support GMP and quality assurance activities, resulting in our team testing 4,531 samples of wood and oil.

Although the majority of our wood and oil is forward sold to 2021, we are already preparing for the future growth in harvest volumes. In FY16 we engaged a leading global management consultancy to complete a comprehensive market analysis, invested in a strategic rebrand (to be launched in March 2017) and grew our teams in the areas of processing, distribution, marketing and sales. This ensure we will be better placed to

Our teams work hard to ensure resources like water and energy are used efficiently. In FY16 we achieved a 7% reduction in electricity use at our Mount Romance processing site and invested more than \$500,000 into research about water saving. The continued growth of our company and the lack of direct competitors however, creates challenges in establishing benchmarks for our performance. In FY17 we will build upon the data in this report, and establish baseline measurements for our operations.

We also recognise the need for greater transparency about our operations, and the use of third parties such as certification systems and auditors, to validate our work. This is an area we will develop in FY17, together with the following sustainability priorities:

- Continue to strengthen data collection and establish baseline performance measurements
- Strengthen our stakeholder engagement and materiality assessment
- Finalise our Sustainability Policy
- Conduct a feasibility study on forestry and operational certification options
- Launch our new brand Quintis
- Complete a Community Engagement Strategy
- Continue to implement our Aboriginal Engagement Policy
- Continue to invest in research into water saving and renewable energy options
- Continue to develop attraction and retention strategies for staff

I would like to take this opportunity to thank our staff and contractors for their work in helping us to deliver on our strategic goals and deliver on our commitments. We look forward to building on the work outlined in this report into the future.



Frank Wilson, MD



## Our Story



We use sustainability and research to drive our innovation.

We are the world's leading grower, producer and seller of sandalwood products. Our vision is to create a sustainable supply of high quality sandalwood products for our global customers, and to find new ways to add value to this exceptional natural botanical.

At TFS Corporation (TFS), we have the privilege of working in some of Australia's most pristine environments where we grow sandalwood (*Santalum album*), a fragrant and medicinal tree that is nearing extinction in the wild.

As the world's largest grower of sandalwood (*Santalum album*) in plantations, we never underestimate the responsibility TFS has to protect and enhance this valuable resource. For many, this unique species is an integral part of daily worship, perfumery and health, with a demand that spans millennia. Today that demand is gathering pace: with the ingenuity of our team, we are growing global markets and developing new products to deliver benefits to customers across the globe.

we've established more than  
**5.4 million**  
sandalwood (*Santalum album*) trees

Since we began planting in 1999, we've established more than 5.4 million sandalwood (*Santalum album*) trees,

begun research into the pharmaceutical uses of the oil, and supplied perfumers, temples, and craftsmen so that they can enjoy the benefits of this exceptional ingredient. Each year, our oil, wood and cosmetic products reach customers in around 30 countries across the globe.

Yet none of this would be possible without our people. Each day our team of 556 people strive to reach new heights in sustainable sandalwood production and enhance our ingredient through quality assurance, research and customer service. No matter what the location or role, we work together to face challenges, seize opportunities and achieve our vision.

This has allowed TFS to become a world leader: we grow the world's largest plantation of Sandalwood (*Santalum album*), operate the world's largest sandalwood oil distillery and produce the world's only Pharmaceutical-grade Sandalwood (*Santalum album*) oil.

This report outlines our sustainability footprint for financial year 2016, and identifies our future commitments and challenges as we work to continue to grow value responsibly.

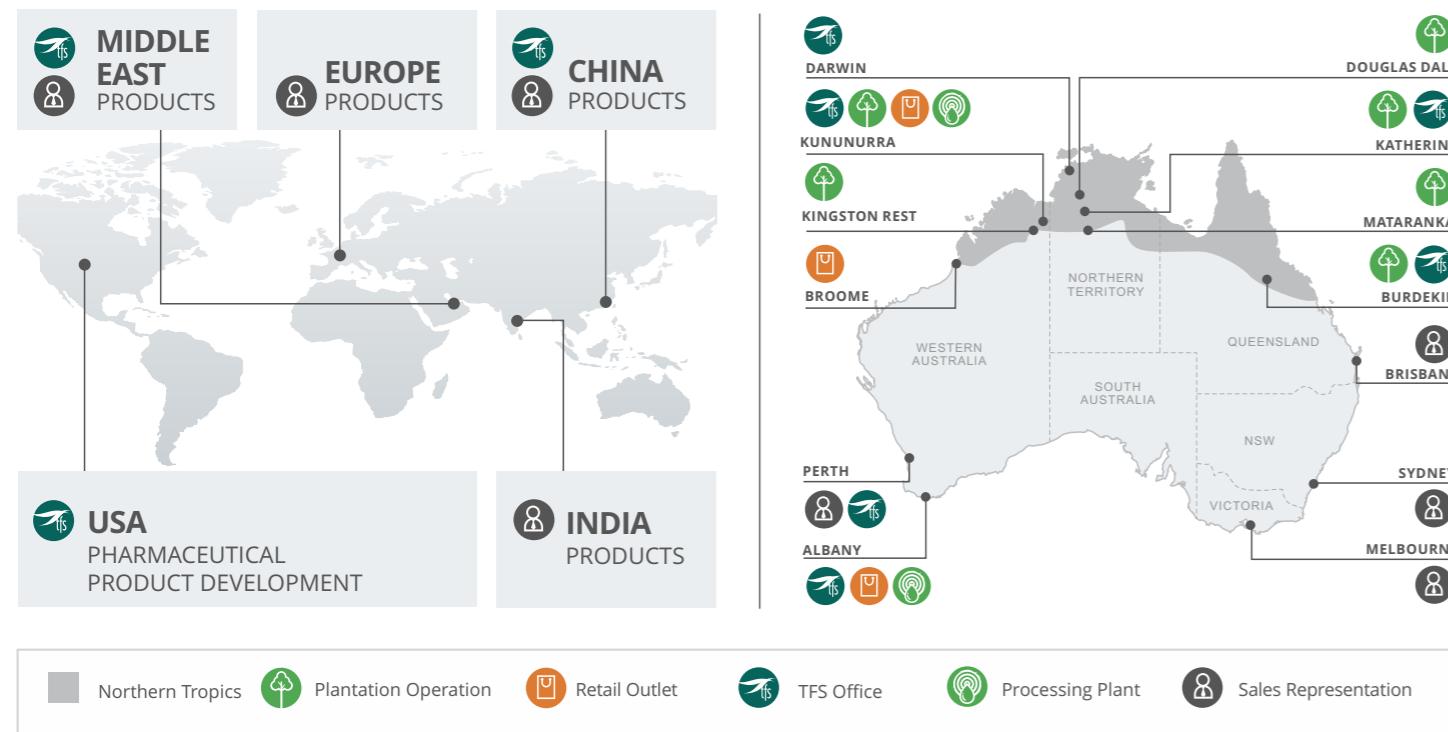


# TFS at a Glance

Company Name: TFS Corporation Ltd | ABN: 97 092 200 854  
 Address: 169 Broadway, Nedlands Western Australia 6009  
 Telephone: T: +61 8 9386 3299  
 Established: 2000: TFS Corporation Ltd  
 1997: Tropical Forestry Services Ltd

CONTROLLED ENTITIES	PRODUCTS
Tropical Forestry Services Ltd	Plantation management services (forestry)
TFS Properties Ltd	Investment products (plantation investments)
Arwon Finance Pty Ltd	Financial products (finance)
Mt Romance Australia Pty Ltd	Sandalwood raw materials (oil, wood, powder), consumer products
Santalis Pharmaceuticals Inc	Pharmaceutical products
Gulf Natural Supplies	Sandalwood raw materials (distributor)

To learn more, visit the Facts page on our website.



## Awards

TFS and its subsidiaries are award-winning companies, and have been winners or placeholders in the following awards.



2014	A Water Corporation -Champion Award
2013	Ernst and Young Entrepreneur of the Year - Western Australia WA Water Corporation – Platinum Water Award
2012	Kimberley Development Commission New Product Development Award WA Water Corporation – Platinum Water Award
2011	WA Tourism -Specialised Tourism Services (Silver) WA Water Corporation – Platinum Water Award WA Tourism – New Tourism Development (Silver)
2009	Forbes Best Under a Billion - Asia Pacific
2006	WA Water Corporation Rural and Remote Water Award
2005	WA Inaugural Hall of Fame Regional Exporter WA Small to Medium Manufacturer
2004	Australian Regional Exporter WA Regional Exporter WA Small to Medium Manufacturer
2003	Australian Small to Medium Manufacturer WA Regional Exporter WA Small to Medium Exporter WA Premier's Award for Excellence
2002	WA Regional Exporter
2001	WA Significant Regional Attraction
1999	WA Design Award

# Governance

As an ASX 300 company, our Board and management team are committed to ensuring that our obligations and responsibilities to stakeholders are fulfilled. We do this by maintaining high standards of corporate governance, and operating in a transparent and ethical way.

We comply with the Commonwealth Corporations Act 2001, Australian Securities Exchange Listing Rules, Company Constitution and other applicable laws and regulations and follow the ASX Corporate Governance Council's latest Corporate Governance Principles and Recommendations ("ASX Principles").

In FY2015, we recorded no significant fines and or non-monetary sanctions for non-compliance with laws or regulations. We continue to work closely and communicate with local authorities and communities where relevant on the performance of our operations.

TFS Corporation Directors		Audit	Remuneration	Risk Management
Dalton Gooding	Non-executive Chairman	•	•	
Frank Wilson	Executive			
Julius Matthys	Non-executive	•		
John Groppoli	Non-executive	•	•	•
Gillian Franklin	Non-executive		•	•
Michael Kay	Non-executive			•

TFS Properties Directors	
Greg Gaunt	Non-Executive Chairman
Dalton Gooding	Non-executive
John Groppoli	Non-executive
Ross Kestel	Non-executive
Rob Scott	Non-executive

Our Corporate Governance Statement and Annual Report provide more detail on our governance structure and commitments, including Board Committees, charters and policies (also online).

TFS holds approved Product Rulings from the Australian Taxation Office for each of our financial products (plantation investments) and our products are registered with ASIC via an ARSN number. Each financial product is governed by a Compliance Plan that is audited by both an independent board of Directors (TFS Properties), and auditors EY. This is aimed at protecting Grower (plantation investor) rights.



## Case Study

To support the company's growth, the Board have continued to prioritise good corporate governance. For example, in 2015 the Board appointed EY as the Company's auditor and amended its policy removing directors' option to use company loans to invest in plantations. In 2015 too, the Board appointed new independent Directors to overseas plantation investments. The Board will continue to review and enhance TFS's governance policies to ensure they reflect best practice.

## Published charters and policies

Board Charter  
Corporate Code of Conduct  
Audit Committee Charter  
Risk Management Committee Charter  
Remuneration Committee Charter  
Continuous Disclosure Policy  
Risk Management Policy  
Guidelines for Buying and Selling Securities  
Related Party Transactions Policy

Shareholder Communication Strategy  
Diversity Policy  
Aboriginal Engagement Policy  
Contractor Health and Safety Policy  
Integrated Quality, Environmental and OHS Policy  
Privacy Policy  
Parental Leave Policy  
Sustainability Policy (draft)

# Risk and Opportunity Management

At TFS, we believe in rigorous risk management as a way to better leverage opportunities while minimizing risks to the business. In FY16 we strengthened our risk management functions to include:

## Board Risk Management Committee (RMC)

- Meets quarterly, chaired by Michael Kay (NED) former CEO of Australian insurance company AAMI.
- Establishes and reviews risk framework, parameters around risk appetite and risk tolerance, with periodic review for adequacy and effectiveness of TFS's Risk Management Policy.
- Ensures TFS's compliance with AS/NZ ISO 3100:2009 and other relevant legislation and guidelines.

## Executive Risk Committee

- Meets monthly, Chaired by recently appointed Risk & Compliance Manager, attended by the MD, CFO and Head of Forestry, with monthly reporting to the board.
- Creates a control environment and promotes prudent risk management practices with effective internal control.
- Escalates and reports on potential / emerging risk, or major incidents to the Risk Management Committee (RMC) and Board in a timely manner.
- Ensures Risk Management Policy and Strategy are being effectively implemented throughout the organisation.

## Risk Appetite

Management and Board Risk Management Workshops were held in 2015 and 2016, facilitated by external consultants and culminated in the development of a new framework including:

- Risk Appetite Statement endorsed by Board
- Risk Management Policy
- Risk Management Framework
- Policy overviews now available on TFS website Corporate Governance section 'Risk Management Committee Charter'

## Risk Register

Fully revised and upgraded this year:

- Dynamic register updated monthly, with full mitigation statements in place.
- Risk management framework in the process of being rolled-out across all business divisions including Legal, Finance, Board, HR, Forestry, Oil Production, Oil Marketing, Investment Management, and ICT.

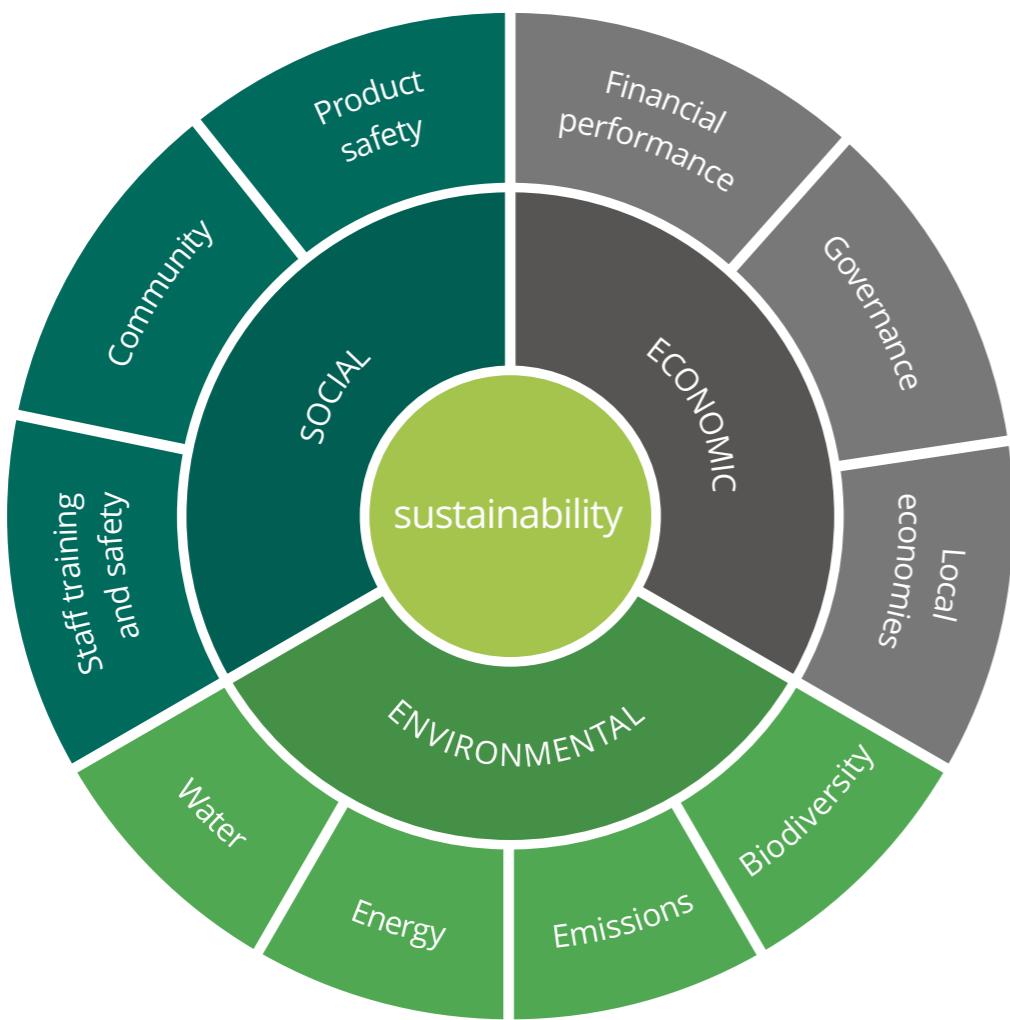
## Business Divisions

- Long standing Quality Risk Management process in place as part of ISO 9001 Quality.



