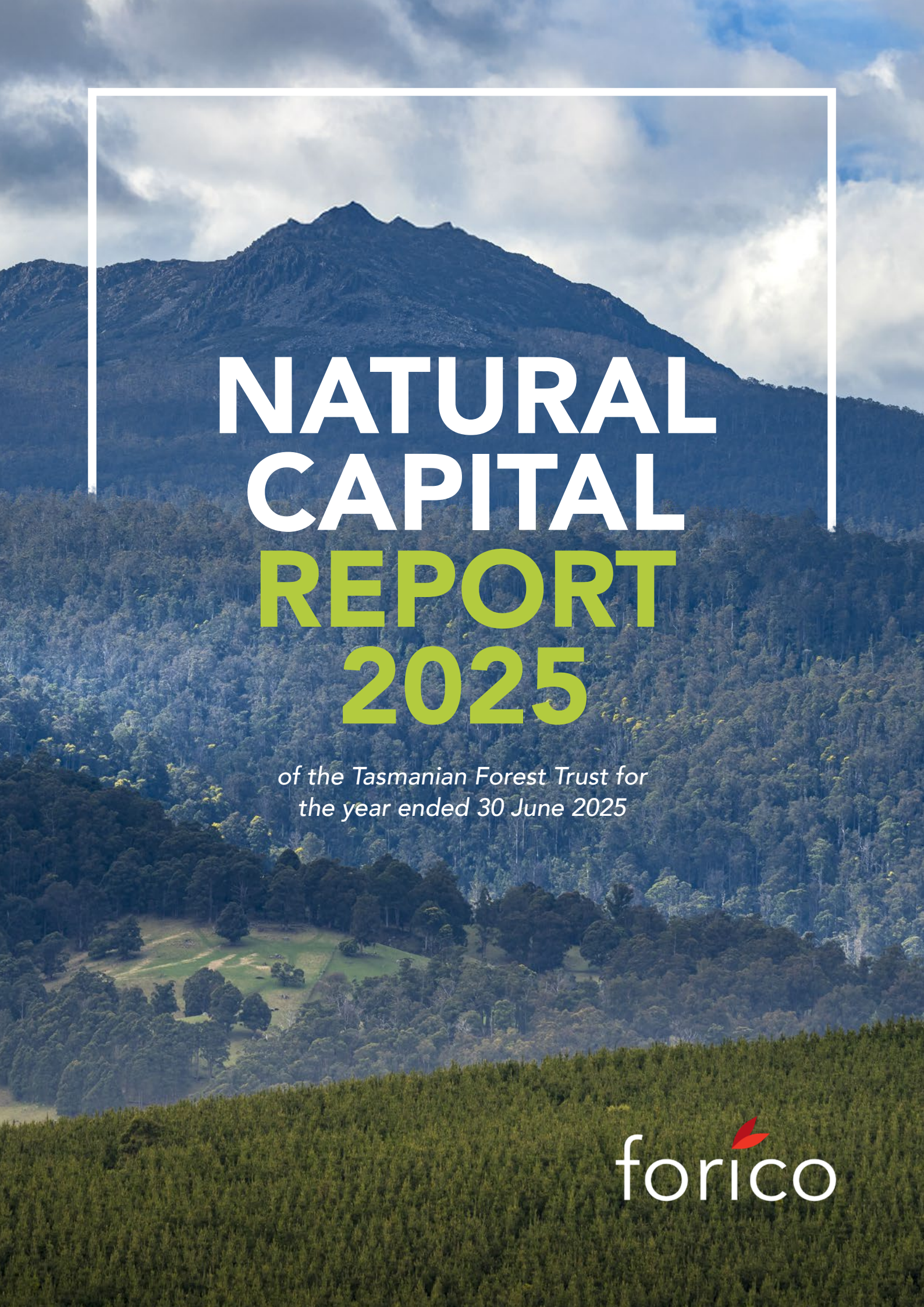


# NATURAL CAPITAL REPORT 2025

*of the Tasmanian Forest Trust for the year ended 30 June 2025*

forico

# *Acknowledgement* OF COUNTRY

*To all Aboriginal Traditional Owners and Spiritual Custodians of these islands, Forico respectfully walks with you towards a future where a voice, treaty and truth telling will be heard and supported.*

- We acknowledge that you have not always been heard and we promise to listen.
- We acknowledge that your Culture has a unique connection to Country and we seek to understand and learn from this.
- We acknowledge that access to your Cultural sites has been lost and we invite you back.
- We acknowledge that your ancestors actively cared for this Country and we seek your guidance for future management.

By offering this Acknowledgement we pay our respects to you, your communities and your past, present and future Elders.

# *Disclaimer over the preparation of the Natural Capital Report*

**The preparers of the Natural Capital Report acknowledge that Natural Capital markets are developing and will evolve rapidly over the coming years and as such this Natural Capital Report presents our current estimates of our business' impact and dependencies on the environment. We have needed to apply pragmatism and feasibility to provide a basic level of understanding to the complex and evolving field, and due to its nature, uncertainty and challenges exist in quantifying Natural Capital assets accurately and consistently.**

Readers should refer to the Trust's Annual Financial Report or related publications for any financial information and caution should be applied whilst interpreting the assessments in this Natural Capital Report as they in no way reflect or have any impact on the Estate's past, present or future financial performance. In particular, the metrics presented in this report do not create any liabilities, implied costs or any rights to offset any amounts contained therein, nor do they trigger any provisions or result in any off balance sheet commitments.

This report contains forward-looking statements about Forico Pty Limited's (Forico) operations and was prepared based on information available at the time of writing. We do not undertake to update or revise these forward-looking statements after the date of this report. Some assumptions may not materialise due to unanticipated events and circumstances which may ultimately affect the actual results. Projections are inherently subject to substantial and numerous uncertainties and therefore, the actual results may vary significantly from the forecasts and the variations may be material. Forico makes no express or implied warranty or representation in relation to any information or data contained in the Natural Capital Report. Therefore, none of Forico or its representatives will have any liability whatsoever in negligence or otherwise for any loss arising from any use of this document or any other information or material comprised or derived from our Natural Capital assessments.

We seek to continue to build on our knowledge of the services and benefits provided by the resources under our management and aim to use the best available methods and data in preparing our report.

If you would like more information around the methodologies applied in this report, please contact us at **forico@forico.com.au**.

# Contents

# *A Message* FROM THE CHAIR

*On behalf of the Board of Forico, I am proud to introduce the fifth edition of our award-winning Natural Capital Report — a publication that continues to set benchmarks for transparency, accountability, and leadership in sustainable forestry.*

**This report is not a compliance exercise; it is a reflection of our values and our unwavering commitment to responsible stewardship of the 172,000 hectares entrusted to us. Since our inception in 2014, Forico has aspired to be a world-class corporate citizen, guided by internationally recognised standards and a vision for a nature-positive future. Today, that vision is more relevant than ever.**

The challenges facing our industry — volatile markets, global trade uncertainty, and the accelerating impacts of climate change — demand resilience and innovation. I am pleased to see Forico responding decisively, not only by refining operational practices but by leading the way in nature and climate-related financial disclosures. Our early adoption of frameworks such as TCFD and TNFD positions us at the forefront of mandatory sustainability reporting and aligns us with emerging global regulations, including the EU Deforestation Regulation.

This edition of the Natural Capital Report demonstrates how we translate operational performance into meaningful environmental and social outcomes. It highlights case studies that connect our work to the United Nations Sustainable Development Goals, reinforcing our role in shaping a safer, cleaner, and fairer future.

Importantly, we are preparing for the emergence of biodiversity markets under Australia's Nature Repair Market. This market will reward the protection and enhancement of natural and cultural values — an imperative that matters deeply to both the owners of our asset, including long-term superannuation and pension funds, and to civil society at large. Biodiversity credits will become a critical mechanism for valuing ecological integrity, enabling investors and communities to participate in restoring and safeguarding nature while creating new opportunities for sustainable growth.

