

 **CarterHoltHarvey**

**CARTERS**  **Your Building Partner**



# ESG Report

Issue #2 -  
Released April 2024

Manufacturing and  
distributing building  
supplies for over  
150 years

20  
23

# ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT 2023

## Table of contents:



**Page 3**  
Introduction



**Page 4**  
The New Zealand Wood-Products Industry:  
Mitigating Climate Change



**Page 6**  
Our Manufacturing Process  
and Kawerau Saw Mill Debarker



**Page 9**  
The Development of our  
ESG Programme



**Page 11**  
Our Environment



**Page 13**  
Our Environmental  
Initiatives and KEIs



**Page 20**  
Our People and Our  
Community



**Page 24**  
Our Business



**Page 26**  
Governance, Compliance  
and Reporting, Progress  
Overview

The Carter Holt Harvey Group



# INTRODUCTION

## BUILDING NEW ZEALAND AND AUSTRALIA

The Carter Holt Harvey Group has supported the New Zealand construction industry for more than 150 years. We are known as one of the leading processors, manufacturers and suppliers of wood-based products nationally, and are recognised for producing and distributing some of the industry's best-known brands. Under this umbrella our subsidiary, Carters Building Supplies, is New Zealand's leading supplier of building products, frames, trusses and manufactured solutions, through its network of 50 stores, and nine frame and truss manufacturing sites. Carter Holt Harvey has wood production facilities at Kawerau and Nelson (sawn timber), Kinleith (secondary processing), Tokoroa (plywood), Marsden Point (LVL) as well as Myrtleford in Australia (plywood), with 2800 employees who make our Group what it is today.

As industry leaders, we believe that profit growth and responsible business practices go hand in hand. In 2020, we decided to embark on a journey to create our **Environment, Social and Governance Reporting Programme (ESG)**, to help shape the future state of the Carter Holt Harvey Group, and how we operate. This report is our second issue to be released and outlines what we have achieved in 2023, as well as our ongoing plan of action for 2024 and beyond.

As part of the Programme's development we first took an inside-out approach, reviewing our history, examining the baseline ESG credentials within our business, the wood-products industry, and our manufacturing processes, right through to Carters' supply of our products to the construction sector.

We then looked outward, engaging our external stakeholders who identified our key material ESG issues, how we plan to manage or can continue to manage those issues, and the key environmental indicators that will ensure we are creating measurable, meaningful change. Focusing on continuous improvement opportunities will strengthen the Carter Holt Harvey Group for years to come.

As such, this report will focus on four main areas of opportunity: **Our Environment, Our People, Our Business and Governance and Compliance**. Throughout the report, we'll also discuss how we'll create future value by systemically aligning our ESG plan with our brand values:



To be safe



To be results driven



To be customer focused



To have integrity and trust

To understand what we want to achieve, it is important to acknowledge how the wood-products industry operates within the context of environmental stewardship, as well as its role in mitigating climate change, which we cover in the next section.

# THE NEW ZEALAND WOOD PRODUCTS INDUSTRY: MITIGATING CLIMATE CHANGE

Our industry is one of the most sustainable manufacturing industries globally. This is due to the fact that we use a renewable resource, generating a long-term carbon store within our products, leading to one of the lowest embodied energy footprints in the building materials market, as well as maximising our use of renewable energy.

As the largest wood-products manufacturer in New Zealand, Carter Holt Harvey and Carters Building Supplies are major participants in an industry making a vital contribution to the nation's efforts to reduce carbon emissions to 50% of 1990 emissions, by 2050.

## Carbon sequestration

We use logs from rapidly growing, sustainably managed Pinus Radiata plantations and other controlled sources to contribute to our lower footprint. As the trees grow, they take in carbon dioxide from the atmosphere. The carbon becomes locked in the trees' wood fibre, releasing oxygen back into the atmosphere. This process is known as carbon sequestration and forms a long-term carbon store. The average New Zealand pine forest will sequester some 750 tonnes of carbon dioxide per hectare over its growth cycle.

## Long-term carbon store

When a forest is harvested and we process the logs into long-life wood products, the carbon store remains in the products we manufacture. Although there are some emissions associated with harvesting, processing and transportation, the net amount of carbon dioxide stored is between 270kg to 820kg, for every cubic metre of wood product produced, depending on the product (timber, plywood, or LVL).

This in turn means that every year, Carter Holt Harvey Group businesses have a positive impact on climate change that is equivalent to taking more than 200,000 average family cars off the road. Most of our wood products are used in the construction industry, in one form or another, meaning the carbon store created is enduring. A typical 200m<sup>2</sup> timber-framed, weatherboard house, with a timber floor, stores over 18 tonnes of CO<sub>2</sub> within its wooden structures, for an average house lifespan of 90 years.

## Approximate long-term carbon store



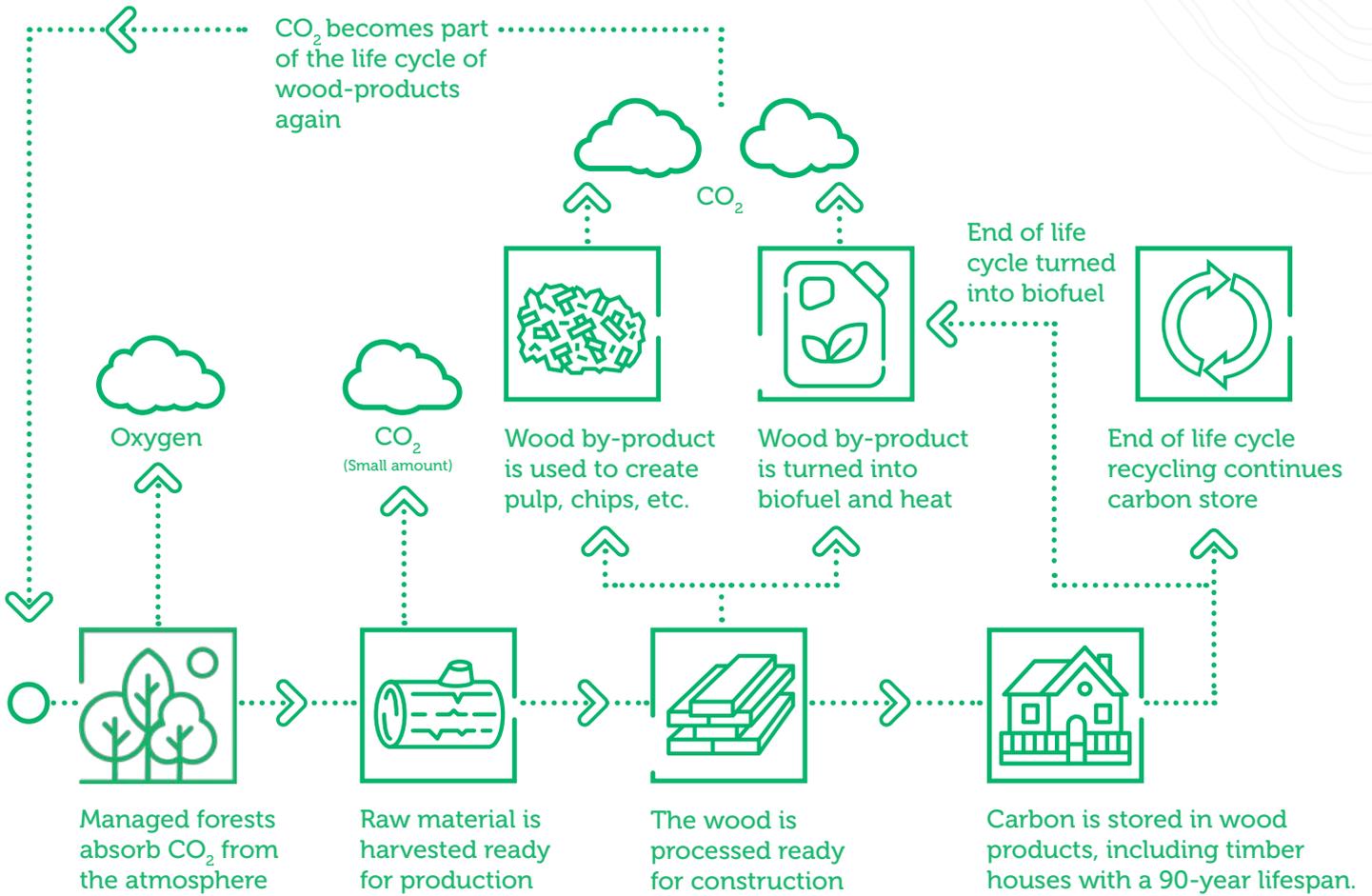
Year	2019	2020	2021	2022	2023
Based on CHH and third party EPDs - tonne CO <sub>2</sub> -e	690,523	631,949	605,667	578,325	431,647