# TFS and Sustainability

When we talk about sustainability at TFS, we mean growing value responsibly. This means understanding and managing our social, environmental and economic impacts to deliver better business, social, environmental and financial value.

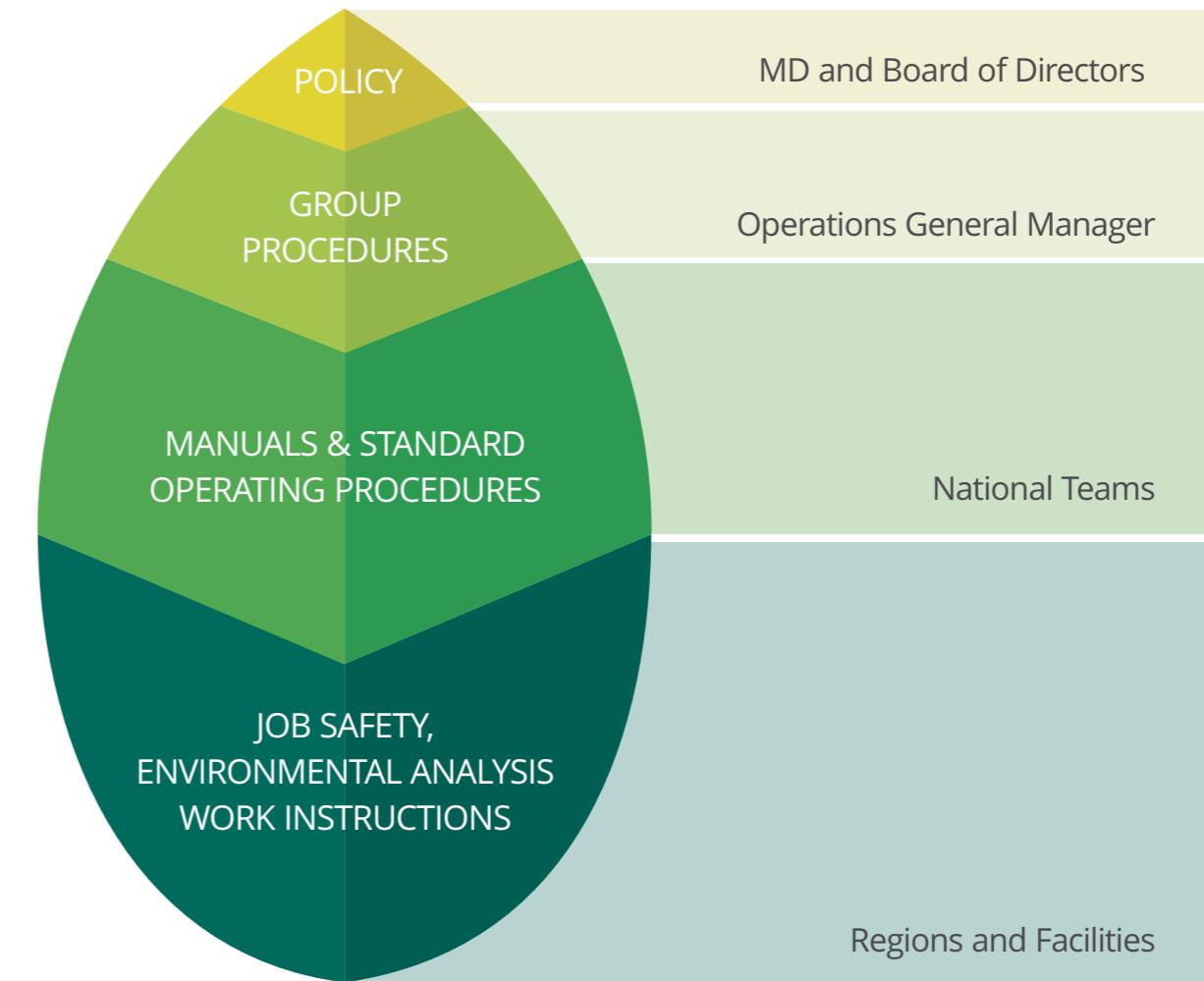


To work more sustainably, we focus on:

- Ensuring the safety and wellbeing of our team
- Consistently create high quality products to ensure the safety of consumers around the globe
- Being a valuable supplier that meets our customers' needs
- Delivering strong value to our investors
- Being respectful, fair and equitable with stakeholders
- Preserving the environments where we work by minimising our environmental impact and using resources efficiently
- Meeting our statutory requirements, commitments and obligations
- Managing risks and opportunities responsibly and proactively

# Our Management Framework

As a company, we maintain standardised systems, policies and procedures to identify, monitor and mitigate risks using the ISO framework; this provides the foundation for many of our sustainability initiatives. This Integrated Management System (IMS) is audited biannually by qualified internal and external auditors, with a triennial recertification audit.



In FY16, we engaged the Australian Centre for Corporate Social Responsibility (ACCSR) - expert consultants in the area of sustainability - to help us begin wider stakeholder engagement, and to prepare our first sustainability report using the Global Reporting Initiative (GRI) framework.

The data captured in this process will allow us to benchmark our social, environmental and governance performance, and to guide our decision making and strategy. We will use this data to streamline our processes, reduce costs and find further efficiencies, building stronger links between our financial and non-financial performance.

In FY16, we received company-wide recertification for ISO 9001 (Quality), ISO 14001 (Environment) and AS/NZ 4801 (Health and Safety), highlighting our ongoing commitment to responsible practices.

The IMS for quality, environment and health and safety is used across the business and has delivered tangible benefits such as reduced safety incidents and more efficient operational growth. As well as creating **standardised best practices** throughout TFS, the systematic approach of ISO supports compliance to ensure legislation, statutory and regulatory requirements are met.



The ISO certification involves the following stages:

1. Policy
2. Planning
3. Implementation and Operation
4. Performance data tracking
5. Improvement
6. Management Review

This system provides an important framework for our sustainability.

# Sustainability Challenges in 2016

In FY16, we worked to document and better capture sustainability data across the group, and prepared our first sustainability report. The information gathered will allow us to better analyse our performance, and develop initiatives to support our business as it grows.

Challenge	Sustainability	2016 Result	Controls
Increased harvest volumes	Products People Financial	Successfully harvested around 32,000 trees, and processed around 300 tonnes of heartwood – a ten-fold increase on last year	As per the previous year, we will continue to analyse our past performance and conduct planning and process review to ensure success next year
More operational locations – larger plantation area across more sites	People Products	Ongoing staff training helped us to achieve ISO recertification across the group (including new locations)	Follow ISO processes, quarterly internal and biannual external ISO audits  Restructuring of our HR department to deliver greater service and support to staff
Continued and improved efficient use of resources across the business	Financial Environment	Invested \$500,000 into research to water reduction trials, and worked to better quantify our energy use across the group with some feasibility trials into renewable energy projects	Continue research, and use data to assess energy usage, and opportunities to reduce use and costs
Paucity of sustainability data in some areas	Environment People Community	Prepared the inaugural Sustainability Report to establish baseline data and developed basic data capture processes	Through this GRI reporting, we are able to identify areas for improvement and strengthen data capture over time
Ensuring safety standards are maintained across the rapidly growing group	People	Safety consultants engaged to promote company-wide safety procedures and roll-out	Monitoring and reporting of progress through the National Safety Committee comprising, Safety Consultants, SQE Managers from each region or branch of the business and the GM HR
Market development to accommodate future growth in harvest volumes	Product Financial	Sales and marketing in FY16 delivered significant contracts in China (wood, furniture & jewellery), India (wood, worship) and a US contract (oil, aromatherapy) that was subsequently signed post June 30	In FY17 TFS will embark on a name change and rebrand, to better reflect our positioning in the luxury sector and provide broader appeal in new and existing markets
Implementation of Good Manufacturing Practices		Laboratory and facility upgrade, as well as improved staffing	We are working towards official accreditation as a pharmaceutical ingredient producer under the GMP guidelines
7% increase in staff numbers		Introduced a company-wide intranet and restructured our HR department	Ongoing staff development, retention and succession planning

# Our Stakeholders

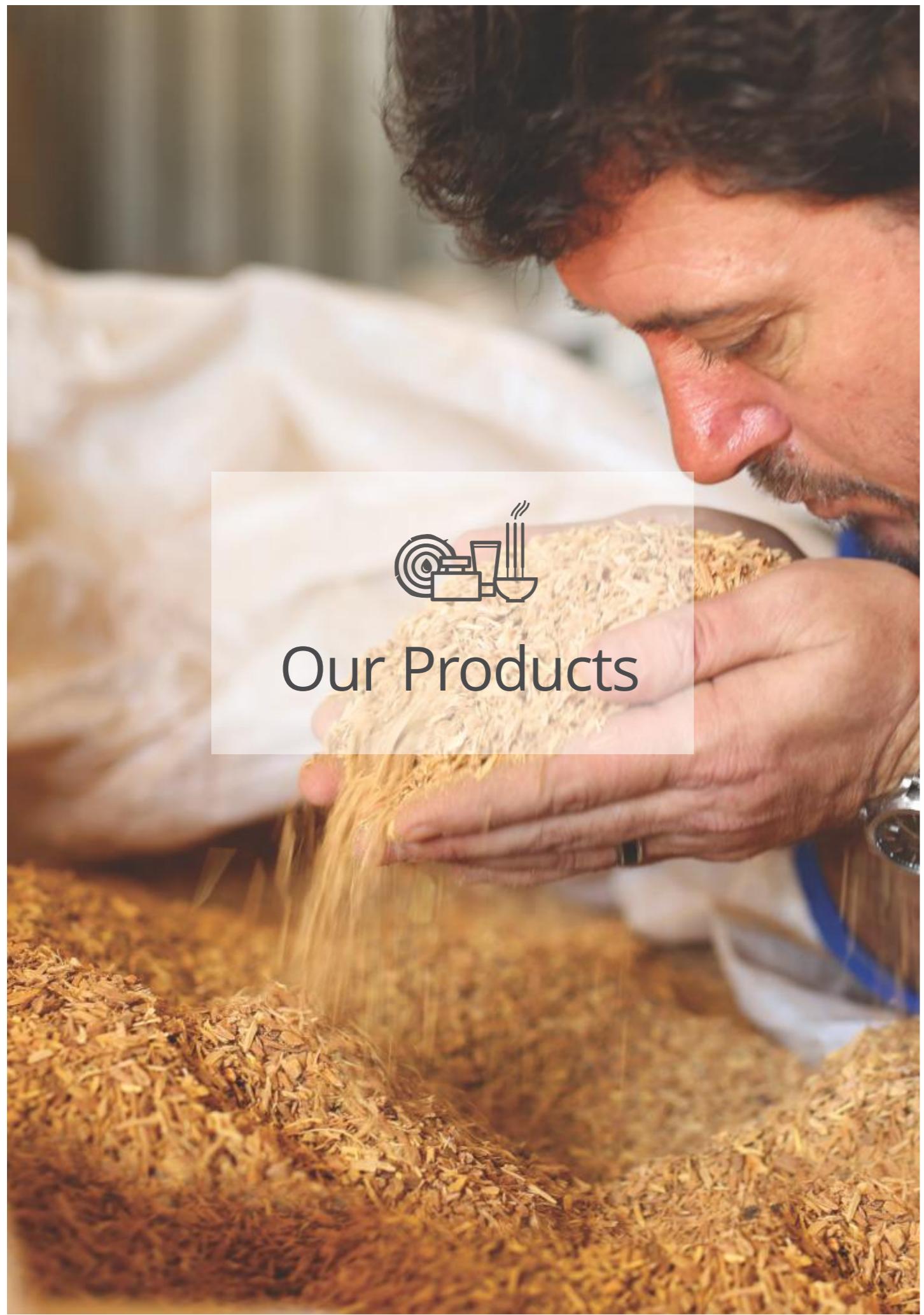
We are committed to sustainable business; to grow mutual value in partnership with our stakeholders like the local community, customers and our staff.

The following table sets out how we have engaged with

Stakeholder	Engagement Mechanism	Frequency	Key areas of interest
Communities	Community events Meetings Local associations and groups Stores Social media	As required	Environmental impacts Employment Water use Economic impacts Community impacts
Customers	Website Mailouts Trade shows Meetings Sustainability surveys	Quarterly and as required	Product quality Maintaining relationships Social impacts Environmental impacts Governance
Government and regulators	Website Meetings Site visits	As required	Employment Water use Environmental impacts Community impacts Economic impacts
Indigenous groups	Meetings Sponsorships	As required	Employment Environmental impacts Commercial agreements
Investment analysts	Investor roadshows Website ASX announcements	Annually As required	Financial performance Social impacts Environmental impacts Governance
Investors	Website Product Disclosure Statements Meetings Events Social media	Biannually and as required	Financial performance Financial returns
Shareholders	Financial reporting Annual General Meeting ASX announcements Website Investor roadshows Social media	Quarterly and as required	Financial performance Social impacts Environmental impacts Governance
Staff	Performance reviews Intranet Meetings Management committees Social media	Annual Ongoing	Health and safety Training

our stakeholders during the year. Our stakeholders are individuals and organisations who have an interest in our activities or can impact our success.

To understand the issues that are most material to our business, we collect information through a range of stakeholder engagement mechanisms including community meetings, site visits and performance reviews.



## Our Products



TFS is the world's leading grower, producer and seller of sandalwood (*Santalum album*), one of the world's most valuable tropical hardwoods that is nearing extinction in the wild.

As a company, we are focused on vertical integration; we grow, process and manufacture sandalwood products for global markets. This allows us to maximise value-adding throughout the value-chain, and to create traceable, quality assured products for our customers.

We offer a range of products and services, including:

- Plantation management
- Finance
- Ingredients – sandalwood oil, wood, powder
- Consumer products – cosmetic and healthcare products
- Research – licensing agreements

For many, sandalwood is an integral part of daily worship, perfumery and health, with a demand that spans millennia. Today that demand is gathering pace: with the ingenuity of our team, we are growing global markets and developing new products to deliver benefits to customers across the globe.

As global supplies from wild sources dwindle, TFS has become the world leader in the growth and sustainable supply of this prized fragrant healer, sandalwood (*Santalum album*). Each year TFS plants, harvests and processes plantation-grown trees, helping to reduce the

demand for wild harvested wood, and preserving the species for the future.

We manage plantations for international and domestic investors, at both an individual and institutional level, and can provide investor finance. We also produce a range of sandalwood wood, oil and cosmetic products at our Mount Romance processing facility.

To limit our risk, we maintain a spread of customers by location and use, reducing our exposure to possible downturn in any one market or economy. This strategy has seen our sandalwood oil, wood and cosmetic products sold to around 30 countries across the globe, in a wide range of industries.

To unlock new opportunities for value-adding, research is key. By investing in research to identify and accelerate new applications for our oil, we've introduced higher quality, differentiated products that gain premiums in global markets. These include the world's only Pharmaceutical-grade Sandalwood (*Santalum album*) oil, and through our subsidiary Mount Romance, organic-certified Pure Australian sandalwood (*Santalum spicatum*) oil.

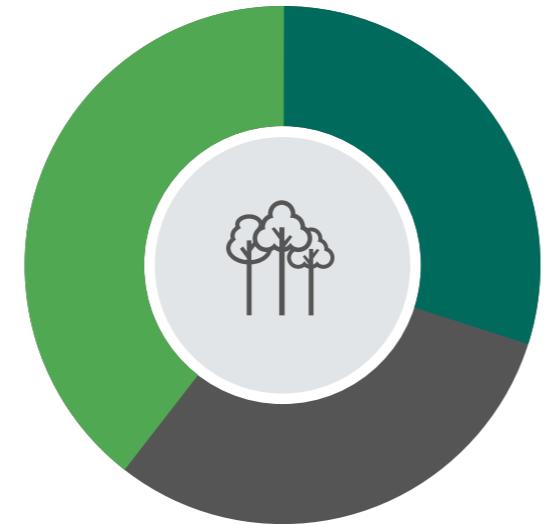
Please refer to our 2016 Annual Report for further details, or refer to the products page on our website.