Tasmania, our home, is a globally significant biodiversity hotspot. Its unique ecosystems, endemic species, and cultural heritage make it one of the most precious natural landscapes on Earth. Protecting and enhancing these values is not only central to Forico's mission but vital to the prosperity and identity of the state. By maintaining ecological integrity and cultural heritage, we create enduring value that transcends financial returns and contributes to a thriving planet.

Forico is strategically positioned to lead in this space, ensuring that our natural capital reporting and stewardship practices align with the future of biodiversity credit markets. I commend our CEO and the entire Forico team for their dedication to innovation, environmental stewardship, and community engagement. Together, we are not only managing forests—we are safeguarding natural capital for generations to come.

To our owners, stakeholders and supporters, thank you for your continued support as we advance toward a future where business success and ecological integrity go hand in hand.

**Matt Crapp,**
Chair - Forico Board
Forico Pty Limited

*"By maintaining ecological integrity and cultural heritage we create enduring value that transcends financial returns and contributes to a thriving planet"*

# *A Message* FROM THE CEO

*The team at Forico is delighted to present this fifth edition of our award-winning Natural Capital Report.*

**In this edition we combine reporting from FY23-24 and FY24-25 and present further case studies showcasing Forico's work and illustrating how we are contributing to a selection of the Sustainable Development Goals identified by the United Nations. We translate what we do operationally and account for its value in terms which are meaningful to us all as the world continues to grapple with climate change and biodiversity loss.**

When Forico was established in 2014, it was with the promise of an exciting new era in plantation forestry, based on internationally recognised codes and practices and a desire to be world-class practitioners and exemplary corporate citizens. With custodianship of a 172,000 hectare estate comprised of plantation forests and natural landscapes, Forico promised to manage the estate for our investors and for the betterment of future generations.

This is a promise we strive to keep, every day. In the last two years our industry has faced multiple challenges: reduced export commodity price and the demand for our products, as well as competition from other global regions producing woodchips to different standards and expectations, all set against a backdrop of heightened geopolitical tensions and global trade uncertainty. These circumstances challenge us to maintain our momentum, evolve and stay committed to our goals amid growing pressure.

We continue to sharpen our focus on innovation and new ways of conducting our business, refining and bettering our business practices, recently insourcing our marketing and sales activities to ensure improved customer understanding, responsiveness and relationships. Additionally, as part of our ongoing commitment to best practice in the communities in which we operate, we have sought to protect our assets, the wider community and regional infrastructure from the increasing risk of fire. In late 2024 we entered an agreement with Pano AI, a leader in the development of fire detection technology using artificial intelligence, deploying four state-of-the-art bushfire detection stations across our estate, a significant advancement in fire risk management for the region.

" An industry proven to be critical in the fight against climate change "

Australia has moved ahead with legally binding requirements for climate-related financial disclosures under the Australian Sustainability Reporting Standards which came into effect as of 1st January 2025. In publishing our world-first example of Nature-and-Climate related Financial Disclosures in late 2023, and as an early adopter of Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) methodologies, we are well positioned in this space, responding early to the now mandatory reporting requirements and providing leadership for other businesses. Forico already operates consistent with the requirements of the European Union Deforestation Regulation (EUDR) – providing the supporting compliance information to customers whose products are destined for European markets.

Our customers increasingly enquire about Forest Stewardship Council (FSC®) certification as sustainability and environmental responsibility gain prominence across industries. Pleasingly, this trend reflects a heightened awareness among buyers about the importance of responsible forest management and ethical sourcing. Forico is well placed to respond, with FSC® certifications in Forest Management, Chain of Custody and Environmental Services. Additionally, the business holds PEFC Responsible Wood certification.

This year we refined our audit regime, electing to engage with one rather than two certification bodies to audit our Responsible Wood and our Forest Stewardship Council Forest Management and Chain of Custody certifications, as well as our Environmental Management certification. This has consolidated the time and resources required for participating in audits, while still maintaining the same quality of standards.

Our Natural Capital Report reflects our aspirations and is emblematic of the commitment every Forico employee makes when we come to work each day, in an industry proven to be critical in the fight against climate change. As US Climate Envoy John Podesta said at COP29, 'We have a clear choice between a safer, cleaner, fairer future and a dirtier, more dangerous, and more expensive one. We know what to do. Let's get to work. Let's get it done.'

With the same determination, we remain committed to world-class standards, operational excellence and leadership in nature-positive activity. By staying at the forefront of natural capital reporting and sound environmental stewardship, we are strategically positioned to respond to the emergence of nature and biodiversity markets, when that occurs.

We also remain proudly Tasmanian. Our state is a unique part of the world where people can flourish and engage in invigorating and purposeful work and lead a safe, full and satisfying life.

**Evangelista Albertini,**
Chief Executive Officer
Forico Pty Limited

# *Sustainability* HIGHLIGHTS 2025

## *How we calculate our Annual Natural Capital Contribution*

**$290M**
Natural Assets from our environment

+

**($3.7)M**
Measurement of Impacts on our environment

=

**$286.3M**
Natural Capital Contribution

## BIOMASS

*STANDING TIMBER*

**11.1M**

tonnes of standing plantation timber as at 30 June 2025 with an average age of 10.2 Years.

*WOOD FIBRE*

**1.04M**

tonnes of wood fibre harvested from Forico's fully certified plantations.

## WATER

*CATCHMENT*

**75%**

of Forico managed waterways sampled have similar or greater biodiversity than reference sites.

*RIPARIAN CORRIDORS*

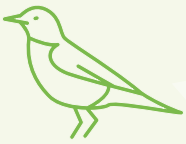
**20,839 HECTARES**

of riparian corridors are managed by Forico for catchment protection that extend over a distance of 4,486 kilometres preventing 4,801 tonnes of erosion in 2025.

## Our Total Natural Capital Value for 2025

**$444M** To Business + **$5.5B** To Society = **$5.9B** Net Natural Capital

# HABITAT



*FAUNA*

**27/190**

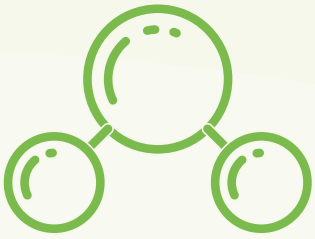
Tasmanian threatened fauna species are present on the Estate.

*FLORA*

**123**

populations of threatened flora have been field verified on the Estate.

# CARBON




*CARBON DIOXIDE*

**120M**

tonnes of carbon dioxide equivalents (C02-e) were drawn down and sequestered from the atmosphere during the year.

**A FURTHER**

**38M**

tonnes are expected to be sequestered by the Standing Plantation Resources between now and harvest.

# OUR *Business*

*Forico is Tasmania's largest private land manager, overseeing approximately 172,000 hectares of land across the state.*

**Our internationally certified forest plantations consist of 88,000 hectares of plantation, managed for high quality wood fibre production, and 77,000 hectares of natural vegetation managed for conservation, biodiversity and significance to the Aboriginal community of Lutruwita / Trowunna / Tasmania. The remaining 7,000 hectares consists of infrastructure, including but not limited to powerlines, roads, access tracks and other easements.**

Forico has a strong and ongoing commitment to sustainable management practices which 'make every hectare count' operationally and recognise the responsibility which comes with custodianship of a rich and varied land asset. Sustainable outcomes deliver economic, environmental, social and cultural benefits to all stakeholders and those in the communities in which we operate. As a leading forestry and landscape manager, we are aware that our business is dependent on the health of our natural environment and the wellbeing of the communities in which we live and work.