Carter Holt Harvey Group Environmental Product Declarations (EPDs) cover all CHH New Zealand operations. The Wood Solutions Plywood EPD (Registration No. S-P-00564) covers the CHH Myrtleford Plywood operation.



**In 2023, Carter Holt Harvey Group businesses had a positive climate change impact that is equivalent to taking more than 200,000 average family cars off the road.**

**Figure 1: The life cycle of wood-products and CO<sub>2</sub>**



### Reuse, recycle, replace



When a house is demolished, the carbon storage benefits continue even if the waste is sent to a landfill. As the wood-products decay, carbon is returned to the soil, with the CO<sub>2</sub> emissions to the atmosphere being minimal. Other options include reusing or recycling waste wood-products, so they continue to store carbon, or use them as an alternative to fossil fuel energy generation. These methods of disposal can deliver a net environmental impact close to zero, as the CO<sub>2</sub> released was taken in by the forest right at the beginning of the carbon cycle.

### Renewable energy



Waste material from processing activities is an important energy source for the wood-products industry. This generates heat used in drying timber, plywood, or LVL. For the Carter Holt Harvey Group, **renewable energy accounts for approximately 80% of our total energy needs**, and over 90% in our sawmilling and LVL operations. The wood-products industry has a low embodied energy in terms of the energy required to make a unit of product. To draw a comparison, the average energy intensity of our kiln dried, treated sawn timber is 6.9 GJ/tonne for 2023, which compares favourably to steel which has embodied energy of approximately 27 GJ/tonne.

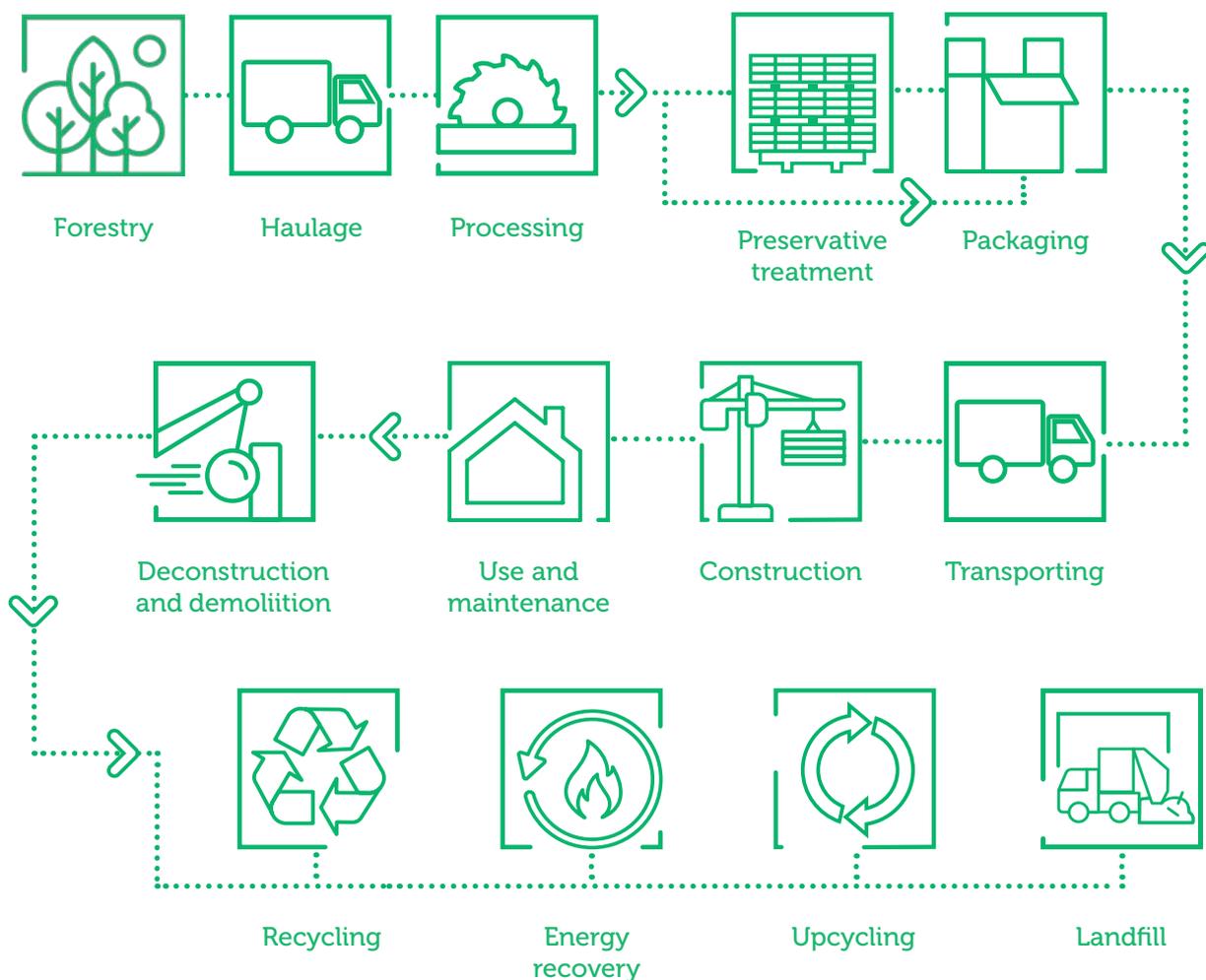
**80% OF OUR ENERGY IS RENEWABLY SOURCED**

# CARTER HOLT HARVEY MANUFACTURING PROCESS

Beyond carbon sequestration and long-term carbon store, our efficient manufacturing process optimises our raw material inputs used to make our wood products. It generates renewable energy for our operations, as well as providing raw material for other forest industry sectors, such as pulp and paper, green energy, or landscaping.

To gain a better understanding of what the lifecycle of our production process looks like, and how we minimise our environmental impact, see Figure 2 below:

**Figure 2: The lifecycle of our wood products**



## Wood products processing

Below is an outline of each step in the lifecycle of our wood products, as seen in Figure 2:

01

### Forestry

The process starts with the mature, plantation-grown pine that is harvested and cut into log lengths in the forest ready for transport. We source all logs used in our manufactured wood products, from sustainably managed plantation forests and other controlled sources. These forests are a renewable resource considered critical in helping New Zealand meet its obligations under the 2016 Paris Accord.