In FY16  
we produced

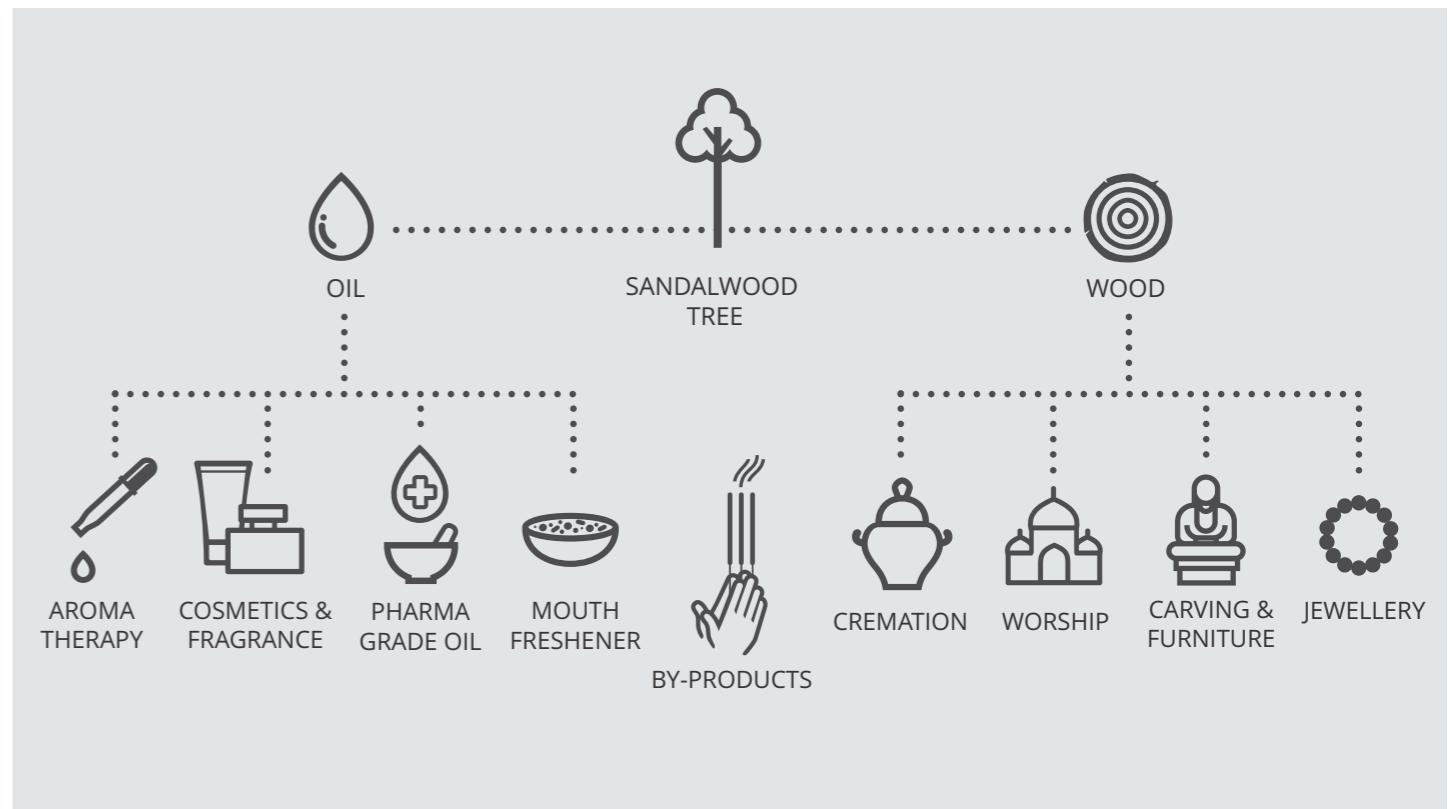
8,551ha TREES MANAGED  
for plantation investors

>500T SANDALWOOD  
processed to oil

200,000 PRODUCTS  
manufactured at  
Mount Romance



## Plantation ownership



## How is sandalwood used?

For thousands of years the aromatic heartwood of the Sandalwood (*Santalum album*) tree has been cherished across the globe. The wood is used widely in worship and traditional ceremonies throughout Asia, or is distilled to produce an essential oil that offers medicinal and fragrant properties for aromatherapy, beauty and pharmaceuticals.

We aim for no waste. This means almost all of the sandalwood tree is used - including the heartwood, sapwood and spent charge (waste wood remaining after oil distillation) - to produce a variety of products like oil, carvings and incense.



A single sandalwood tree may ultimately reach thousands of consumers, for example as luxury jewellery, oil in cosmetic products and as spent charge in incense.

## Industry associations

Industry associations play an important role in our business, allowing us to stay up to date with industry trends and regulations to better support our operations and sales.

TFS is a member of the Natural Resources Stewardship Circle, the International Federation of Essential Oils and



## Case Study

TFS is a member of the National Resources Stewardship Circle (NRSC), a gathering of leaders in the beauty industry (fragrances and cosmetics) who have collectively committed to responsible corporate practices – economic, social, and environmental – along raw material supply chains, from source to finished product. Through this group, TFS is able to better understand the needs of beauty brands, and join the industry in prioritising sustainable sourcing.

## Supply chain

We understand that as a business, we have environmental, economic and social impacts on our stakeholders; we take this responsibility seriously. This is why we are mindful of our impact, and share information with our customers, investors and suppliers, to build a more sustainable supply chain.

## Product Safety and Quality



We believe that the way a Sandalwood (*Santalum album*) tree is grown and processed impacts the quality of oil produced. That is why we use natural cultivation methods and work according to strict international standards to produce the highest quality oil.

When we grow a sandalwood tree, we never use genetic modifications or plant growth hormones to artificially stimulate heartwood or oil production; instead we have found that by replicating the natural environment of forests our sandalwood trees produce heartwood and oil naturally.

Our researchers have found that a minimum trunk diameter is required for heartwood initiation to occur, so

we focus on selective breeding and natural forestry management to produce larger trees and ultimately greater yields of heartwood and oil. We also use an abundance of optimal host trees that provide water and metabolites essential to the growth of the parasitic sandalwood (*Santalum album*) tree. All of this will help us to achieve our forecast oil yields of around 3.7%.

Since 1999, TFS has invested in research into soil types (a key determinant of sandalwood quality), host tree management, tree breeding, land preparation and irrigation. We have also enhanced our tree breeding program which involved identifying "plus" trees for a seed orchard and establishing a progeny trial to validate the superior growth of the selected trees. Recent testing found that these trees achieved up to 18% greater growth and yields compared to other trees at the same age. Continuous research and development of IP has helped us to achieve more than 90% survival rates after planting and delivered greater growth rates and yields because of this unique intellectual property.

To best utilise the oil-bearing heartwood from these trees, we have invested in years of research to create the world's only Pharmaceutical-grade of Sandalwood (*Santalum album*) oil. We work according to Good Manufacturing Practice (GMP, ICH Q7), a quality assurance system used to regulate pharmaceutical production to control and monitor oil quality during the manufacturing, storage and distribution processes.

To ensure safety, quality processes must be built into each stage of manufacturing. This is achieved by staff training, well written procedures, in-process checks and controls, validated manufacturing processes and comprehensive review of manufacturing records prior to the release of products ready for sale.

Material from each stage of manufacturing – from wood chips to final blended oil - is chemically analysed to ensure the quality, efficacy and safety of the material. This comprehensive approach allows for faster detection of any issues that may impact a customer's health and safety, ensuring they can be addressed prior to the supply of oil.

Implementing GMP principles created a number of challenges. Since we began this process in FY15, we've developed advanced processes, hired additional technical staff and conducted extensive refurbishments and upgrades to our laboratory, ensuring we meet the high quality and safety standards required by GMP.

## Case Study

### As the pharmaceutical opportunity grows, consumer safety becomes paramount

Sandalwood (*Santalum album*) is an ancient healer, used widely in traditional medicine in India and China. To meet the needs of global healthcare customers, TFS introduced Good Manufacturing Practices (GMP) across our distillation processes, creating new standards of quality assurance for our customers.

By investing in equipment, developing sophisticated processes and growing our quality assurance team, our Mount Romance processing and distillation facility now works according to GMP principles.

There are currently four Phase four trials using TFS Pharmaceutical-grade sandalwood (*Santalum album*) oil lodged with the US Food and Drug Administration (FDA) to treat psoriasis, molluscum contagiosum, eczema and oral mucositis.



In FY16 the following analyses were performed

1,736

Raw material  
wood samples

2,795

Intermediate material  
and final oil samples

4,531

Total samples  
tested

Fifty batches of final oils were released during the FY16 and only three (3) batches of intermediate or final material, including two (2) research and development batches, were rejected.

As well as producing Sandalwood (*Santalum album*) oil, our subsidiary Mount Romance distills Australian sandalwood (*Santalum spicatum*) oil that is organically-certified by Australian Certified Organic (ACO). Our process is audited annually to ensure compliance with this regulatory body.

## Responsible supply, marketing and communication

We provide comprehensive information to our stakeholders and customers on both the environmental and social aspects of our products, as well as reporting our performance to local environmental authorities, such as the Western Australian Department of Environment and Conservation and the Water Corporation.

We actively participate in the sustainability programs of our customers, who increasingly request us to complete their own sustainability reporting templates. In some instances, customers may audit our programs or conduct site inspections.

We are committed to transparent, honest marketing. Our consumer products are marketed in line with Australian regulations. Our independent Compliance Committee reviews marketing material and supporting documentation for our plantation sales. Furthermore, each label, catalogue and other material produced is reviewed by our legal and regulatory teams to ensure we comply with our marketing commitments and those set by Australia's Therapeutic Goods Administration (TGA). This ensures customers and other stakeholders receive accurate information.

TFS has a policy of continuous disclosure. As a publicly-listed company, we work to ensure that information is available to the widest possible audience, proactively distributing updates and information to the stock market and our stakeholders, and posting this information on our website. To learn more visit the News page on our website, or watch social media.

Data privacy and the protection of our customer information is critical to our business and we comply with the Australian Privacy Act 1988 and the Privacy Principles.



Each day our team of 556 people strive to reach new heights in sustainable sandalwood production and enhance our ingredient through quality assurance, research and customer service. No matter what the location or role, we work together to face challenges, seize opportunities and achieve our vision. This is why we invest in our people and their wellbeing.

In FY15 we conducted a company-wide survey of human resources and internal communications. This information was used to better understand the needs of

our team and in FY16 a number of improvements have been introduced, including:

- Company-wide intranet
- Fact sheets to support staff learning
- Staff sports classes
- Regular social events
- Honor board – to recognize long-serving employees
- Share incentive plan



## Our Statistics

LOCATION	FEMALES				MALES				GRAND TOTAL
	Under 30	Age 30-50	Over 50	Females Total	Under 30	Age 30-50	Over 50	Males Total	
ALBANY	12	15	14	41	12	17	13	42	83
BRISBANE		1		1					1
BROOME	1	3	1	5					5
DALBEG	4	2	3	9	10	5	8	23	32
DARWIN	1			1		5	2	7	8
DOUGLAS DALY	14	5	2	21	16	13	5	34	55
KATHERINE	25	11	6	42	27	22	15	64	106
KINGSTON REST	4	3		7	13	9	4	26	33
KUNUNURRA	54	17	8	79	59	26	15	100	179
MATERANKA					1			1	1
MELBOURNE		1		1	1	1	1	3	4
PERTH	5	15	4	24		12	12	24	48
SYDNEY						1		1	1
<b>TOTAL</b>	<b>120</b>	<b>73</b>	<b>38</b>	<b>231</b>	<b>139</b>	<b>111</b>	<b>75</b>	<b>325</b>	<b>556</b>

## New Recruits 2016

During FY16 we hired 297 new workers - including permanent (full time and part time), contractors and casual employees. This data was collected as part of a new human resources system implemented during FY15.

LOCATION	FEMALES				MALES				GRAND TOTAL
	Under 30	Age 30-50	Over 50	Females Total	Under 30	Age 30-50	Over 50	Males Total	
ALBANY	3	4		7	4	4	4	12	19
BROOME		1	1	2					2
DALBEG	3	1	1	5	3	4	2	9	14
DOUGLAS DALY	11	2		13	10	3	2	15	28
KATHERINE	23	7	5	35	19	9	10	38	73
KINGSTON REST	4	3		7	10	8	2	20	27
KUNUNURRA	40	12	1	53	40	18	9	67	120
MATERANKA						1			1
MELBOURNE		1			1	1		2	2
PERTH	3	3	1	7		3	1	4	11
<b>TOTAL</b>	<b>87</b>	<b>33</b>	<b>9</b>	<b>129</b>	<b>88</b>	<b>50</b>	<b>30</b>	<b>168</b>	<b>297</b>

While the number of new hires is high relative to our total staff number (5%) this is largely due to the proportion of casual workers (56%) who undertake seasonal work like planting, as well as the regional and remote locations of our operations.

More than 90% of our staff work in regional Australia. Many of these communities are isolated and have limited amenities such as medical facilities and schools. This creates challenges in retaining staff in these areas. To combat this, TFS supports local recruitment, and invests in strategies such as staff incentive schemes, training and strengthening the TFS staff culture. This continues to be a challenge for TFS in attracting and retaining staff in regional areas.

To combat this risk our HR team:

- Promote internally
- Provide short & long term incentives for key personnel
- Provides company housing or tiered accommodation allowances
- Allows managers private after hours use of company vehicles
- Provides 2 weeks additional leave for permanent Northern staff
- Support training

## Growing our team

Our staff are vital to our efficiency and growth. By attracting and fostering local talent, and increasing the skills and knowledge of our team, we are building our capacity, and future-proofing the company.

Both our Human Resources Team and general management are involved in comprehensive staff planning to ensure we have enough staff in specific areas of our business, and to identify and map the current and future skills needed in particular functions.

Using the ISO framework, we have created a system that identifies the skills and physical requirements (where appropriate) needed for specific job roles, assesses existing staff knowledge, and identifies training required to help our staff better complete their work. This allows us to capture the skills, knowledge and experience of our mature employees, and minimise work-related accidents and incidents. It also helps us to hire staff with appropriate qualifications and to better train new recruits, contractors, and temporary and relocated personnel.

Investment in staff training is key to our business development and performance. In FY16, we provided 463 training sessions for our team across a wide range of areas like fire training, first aid, communication skills and computing. This amounts to around 4,400 hours of training or an average of 18.3 hours of training per permanent employee.

While all permanent staff are given the opportunity for annual performance reviews, as a company TFS encourages regular reviews by managers to give staff ongoing feedback. This gives our team the opportunity to discuss performance and career progression, and to identify support and training needs.

New employees or newly trained employees are monitored to ensure they are competent in the new skill and can be mentored by longer term employees.

Training is audited as part of our human resources commitment and under the ISO certifications, and is supplied to the TFS Properties Independent Directors, who are an independent body nominated to ensure the company operates in the interests of plantation investors and all other stakeholders.

## Diversity and Equal Opportunity

At TFS we value the different viewpoints of our employees and recognise the benefits of diversity in areas like gender, culture and age; values that are recognised in our Diversity Policy. Our recruitment processes are tailored to encourage Equal Employment Opportunity principles and diversity.

In FY16 TFS introduced an HR software system to improve data capture and support analysis. This will allow us to better assess our diversity profile and develop policies and systems to support staff engagement, diversity and equal opportunity.