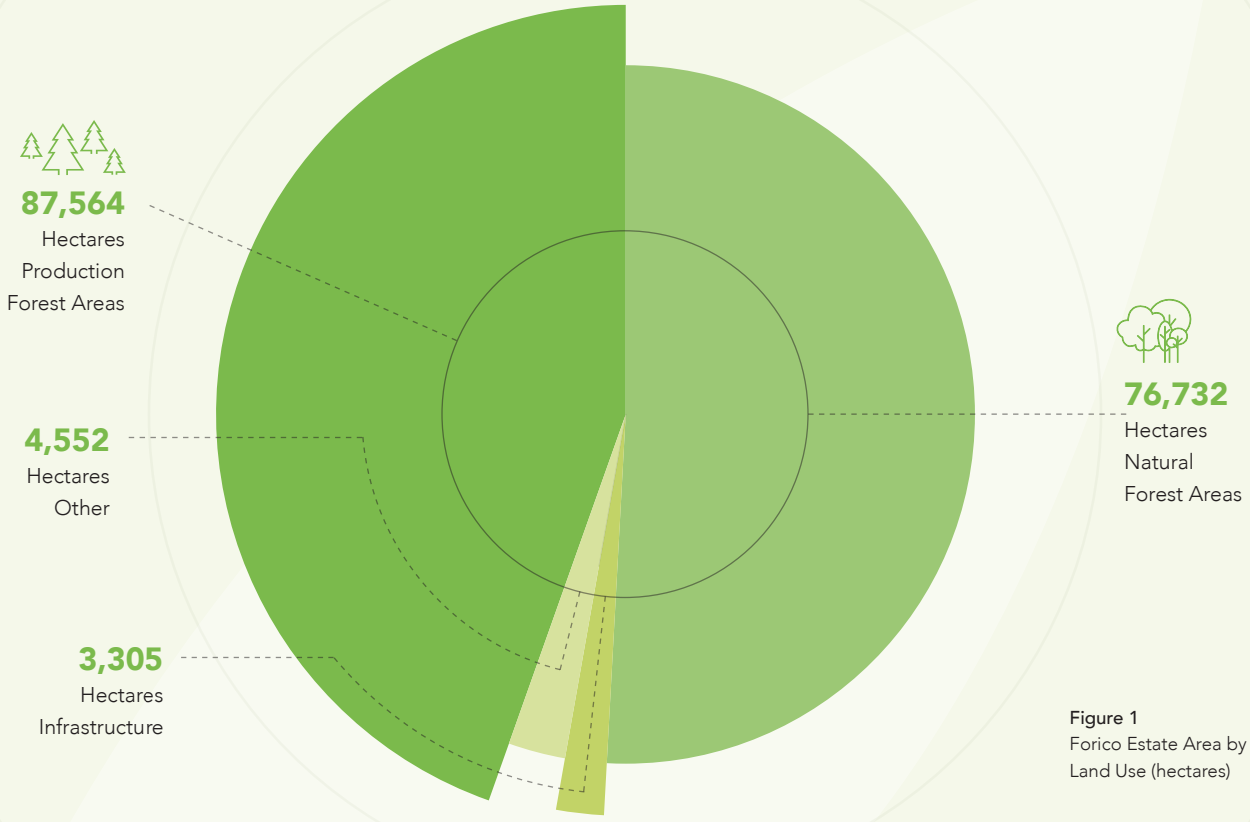



**Figure 1**
Forico Estate Area by Land Use (hectares)

# WHAT IS SUSTAINABLE FORESTRY?

**Sustainable forestry** is the practice of managing forest resources in a way that meets current environmental, economic, and social needs without compromising the health, viability and productivity of forests for future generations. It involves maintaining biodiversity, supporting local communities including Aboriginal communities, protecting water and soil quality, and ensuring the long-term availability of timber and other forest products.


Figure 2
Map of the Tasmanian Forest Trust's Forest Management Unit.

FSC www.fsc.org FSC® C104643 FSC® C125199
Responsible Wood RW/1-91-276
PEFC PEFC/21-31-276

# NATURAL CAPITAL ACCOUNTING

*Making Nature Count*

### NATURAL ASSETS FROM OUR ENVIRONMENT

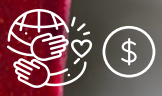
From the earth, land, soil, water, air, trees, wildlife. Provided by the environment.

+

### MEASUREMENT OF IMPACTS ON OUR ENVIRONMENT

A business's impact based on their transactions with nature by measuring and reporting outcomes.

=



### NATURAL CAPITAL ACCOUNTING

The revenue streams from habitat restoration and improving and creating long term investment in our environment.

# WHY NATURAL *Capital?*

*Forico has been reporting on its nature impacts and dependencies since FY 2020 showcasing our sustainable forestry activities that started at its inception back in 2014.*

Natural Capital reporting represents the data that underpins business operations and is important in understanding and supporting;

- How we make our business sustainable;
- Strategic allocation of financial resources;
- Risk management strategies that consider nature; and
- Investor confidence that strategies and operations are aligned.

Natural Capital reporting is no longer a voluntary space driven by good corporate citizenship but a strategic imperative driving economic stability and long-term value creation. Nature is financially material with risk and ecosystem dependencies affecting all land managers.

While there are different sustainability reporting frameworks designed to support governments, businesses and specific industries, the motive and methodologies behind them are united in their goal – to record the relationship between economy and the environment.

Tracking the physical and monetary value of nature over time assists in understanding our impacts and dependencies on nature.

Our Natural Capital Reports present natural capital value in the common language of the dollar and in the format and structure of financial reporting. This demonstrates to our stakeholders the significant value of natural capital to our business. Forico's metrics that matter philosophy remains and demonstrates our most material ecosystem services;

- Biomass (wood fibre) production;
- Carbon emitted and sequestered;
- Water flows and Sediment control; and
- Vegetation (and habitat) condition.


# SUSTAINABLE DEVELOPMENT GOALS

In our first Natural Capital Report, published in 2020, we chose to align our reporting on the value of our estate and operations with a selection of the United Nations' Sustainable Development Goals (SDGs). These were adopted by world leaders at a historic summit in late 2015 and came into force officially on 1st January 2016. The goals state that 'countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that not one is left behind.'

Forico adopted the framework of the SDGs for our Natural Capital reporting because we saw, and still see, strong alignment in the work of a certified forest manager, and the principles set out by the goals. As a recognised Employer of Choice in our home state, we take our responsibilities seriously - as a forest manager certified to the highest global standards and actively contributing to climate change mitigation, but also in the way we approach our role as an employer and a presence in our regional Tasmanian communities.

In our inaugural Natural Capital Report we outlined our contributions to four of the Sustainable Development Goals. Since then, this aspirational framework has continued to guide and inspire our efforts. In this report, as in the last one, we detail our work measured against eight of the goals.


These eight SDGs are the most material to Forico and we have provided clear measures, values and evidence linking our commitments with them in the following case studies.