02

### Haulage

The logs are transported to our manufacturing facilities where they are either sawn into timber, or peeled into veneer, for making plywood or LVL. The material is then dried to make it stable and may undergo secondary processing.

03

### Processing, preservative treatment and packaging

Every log is scanned and a sawing solution determined to optimise timber recovery from each log. Additional processes include machining to specific sizes, or preservative treatment, to ensure its longevity and compliance with industry standards. Some of the waste material we produce from our manufacturing operations provides raw material for the pulp and paper industry, energy for third parties, or is used in landscaping. Most of the waste material that does not provide raw material for other industry participants is used to generate energy for our manufacturing operations.

04

### Transporting, construction and use and maintenance

After leaving our manufacturing facilities, Carters and other merchants supply our wood products to the construction industry for use in residential and commercial buildings, or other industrial applications, where they form a long-term carbon store.

05

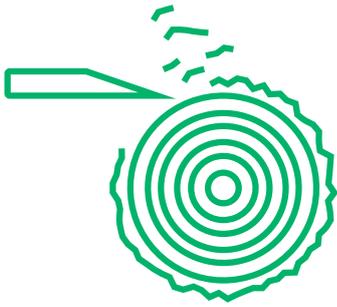
### Demolition, recycling, upcycling, energy recovery and landfill

In the future, if the building is demolished, the wood-products can be used in a range of environmentally friendly applications, including upcycling, recycling and renewable energy generation.



OUR LOGS  
ARE SOURCED  
FROM 100%  
SUSTAINABLY  
MANAGED  
PLANTATION  
FORESTS

# OUR LATEST STORIES: KAWERAU SAWMILL DEBARKER



The Carter Holt Harvey Group is dedicated to innovative solutions that minimise our ecological footprint. One such advancement is the implementation of the new log debarker at the Kawerau sawmill site which is playing a crucial role in reducing waste sent to landfill and ultimately in promoting a more sustainable and eco-friendly approach to timber processing.

Log debarking is a process that involves removing the bark from logs before further processing, which uses a combination of mechanical abrasion and cutting to remove the bark efficiently.

The precision and consistency in bark removal since commissioning has already yielded tangible benefits by minimising losses, streamlining overall processing time, and reducing the generation of by-products that could otherwise end up in landfill. This transformation underscores the Carter Holt Harvey Group's commitment to maximising the utility of every element in the timber processing cycle, effectively closing the loop on waste management.

Carter Holt Harvey's investment in the new log debarker signifies more than a technological upgrade. By integrating cutting-edge technology and embracing responsible resource management, we are not only enhancing operational efficiency but also reaffirming our commitment to minimising waste and reducing our environmental impact.

A CIRCULAR  
AND  
SUSTAINABLE  
APPROACH



# THE DEVELOPMENT OF OUR ESG PROGRAMME

Although there continues to be a strong sustainability focus within our processes, we wanted to take our environmental, social and governance responsibilities further, with the launch of our ESG Programme.

One of the critical steps in developing the ESG Programme was reviewing our overall environmental impact and reaching out to key stakeholders, asking what was important to them and to the Carter Holt Harvey Group, now and in the future. Through our stakeholder engagement process we defined our four Programme areas, the overarching material issues that arose within these areas, their prioritisation through our Materiality Matrix, through to the individual initiatives that we'll deliver, to create holistic transformational change for the Group. This process is detailed through the remainder of the report.

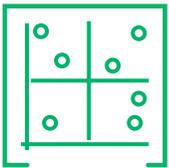
## Stakeholder engagement

In our 2022 report we detailed how we engaged with our internal and external stakeholders to help us to determine future ESG priorities and programmes, so we can make our business truly sustainable for the future. The process is outlined below, however for more detail please see our 2022 report.



### Step 1: Stakeholders

We engaged with a cross-section of our staff and stakeholders asking them what they considered to be current and future issues, not only for our business, but for them personally. We then asked our stakeholder group to rank those issues in order of importance to them. Those issues were then ranked in order of business impact.



### Step 2: Materiality Matrix

These two rankings enabled us to construct our ESG materiality matrix (Figure 3). We have grouped these material issues into four key programme areas. Although some material issues are relevant across more than one programme area (e.g. compliance), we have only referenced them in the programme area that we felt was most comprehensive.

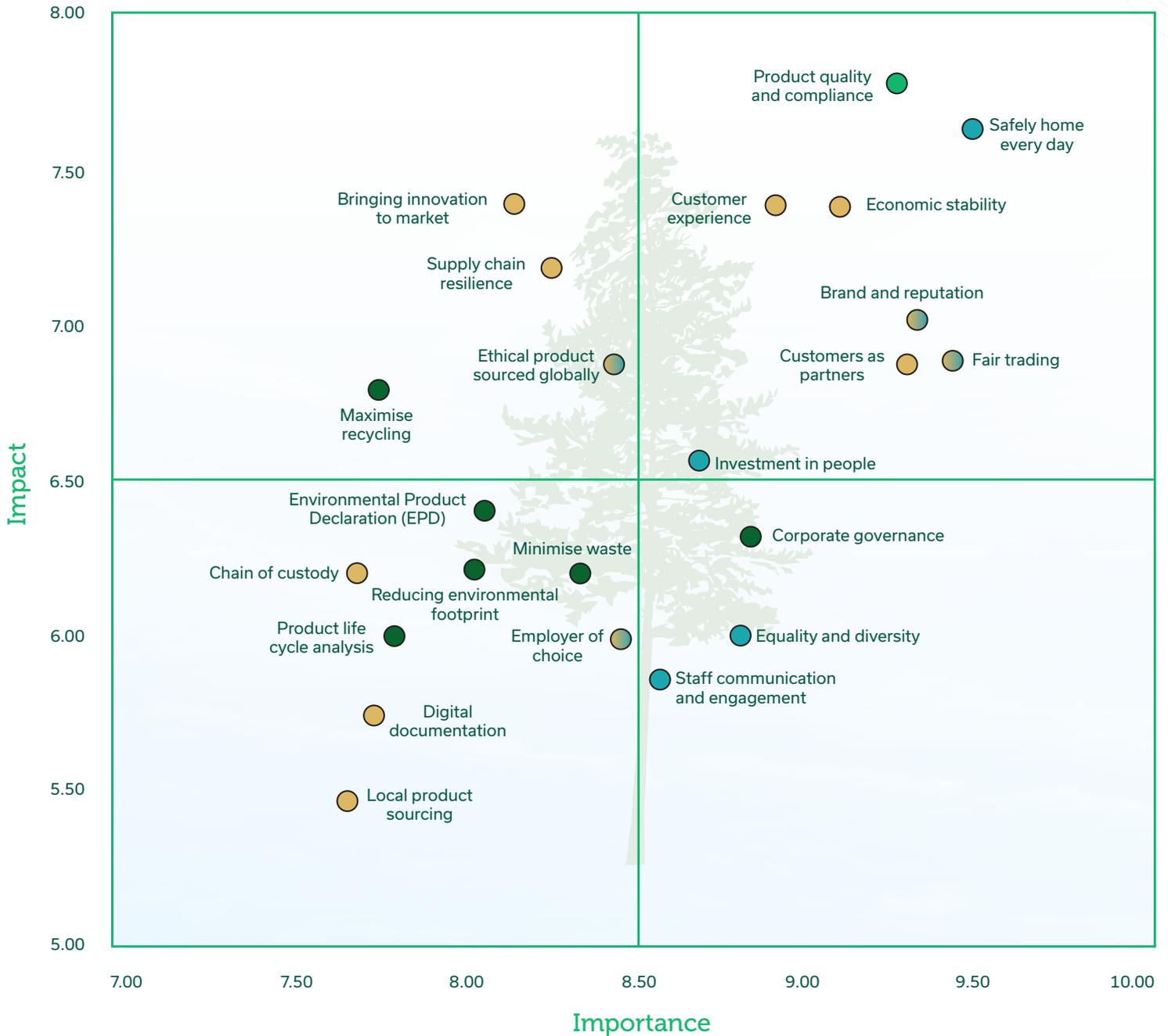
Context is crucial. A material issue residing in the upper right quadrant, meaning it is both very important and has the potential for a significant impact on the business, is likely already receiving the dedicated attention it deserves. For example, Safely Home Every Day is at the forefront of our policies, procedures, and operational training and is detailed in our [Health and Safety Policy](#). We already recognise it as an extremely important and material issue, which has the potential to severely impact the business.