Women play an important role in our organisation. TFS is registered with the Equal Opportunity in the Workplace Agency (EOWA), an organisation committed to monitoring annual reports on workplace programs for women and their professional progress. TFS reports annually on gender representation in our workplace, and this information is available publicly on the Workplace Gender Equality Agency website.

Compared to a sample of 46 organisations in the Agriculture, Forestry, and Fishing industry (data provided by the Government's Workplace Gender Equality Agency) TFS has a relatively high proportion of women in the workforce, with females representing 40% of senior management as compared to the industry average of 17.9%, supported by policy.

In FY15 Gillian Franklin joined the board of TFS as the first female Director of TFS, bringing vast experience and knowledge to the role. We will continue to foster the development of women within our organisation, and ensure they – and all staff – receive adequate support.



### Case Study

#### Supporting a budding scientist

Jonathon Eatt joined Mount Romance as a wood processor in 2007. Soon after starting with TFS, Jon realised his passion for science. Not content with just processing the wood, he wanted to understand more about how the processing actually worked and what was inside the wood.

He was soon recruited by the research, development and regulatory team, giving him the chance to learn more in the Mount Romance laboratory. With the support of TFS and his mentor, TFS Research and Development Manager Andrew Brown, Jon is now enrolled in a Bachelor of Science (Chemistry) degree at the University of Western Australia.

TFS has helped Jon by providing study leave and flexible work hours to allow him to get his qualifications. As a rising talent within the company, Jon looks forward to taking on more senior roles in the future.

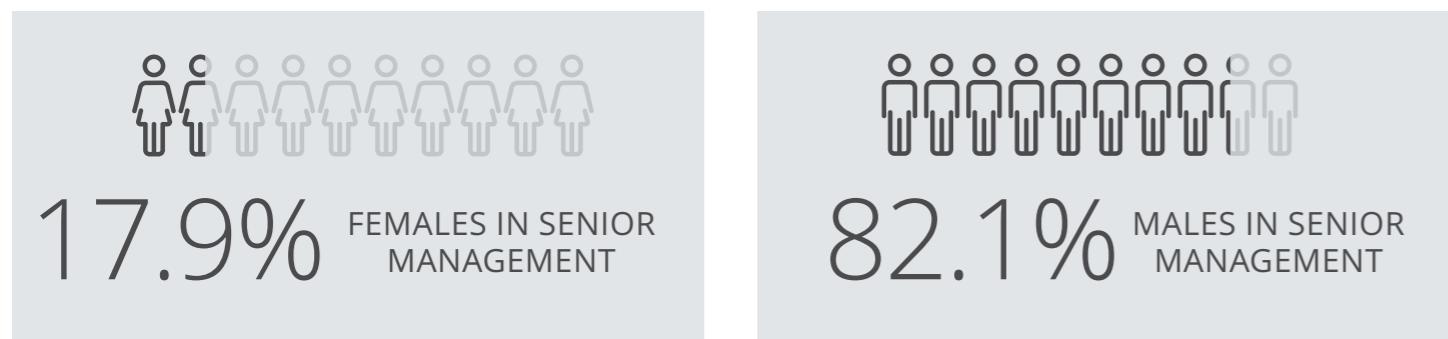
## Gender Breakdown by Work Type

WORK TYPE	FEMALES	MALES	GRAND TOTAL
CASUAL	151	163	314
CONTRACTORS		1	1
FULL TIME	64	152	216
PART TIME	16	9	25
TOTAL	231	325	556

## Gender Composition of TFS Workforce



## Industry Average Gender Composition of Workforce



## Occupational health and safety

The safety and wellbeing of our people, including contractors, is the highest priority for TFS. Over time we've developed robust processes and programs for managing occupational health and safety (OHS) which we review and improve, contributing to our efficiency and the value we create.

We monitor and manage our processes to mitigate our major workplace OHS risks. These processes and work flows are assessed step-by-step to identify potential hazards to eliminate and minimise these wherever possible. These are governed by procedures and policies which ensure safe work practices and enforce a duty of care.

A company-wide risk register is maintained and updated by each department. This identifies all relevant and high level risks and how to reduce their impact. These risks are identified in various ways:

- Accident/Incident analysis
- Risk Rating
- Risk Assessment
- Consultant Reviews
- Identified from internal external audits
- Hazard Reporting
- Then there is an executive risk committee that reports direct to the board on risk management and meets regularly to assess risks
- Risk registers are audited and reviewed by the senior executive and Board.

Major risks currently faced by TFS include:

- Northern Operations – Crocodiles
- All sites – Chemicals
- All Sites – Fire
- Plantations – Quad Bikes – phasing out completely
- Company Wide – Intellectual Property
- Processing – Noise
- Processing – Injury
- Harvesting – Tree Felling – Feller/Buncher Machine, Chainsaws
- Albany – Boiler – hot surfaces, Fire
- Security
- Processing/Harvesting Damage of logs during drying process



We manage OHS under our ISO certifications and relevant legislation to ensure the safety and wellbeing of our employees across Australia.

Each year accidents, incidents and near misses are analysed for trends. These insights together with industry trends assist us in identifying areas of need.

An example of this is in FY16 TFS replaced quad bikes with safer vehicles due to the numerous quad bike related fatalities in various industries.

OHS objectives are addressed through the OMS Objectives and Targets that are evaluated, monitored and reviewed regularly.

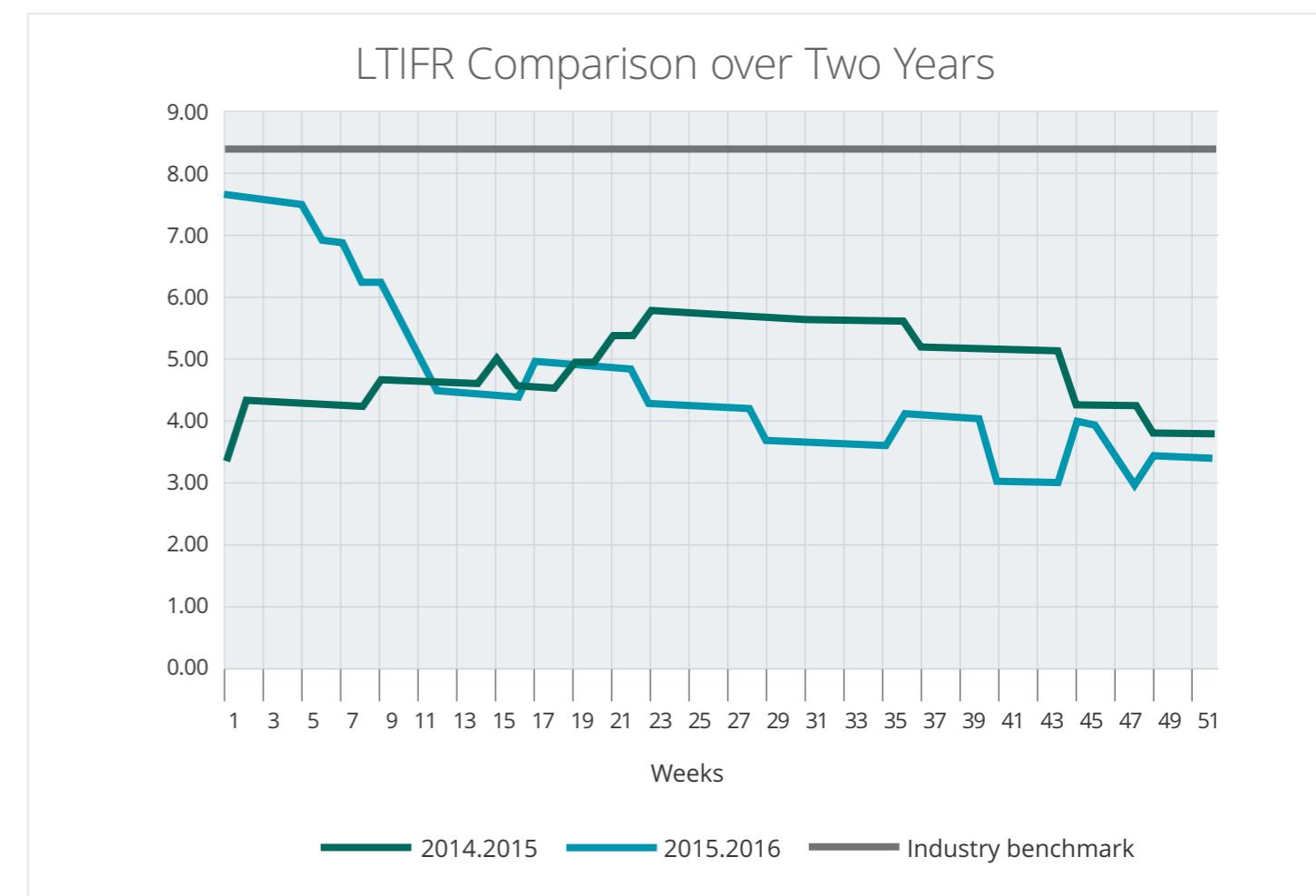
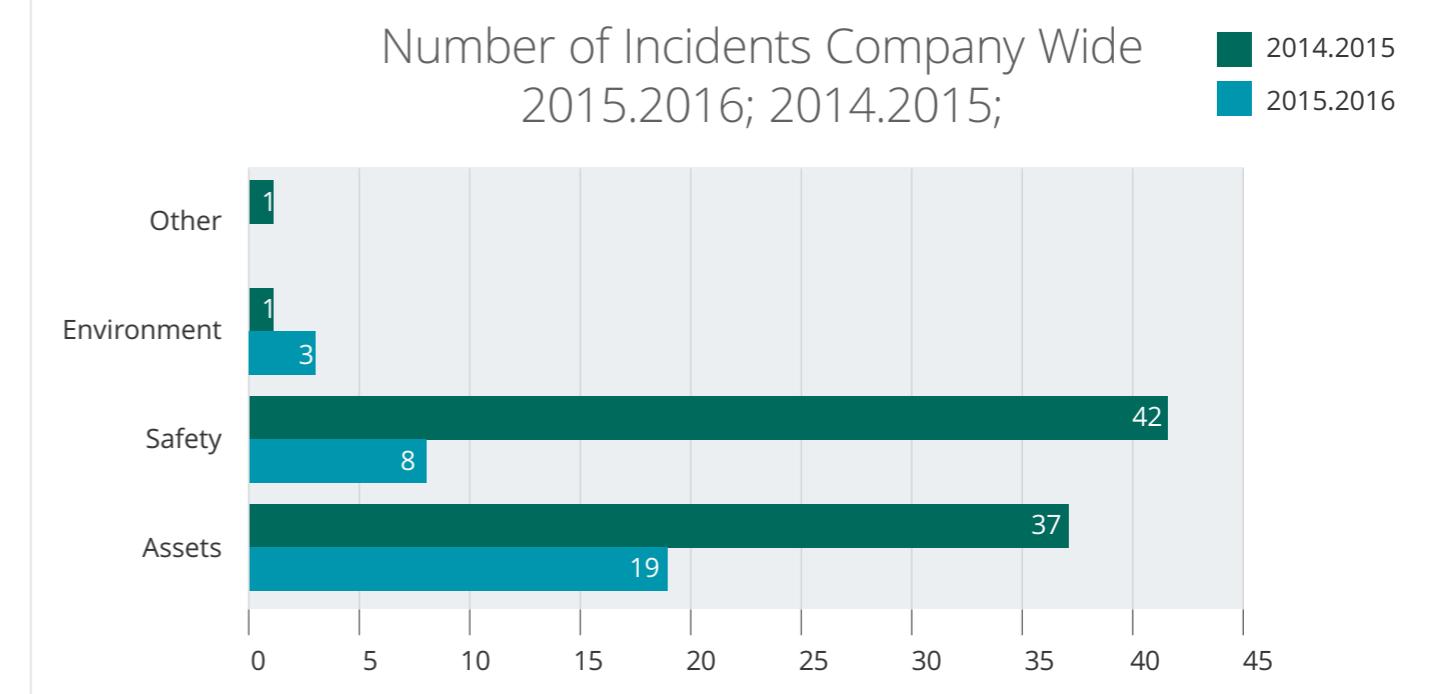
To support a safety culture, Environmental, Safety and Quality representatives are present at each site. They are required to monitor and observe the operations and provide advice and assistance to identify and rectify any issues for that site. Part of their role is to identify deviations from safety policies and processes, and to educate employees and contractors on safety.

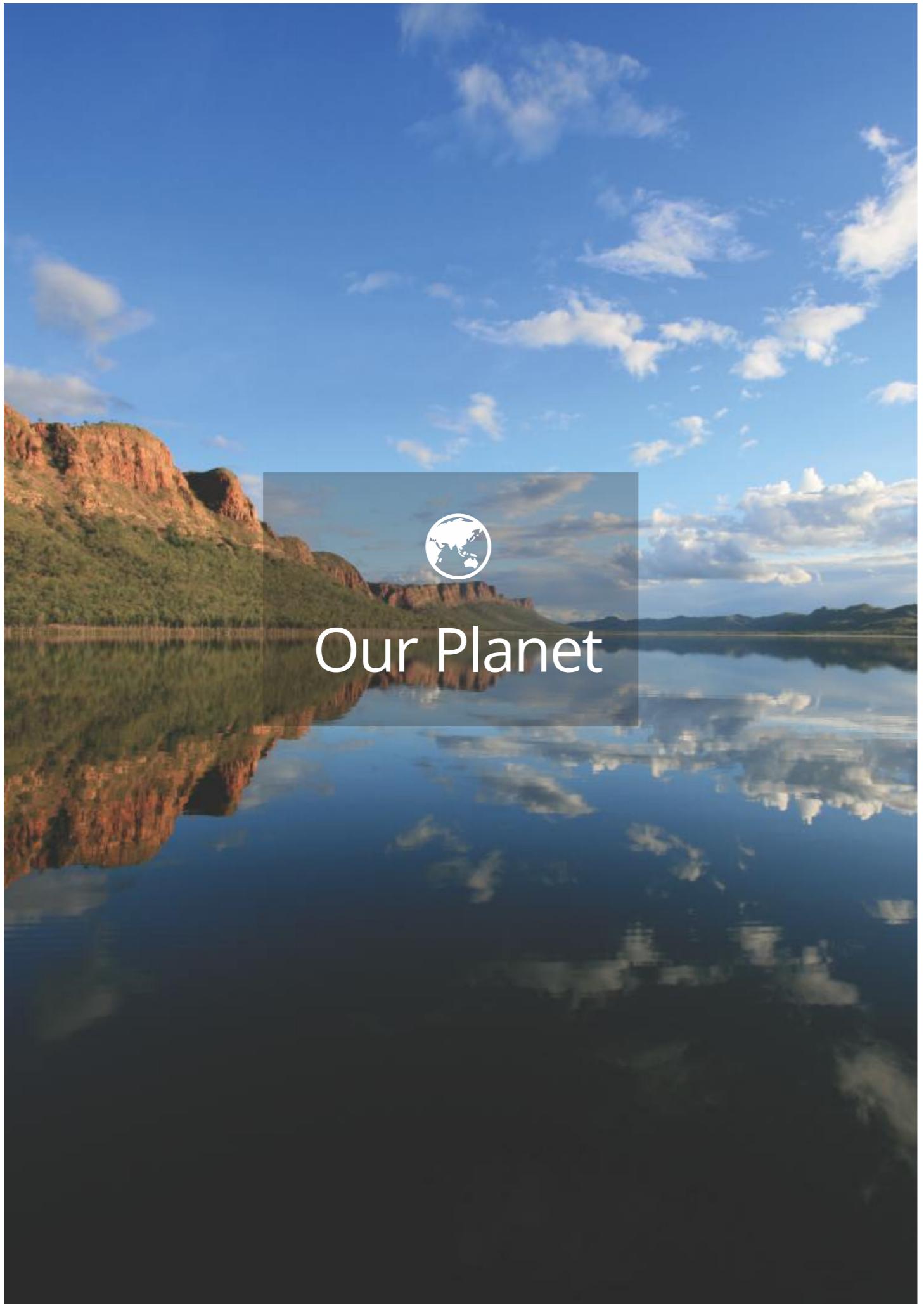
All of TFS's workers are represented in Health and Safety Committees, which include:

- Northern Operations Safety Committee – Covers the Northern operations site
- ORIA Plantations including the Primary Processing Centre (PPC) and the Nursery
- NT Plantations and nursery
- QLD Plantations
- Agronomy
- Research
- Land Development
- Albany Safety Committee – Covers MRA
- National Safety Committee – Global Committee – provides recommendations to the Board and Senior Executive team relayed from other safety committees



## OHS Performance





## Key Achievements

7%  
REDUCTION IN  
ELECTRICITY  
at Mount Romance  
processing facility

\$500,000  
INVESTED IN  
RESEARCH TO REDUCE  
WATER USAGE

40%  
OF OUR ENERGY  
COMES FROM  
RENEWABLE SOURCES

15%  
reduction  
IN WATER USAGE AT KINGSTON REST

Limited increase in energy  
consumption despite substantial  
**growth**  
in operations

At TFS, we have the privilege of working in some of Australia's most pristine environments where we grow sandalwood (*Santalum album*). We believe managing our environmental impacts and using resources efficiently in these environments, is key to our success.