**SUMMARY OF FORICO SUSTAINABILITY INDICATORS**

| INDICATOR | Unit of Measure | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Plantation | hectares | 89,362 | 90,483 | 88,880 | 88,010 | 87,564 |
| Natural Vegetation | hectares | 77,552 | 77,024 | 76,976 | 76,834 | 76,732 |
| Infrastructure | hectares | 3,190 | 3,246 | 3,309 | 3,313 | 3,305 |
| Other | hectares | 4,245 | 2,217 | 3,423 | 4,158 | 4,552 |
| **Forest Management Unit** | **hectares** | **174,349** | **172,970** | **172,588** | **172,315** | **172,153** |
| GROSS REVENUE | | $127m | $168m | $166m | $162m | $149m |
| Eucalyptus nitens | GMT | 1,289,950 | 1,411,833 | 1,396,484 | 1,333,952 | 1,009,594 |
| Eucalyptus globulus | GMT | 65,535 | 3,970 | 25,861 | 9,473 | 0 |
| Pinus radiata | GMT | 50,703 | 117,776 | 21,755 | 45,969 | 26,341 |
| **Product Harvested - TOTAL*** | **GMT** | **1,406,188** | **1,533,579** | **1,444,100** | **1,389,394** | **1,035,935** |
| *Includes Third Party Purchased Products | | | | | | |
| Eucalyptus nitens | GMT | 1,199,195 | 1,362,199 | 1,262,561 | 1,325,485 | 978,760 |
| Eucalyptus globulus | GMT | 62,827 | 2,814 | 12,848 | 9,473 | 0 |
| Pinus radiata | GMT | 50,703 | 45,853 | 21,755 | 36,845 | 26,341 |
| **Product Harvested - FMU only** | **GMT** | **1,312,725** | **1,410,866** | **1,297,164** | **1,371,803** | **1,005,101** |
| Eucalypt Harvested | GMT | 1,262,022 | 1,365,013 | 1,275,409 | 1,334,958 | 978,760 |
| Eucalypt Grown | GMT | 1,725,022 | 1,219,472 | 1,123,444 | 1,144,952 | 972,501 |
| Ratio | | 1.4 | 0.9 | 0.9 | 0.9 | 1.0 |
| Radiata Harvested | GMT | 50,703 | 45,853 | 21,755 | 36,845 | 26,341 |
| Radiata Grown | GMT | 82,306 | 116,537 | 207,793 | 198,368 | 88,630 |
| Ratio | | 1.6 | 2.5 | 11.6 | 5.4 | 3.4 |
| Harvest Area | hectares | 4,064 | 6,313 | 4,757 | 4,364 | 4,437 |
| Site Preparation Area | hectares | 3,843 | 4,573 | 3,646 | 4,532 | 2,842 |
| Plantation Establishment | hectares | 4,064 | 3,277 | 5,672 | 4,202 | 4,219 |
| Survival Counts | % | 95.9% | 95.0% | 95.0% | 94.0% | 90.0% |
| Nursery Plantation Seedlings - Sown | million | 3.5 | 6.7 | 7.4 | 6.4 | 7.1 |
| Nursery Plantation Seedlings - Dispatched* | million | 6.0 | 3.6 | 6.3 | 5.3 | 5.0 |
| *Includes Third Party Purchased pinus radiata seedlings | | | | | | |
| Unplanned Fires - Natural Forest | hectares | 0 | 12 | 9 | 77 | 6 |
| Unplanned Fires - Plantation | hectares | 0 | 1 | 48 | 52 | 18 |
| Low Intensity Grassland Ecological Burns | hectares | 510 | 409 | 753 | 0 | 0 |
| Natural Forest Restoration/Rehabilitation | hectares | 39 | 12.3 | 37.2 | 9.8 | 40 |
| Length of Streamside Rehabilitated | kilometres | 3 | 1.7 | 6.6 | 5.1 | 0.1 |
| Pine Wilding Control | hectares | 3 | 10 | 0 | 0 | 0 |
| Weed Control | hectares | 175 | 190 | 60 | 58 | 69 |
| Forico Employees | FTE | 105 | 108 | 118 | 114 | 113 |
| Lost Time Injuries | LTI | 0 | 2 | 0 | 3 | 2 |
| Lost Time Inury Frequency Rate | LTIFR | 0 | 8.6 | 0 | 22 | 24.7 |
| Contractors | FTE | 283 | 343 | 364 | 308 | 263 |
| Lost Time Injuries | LTI | 6 | 4 | 2 | 5 | 3 |
| Lost Time Inury Frequency Rate | LTIFR | 11.5 | 6.3 | 3 | 14 | 8.3 |

*SDG 03*

# GOOD HEALTH AND WELLBEING

*Ensure healthy lives and promote well-being for all*

## SUPPORT FOR EMPLOYEE WELLBEING

We continue to build on initiatives that help our employees and contractors to thrive both at work and in their personal lives.

Forico has introduced a comprehensive Alcohol and Other Drugs Policy that applies to all employees, contractors and visitors at Forico workplaces, and to those driving a vehicle for business purposes. This requires all individuals to be fit for work with respect to alcohol and other drugs and includes random testing conducted by an independent third party. Our approach prioritises care and support, offering a robust framework to assist those seeking help – through access to internal and external services, and by equipping our leaders with the tools and guidance needed to support individuals. This policy reflects our commitment managing alcohol and other drugs in the workplace, with the ultimate goal of ensuring a safer, healthier environment for everyone.

Safety is a priority for Forico and we have engaged Sentis Australia to deliver psychology-based programs that go beyond traditional approaches, aiming to transform workplace safety culture. We have made this training mandatory for all employees across the business. Guided by our safety mantra, 'Work Safe, Home Safe' we believe that safety is a shared responsibility across the entire workforce. We continue to explore ways to embed the insights from the Sentis program in our daily operations and communications.

To further reinforce safety messaging and promote a self-driven safety mindset across our workforce, we have developed a series of themed, visually designed posters that deliver key messages and reminders focusing on critical aspects of workplace safety. The posters are displayed prominently at our sites and regularly rotated to serve as fresh, visual reminders for our employees.

We continue to make a suite of health and wellbeing services available to our employees, such as an Employee Assistance Program, skin cancer checks, driver fatigue drink stops, quit smoking support, blood bank partnership and a peer support program.

*SDG 08*

# DECENT WORK AND ECONOMIC GROWTH

*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*

## INVESTING IN PEOPLE

Forico's acquisition in 2023 by a consortium of three institutional investors signalled strong investor confidence. Despite this, future success in our sector will require vision and innovation, and a continued commitment to developing our workforce.

At the start of 2025 we launched a program designed to help a wide-ranging cohort of ten individuals from across the business in their professional development. We recognise that not everyone's development needs are met by a standard leadership course. This program, a fifteen month course run by an external consultant, enables individuals to recognise their inherent strengths and leverage them to achieve potential. We anticipate a range of positive outcomes for both our employees and the business overall.

Our People and Culture team regularly conducts employee surveys to gather de-identified feedback on workplace satisfaction. The resulting insights inform the development of Workplace Improvement Plans within each area of the business, with leaders driving the implementation. We are committed to supporting our employees, treating them with respect, and fostering a workplace culture that upholds dignity for all.

Forico considers the gathering and publishing of data by the Workforce Gender Equality Agency (WGEA) to be essential in helping employers in Australia to drive change and improve gender equality in our workplace. The data we gather from within our business enables us to see the effects of initiatives we take to build equality, diversity and inclusion. It enables our Board and executive to assess how we are positioned in comparison to other employers across our industry, which historically has been male-dominated and how we have improved year on year.

An advisor from our People & Culture team publishes the findings of our Workplace Gender Equality data analysis to our workforce annually. This information helps us remind employees of the initiatives we have introduced during the year to drive improvement and equality, such as parental leave allowances, which are designed to benefit both male and female employees equally.

**Table 1** - Forico and Contractor Employment Metrics including Safety Statistics

| 2024 | 2025 |
|---|---|
| Full Time Equivalent (Forico)* | |
| 127 | 114 |
| Lost Time Injury (Forico) | |
| 3 | 2 |
| Total Recordable Injury Frequency Rate (Forico) | |
| 22.1 | 24.7 |
| Lost Time Injury (Contractors) | |
| 5 | 3 |
| Total Recordable Injury Frequency Rate (Contractors) | |
| 14.1 | 8.3 |
| Contractors engaged | |
| 308 | 263 |

*2024 FTE includes casual staff. 2025 FTE excludes casual staff.

## *SDG 6*

# CLEAN WATER & SANITATION

*Ensure availability and sustainable management of water and sanitation for all.*

### PROTECT AND RESTORE WATER-RELATED ECOSYSTEMS

In 2023, Forico commenced sampling program in the rivers of our estate, focused on identifying aquatic fauna populations, or more specifically macroinvertebrates. The goal of the sampling program is to quantify and contextualise the impacts of our operations on the natural environment. Macroinvertebrates are small, aquatic organisms without a backbone that are large enough to be seen with the naked eye, such as insects, snails and worms. Macroinvertebrates are an important indicator of aquatic ecosystem health, with changes in their population levels and species diversity reflecting degradation or improvement of the ecosystem as a whole. Macroinvertebrates are also an important source of food for fish and birds, and play an important role in riparian-based food chains.

Sampling has been conducted in autumn and spring of 2023, 2024 and 2025 by an independent aquatic ecologist. Twenty-three sampling sites were selected, representing the diversity of habitat within Forico's estate.

Image - top right
Giant freshwater crayfish *(Astacopsis gouldi)* found at the Emu River in northwest Tasmania. This species is the largest freshwater invertebrate on the planet and is a nationally listed species.