### Step 3: Moving forward

Our stakeholders have helped us identify areas of our business where we could improve or must ensure we continue to maintain our current high standards. To that end we identified opportunities in each of our four areas on which to focus during 2023 and beyond to ensure a continuous improvement of our ESG outcomes. This report gives updates on our progress.

Figure 3: Carter Holt Harvey stakeholder materiality matrix



Key: ● Environment ● People ● Business ● Governance

WE'RE COMMITTED TO GIVING OUR CUSTOMERS CONFIDENCE IN THE ENVIRONMENTAL CREDENTIALS OF OUR MANUFACTURED WOOD PRODUCTS

# AREA ONE: OUR ENVIRONMENT

Our Environment is our first programme area of focus, with our stakeholders identifying material issues such as reducing our environmental footprint, minimising waste, maximising recycling, and developing clear chains of custody as material issues. The following pages cover both our existing environmental management efforts, as well as our continuous improvement initiatives that we are delivering to maximise our positive environmental impact.

## Environmental management

The Carter Holt Harvey Group has produced Environmental Product Declarations (EPDs) for all our New Zealand manufactured wood products. Our EPDs are compliant with EN15804 and ISO14025, and are registered with EPD Australasia, which are recognised globally. They give our customers confidence in the environmental credentials of our manufactured wood products and allow them to rely on our published data in determining their own sustainability footprint.

We also have well-developed environmental management systems, which apply across all aspects of our business operations. These systems are led by our corporate **Environmental Policy** and incorporate in-depth environmental systems and an operational audit protocol. Our sites are regularly audited using this protocol and site specific documents. In addition to measuring compliance against our environmental consents, these audits seek to judge if we are following best practice and identify opportunities for improvement. We also have routine inspections and audits conducted by environmental regulators, specifically aimed at evaluating our compliance with our consents. Thus far, the feedback from regulators have been consistently positive.

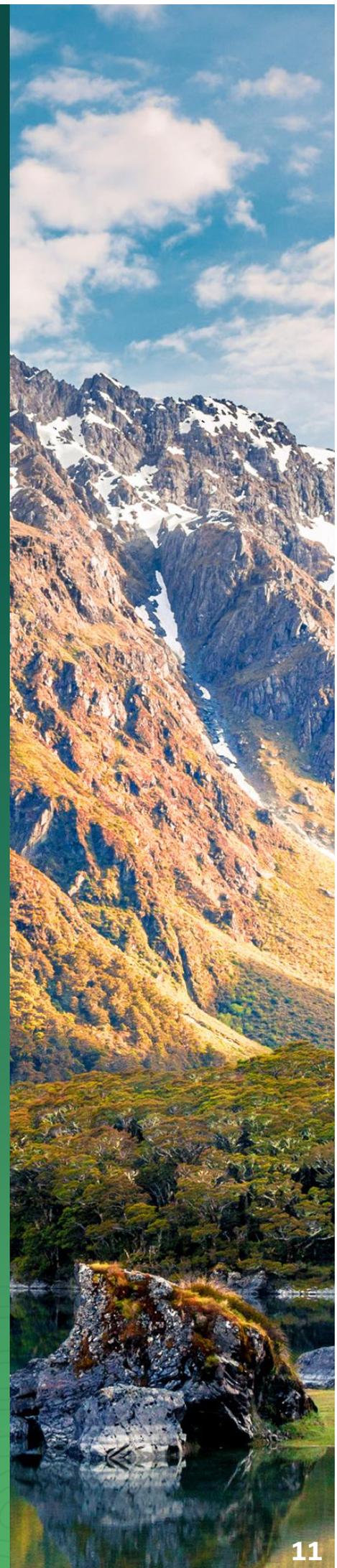
## Chain of custody

We source logs from sustainably managed plantation forests and other controlled sources, and have the Forest Stewardship Council® (FSC®) Chain of Custody certification. This measure provides a formal assurance that gives our customers confidence about our sustainability credentials. FSC has recognised our manufacturing facilities listed below for using responsibly sourced wood:

- CHH Timber, Kawerau, FSC certification (FSC® C021357)
- CHH Timber, Nelson, FSC certification (FSC® C011498)
- Futurebuild LVL, Marsden Point, FSC certification (FSC® C007103)
- CHH Plywood, Tokoroa, FSC certification (FSC® C012019)
- CHH Plywood, Myrtleford, FSC certification (FSC® C018480)

## Declare label

The CHH Plywood and Futurebuild LVL range of H1.2 and untreated products have been issued Declare labels and determined to be Red List Free through the International Living Future Institute, and as such, can be used in Living Building Challenge projects.

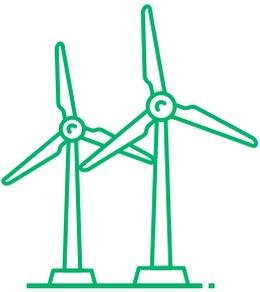


## Sustainable management

Our wood products manufacturing operations make full use of the log resource we acquire. Few manufacturers globally can claim a **near 100% utilisation of raw material**, as well as the ability to **provide the majority of their total energy needs by efficient use of waste materials**. The Carter Holt Harvey Group uses over 160,000 tonnes per annum of what would otherwise be waste material, and turns it into renewable energy. This is principally in the form of heat for steam generation. We also harness geothermal steam at Kawerau, and maximise our use of renewably-generated green electricity (hydro, wind, geothermal). **We source approximately 80% of our total energy needs from renewable sources**, with over 50% coming from biomass or wood waste.



## Renewable energy as a percentage of all energy



Year	2019	2020	2021	2022	2023
Percentage	82%	80%	81%	79%	80%

The above table shows the overall percentage of our energy needs derived from renewable energy sources. As you can see, we average around 80% renewable energy year on year. The major sources are biofuels derived from waste materials, geothermal steam, and purchasing electricity from suppliers who have a high renewables component in their generation portfolio. The percentage shown here is an average across our whole group and includes our processing facilities, administration and Carters.

## Waste

Like most manufacturing operations, we also generate some waste, which is not reusable and is disposed of in landfills. This volume equates to less than 1% of our total raw material inputs. We also generate a relatively small amount of waste that is deemed to be hazardous under current regulations. It is made up principally of wood-products treatment waste, but also includes things like workers' PPE that may be contaminated with glue from plywood and LVL production. Our hazardous waste equates to less than 0.1% of our raw material inputs. Although waste is a small proportion of our overall inputs, our stakeholders have identified its management and reduction as a material issue.



# OUR ENVIRONMENTAL INITIATIVES



Below is a summary of our initiatives. More detail can be found on the following pages about each one.