Our greatest environmental impacts  
are in the areas of land and water.

Our approach is to apply the Precautionary Principle to address potential environmental impacts, and to work according to international environmental standards (ISO 14001) to meet or exceed legislative requirements.

As a company, we have evolved from a forestry company, to a vertically-integrated sandalwood producer that plants, harvests, processes and sells sandalwood products each year.

In FY16 we began our third commercial harvest, set to produce around 300 tonnes of heartwood: a ten-fold increase on the previous year. As our operations grow in function and scale, we are facing new challenges like ensuring our processes are implemented across the group, and establishing baseline data for the use of resources.

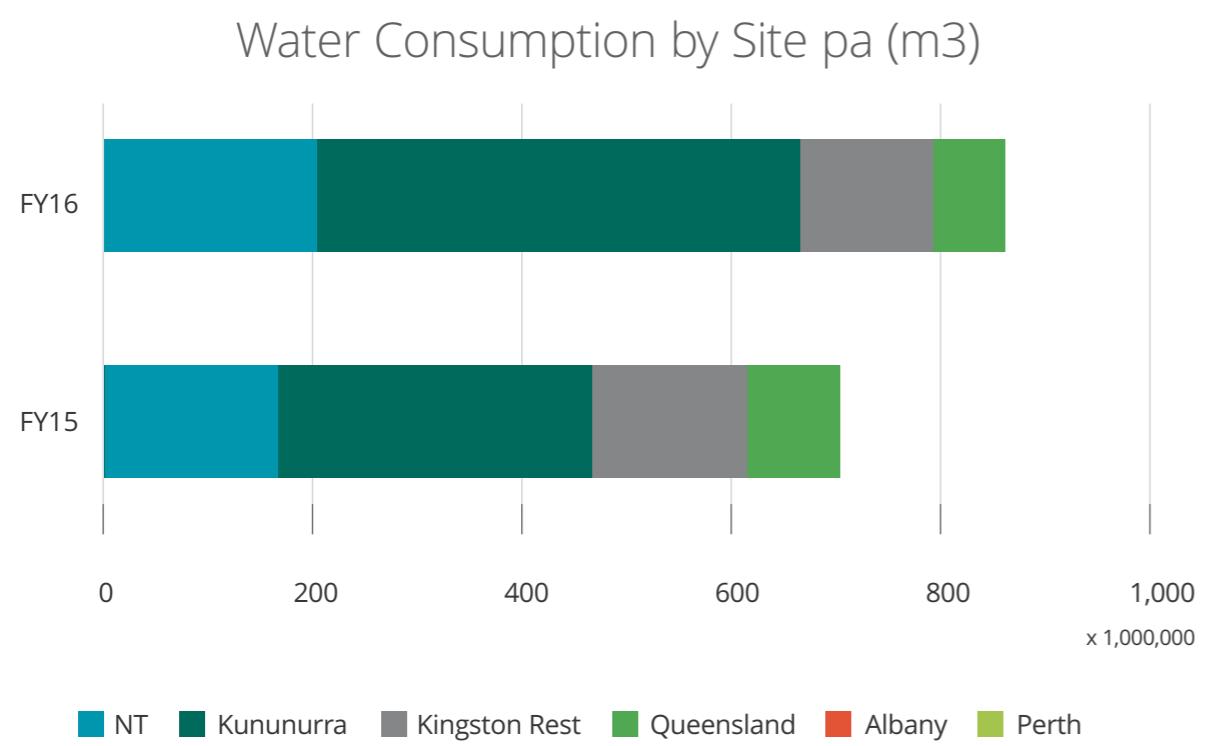
Each year we assess and develop Environmental based objectives and targets for ISO 14001 that are audited annually. These were broadly focused on water management, recycling, chemical handling and improvements in data capture. In FY16 we achieved company-wide recertification for ISO 14001 (Environment). We will use this framework as a foundation as we develop average consumption data for energy, water and emissions per unit of product produced, and direct greater resources to the area of sustainability, to support our growth moving forward.

## Water use

Water use is the most significant environmental issue for TFS due to plantation irrigation, distillation and the regional location of our operations.

When we grow sandalwood trees, our aim is to optimise tree health and minimise the amount of water used. As a company our total water use rose by 22% as compared to FY15 while our plantation estate grew by 15% in the same year. This additional growth in water usage was largely due to a poor annual rainfall in the Kimberley region

where the number of cycles of flood irrigation on the Kununurra plantations were increased to support plantation heath.



Note: data excludes Perth (minimal usage); Albany bore water usage is extrapolated from new monitoring data and manufacturing timings; Kununurra data refers to calendar year.

Surface water is used at the Kingston Rest and Kununurra sites, while ground water is used in the Northern Territory, and municipal water is used at all other sites. At each of our sites, water licenses are obtained from local authorities that manage water allocations and the sustainability of water resources in each area. Water used in steam distillation at our Mount Romance (MRA) processing facility is also monitored.

**TFS is careful with its water usage and only consumes less than the allocated volumes.**

## Our commitment to responsible water use

In FY16 we invested \$500,000 in research and development to reduce our water usage.

This research will help us to optimise our use of resources like water and energy (which is used to pump the water), as well as delivering healthier trees and cost savings. These include:

**Soil Probes**  
These collect data every 10 minutes

and log the amount of water in the soil at different depths – improving irrigation scheduling.

**Sap flow meters**

These measure the movement of the sap in individual trees to measure tree stress.

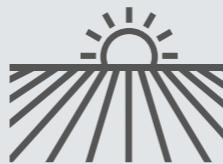


**Stem Psychrometers**

These measure the internal pressure of the xylem (water pipes) within the tree.

**Host Species Trials**

Focus on species that require less water



**Research on row spacing**  
to reduce water usage



**Improved maintenance of drip irrigation system**

We have improved methods of preventing leaks and fixing them in a timely manner. This ensures minimal waste.

**Temporary drip irrigation**

**75%**  
water saving  
against flood in the establishment year

**Canopy management**  
Hedging and pruning reduces the amount of water required by the trees.

**Irrigation Management Units**

Our plantation areas are broken up into irrigation management units. These units are based on soil type, tree age etc. The irrigation scheduling is varied for each of the units so that the optimum amount of water is applied for maximum growth. The devices mentioned above are the tools used to make the decisions.



## Water Recycling

We've always used innovation and efficiency to ensure we use our precious resources carefully. Not only have we invested heavily in drip irrigation, we've established award-winning water recycling facilities on both our Packsaddle plantation and our Mount Romance processing facility.

Despite the abundance of water in the Kununurra region, TFS installed a water recycling system on the Packsaddle plantation- a move to strengthen the sustainability of our operations. In 2006 we won a Regional and Remote Water Award for this water-saving initiative.

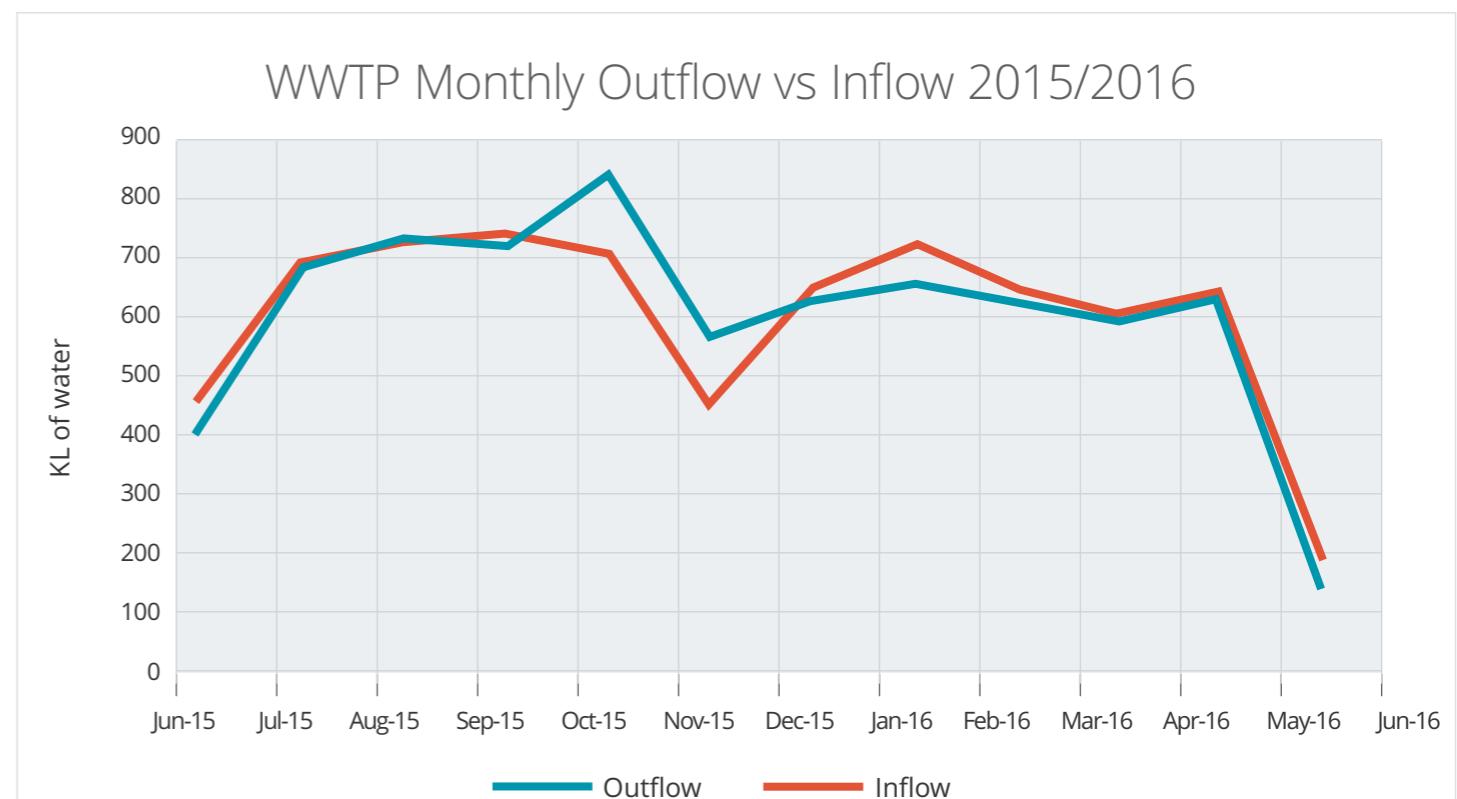
Water is also vital to steam-distillation, the process we use to create sandalwood oil. Since TFS acquired Mount Romance, we have spent more than \$3m on capital improvements to reduce our environmental footprint. In 2011 we installed a water recycling system which uses

bacteria to purify the distillation water, allowing it to be reused in the cooling towers.

This innovative system saves around 7 million litres of scheme water each year, and has won several water saving awards including the prestigious Champion Award from the Western Australian Water Corporation.

Water efficiency Management Plan  
CHAMPION AWARD 2014  
**WATERAWARDS**

We used 22,517m<sup>3</sup> of water at the Mount Romance processing facility last year, mainly for the process of steam-distillation. Around 32% of this was recycled, allowing 7,227m<sup>3</sup> of water to be reused, while 7,600m<sup>3</sup> remained in the tank for future reuse.



To introduce further initiatives like this, data is key. In FY16 we worked to collate water information and identify data gaps. To further reduce our bore and scheme water usage, in FY16 we introduced a rainwater harvesting system that is expected to help us to reduce water use from other sources by more than a third.

## Case Study

### Harvesting – for rainwater

With around 900mm rainfall each year, the Albany region presented a real opportunity for rainwater harvesting. Recognising this opportunity our team of scientists and engineers got to work, constructing a 368 m<sup>3</sup> water storage tank in May this year. With a roof area of 1600m<sup>2</sup>, our team estimate we can harvest around 1,440m<sup>3</sup> of water each year – the equivalent of around 4m<sup>3</sup> of water for use each day.

This will be used within the cooling towers, reducing not only our scheme water use but also our waste water and chemical usage.



Constructing the storage tank for rainwater harvesting

### Land Management and Biodiversity

High quality land is vital to creating healthy sandalwood plantations. Given the central importance of land and ecosystem services to both our communities and business we undertake a comprehensive land due diligence process before we purchase a property. Throughout this process we consider variables like soil types, water availability, biodiversity protection and land ownership, and engage with relevant government bodies including environmental protection agencies and the local indigenous communities that may be affected or have native title rights.

None of our plantations are adjacent to protected areas, although some are in areas known as Australia's biodiversity hotspots.

To minimise the impacts on local biodiversity and natural resources, we aim to plant on previously cleared land. In the majority of instances this is possible, however, when this is not possible, TFS follows or exceeds the strict environmental protection requirements set by government departments.

For example in FY16 approximately 1,600 hectares of plantations were established, and just 145 hectares of native vegetation already adjoining areas of previously cleared land - was cleared.

When we harvest a plantation, our aim is to rehabilitate the land to ensure it is suitable for agricultural or forestry use.

Our R&D team are currently in discussions with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to develop a collaborative research project on soil nutrients.

The project would assess the nutrient requirements of soil after sandalwood trees have been harvested, helping us to explore opportunities like mulching host trees to rehabilitate the soil.

As a multi-species plantation forest, our Sandalwood (*Santalum album*) plantations offer a number of environmental benefits (relative to annual cropland) including:

- Increasing biodiversity (over commercial cropland) through providing habitat for a range of native birds, animals and reptiles;
- Improved soil health (relative to annual crops) through reduced cultivation and compaction, extensive and deep root growth and nitrogen fixation by legume hosts;
- Helping to manage rising water tables, a significant issue in some irrigation areas and;
- Lower chemical and fertiliser used

We also work with local and international authorities and organisations like United Plantsavers and the Kimberley Wildlife Rescue (WA) to better understand local and global environmental and biodiversity issues. In FY17 we will conduct a feasibility assessment of forestry certifications to assist us in this process.

# Preserving native sandalwood

Globally, wild sources of sandalwood (*Santalum spp.*) are under threat. Strong international demand and the high value of the timber have resulted in poaching in many countries. As a company, we've made it our mission to create a sustainable supply of sandalwood (*Santalum album*). In FY15 the International Union for the Conservation of Nature (IUCN) – the organisation that administers a catalogue of the world's threatened and protected species – recognised our work, stating "IUCN supports the work TFS Corporation are doing to reduce the impact of unsustainable harvest(s) of Sandalwood (*Santalum album*) from plants growing in the wild within its native range". Sustainability, traceability and ethical supply is the cornerstone of our product.

