

Climate Change Commitment Statement



HQPlantations is committed to mitigating the negative effects of climate change and has a business imperative to adapt to it. This includes identifying and developing opportunities arising from society's actions to achieve a better climate outcome.

The core principles of HQPlantations approach to climate change are to actively manage our assets to limit our exposure to climate change risk and to align our business models with the lower carbon future envisaged in the Paris Agreement (to limit global warming to 1.5°C by achieving net zero carbon emissions by 2050).

To meet these core principles, HQPlantations objectives are to:

- mitigate direct and indirect emissions from management of our estate, and manage changes in the net amount of carbon sequestered in our estate;
- actively manage our estate to adapt to a future climate variability that may impact on growing conditions and increase risk of damage from fire, drought, heatwaves, storm events, pests and diseases;
- increase awareness of the role played by plantations in capturing and sequestering carbon in standing trees, in providing the sustainable raw material for a wide range of products with low embodied energy, and in generating a wide range of environmental services; and
- review and where appropriate progress commercial opportunities to facilitate development of renewable energy projects associated with our estate.

HQPlantations will achieve these objectives by:

1. Committing to achieving net zero emissions by 2030

This commitment will be based on a rolling 10 year average change in carbon sequestered in HQPlantations estate (to accommodate high annual variability), plus carbon captured in harvested wood products and net of combined Scope 1, Scope 2 and HQPlantations directed Scope 3 emissions.

2. Refining mechanisms to measure, monitor and mitigate Scope 1, Scope 2 and HQPlantations-directed Scope 3 emissions.

- Scope 1 emissions are those under HQPlantations direct control, such as fuel used by our fleet, emissions from fertilisers and from slash and prescribed burning.
- Scope 2 emissions are indirect emissions via electricity use.
- Scope 3 emissions are those arising from forest management operations undertaken by contractors and directed by HQPlantations, including site preparation, establishment, silvicultural activities, harvesting, haulage and shipping.

- 3. Setting targets** for reducing Scope 1, Scope 2 and HQPlantations-directed Scope 3 emissions relative to a 2020 year baseline. Science Based Targets Initiative (SBTi) and regulatory frameworks will be used to guide target setting, measurement and progress reporting and as the basis for informed assessments on actions that HQPlantations would need to take to achieve targets.
- 4. Assessing and reporting** the quantum and annual change in carbon sequestered within its plantation estate, as well as the carbon estimated to be captured in harvested wood products. The annual change in carbon sequestered in HQPlantations non-plantation areas and soil carbon may be added in due course as accounting methodologies are improved.
- 5. Developing a comprehensive plan** to address climate change risk and adaptation. The plan will include specific management actions to address:
 - a. site assessment for future climate risks prior to re-establishment, with objective review of, and support for research on, alternatives for marginal sites;
 - b. best practice establishment techniques to maximise early growth and resilience;
 - c. cross-correlation of pests and diseases against climate profiles, both outside HQPlantations (for early warning) and within HQPlantations (for early response) estate;
 - d. continued refinement of plantation layout and management practices to limit the impact of fire;
 - e. changes to plantation management practices and road construction and maintenance to mitigate the impact of wind and storm events;
 - f. opportunities to participate in carbon market trading mechanisms; and
 - g. methods to estimate the risk profile around potential reduction in future capacity to supply logs, as a consequence of increased risk from fire, drought, heatwaves, pests and diseases.

HQPlantations will also actively engage with third parties and R&D providers, to utilise their expertise in improved capacity to predict climate changes at finer scale so as to underpin site-specific adaptation actions.

- 6. Developing an annual Climate Disclosure Report framework**, consistent with the TCFD (Task Force on Climate Related Financial Disclosures) voluntary disclosure requirements to inform HQPlantations investors, employees, customers and communities.
- 7. Applying sound governance** around climate change risk, adaptation and reporting. This will be provided by HQPlantations Board and supported by management.