## COMPLETED

### Our Environment initiatives\*

### Leaders

**Release Environmental Product Declarations (EPDs) for our New Zealand manufactured products**

Timber, Plywood & LVL

**Kiln improvements at Kawerau and Nelson to reduce energy per cubic meter of timber produced**

Timber

**Investigate the feasibility of lower emissions vehicles where fit for purpose**

Timber, Plywood & LVL  
Carters

**Prefer suppliers who have waste minimisation/ environmental plans or credentials**

Carters

**Work with suppliers to reduce packaging and promote recyclable packaging**

Carters

**Reduce paper use and promote paperless customer delivery, invoicing and technical information**

Timber, Plywood & LVL  
Carters

## 2024

**Investigate options for recyclable product wrap**

Timber & LVL  
Carters

## ONGOING

**Work with suppliers to maximise the availability and use of environmentally friendly products**

Carters

**Continue energy efficiency program for manufacturing sites to reduce energy use per cubic metre of product produced**

Timber, Plywood & LVL  
Carters

**Reducing emissions and energy use through energy efficiency programmes**

Timber, Plywood & LVL  
Carters

- Convert lighting in offices, shops and factories to LED
- Educate staff to switch off unnecessary electrical items

**Encourage clients to include energy efficient and sustainable solutions in the design of new build homes (via the Carter Holt Harvey Group's EPDs)**

Timber, Plywood & LVL  
Carters

**Work with the building industry to find ways to reduce building site waste and promote recycling**

Timber, Plywood & LVL  
Carters

- Develop pre-fabricated and pre-manufactured materials



# ENVIRONMENTAL INITIATIVES UPDATE

In our 2022 report we listed numerous environmental initiatives that we were either embarking on or had underway in 2023. We are pleased to say that we have managed to deliver on many of our 2023 initiatives.

## 01 Environmental Product Declarations

Our Environmental Product Declarations for our timber, plywood and LVL products were released in late 2022 and details the overall environmental impact of those products and the positive outcome in terms of long term carbon storage.

## 02 Lower emission vehicles

We undertook to investigate the feasibility of using lower emissions vehicles and in 2023 we moved to a process of reviewing each new or replacement vehicle's role, and where it has been practical, move to a lower emissions vehicle. This is now an ongoing program and should see a reduction in our overall fleet emissions over time.

## 03 Procurement program with a focus on environmental credentials

Carters has initiated a procurement program which gives a preference to suppliers that have demonstrable environmental credentials and selects those suppliers where it is economically feasible to do so. Carters has updated its Procurement Policy, Supplier Evaluations and Requests for information to give effect to this preference. This includes suppliers that have active waste minimisation policies or utilise or are switching to more environmentally responsible packaging.



**We are pleased to say that we have managed to deliver on many of our 2023 initiatives.**

04

### Reducing paper and printed materials

We have taken active steps to reduce our use of paper and printed materials during 2023 with Carters switching from producing 20,000 printed copies of its Trade Leader magazine each issue, to a wholly online publication. In addition our Timber, Plywood and LVL businesses have switched all of their technical information to being an online resource.

05

### Energy efficiency

We are continuing our investment in energy efficiency across our business. Carters has  $\frac{1}{3}$  of its stores fitted with LED lighting and has an ongoing program of refitting its remaining stores. Our Timber, Plywood and LVL businesses have invested heavily in power factor correction at their sites resulting in considerable energy use reductions over time.

06

### Reducing waste material on building sites

Carters continues to work with the building industry to identify ways to reduce waste on building sites. One initiative commenced in 2023 has been to offer clients the option of not having their frame and truss orders wrapped, which has always been standard practice. Initial take up has been promising with approximately 16% of all orders in 2023 specifying wrap free.

As part of our 2024 roadmap, we will continue the delivery of our Environmental Initiatives, which include our Energy Efficiency Programme, reducing building site waste, working with suppliers to access environmentally friendly products, encouraging our clients to use energy efficient and sustainable solutions in their new home builds, and more.

## COMPLETED INITIATIVES



Environmental initiatives completed 6/10

# OUR KEY ENVIRONMENTAL INDICATORS

The following Key Environmental Indicators are presented for the Carter Holt Harvey Group and all its manufacturing and retail businesses, including Carters, Timber (Kawerau, Kinleith, Nelson and Whangarei), Plywood New Zealand and Australia (Tokoroa and Myrtleford), LVL (Marsden Point) and Corporate offices in New Zealand and Australia.

## Scope 1 - Direct emissions

Year	2019	2020	2021	2022	2023
Scope 1 Fossil Fuels t CO <sub>2</sub> -e	38,994	36,143	39,389	42,228	<b>27,416</b>
Scope 1 Bio Fuels t CO <sub>2</sub> -e	149,260	106,098	119,036	116,378	<b>78,036</b>
Scope 1 Bio Fuels & Geo Steam CH <sub>4</sub> + NO <sub>x</sub> as t CO <sub>2</sub> -e	4,277	4,123	4,718	4,542	<b>3,278</b>
Scope 1 Emissions Wood-Products Treatment/ Resins t CO <sub>2</sub> -e	44,043	40,433	35,555	30,720	<b>23,263</b>
<b>Total Scope 1 t CO<sub>2</sub>-e</b>	<b>236,574</b>	<b>186,798</b>	<b>198,698</b>	<b>193,868</b>	<b>131,993</b>

Scope 1 emissions are those emitted directly by the business in the course of its daily activities. In the Carter Holt Harvey Group's case, those emissions relate to the direct use of fossil fuels (inc. diesel and LPG) and the emissions associated with our use of renewable energy. For example, whilst timber waste is seen as a renewable energy source, the timber having sequestered the CO<sub>2</sub> from the atmosphere prior to its use as a fuel, and therefore allowing the actual CO<sub>2</sub> emissions to be netted out, produces a small amount of other greenhouse gases due to its use as a fuel. This is most notably in the form of methane and nitrous oxides. Likewise, geothermal steam contains a very small amount of greenhouse gas as well. We have accounted for these emissions in our calculations as required under carbon accounting rules.

## Scope 2 - Indirect emissions from purchased electricity

Year	2019	2020	2021	2022	2023
Scope 2 Purchased Electricity - t CO <sub>2</sub> -e	26,039	25,055	24,419	24,821	<b>21,586</b>
Scope 1 + 2 Gross - t CO <sub>2</sub> -e	262,613	211,853	223,117	218,689	<b>153,579</b>
<b>Nett Reportable CO<sub>2</sub>-e (Nett Scope 1 + Scope 2)</b>	<b>113,353</b>	<b>105,754</b>	<b>104,081</b>	<b>102,310</b>	<b>75,543</b>

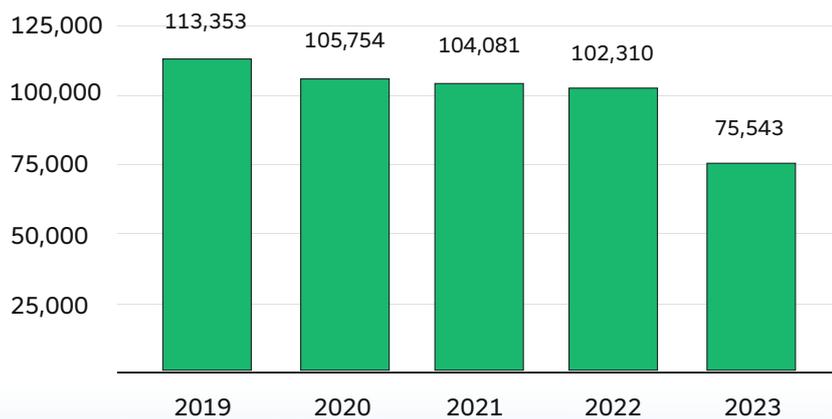
Scope 2 emissions relate to emissions from purchased electricity. Whilst these emissions are not released directly by the Carter Holt Harvey Group, carbon accounting rules specify they are treated as though they are. Our nett emissions per m<sup>3</sup> of product are shown in the last line of the table. This figure is derived by taking the Carter Holt Harvey Group's emissions across all activities, and dividing them by the nett emissions of our operations. We have not included waste materials sent for further processing (e.g. woodchips used for the manufacture of pulp and paper), as it's outside of the scope of the Carter Holt Harvey Group and would only serve to artificially lower the value reported here.