As well as growing the world's largest sustainable plantations of Sandalwood (*Santalum album*), we distil Australian sandalwood (*Santalum spicatum*) at our Mount Romance processing facility, using wood harvested from the wild by the Western Australian Forest Products Commission(FPC).

TFS has strict rules for the procurement of sandalwood to ensure quality, sustainability and legal requirements are met. In FY16 we began developing a policy to formalise our existing practices.

Harvests of Australian Sandalwood are highly regulated by the Sandalwood Act, and are managed by the WA Department of Parks and Wildlife which sets the quotas based on sustainability assessments. The WA Government's Forest Products Commission manages and harvests the resource in accordance with ISO14001 (Environment), Australian Forestry Standard (AFS) and Program for the Endorsement of Forestry Certification (PEFC). Under the management plan, systematic replanting is undertaken. Part of this supply chain is certified as organic, and is audited annually as part of the Australian Certified Organic (ACO) process.

To ensure we remain informed, we engage with conservation groups internationally to improve our understanding of the conservation issues relating to sandalwood. We are members of the United Plantsavers, a US-based group with a mission to research, educate and conserve native medicinal plants and their habitats and monitors the IUCN Redlist



## Energy use

We understand that energy efficiency is an important aspect of addressing climate change, and the way we use energy - our total consumption, intensity and efficiency measures - will impact our costs and influence investor assessments.

As a company, we are committed to efficient energy use. Overall, our energy footprint is relatively small. As illustrated below, energy is primarily used by our forestry operations where it is used to power irrigation. As a single site, our Mount Romance processing facility is the largest consumer, although almost half of this (40%) is from renewable energy.

As a group, our energy consumption increased by just 6% in FY16 to 207,110GJ. This was a modest increase in light of the substantial growth in our operations this year. Not only has our plantation estate increased by 15%, our team is now 7% larger and commercial harvesting,

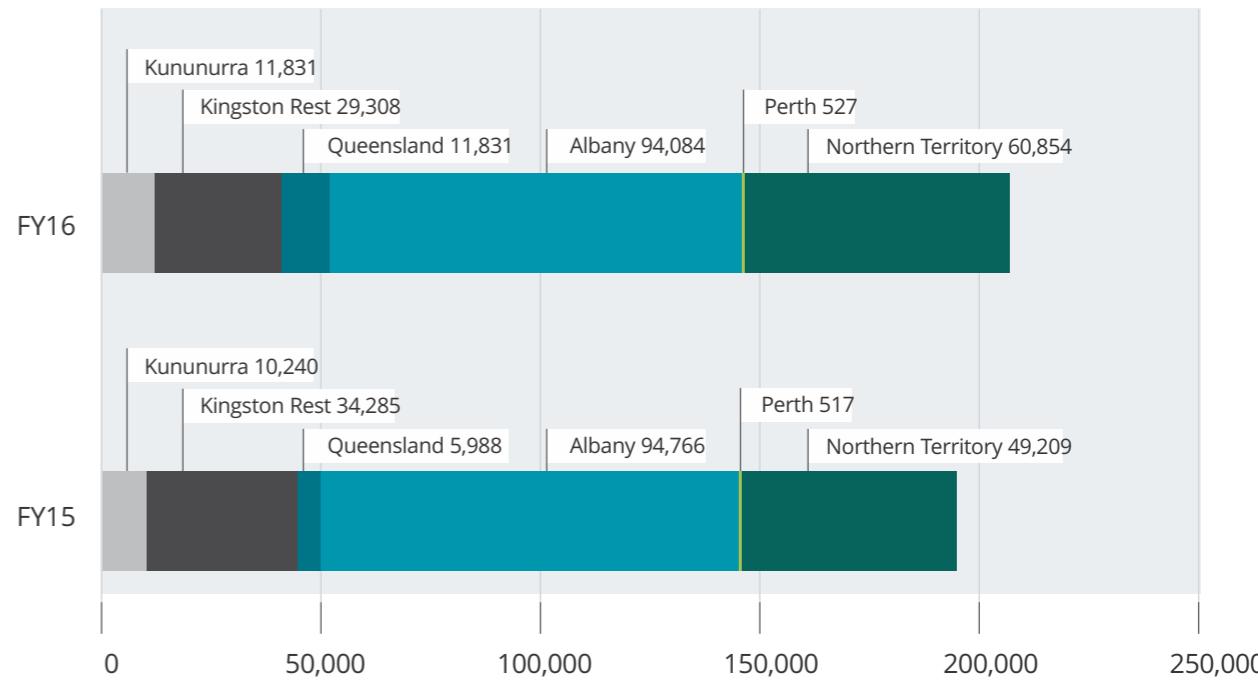
processing and manufacturing functions have grown as our business evolves from forestry to production.

To manage our costs and environmental impact as we grow, we review areas for efficiency, and fund research and development to trial new processes and energy sources to create better and more sustainable ways of working.

In FY16 Mount Romance – the site with the largest energy consumption in the group - reduced its overall energy usage by 1% (gigajoules) and achieved a 7% reduction in electricity consumption, in large part due to more efficient manufacturing runs to produce consumer products.

The Northern Territory and Kingston Rest sites also consume significant amounts of energy due to the pumps used for drip irrigation - an important measure to improve tree health and reduce water usage. To mitigate this issue as we grow, our R&D team are working on a number of initiatives to further reduce water use on the plantations (refer to page 41) which if successful, will create significant reductions in our energy usage.

Energy Usage by Site (GJ)



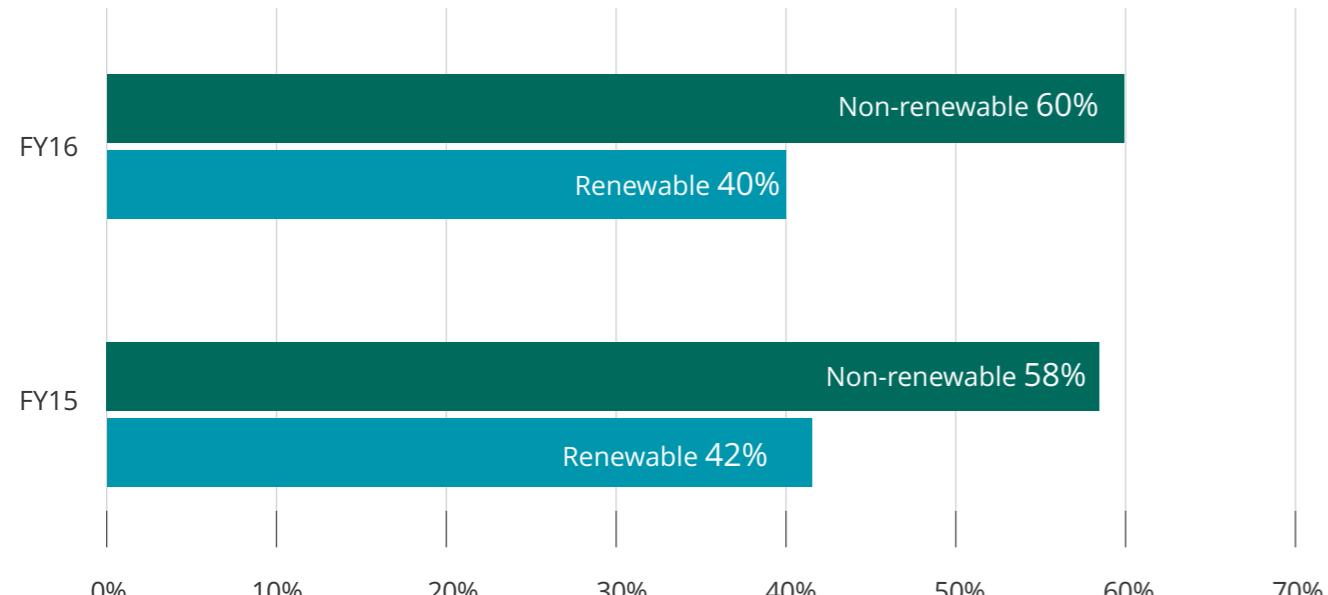
As we've moved into large scale commercial harvesting and processing, energy use in Kununurra has also increased. Since the first commercial harvest in FY14, teams have worked to optimise the efficiency of harvesting and processing – areas that require machinery currently fuelled by diesel and electricity. The benefits can already be seen: despite a ten-fold increase in harvest volume in FY16, the total energy usage in Kununurra (including diesel and electricity) increased just 16% against last financial year. These economies of scale are expected to continue over the next three years as the harvest volumes remain stable.

While these factors coupled with our growing workforce add pressure to our energy requirements, simple changes to the way we do things can reduce our average energy consumption and footprint relative to the products we produce.

**"Water really is the key – if we can save on water, we save on energy because we don't need to pump as much,"**

Mat Mackenzie, Financial Controller – Forestry

### Renewable and Non-renewable Energy Mix



An example of this is the introduction of multiple operations, a process that means tractors will complete simultaneous activities for each pass of the plantation, for example slashing weeds and spraying tree lines. This not only reduces the time required to maintain the plantation, it reduces the impact on soils, and at the same time decreases diesel use and delivers cost savings.

Overall, we've achieved our objective for FY16: to collect and analyse data to help us build a picture of our energy use. This information will help us to undertake more detailed monitoring of our highest consuming sites – Albany and the Northern Territory – to identify opportunities to reduce our use, or switch to more sustainable energy sources. We'll also work to increase staff awareness of energy efficiency through the company-wide intranet in FY17.

## Green Steam

At TFS, 40% of our energy is from a renewable source. By using waste wood from local plantations in the Albany region – where our Mount Romance processing and distillation facility is located – we are able to power a biomass boiler. This computer controlled unit optimises combustion to limit smoke and generate maximum energy with minimum waste. The potash this process creates is then sold for use in soil rebalancing mulch.

The heat produced by the unit is used to generate steam for distillation.

Each year this saves us approximately 65% emissions from fossil fuel sources and millions of dollars as compared to fossil-fuelled powered steam generation.

As our business evolves over the coming years, we'll focus more on value-adding the trees that we grow. To support this growth and minimise our footprint, our strategy is to create more efficient operations and assess renewable energy options as a way for us to reduce our carbon emissions, and potentially create cost savings. Already we've begun this process. In FY16 our R&D team assessed biomass as a substitute for diesel usage on our Midway Farm in the Douglas Daly region of the NT. While the system is not currently feasible, we'll continue to assess renewable energy options as our operations grow. As well as reducing our emissions, alternative fuel sources can be safer for the environment too. We use vegetable oils in the hydraulic and lubrication systems in the PPC. This means that there would be less environmental impact than mineral oils in the unlikely event of a pipe burst.

But being sustainable is not only about engaging in environmental and social initiatives as a company, it's about supporting and promoting these values at a community level. In FY16 we installed an electric car charging facility at our Mount Romance distillation facility. As well as providing an important charging point for tourists and locals, this helps to draw traffic to Mount Romance's retail and tourism facility.



# Emissions

We understand that energy efficiency is an important aspect of addressing climate change. Although our carbon emissions are not significant in national or industry terms, we aim to create more efficient processes to reduce our energy use, and use renewable energy sources where viable, thereby reducing our carbon emissions.

Each year we monitor the emissions at our Albany facility and report to the WA Department of Environment and Conservation. Emissions for our forestry and corporate centres are estimated based upon our energy consumption.

In FY16 our emissions increased by 24% from a low base. This was mainly due to increased electricity consumption in

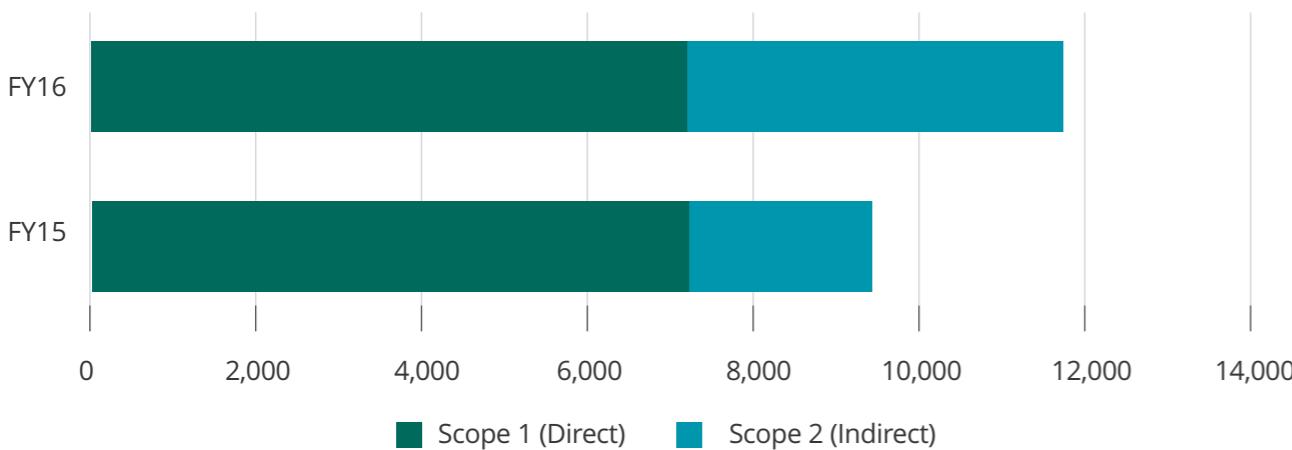
line with our growing business. In FY17 we'll work to better understand our energy and electricity consumption, and develop strategies to reduce these emissions per unit of product produced, over time.

Overall in FY16 our average emissions per kilogram of oil produced remained flat year on year (Albany), but grew per hectare of plantation (other sites). In forestry this lift was largely due to the increased proportion of drip irrigation across our plantation estate, as well as the growth in harvesting and processing operations (refer to pX for explanation).

In FY16 electricity consumption across the group has been identified as a priority area. We'll consider alternative energy options and reduction mechanisms to deliver improvements over time.

Processing Facility	Sandalwood oil	Scope 1	Scope 2	Total	Product	Emissions/product
		T CO <sub>2</sub> e	T CO <sub>2</sub> e	T CO <sub>2</sub> e		T CO <sub>2</sub> e/kg
FY15		590	1,031	1,620	14,775	0.110
FY16		404	1,212	1,616	13,633	0.119
Plantation Operations	Sandalwood tree				Hectares	
		7,218	2,207	9,425	12,182	0.774
FY15		7,194	4,540	11,734	10,583	1.109

Annual estimated emissions  
(T CO<sub>2</sub>e)



The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. Based on our current position, the Directors have determined that the NGER Act does not affect the company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

## Climate change risks and opportunities

As a business, we recognise that higher temperatures, lower rainfall and other effects associated with climate change may affect our forestry operations, with the potential for financial impacts.

To manage these risks, we closely monitor and compile weather data for our plantation areas. This allows us to identify any changes and modify our management practices to optimise safety and tree health, for example the timing of fire control and irrigation volumes and scheduling.

We'll continue to monitor climate change, and work through industry associations to ensure we are informed and manage potential risks to our business.

"a. Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure, including:

- A description of the risk or opportunity and its classification as either physical, regulatory, or other
- A description of the impact associated with the risk or opportunity
- The financial implications of the risk or opportunity before action is taken
- The methods used to manage the risk or opportunity
- The costs of actions taken to manage the risk or opportunity"



Building positive relationships with local communities and wider stakeholder groups is important to the growth of TFS. With sustainability at the heart of our business, we understand and manage our direct and indirect, and immediate and potential, economic and social effect in the community.

## Understanding our community stakeholders

At TFS, we believe in investing and supporting the vibrant rural communities where we work. Our operations provide employment in remote and regional areas, and develop skills in the local workforce.

More than 90% of our staff work in regional Australia and contribute to their local economies.

They also actively participate in the local communities where they live, and are important company ambassadors.

By keeping lines of communication open to staff and local stakeholders, we can better understand, and respond to community needs where appropriate. TFS communicates with external stakeholders through social media, our website, annual reports, local press activities and marketing material like brochures and catalogues.