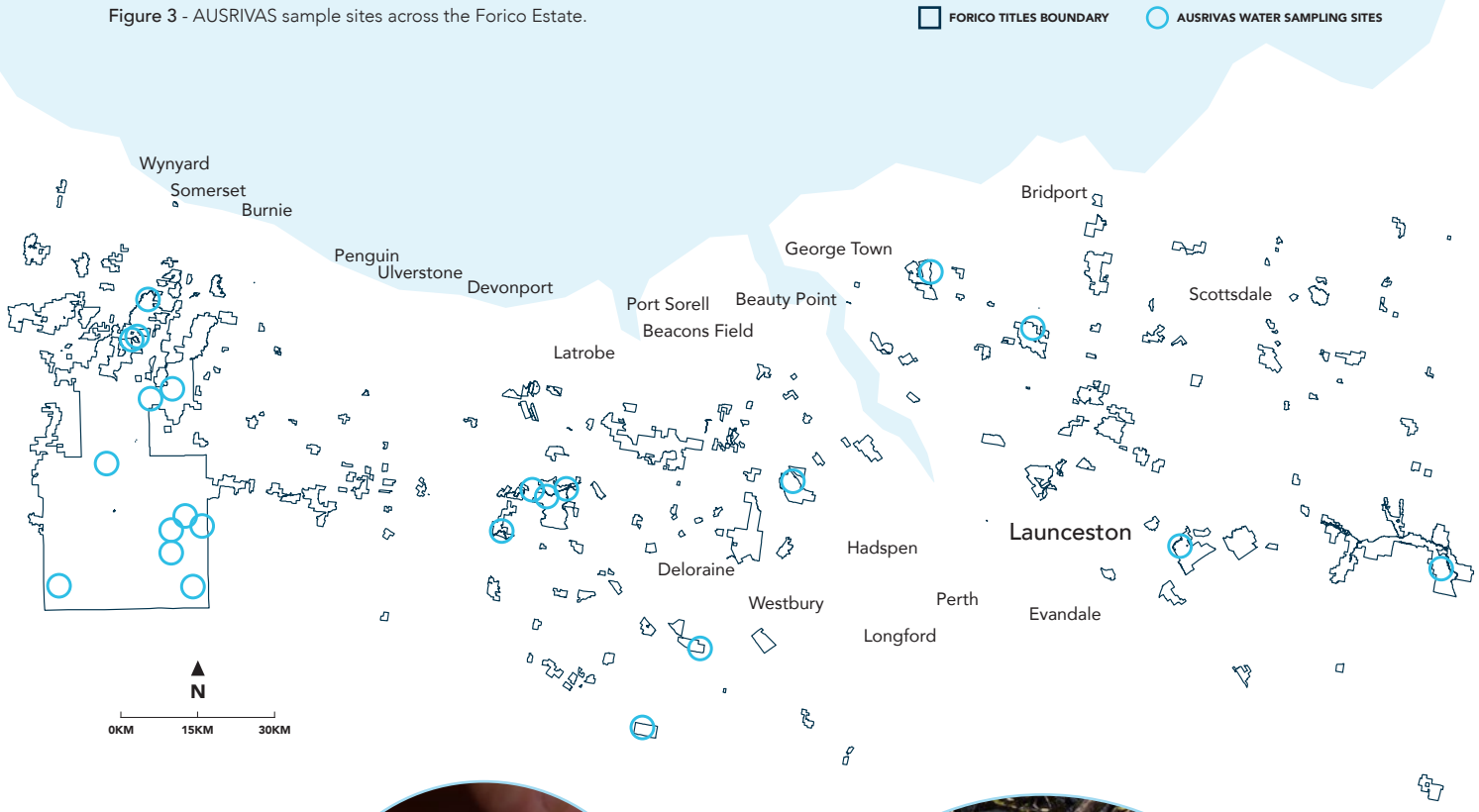
The credible and widely accepted Australian Rivers Assessment System[1] (AUSRIVAS) methodology was utilised. This methodology measures the health of watercourses based on macroinvertebrate presence, diversity and sensitivity of individual species to site conditions as indicators of overall river health and condition. AUSRIVAS results are banded to represent the different levels of biological condition: X = very good, A = good, B = fair, C = poor and D = very poor.

In general, areas that have more intact riparian vegetation consistently achieve high AUSRIVAS scores. Sample sites adjacent to plantations also score highly. In general, sites impacted by agricultural landscapes and without significant riparian zones are more heavily sedimented or eroded, and result in lower scores.

During the latest round of sampling in spring 2025, 14 of the 23 sites scored an 'A' rating for river health, meaning they were similar in macroinvertebrate diversity to a reference site with the same characteristics. 5 Sites scored a 'B' rating, meaning there had been some level of biodiversity lost. 4 sites scored a 'C' rating, indicating there were more serious levels of biodiversity loss at the site.

1 AUSRIVAS, https://ausrivas.ewater.org.au/index.php/home.

**Figure 3** - AUSRIVAS sample sites across the Forico Estate.




The majority of the sites scored as 'A' are those that contain natural vegetation in the riparian zone and are also in or downstream from plantations. The sites scored as 'B' contain mixed vegetation and plantation. One of the 'B' waterways runs through intensive agricultural operations (not managed by Forico) just upstream of the sample site. The sites scored as 'C' include one watercourse that tends to be dry during periods of low rainfall, and another that runs out of a small swamp, which can negatively impact water quality for macroinvertebrates. One other site that is inside an intensive agricultural landscape containing an isolated Forico forest resource scored poorly.

These results are considered by the aquatic ecologist to reflect positively on the impact of Forico's operations, taking into account the varied compositions of the sample sites, and neighbouring land uses.

*"Forico should be encouraged by the results of the sampling. The permanent waterways that have little agricultural influence are generally in a very healthy condition"*

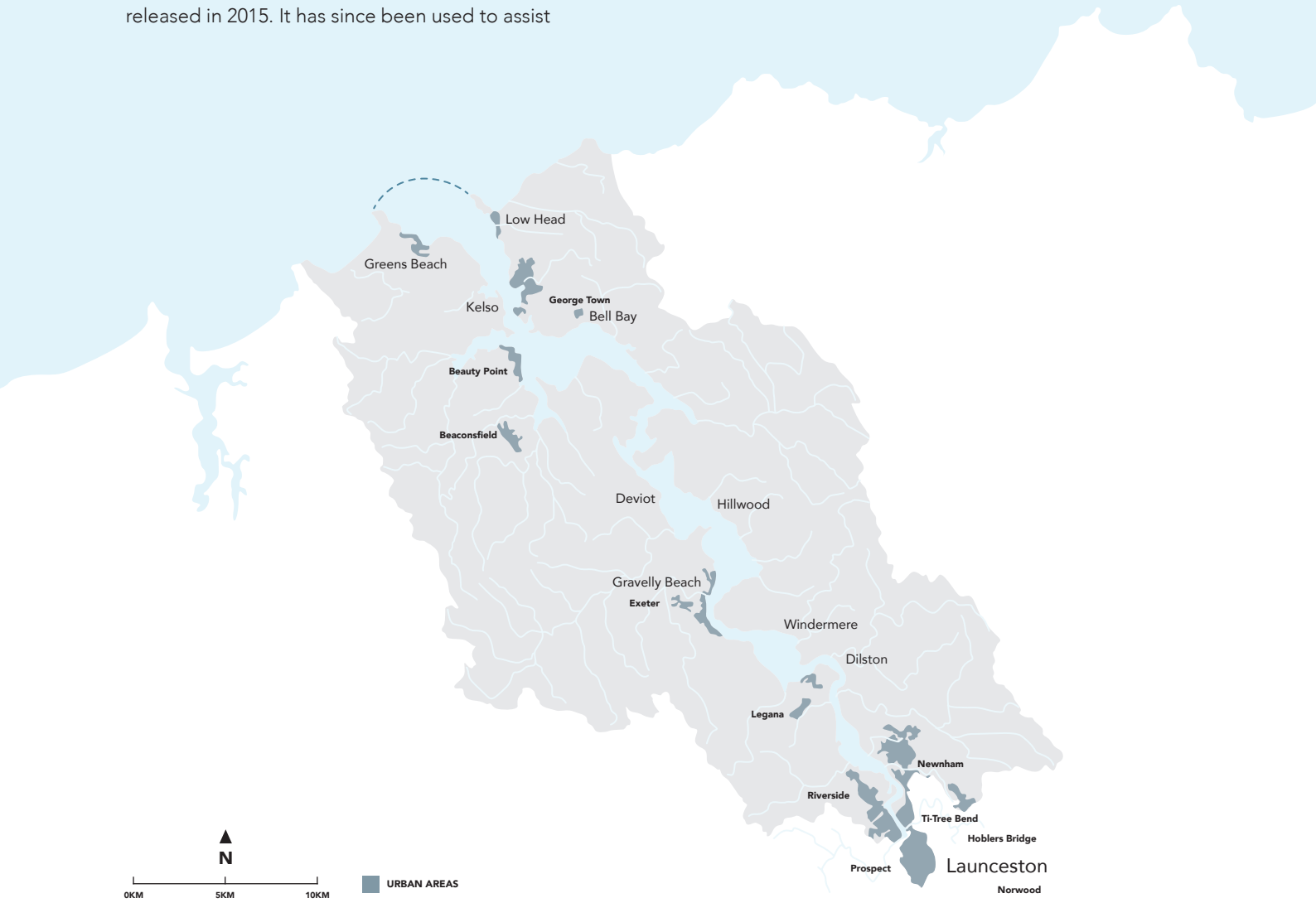
*Todd Walsh,*
*Aquatic Macroinvertebrate Specialist*