### Scope 3 - Post operational emissions (not reportable)

Year	2019	2020	2021	2022	2023
Scope 3 T&D losses	17,359	17,333	17,213	17,185	<b>14,997</b>
Scope 3 (Water and Waste Water) - t CO <sub>2</sub> -e	35	31	28	34	<b>26</b>
Scope 3 (Waste) - t CO <sub>2</sub> -e	27,422	28,820	34,632	51,907	<b>56,015</b>
<b>Total Scope 3 - t CO<sub>2</sub>-e</b>	<b>44,816</b>	<b>46,183</b>	<b>51,874</b>	<b>69,127</b>	<b>71,039</b>

Scope 3 emissions are those emissions which are related to our activities, but incurred by a third party, for example the emissions associated with the supply of municipal water, or the energy losses in the national electricity grid. These are shown here for completeness but in accordance with carbon accounting rules, do not form part of the overall Carter Holt Harvey Group emissions. It will be noted that there has been an overall increase in the emissions from waste. This is due to two main factors. The first is an improvement in record keeping by the Carter Holt Harvey Group since our ESG journey began, but more importantly, a decline in market conditions has seen our ability to sell waste material to downstream processors impacted, meaning a higher percentage of this material is currently going to waste.

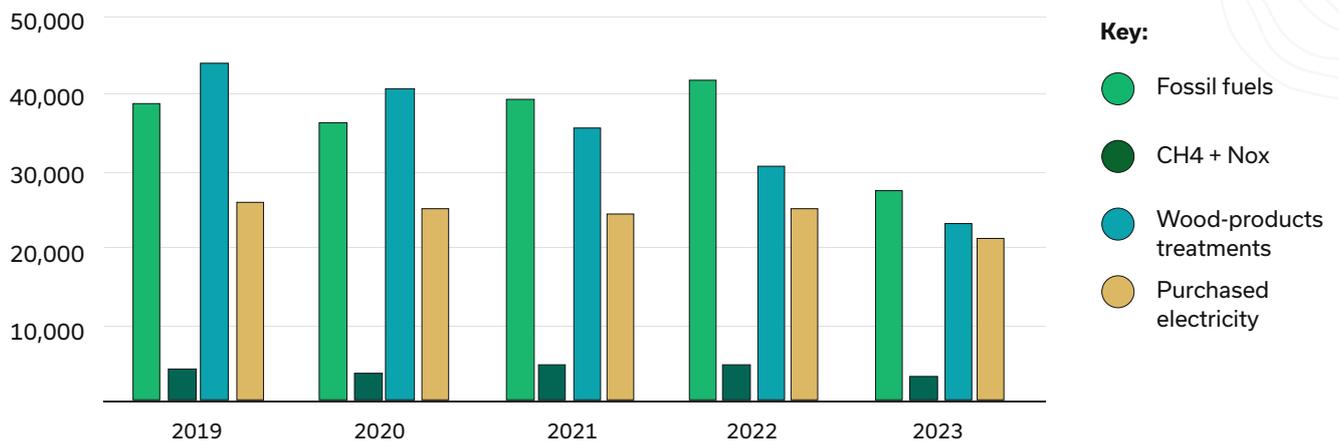
### Annual nett emissions - t CO<sub>2</sub>-e



The graph to the left represents the Carter Holt Harvey Group's nett emission year on year from 2019 to 2023.

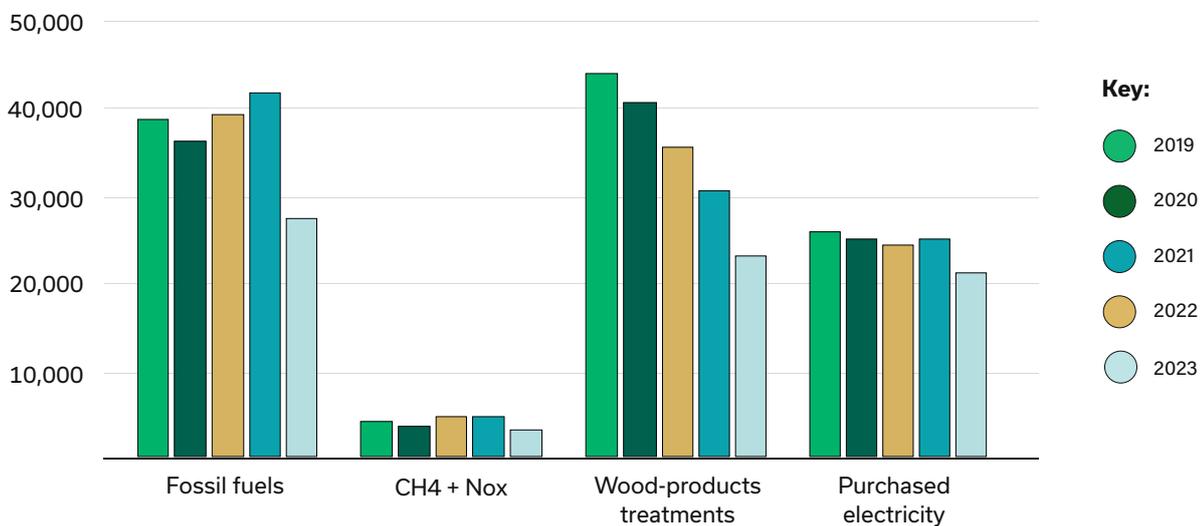


## Reportable emissions and sources by year - t CO<sub>2</sub>-e



The graph above shows our sources and volume of emissions by type, on a year by year basis.

## Reportable emissions and sources by source - t CO<sub>2</sub>-e



This graph shows emissions on a year by year basis grouped by source.

## Group totals - Water and waste water

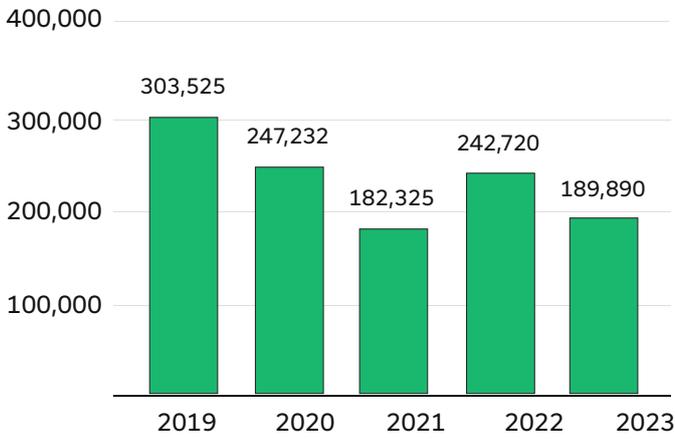
Year	2019	2020	2021	2022	2023
<b>Water Use - m3</b>	303,525	247,232	182,325	242,720	<b>189,890</b>
<b>Liquid Trade Waste - m3</b>	10,762	11,365	19,405	31,528	<b>23,743</b>
<b>Waste to Landfill - Tonne</b>	23,968	25,226	30,217	44,323	<b>48,430</b>
<b>Hazardous Waste - Tonne</b>	747	1,279	1,508	1,677	<b>1,094</b>

This table shows how our group water usage has diminished by almost 40% over the past 5 years. Whilst overall market activity is lower than in previous years, this represents a major improvement in the group's performance in the use of water. Some of this is due to moving to alternate timber treatment regimes and a general improvement in water management.