Local events also help us to forge relationships with stakeholders and gives us the opportunity to learn more about their needs. In FY16 we exhibited and participated in the Barunga Festival (NT), Katherine Show (NT), Kununurra Show (WA), Albany Show (WA) and the Perth Royal Show (WA).

This forms part of a broader community engagement that is implemented across all sites and includes a range of initiatives including involvement with local open days, information evenings for local residents, education evenings for local tour operators, as well as plantation tours for Government Ministers, the community and council representatives. The feedback we receive from these stakeholders is used to select local sponsorships and can feed into the targets we set for our Operations Management System (quality, environment and health and safety).

## Indigenous engagement

In many areas where we operate, indigenous people make up a large proportion of the local population. We work to build opportunities for indigenous Australians by focusing on education, empowerment and support for Aboriginal business - areas we believe can create long-term community benefits.

We have also signed a memorandum of understanding (MOU) with the Miriwoong Gajerrong Yirrjab Noong Dawang Aboriginal Corporation, traditional owners in the West bank ORIA region and Mantinea near Kununurra, areas where we are looking to develop land for future plantation establishment.

To increase Aboriginal engagement, Mount Romance has created a subsidiary company Karlup Willarak Pty Ltd (Aboriginal name for "home of sandalwood"). This is the vehicle to engage in partnerships with Aboriginal businesses such as Burrna Yirrul Aboriginal Corporation (BYAC) which can deliver further Aboriginal training and employment. We have a Heads of Agreement with BYAC to help us with these objectives.



TFS has an Aboriginal Engagement Policy and supports a range of initiatives to support Aboriginal groups including:

- Clontarf Foundation – major sponsor
- Dawul Remote Community School artwork sponsorship
- Bessie Flowers Indigenous Australian Scholarship – UWA

## Clontarf

Since 2007 TFS has been a major sponsor of the Clontarf Foundation, a charity that improves the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men. TFS has donated more than \$500,000 to the Clontarf Foundation.



"TFS has been a long term private sector partner of the Clontarf Foundation since 2007. Whilst the partnership between TFS and Clontarf has national application, there is a strong local focus on supporting the Foundation's Great Southern (Albany) and East Kimberley (Kununurra) Academies in Western Australia as well as the Katherine Academy in the Northern Territory. In 2016, these three Academies have a total of 310 Indigenous students participating in the programme of which 21 of these young men will complete Year 12 and transition into employment or further study/training at the end of the year."

- Shane Kiely, Clontarf Foundation



## Dawul Remote Community School

Since 2012 Mount Romance retail products have featured designs created by children at a local Aboriginal school in the Kimberley. Cards featuring this artwork are sold in the Mount Romance stores, profits from the sale of these cards are donated to the school.

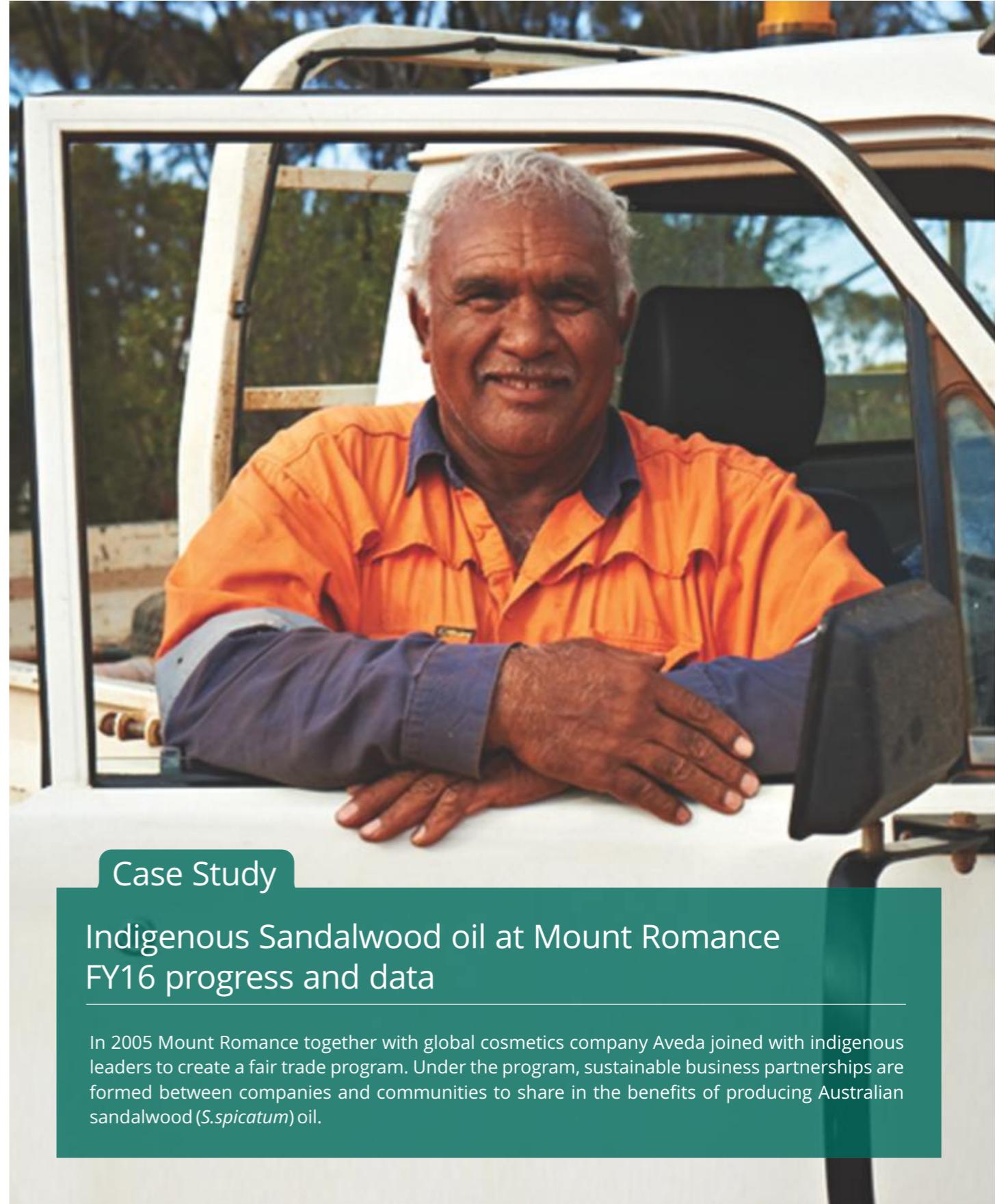


## Bessie Flowers Indigenous Australian Scholarship

Since 2001 Mount Romance has sponsored the Bessie Flowers Indigenous Australian Scholarship to encourage and support an Australian Indigenous student in undergraduate study.

## HR Links

In FY16 we appointed HR Links – an indigenous recruitment organisation – to support Aboriginal contractors on the plantations. The HR team is working closely with HR Links to identify and foster talented workers who can move into management roles at TFS.



### Case Study

#### Indigenous Sandalwood oil at Mount Romance FY16 progress and data

In 2005 Mount Romance together with global cosmetics company Aveda joined with indigenous leaders to create a fair trade program. Under the program, sustainable business partnerships are formed between companies and communities to share in the benefits of producing Australian sandalwood (*S.spicatum*) oil.

As part of this program we help Indigenous harvesters to get government licenses to collect Sandalwood. The wood collected by these groups is then distilled separate to the standard wood supply and Indigenous harvesters are paid an additional royalty for the fair trade oil sold from their wood.

Mount Romance together with Aveda and Givaudan established a capital fund to assist indigenous communities to finance expenses like equipment and training. These funds can then be repaid from future royalties, interest-free. In FY16 \$53,050 was paid in royalties and \$15,000 was advanced to indigenous harvesters.

# Sponsoring community development causes

We collaborate with local groups in the areas where we work. This ensures that we share in the benefits with the community through employment and training, procurement of local goods and services, and socially-responsible projects that align with our business values or objectives.

In FY16 TFS delivered \$254,790 in value to local communities in the form of sponsorships and donations, a 24% increase on FY15 (\$205,179). This was due to a number of factors

including changes in data capture and increased corporate sponsorship.

Our sponsorships fall under four broad areas of focus:

- Regional sponsorships
- Aboriginal engagement
- Corporate
- Equal Opportunity

Sponsorship can be in the form of:

- Monetary support
- Stock - Mount Romance product
- Discounts to Mount Romance
- Venue usage - subject to the terms of licenses and insurance
- Staff volunteering
- Administration



BENEFICIARY	SPONSORSHIP TYPE	LOCATION	VALUE
Indigenous harvesting	Aboriginal Engagement	WA	\$53,050
Community Project - India	Corporate	GLOBAL	\$50,087
Clontarf Foundation	Aboriginal Engagement	NATIONAL	\$50,000
Claremont Tigers	Corporate	WA	\$48,795
Waringarri Aboriginal Corporation	Aboriginal Engagement	WA	\$10,000
Albany Men's Health	Regional	ALBANY	\$9,250
Wembley Districts Junior Cricket Club	Corporate	WA	\$5,000
Kununurra Agricultural Show - 44th anniversary	Regional	KUNUNURRA	\$5,000
Douglas Daly cricket fundraiser/sponsorship	Regional	NT	\$5,000
Kununurra Dam to Dam Dinghy Dash	Regional	KUNUNURRA	\$3,000
Barunga Festival 2015 - Ochre Sponsorship	Aboriginal Engagement	NT	\$2,500



## Case Study

### Community Project - India

*Santalum album* has grown in India for thousands of years, but today, wild populations are dwindling and risks like poaching and disease have made regeneration difficult. For Indian villagers this deforestation has had significant consequences.

Since 2010 TFS has partnered with Nobel laureate Kailash Satyarthi and his organisation Bachpan Bachao Andolan (BBA) to deliver a community project to areas of rural India where native sandalwood forests have been devastated.

Over the last few years the NORP project has helped increase school attendance, stop child marriage, improve opportunities for women and boost the local economy. The project also helps improve the quality of village life by establishing community groups like the Women's Councils and Youth Councils. These groups have driven projects like road repairs and the creation of sanitary facilities, as well as supplementary classes for struggling students.

While the project started in Mangla - a small village close to Mysore where Sandalwood once grew in abundance - it has since expanded to cover five nearby villages to deliver even greater impact over the next few years.

This project is funded by TFS and follows the Natural Origin Recognition Protocol (NORP), a voluntary standard that recognises the link between *Santalum album* and its traditional habitat in India. The protocol was tabled at the United Nations in 2009.



## Complaints and grievances

We aim to make each experience with TFS an open and positive one. If our stakeholders do have concerns or complaints however, these are recorded in a complaints register specific to that site or operation. Each case is then handled formally and proactively by a nominated representative and escalated as required. These processes and registers are audited internally and externally as part of our ISO 9001 (Quality) certification

TFS has systems in place to hear local community grievances about its operations, using the same stringent process and procedures that are in place for investor complaints. Refer to Continual Improvement Request form on the website.

Staff complaints are processed as per legislative and Fair Work requirements with our Grievance Handling Policy available to all employees on the intranet and at their inductions.

The grievance handling policy enables and advises employees on the steps required to lodge a complaint or grievance they may have, and guides them through the process. Our aim is to support our employees to resolve grievances, and promote a happy, healthy workplace.

In FY15 18 complaints were recorded from external stakeholders (four carried over from the FY14 reporting period), three of which were unresolved. In FY16 there was a significant improvement, with just 4 new complaints and two complaints from previous years which are still active and are being resolved.



**Our Economic Impacts**

Growing value responsibly is important to each of our stakeholders. To do this, we need to understand our direct and indirect impacts and work to build our business sustainably. As well as achieving the priorities set out for FY16, TFS is now well positioned for transformation in FY17. Some of our key achievements included:

**Cash EBITDA up 8% on prior year**

Total estate up 15% to **12,182ha** with over 1,600ha of new plantings in FY16

Strong development of end markets for sandalwood products with multi-year contracts signed with wood and oil buyers in **China and India**

Cash at 30 June 2016 of **\$107million** provides a strong platform for growth

Strong and sustainable growth in cash revenues **up 16% on prior year**

Refinance of Senior Secured Notes. New Notes mature in 2023 and deliver a **20% reduction** to TFS's cost of debt

Credit rating upgrades from both **Moody's and S&P**

As our business evolves, sandalwood products will become a major revenue stream for the company. To support this further and support product sales, we've invested in the development of a global, consumer facing brand strategy.

	A\$'000 2016	A\$'000 2015	Comment
<b>Revenue</b>			
Total Revenue from services	131,820	109,880	Pg 127, 2016 Annual Report
Revenue from Product sales	29,854	27,662	Pg 127, 2016 Annual Report
Gain on tree valuation / deferred revenue	93,333	173,989	Pg 127, 2016 Annual Report
Other Revenue	13,787	13,625	Pg 127, 2016 Annual Report
<b>TOTAL</b>	<b>268,794</b>	<b>325,156</b>	Note 2 Annual Report
<b>Operating Costs</b>			
Direct plantation and operating expenses	30,778	27,286	Consolidated P&L Annual Report
Raw materials and consumables	15,677	14,356	Consolidated P&L Annual Report
Sales & marketing expenses	7,723	7,056	Consolidated P&L Annual Report
Corporate and other Admin	18,907	16,281	Consolidated P&L Annual Report
Depreciation and amortisation	11,163	8,575	Consolidated P&L Annual Report
<b>Total Operating Costs</b>	<b>84,248</b>	<b>73,554</b>	
Employee wages and benefits	32,919	24,744	Consolidated P&L Annual Report
Payments to providers of capital (Dividends)	10,241	9,758	Note 26 Annual Report
Payments to Government (Income Tax) (accruals basis)	32,655	46,377	Note 4 Annual Report

For further detail about our financial performance, access our Annual Reports and investor announcements from: <http://www.tfsltd.com.au/investors/shareholders/>

## Economic benefits for local communities

We believe in contributing to the communities where we work. Many of our operations are located in remote regional areas, where we contribute to local economies in the form of taxes and royalties, infrastructure, local employment, regional suppliers as well as sponsorship of local charities and associations. Our sustainability commitment can also shape our procurement choices. An example of this is our use of wooden pallets from the Activ Foundation – a local charity that provides employment opportunities to disabled people. Despite a slightly higher cost than other products, these pallets are used in the dispatch of our oil products.

Our direct and indirect benefits include:

- Direct financial impact through wages spent in the community;
- Direct financial impact through the purchasing of goods and services from local suppliers;
- Stimulating allied industries;
- Ongoing support of charities and community organisations;
- Increase in the number of tertiary qualified people into the regional communities;
- Professional engagement in local boards and committees; and
- Building of additional houses and accommodation.