## CROSS-SECTORAL WATER RESOURCE MANAGEMENT

In an exciting development, Forico was recently asked to contribute to an update of the Catchment Planning and Estuary Response Decision Support System (CAPER DSS) that is currently underway for the Tamar estuary and Esk rivers catchments in north east Tasmania which accounts for 15% of the total catchment footprint in the State[2]. Forico staff participated by taking researchers out in the field to visit forestry operations, allowing them to gain a better understanding of sustainable forest management practices and how improved operational practices together with protecting and enhancing riparian habitats can improve water quality issues in a water catchment.

The Tamar CAPER DSS was originally created to support development of the Tamar Estuary and Esk Rivers catchment Water Quality Improvement Plan (TEER WQIP) released in 2015. It has since been used to assist in developing the River Health Action Plan as well as in reporting and prioritising a range of investments in catchment and point source management.

The updated CAPER DSS is expected to be used in 2026 to support a new Water Quality Improvement Plan (WQIP). This will provide an opportunity for Forico to contribute to the understanding of contemporary issues relating to water quality in the catchment and play a part in developing solutions which improve water quality into the future aligned to our sustainability values. The WQIP will have a strong underlying theme that 'we all have a role to play in improving water quality' with the new plan expected to collectively underpin landowner actions across the landscape to improve economic, environmental and social outcomes.

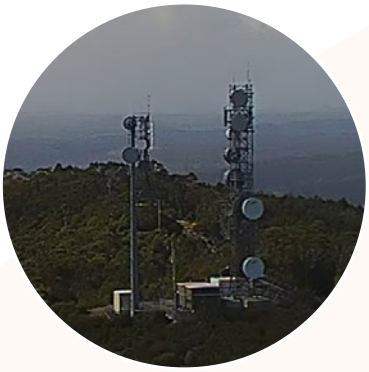



2 Kelly, R.A., Locatelli, A., & White, M.(2015). A Plan for Water Quality Improvement in the Tamar Estuary and Esk Rivers, Proceedings of the 21st International Congress on Modelling and Simulation, Gold Coast, Australia, 29 Nov to 4 Dec 2015,<https://www.mssanz.org.au/modsim2015/L8/kelly2.pdf>.


" we all have a role to play in improving water quality "

*SDG 9*

# INDUSTRY INNOVATION & INFRASTRUCTURE



*Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation*

## MITIGATING FIRE RISK

**Forico remains committed to continual improvement in mitigating the threat of fire in a warming climate, one of the most significant risks facing Australia's forestry sector and the wider community and infrastructure.**

In the fire season 2024 - 2025, Forico commissioned the installation of three state-of-the-art bushfire detection stations using artificial intelligence (AI) cameras across northern Tasmania, marking a significant advancement in fire risk management for the region. Forico will use the cameras to enhance capacity to quickly detect and respond to bushfires.

The technology, developed by global leader **Pano AI**, combines ultra-high-definition 360-degree panoramic cameras, satellite technology, and advanced AI to detect new fire ignitions at the earliest stages. Operating 24/7, the cameras offer constant surveillance, reinforcing the company's integrated fire response system, which includes collaboration with the Tasmanian Fire Service, Land Managers and Forico's team of trained firefighting personnel.

After trialling a single camera on our plantation estate in northwest Tasmania for six months, Forico announced the deployment of a total of four camera stations in mid-2024. Positioned strategically across the estate, these offer protection not just to Forico's assets but to surrounding communities and infrastructure including rural towns, national parks and reserves. Installation of the technology was completed in May 2025.

Pano AI Head of Australia Go-To-Market, Andrew Prolov, said the technology is dedicated to maximising effectiveness in protecting both people and landscapes from the increasing threat of bushfires. "Our AI-powered detection network acts as a force multiplier, providing rapid, accurate fire insights that protect both communities and critical infrastructure."

The use of multiple stations allows for triangulation so the exact location of a fire can be pinpointed and the cameras have been activated at a significant time in the sustainable industrialisation of the Surrey Hills region. The cameras have been activated at a significant time in the sustainable industrialisation of the Surrey Hills region, with the development of an eFuels production facility and potential wind farm and transmission infrastructure on the Forico-managed estate.

The adoption of cutting-edge technology and its far reaching benefits in protecting such assets was recognised by Mayor of Burnie City Council, Teeny Brumby, who said: "This initiative fits seamlessly into our pursuit of protecting not just our existing assets but also the clean energy infrastructure that is so crucial to the future of our region."

Forico's independent adoption of the AI fire detection technology followed a prolonged period of liaison and negotiation with other forest sector entities and government authorities in pursuit of collaboration for the common benefit of all parties and the community.

Jim Wilson, General Manager of Enterprise Performance at Forico, said: "While this is an important step for Forico and the community, in the long term we hope to see technology of this kind covering Tasmania more broadly, supported by public rather than private investment."

## *SDG 12*

# RESPONSIBLE CONSUMPTION & PRODUCTION

## *Ensure sustainable consumption and production patterns*

### TREE IMPROVEMENT

Since 2014 Forico has had its own in-house Tree Improvement Team which manages the supply of seed for plantation establishment and the growing of elite trees. The team works closely with Tree Breeding Australia (TBA), the peak body for tree breeding and genetic improvement, which liaises with Forico and other growers across Australia. Forico is a member of the *Eucalyptus nitens* (Shining gum), *Eucalyptus globulus* (Blue gum) and *Pinus radiata* (Radiata pine) programs and was instrumental in the establishment of the TBA's trials of *Eucalyptus nitens*.

Trials focus on increasing the economic value of plantation assets by increasing tree growth, disease resistance, wood stiffness and density and stem straightness. Traditional plant breeding methodology and the annual establishment of field trials by members are used to test the performance of thousands of trees. Forico has field trials of various ages spread strategically across the plantation estate. Thorough assessment and sophisticated analysis the optimal 'parent' trees are identified for the next generation of tree breeding. Forico deploys the genetic gains achieved by the various breeding programs by selecting the highest ranked trees for inclusion in our seed orchards. Seed harvested from these is grown to seedling stage at the Forico's Forest Nursery in Somerset, northwest Tasmania. The Nursery's location, in close proximity to the plantation estate, allows for effective distribution of seedlings by road during the annual planting season to continue the cycle of replacing harvested plantations with the next, and improved, crop rotation.


## RIGHT TREE, RIGHT PLACE, RIGHT SCALE

Forico's precision forestry strategy ensures that every hectare counts in our production cycle. We select the most appropriate plantation species and genetic seed material for the planting environment and desired outcomes, such as the ability to grow on cold geographic locations.