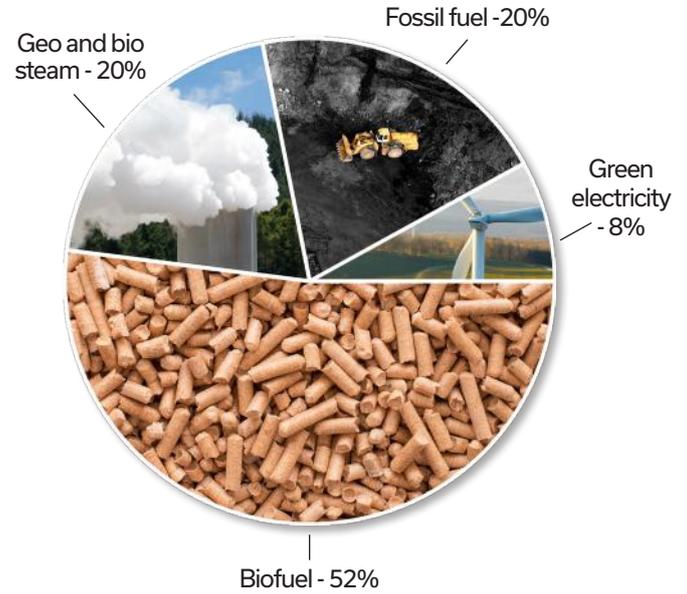


You will note that there has been a general increase in the volume of waste being sent to landfill. This is due to two main factors. The first is an improvement in record keeping by the Carter Holt Harvey Group since our ESG journey began, but more importantly, a decline in market conditions has seen our ability to sell waste material to downstream processors impacted, meaning a higher percentage of this material is currently going to waste.

### Water use m<sup>3</sup>



### Group energy sources 2019-23



### Group totals - Energy Gj

Year	2019	2020	2021	2022	2023
<b>Total Energy Usage - Gj</b>	3,962,723	3,384,166	3,750,654	3,718,130	<b>2,490,248</b>
<b>Energy from Renewable Sources - Gj</b>	3,224,912	2,708,336	3,019,434	2,954,574	<b>1,987,911</b>
<b>Percentage Energy from Renewable Sources</b>	81.6%	80%	80.5%	79.5%	<b>80%</b>

This table shows the Carter Holt Harvey Group's total energy use from all sources and that derived from renewable sources, such as wood-products waste. It also shows the average energy intensity of our combined suite of manufactured products (taking into account the whole group's energy use, i.e. including administration and our Carters operations). Waste materials sent to third parties for further processing, such as wood waste for the manufacture of pulp and paper have not been included in these numbers as it is outside the scope of our business and would have the effect of artificially lowering the energy intensity outcome.



# AREA TWO: OUR PEOPLE

Beyond our environmental initiatives, Carter Holt Harvey Group strives to be an employer that people want to work for. Our stakeholders identified several material issues relevant to our people including "Safely Home Every Day", being an employer of choice, equality and investing in our people.

Being an employer of choice remains a key priority for us. As part of our ESG programme we are continuing to focus on the health and safety of our people as well as investing in employee wellbeing and training to ensure we have a skilled and safe workforce. We have also continued our investment in supporting the building trade to upskill.

## Investing in cutting edge training support

To pave the way for a successful transition to a new operating system for Carters in 2024, we made a significant investment in training our people for success. This has included rolling out a cutting-edge digital adoption platform to empower our people with the tools they need "in the flow of work", as well as over 250 micro e-learning, videos and role specific training plans.

## Investing in communication skills and core business requirements

In Quarter 4, we began a successful pilot in our Carters Auckland Manufacturing plant to improve the oral communication, reading, writing and numeracy skills our people need to undertake their roles successfully. The impact of this programme has been significant and has supported our people with improved communication skills at work and at home. During 2023, 1,169 of our people completed our Better Business programme. This focusses on ethics, health and safety, a workplace of respect, privacy, contracts, competition, fair trading and cyber security awareness.

## Safely Home Every Day

The health and safety of our people continues to be driven by our strategic health and safety improvement plans which are approved and governed by our executives and leaders. Our safety vision is for everyone to get **Safely Home Every Day**, and we continue to develop a culture where safety is part of everything we do. We have continued our significant and ongoing investment in plant improvements, as well as our investment in health and safety training, with staff trained in 22,614 health and safety skills in 2023.



SAFELY  
HOME  
EVERY  
DAY

## Wellbeing

The Carter Holt Harvey Group funds Southern Cross medical insurance for all permanent employees who work at least 20 hours per week. We see this as a key employee benefit to support health and wellbeing in conjunction with our investment in the Health Employee Assistance Programme.

## Diversity and Inclusion

As part of our commitment to diversity and inclusion we have recognised the need for our health and safety training material to be more accessible for our workforce. We have recently turned our focus to a large portion of our Carters Manufacturing workforce who speak Tagalog as their primary language as we know that effective communication is essential to ensuring the safety and wellbeing of every team member. We have translated the Carters health and safety training documents into Tagalog, starting with manual handling, a common everyday activity.

Our talented team of linguists and safety experts collaborated to ensure the accuracy of the translated materials. The result was a set of training documents that were not only culturally sensitive but also aligned with our safety culture. The impact of this project was immediate and over time we expect the impact will also be significant. As we rolled out the translated materials, our Tagalog-speaking employees felt a greater sense of inclusivity and appreciation for their well-being. A decrease in safety incidents over time will be our key measure of success.

## Our vision for leadership excellence

We have continued our investment in our Leadership Development to support our high-performance culture. For our Timber, Plywood and LVL businesses, we delivered a leadership programme for 17 front line leaders across two manufacturing sites. The programme is designed to develop skill and confidence across a range of areas including time management, delegation, problem solving, coaching, managing conflict and change. Feedback and manager observation has demonstrated positive outcomes in how participants now manage themselves and their teams. For Carters, this includes our Building Better Leaders programme, which began in 2020. This is a bespoke programme designed to support our commitment to developing both current and future leaders. In 2023, 45 leaders from across the country completed Building Better Leaders, taking the total number to 145. The Building Better Leaders programme focuses on the leadership fundamentals of effective communication, constructive conflict, coaching skills and creating high performing teams. It is supported by e-learning modules and face-to-face workshops to embed the learning through peer-to-peer discussion and self-reflection. The programme has supported our Branch Manager internal succession plans and equipped our people with tools to lead high performing teams.



## Upskilling the building trade

We have continued our investment in industry training in 2023. This includes our partnership with New Zealand Certified Builders to bring relevant Licensed Building Practitioner educational seminars and workshops to the building trade, as well as the New Zealand Institute of Building (NZIOB) to deliver industry training workshops to accelerate the development of the next generation of Construction Managers. For 20 years, we've also been a principal sponsor of the Registered Master Builders' Apprentice of the Year competition. The event celebrates emerging talent in the building industry, encouraging keen young builders.