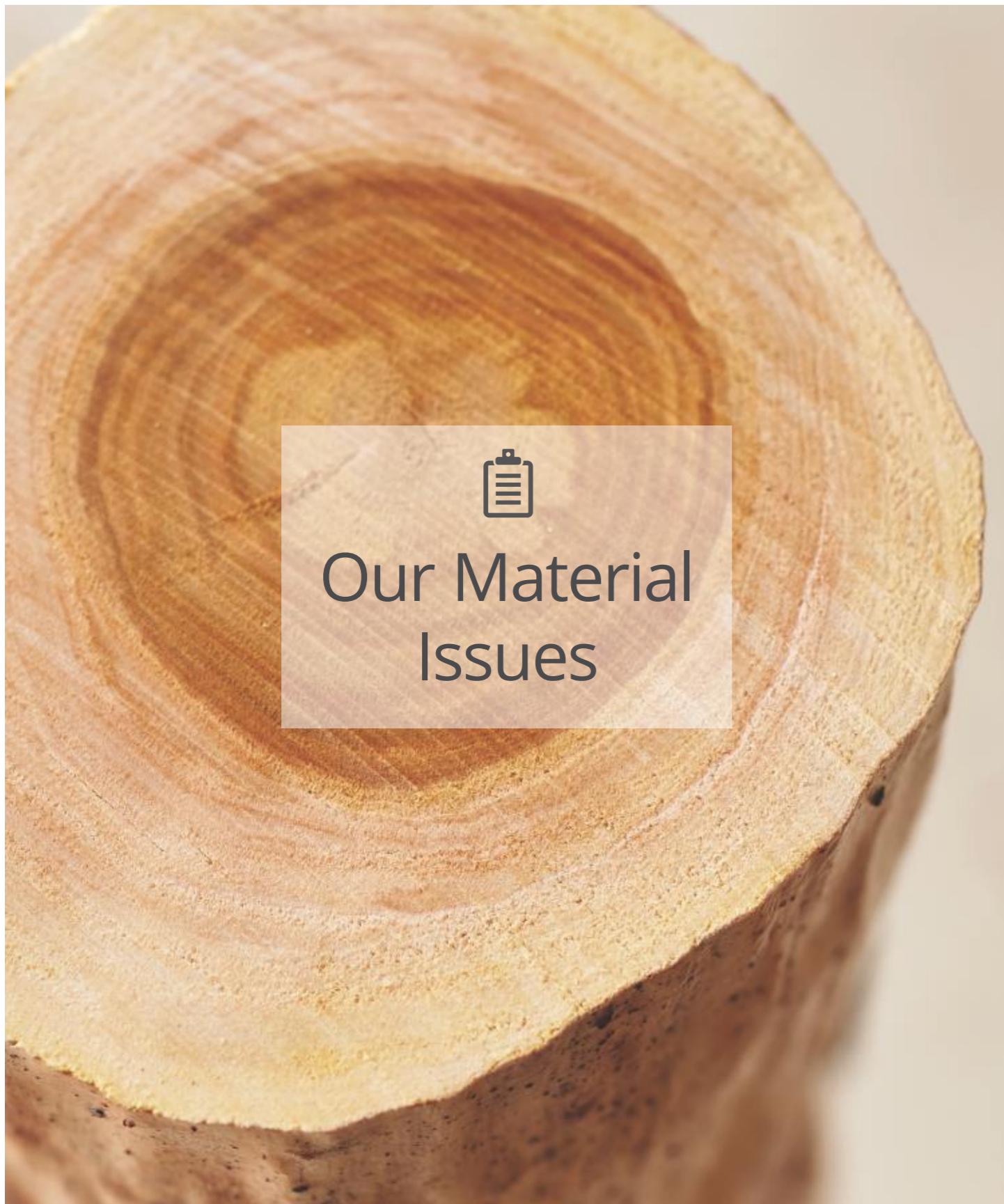
### Case Study

#### Spurring benefits from biofuel demand

At Mount Romance our sandalwood oil is produced using renewable energy. We collect the waste wood products from nearby plantations to fuel our biomass boiler. This is computer controlled to maximize the use of the fuel and minimise the smoke generation, creating a clean burn.

Mount Romance has been instrumental in developing the biomass fuel industry in Albany. As a consumer of around 10,000 tonnes of boiler biofuel per year, the facility has helped create a local market for biofuel and generated local employment in the biofuel industry.

Impact – Mount Romance has stimulated an allied industry in regional Australia



# Our Material Issues



This report describes our performance for the financial years 2015 and 2016.

Data

In some instances we have not been able to provide data as our systems are still evolving. Where this is the case, we have noted the omission and we are taking steps to address this for future reports.

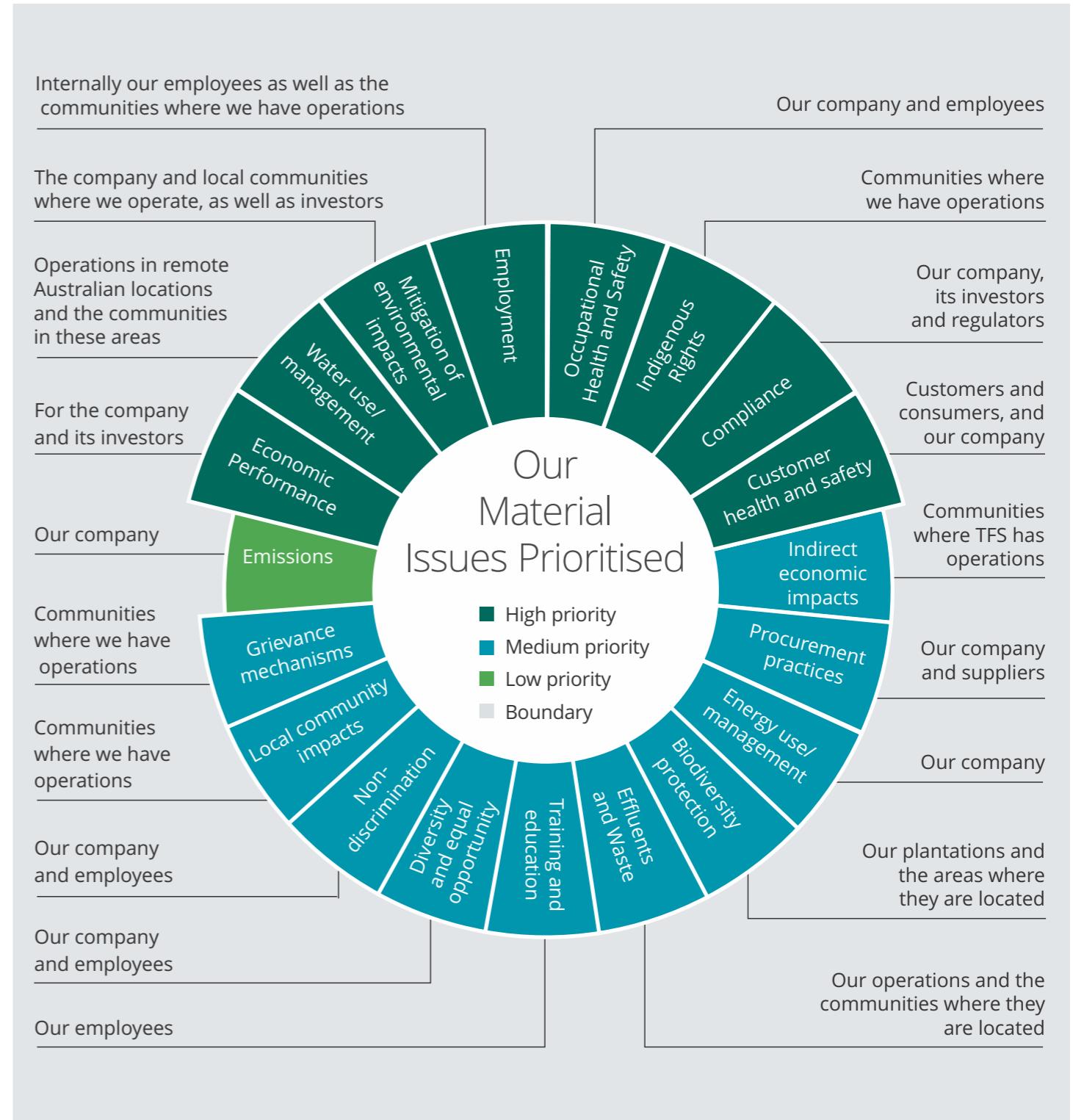
To create value for our customers and investors, we need to understand our impacts, and report on the material issues that are most important to our stakeholders and business.

To understand the issues most relevant (material) for us to include in this report, we considered investment analyst reports relating to our environmental, social and governance performance as well as the sustainability issues being reported in the forestry and agriculture sectors. We then assessed inbound enquiries received from all stakeholders, government tenders and applications as well as customer sustainability surveys to identify areas of

interest for our stakeholders. We refined this list and prioritised those issues by engaging internally and considering the issues in light of the degree of impact of our activities and our strategy.

Moving forward we will review this process, and work to introduce wider stakeholder consultation.

The table below shows the issues we identified as most material, and where the significant impacts of those issues are felt, inside and outside the organisation (the boundary of the issue).





Disclosure/Indicator	Description	Reference or response	Page
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker	A statement from the CEO	9
G4-2	Key impacts, risks, and opportunities	A statement from the CEO	9
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization	Our Story	11
G4-4	Primary brands, products and services	Our Story	11
G4-5	Location of headquarters	TFS at a glance	12
G4-6	Where the organization operates	TFS at a glance	12
G4-7	Nature of ownership and legal form	Our Products	24
G4-8	Markets served	Our Story	11
G4-9	Scale of the organization	Summary, Our Economic Impacts	3, 62
G4-10	Number of employees	Summary, Diversity and inclusion	4, 34
G4-11	Coverage of collective bargaining agreements		9
G4-12	Supply chain	Preserving native sandalwood	46
G4-13	Significant changes during the reporting period	None	
G4-14	Adoption of the precautionary approach	Our Planet	39
G4-15	Charters, principles or other initiatives	Published charters and policies	12
G4-16	Memberships of associations and advocacy organizations	Industry associations	25
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities covered by the report	TFS at a glance	12
G4-18	Process for defining report content	Our Material Issues	65
G4-19	Material Aspects	Our Material Issues	65
G4-20	Aspect boundary (internal)	Our Material Issues	65
G4-21	Aspect boundary (external)	Our Material Issues	65
G4-22	Restatements	None	
G4-23	Significant changes from previous reporting periods	None	
STAKEHOLDER ENGAGEMENT			
G4-24	Stakeholder groups engaged	Our Stakeholders	21
G4-25	Identification and selection of stakeholders	Our Stakeholders	21
G4-25	Approach to stakeholder engagement	Our Stakeholders	21
G4-27	Topics and concerns raised through stakeholder engagement	Our Stakeholders	21

Disclosure/ Indicator	Description	Reference or response	Page
REPORT PROFILE			
G4-28	Reporting period	Our Material Issues	64
G4-29	Date of most recent previous report	Sustainability Challenges in 2016	20
G4-30	Reporting cycle	Annual	
G4-31	Contact point for questions	TFS at a glance	12
G4-32	"In accordance" option and GRI Content Index	Core: This index	
GR-33	External assurance	No external assurance sought. We will consider assurance in future	
GOVERNANCE			
G4-34	Governance structure	Our management framework	18
G4-38	Composition of highest governance body and committees	Governance	14
G4-39	Independence of the Board Chairman	Governance	14
ETHICS AND INTEGRITY			
G4-56	Values, code of conduct and code of ethics	Published charters and policies	12
SPECIFIC STANDARD DISCLOSURES			
CATEGORY: ECONOMIC			
MATERIAL ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	Disclosure on Management Approach	Our Economic Impacts	63
G4-EC1	Direct economic value generated and distributed	<a href="http://www.tfsltd.com.au/investors/shareholders/">http://www.tfsltd.com.au/investors/shareholders/</a>	
G4-EC2	Financial implications, risks and opportunities due to climate change	Climate change risks and opportunities	52
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	Disclosure on Management Approach	Sponsoring community development causes; Understanding our community stakeholders; Indigenous engagement	58, 54
G4-EC8	Indirect economic impacts, including extent of impacts	Economic Benefits for Local Communities, Understanding our community stakeholders	63, 54
MATERIAL ASPECT: PROCUREMENT PRACTICES			
G4-DMA	Disclosure on Management Approach	Supply Chain	26
G4-EC9	Proportion of spending on local suppliers	We do not collect this data but anticipate being able to report on this in 2017	

Disclosure/ Indicator	Description	Reference or response	Page
CATEGORY: ENVIRONMENTAL			
G4-DMA	Disclosure on Management Approach	Our Planet	38
G4-EN3	Energy consumption within the organisation	Energy Use	47
G4-EN6	Reduction of energy consumption	Energy Use	47
MATERIAL ASPECT: WATER			
G4-DMA	Disclosure on Management Approach	Our Planet	38
G4-EN8	Total water withdrawal by source	Water Use	40
G4-EN9	Water sources significantly affected by withdrawal of water	Water Use	40
G4-EN10	Percentage and total volume of water recycled and reused	Water Recycling	43
MATERIAL ASPECT: BIODIVERSITY			
G4-DMA	Disclosure on Management Approach	Land management and biodiversity	45
G4-EN12	Significant impacts of products and services on biodiversity	Land management and biodiversity	45
MATERIAL ASPECT: EMISSIONS			
G4-DMA	Disclosure on Management Approach	Emissions	50
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Emissions	50
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Emissions	50
MATERIAL ASPECT: EFFLUENTS AND WASTE			
G4-DMA	Disclosure on Management Approach	Our Planet	38
G4-EN22	Total water discharge by quality and destination	Water Use	45
MATERIAL ASPECT: PRODUCTS AND SERVICES			
G4-DMA	Disclosure on Management Approach	Our Planet	38
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Land management and biodiversity	45
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
MATERIAL ASPECT: EMPLOYMENT			
G4-DMA	Disclosure on Management Approach	Our People	30
G4-LA1	New employee hires and employee turnover	New Recruits 2016	31

Disclosure/ Indicator	Description	Reference or response	Page
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Disclosure on Management Approach	Occupational health and safety	35
G4-LA6	Workplace injuries, diseases, lost days and fatalities	OHS Performance. We do not currently track injuries by gender. Nor do we track the injury rate, lost day rate or absentee rate. We will consider doing so in future reports.	37
MATERIAL ASPECT: TRAINING AND EDUCATION			
G4-DMA	Disclosure on Management Approach	Growing our team	32
G4-LA9	Employee training	Our Statistics	30
G4-LA10	Programs for skills management and lifelong learning	Growing our team, Occupational health and safety	32, 36
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	Disclosure on Management Approach	Diversity and Equal Opportunity	32
G4-EN12	Composition of governance bodies workforce	Diversity and Equal Opportunity	32
MATERIAL ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS			
G4-DMA	Disclosure on Management Approach	Complaints and grievances	60
G4-LA16	Labour practices grievances filed, addressed, and resolved	Complaints and grievances	50
SUB-CATEGORY: HUMAN RIGHTS			
MATERIAL ASPECT: INDIGENOUS RIGHTS			
G4-DMA	Disclosure on Management Approach	Indigenous engagement	54
G4-HR8	Total number of incidents of violations involving rights of indigenous people	There were no incidents of violation of indigenous rights.	45
SUB-CATEGORY: SOCIETY			
MATERIAL ASPECT: LOCAL COMMUNITIES			
G4-DMA	Disclosure on Management Approach	Sponsoring community development causes	58
G4-SO1	Local community engagement, impact assessments, and development programs	Sponsoring community development causes	58
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-DMA	Disclosure on Management Approach	Customer Health and Safety	26
G4-PR1	Product and service categories assessed for improvement in health and safety impacts	Customer Health and Safety	26
G4-PR2	Non-compliance with regulations and voluntary codes	Customer Health and Safety	26

Disclosure/ Indicator	Description	Reference or response	Page
MATERIAL ASPECT: PRODUCT AND SERVICE LABELLING			
G4-DMA	Disclosure on Management Approach	Responsible supply, marketing and communication	28
G4-PR4	Non-compliance with regulations and voluntary codes	There were no incidents of non-compliance	
G4-PR5	Customer satisfaction surveys		
MATERIAL ASPECT: MARKETING COMMUNICATIONS			
G4-DMA	Disclosure on Management Approach	Responsible supply, marketing and communication	28
G4-PR7	Non-compliance with regulations and voluntary codes	There were no fines for non-compliance	
MATERIAL ASPECT: CUSTOMER PRIVACY			
G4-DMA	Disclosure on Management Approach	Responsible supply, marketing and communication	28
G4-PR8	Substantiated complaints regarding customer privacy breaches and losses of customer data	We received no complaints relating to breaches of customer privacy	
MATERIAL ASPECT: COMPLIANCE			
G4-DMA	Disclosure on Management Approach	Our Products	22
G4-PR9	Fines for non-compliance concerning the provision and use of products and services	There were no fines for non-compliance	