Forico's experienced forestry teams determine the most suitable ground preparation, weed control and the nutritional requirements of the site, to maximise the ecological outcomes and economic return from every hectare planted.

In the 2024–25 planting program, Forico planted approximately 5 million seedlings across our plantation estate. Provided there are no unforeseen and insurmountable challenges, we are confident that each seedling has been given the optimal conditions to support its survival and healthy growth.

## FUTURE PRODUCTION

Forico uses a sophisticated, forestry-specific optimisation model that predicts future harvest volumes and cashflows across the entire Forico-managed estate over a 60 year period. This model is used to inform development of our long term strategic and short term tactical planning.

The model is capable of considering multiple species, silvicultural regimes, rotation ages and potential revenues available from participation in the Australian Carbon Credit Unit (ACCU) Scheme. It then recommends an optimal harvest and replant programme which maximises the value of our plantation resource, subject to an agreed set of constraints defined by Forico's strategic objectives to deliver sustainable outcomes.

Forico has a number of ACCU Scheme projects registered with the Clean Energy Regulator, and expects to continue to progress further project registrations in line with the modelled value objectives. To support existing and future projects, along with the accompanying compliance and reporting obligations, Forico has engaged and utilises specialist skills and information systems that cover a broad spectrum of modelling, analysis, Geographic Information System (GIS) mapping and other specialised software systems, forest mensuration and biometrics to maximise forest value and ensure that the integrity of the estate value is preserved.

## *SDG 13*

# CLIMATE ACTION

*Take urgent action to combat climate change and its impacts*

## FORESTRY CARBON AS A CLIMATE SOLUTION

The leading principles of the Climate Change Authority Act 2011 state that any actions that seek to address climate change should be economically efficient, environmentally effective and support economic and social benefits that include rural and regional Australia[3].

Australian forestry carbon projects play a vital role in Australia's climate strategy along with environmental, economic and social benefits. Sustainable forest management improves forest health and resilience to disease, drought and wildfires. Forestry is recognised by the United Nations[4] as the optimal means by which carbon is sequestered from the atmosphere, essential in the mitigation of climate change, transition to a bioeconomy and protection of the global community.

Forico has been engaged in carbon forest farming since 2017 and has multiple projects registered with the Australian Carbon Credit Units (ACCUs) Scheme operated by the government's Clean Energy Regulator. The projects are registered under the Plantation Forestry Method, which allows forest managers to change management practices and grow trees for longer, sequestering more carbon than they would under business-as-usual regimes. This can include converting an existing plantation from a short to a long rotation (growth cycle), or continuing plantation forestry activities and avoiding transition to non-forest land use. Not all Forico plantations are eligible through the ACCU Scheme.

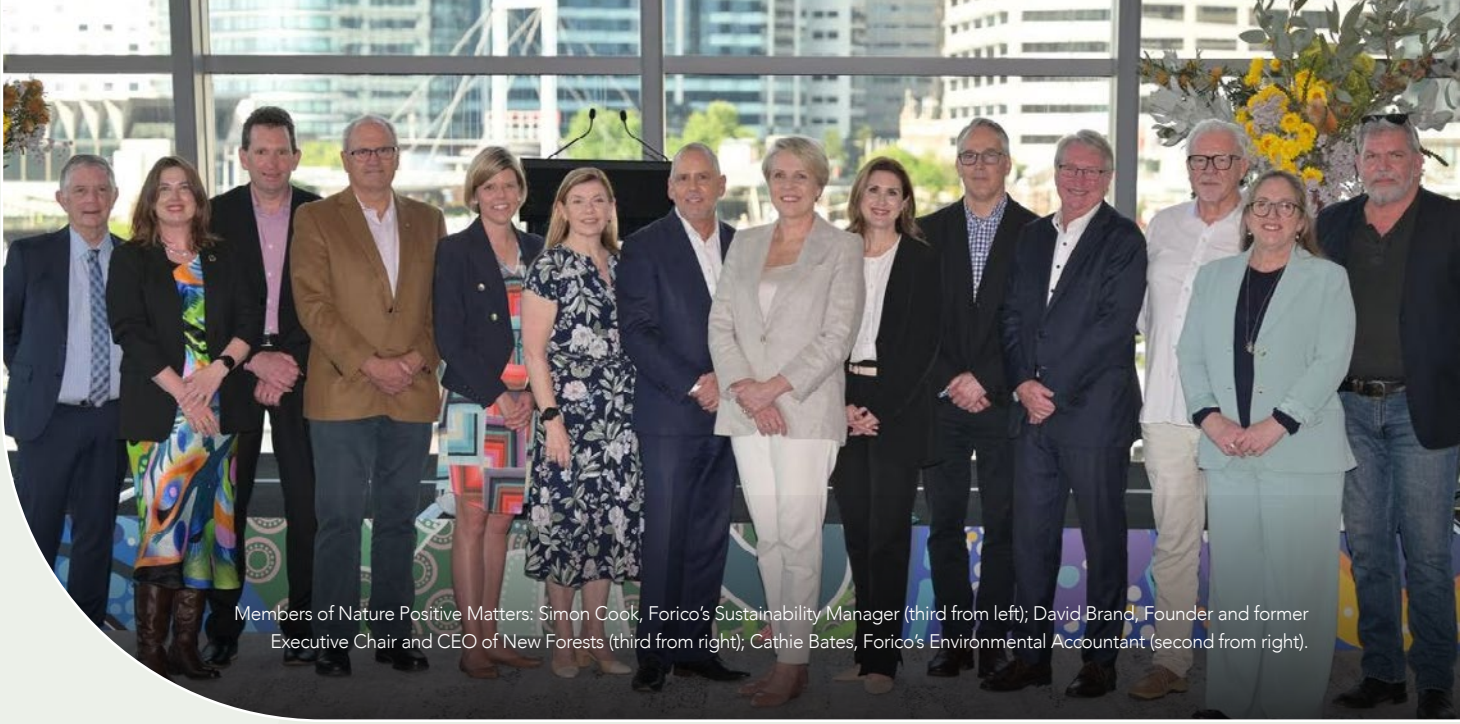
Carbon storage in a long rotation plantation cycle (25-30 years) will store more carbon over time than a short rotation plantation (14-16 years) and provide solid wood products storing embedded carbon. Sustainable forestry from well managed plantations provides the optimal carbon sequestration cycle as young trees absorb large amounts of carbon in the initial growth phase and again after thinning when carbon uptake is boosted by the increased volume of sunlight and air.

All Forico plantations, irrespective of whether they are eligible through carbon projects or not, are actively monitored for productivity and performance and to ensures risks are controlled through preventative measures. Monitoring forest health is critical in ensuring the identification and management of risks and threats in a timely and effective manner to optimise productive outcomes.

Regular inspections assess growth conditions and patterns, weed and pest presence, animal browsing pressure and general local conditions including roads, tracks, and fire break accessibility. This ensures optimal conditions to deliver positive outcomes adhering to industry best practices and enhancing value and performance for investors.

3 Climate Change Authority Act 2011, https://classic.austlii.edu.au/au/legis/cth/consol_act/ccaa2011237/s12.html.

4 United Nations, Land – the planet's carbon sink, https://www.un.org/en/climatechange/science/climate-issues/land.



Members of Nature Positive Matters: Simon Cook, Forico's Sustainability Manager (third from left); David Brand, Founder and former Executive Chair and CEO of New Forests (third from right); Cathie Bates, Forico's Environmental Accountant (second from right).

## NATURE POSITIVE

At the launch of Australia's inaugural Global Nature Positive Summit in October 2024, Forico was invited to be one of the twenty founding member organisations of **Nature Positive Matters** (www.naturepositivematters.org.au). This Australian Government initiative provides support for businesses who are taking action to protect and repair the environment by embedding nature into their systems of governance, reporting and business strategy.

"Nature Positive Matters will help business understand and measure their impacts and their dependence on nature. As we know, you can't manage it if you don't measure it" said the Minister for the Environment and Water, Tanya Plibersek at the time of the launch.