In order to remain a leading employer of choice, we are implementing or are continuing to develop the below initiatives:

### Our People initiatives (ongoing)

#### Continue developing our staff training programme to ensure:

- Continuing relevance
- Easy delivery
- Positive outcomes for our staff
- Achievement of the results we need as a business

### Leaders

Timber, Plywood & LVL  
Carters

#### Continue our focus on our machine safety programme

Timber, Plywood & LVL  
Carters

#### Leadership Development for line and/or branch managers

Timber, Plywood & LVL  
Carters

### Our brand values



To be safe



To be results driven



To be customer focused



To have integrity and trust

EMPLOYER  
OF  
CHOICE

# OUR COMMUNITY



## Melanoma New Zealand partnership

Carters commenced an official partnership with Melanoma New Zealand on 1 February 2024 and are excited to be supporting its mission of championing melanoma prevention, early detection and treatment of melanoma for everyone in New Zealand.

This charity really hits the nail on the head for Carters - both our customers and staff are exposed to the sun for prolonged periods of time due to the nature of building and frequent outdoor work conditions. The joint objective is to provide education and raise awareness, promoting prevention and early detection of melanoma across our trade sector customer base, within our own team and associated stakeholders.

Melanoma New Zealand statistics show that men are twice as likely than women to die from melanoma.

Annually, more than 6,000 people are diagnosed with in situ or advanced melanoma in New Zealand – and more people die from skin cancer in New Zealand than die on our roads. But the good news is that melanoma can be preventable, and if caught and treated early enough, it is almost always curable.

By helping deliver the message about melanoma prevention to tradies through in-branch spot checks, promotion at local and national events, and via our marketing efforts, Carters aim to have a positive impact on New Zealanders working within the building industry.



**If caught and treated early enough, it is almost always curable.**



# OUR BUSINESS

**Our third Programme area encompasses the essential and enduring nature of what we do, how we do it, what we provide, and the importance of these efforts to our stakeholders. Economic stability, brand and reputation, fair trading, ethical product sourcing, supply chain resilience, innovation and treating our customers as partners are all vital elements of our sustainable business model.**

Our business ethics are at the core of maintaining and improving the economic stability and sustainability of our business. Our ethics are about how we do business and work openly and honestly with our customers and stakeholders, meeting their needs and expectations now and in the future.

Our brand and reputation help to give our customers the continued confidence they need. We respect that they want to be our long-term business partners, and we work proactively to keep them updated on the latest products and innovations, building systems, and supply chain issues. As a manufacturer it is important that our products meet the standards of the Building Code and that we have rigorous systems to ensure ongoing compliance and maintain our customers' confidence.

Our stakeholders have told us that ethical and sustainable product sourcing and supply is material to them.

An ethical supply chain embodies many elements, including fair and ethical treatment of employees, demonstrable chains of custody, and recognition that ESG issues are global. If products are sourced from overseas, there can be no tolerance for burden shifting. New Zealand is a signatory to the International Labour Organisation's Forced Labour Protocol, effectively banning modern slavery. An important business initiative that we wanted to deliver in 2023 was the development and publication of our Modern Slavery Policy. We are pleased to say that this was rolled out in August 2023 and we are in the process of requesting Modern Slavery Declaration from our key suppliers.

We will pursue the initiatives outlined below to ensure that we continue to have an economically stable and sustainable business that meets the needs of our customers and stakeholders:

## Our Business initiatives

## Leaders

### COMPLETED

**Review our Responsible Wood Procurement Policy**

Timber, Plywood & LVL  
Carters

**Develop a Carter Holt Harvey Group Modern Slavery Policy and Declaration**

Timber, Plywood & LVL  
Carters

### ONGOING

**Request Modern Slavery Declarations from our key suppliers**

Timber, Plywood & LVL  
Carters

**Maintain a close relationship with our customers, seeking ways to further enhance their positive experience in dealing with us**

Timber, Plywood & LVL  
Carters

**Review our supply chains to ensure**

Timber, Plywood & LVL  
Carters

- Appropriate chains of custody are in place
- Our supply chains are resilient
- They meet the ethical standards we expect

# CUSTOMER EDUCATION

**By ceasing printing and postage in favour of a new online platform, Trade Leader magazine becomes more sustainable.**

In July 2023, Carters launched our Trade Leader Online platform to support customer education for Licenced Building Practitioners (LBPs) in a two-part transition away from the traditional printed Trade Leader magazine.

In an effort to increase sustainability and reduce our print foot-print, the new mobile-optimised website provides curated learning material, videos and online content for our building partners in an ever-green searchable catalogue to mirror and expand on the printed copies of the magazine.

The aim moving to this online format was to ensure Carters stay topical and relevant, particularly with digital adoption and readership increasing in the last decade for our trade audience – who are often onsite on their devices, or at home afterwork catching up on reading to keep their education points up to date (1 hour of learning = 1 LBP point) and no longer relying on long-format print.

From August 2023, Carters halved the number of printed Trade Leader copies that were produced (circa 8,000 less FSC paper magazines bi-monthly) by ceasing to supply posted copies which had previously been sent directly to customers' home addresses. This also meant it was no longer necessary to utilise sustainable postage shrink-wrap material provided by the mail house. During this phase, printed copies continued to be sent in cardboard boxes to Carters branches to display in stands for customers who had not yet adopted the online platform while we migrate.

In 2024, we are undertaking phase two of the project since the online subscriptions have increased and shifting to fully digital. February/ March was the last printed copy sent to branches.



## TRADE LEADER

[Trade Skills](#) [News](#) [Offers](#) [Issues](#) [Events](#) [Subscribe](#)



### — Back to work? Keep your cool

In summer, the elements add an extra dimension to health and safety considerations in making businesses manage working in heat. The immediate and cumulative effects of heat exposure can prove catastrophic and mitigating these is a key part of health and safety on site, especially at this time of year.



# AREA FOUR: GOVERNANCE, COMPLIANCE & REPORTING



The Carter Holt Harvey Group has a strong corporate governance model, which acts as a critical foundation to all other areas of focus, as agreed upon with our stakeholders.

A robust and transparent corporate governance and internal reporting structure has always been a key focus area for us. To that end, we have a strong internal audit programme that reviews our financial, operational and management systems, internal controls and processes throughout each year.

The Carter Holt Harvey Group's Board of Directors and management are committed to building long-term value for stakeholders and employees, by maintaining the highest standards of governance. These are supported by best practice structures, people, practices and policies.

As noted in the Our People section of this report, 1,169 of our team receive annual, wide-ranging compliance training through our **Better Business Programme**, so they have a sound understanding of their and our legal and compliance obligations. We will continue to work in this area to ensure that it underpins the delivery of initiatives, across every other area.



**A robust and transparent corporate governance and internal reporting structure has always been a key focus area for us.**



## Summary

We have developed this report to provide a transparent view of our ESG activities. We will review and report on our ESG efforts each year because we respect our stakeholders' commitment to our business and their interest in our performance against the measurable undertakings to which we have committed. Scrutinising our performance annually also makes good business sense. When we shine a light on our efforts to hit our targets, we will learn from our successes as well as any shortfalls. We will document the results of our annual ESG review in an online report that we will provide to stakeholders and post on our Group and business websites.

**Denver Simpson**  
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# OUR PROGRESS AT A GLANCE

2.94m

80%

145

TONNE CARBON SINK CREATED WITH OUR WOOD PRODUCTS OVER 5 YEARS

OF OUR ENERGY IS RENEWABLY SOURCED

TEAM MEMBERS COMPLETED BUILDING BETTER LEADERS PROGRAMME

## COMPLETED INITIATIVES

Environmental initiatives completed - 6/7

People initiatives - 3 ongoing

5 ongoing

Business initiatives completed - 2/2

3 ongoing

20  
23



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