At Forico, we undertake an annual targeted program to either maintain or enhance natural values through rehabilitation, ecological burning, pine wildling removal and conducting weed management. The operational works program is based on comprehensive monitoring and assessment of the natural vegetation and plantation resource that Forico manages, including known and potential locations of rare, threatened or endangered fauna and flora species and habitat containing high conservation values. The plantation and natural vegetation locations are not treated in isolation, rather the resource is considered as being part of a broader landscape. Managing the nexus between these areas ensures the biological diversity that contributes to the stability of ecosystems continues to provide resilience to climate impacts and biodiversity loss.

Australia's Nature Repair Market (NRM) is the world's first legislated, national, voluntary biodiversity credit scheme designed to incentivise environmental restoration and conservation of biodiversity in the landscape through market mechanisms. Investment in nature ensures that we can continue to conserve and restore natural vegetation areas that support healthy and functioning ecosystems.

Building on the work of the United Nations Sustainable Development Goals (SDG's) was the landmark Kunming-Montreal Global Biodiversity Framework (GBF) adopted at COP15 in 2022 with a mission to halt and reverse biodiversity loss and environmental damage. To align with the GBF, the Australian Government has set a national target to protect and conserve 30% of Australia's landmass and 30% of Australia's marine areas by 2030 (the '30 by 30' target). Reporting on the impacts of climate and nature under guidelines such as the Task Force for Nature-related and Climate-related Financial Disclosures (TNFD and TCFD respectively) and Australian Sustainable Reporting Standards ensures that consistent, measurable standards are applied, aligning to these global goals. The NRM is one tool which allows for future investment supporting goals such as the GBF and SDG's that keep nature at the forefront of sustainable business decision-making.

In taking our place as a founding member of Nature Positive Matters, we reaffirm our commitment to addressing the impacts of climate change and biodiversity loss, embedding this responsibility into every aspect of our business.

## *SDG 15*

# LIFE ON LAND

*Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss*

### DISCOVERY OF VANDERSCHOOR'S STAG BEETLE

In November 2023, ecologists Mark Wapstra and Kerri Spicer made an exciting discovery while exploring an area of natural forest on a Forico property in north east Tasmania. They found several specimens of ***Hoplogonus vanderschoori***, more commonly known as Vanderschoor's stag beetle, a rare, flightless beetle found only in Tasmania.

This beetle is part of a small group of ground-dwelling species that live in wet eucalypt forest and rainforest areas in the northeast of the state. Each species in this group has its own distinct habitat, and the range of the three Stag Beetle species do not substantially overlap. Two of these beetles – Simpson stag beetle and Vanderschoor's stag beetle are officially listed as vulnerable under both Tasmanian and Commonwealth conservation legislation.

Following the discovery, it was decided to carry out targeted surveys across seven additional Forico properties to learn more about where these beetles inhabit. The surveys took place over three days, with permission from Department of Natural Resources and Environment Tasmania.

Survey teams searched for beetles by carefully checking under logs, leaf litter, and shallow soil. Any beetles found were photographed and gently returned to their original spot. The goal was to confirm whether the beetles were present which will ultimately guide future management decisions regarding similar habitat ranges within the native forest areas.

No new locations for Vanderschoor's stag beetle were found in 2024, but Simpson stag beetle was confirmed at four of the Forico properties. It was found in a variety of native forest types, including areas that had been left untouched or were slowly recovering from historic harvesting activities.

These findings show that Forico's native forests continue to support important populations of plants and animals. By maintaining these areas and avoiding disturbances like fire, Forico can help protect these vulnerable beetles.

This approach aligns with our broader commitment to conserving native vegetation across the Forico-managed estate.

TSS (Threatened Species Section) (2012a). Listing Statement for Hoplogonus simsoni (Simsons Stag Beetle). Department of Primary Industries, Parks, Water & Environment, Hobart.

TSS (Threatened Species Section) (2012b). Listing Statement for Hoplogonus vanderschoori (Vanderschoors Stag Beetle). Department of Primary Industries, Parks, Water & Environment, Hobart.

Munks, S., Richards, K., Meggs, J., Wapstra, M. & Corkrey, R. (2004). Distribution, habitat and conservation of two threatened stag beetles, Hoplogonus bornemisszai and H. vanderschoori (Coleoptera: Lucanidae) in north-east Tasmania. Australian Zoologist 32(4): 586–596.

*Hoplogonus vanderschoori*

*SDG 17*

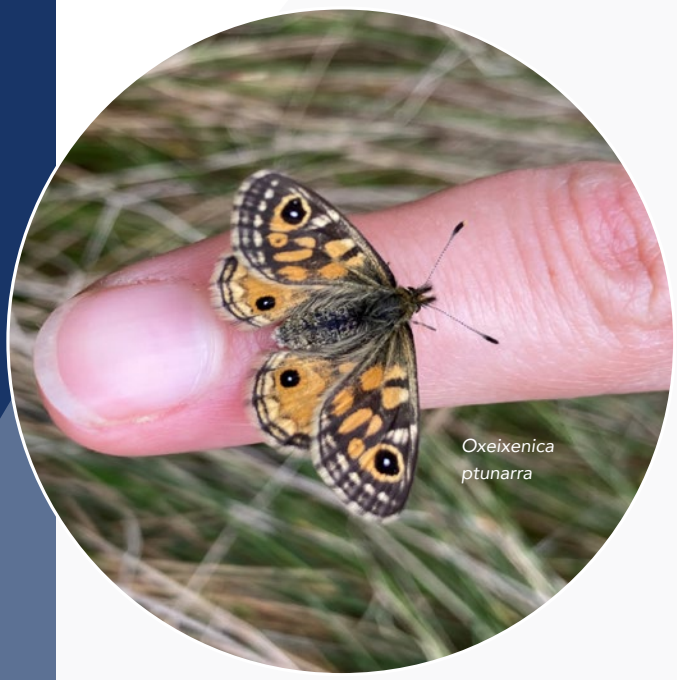
# PARTNERSHIPS FOR THE GOALS

## *Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development*

### PROTECTION OF BIODIVERSITY

**Forico has been partnering with a range of stakeholders over several years to effectively work together to maintain and enhance Tasmania's unique biodiversity.**

The ptunarra brown butterfly *(Oxeixenica ptunarra)* is a small, endangered species found only in Tasmania's highland Poa grasslands. Forico's Surrey Hills estate, in northwest Tasmania, has long been a stronghold for this butterfly but its numbers have been declining - mainly due to threats from climate change, habitat loss and predation by the introduced European wasp.



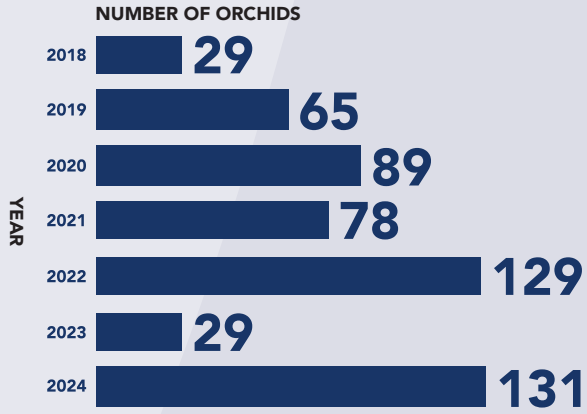
*Oxeixenica ptunarra*

Since 1998, Forico and the previous owners of the land have worked with a biodiversity consultant, Doctor Phil Bell, to monitor butterfly populations and understand the threats they face. In recent years, we partnered with Biodiversity Maintenance Australia (Dr Phil Bell) and Four Seasons Forest Services, a Forico contractor, to trial a new method of wasp control. Instead of manually destroying nests, baited traps were used that contain a targeted chemical that wasps carry back to their nests ultimately destroying the predator population. This approach proved highly effective, as the traps helped reduce wasp numbers, giving the butterflies a better chance to survive and thrive.

This partnership shows how combining science, innovation, and local expertise can help protect vulnerable species and restore balance to fragile ecosystems. Unfortunately climate change, and browsing by native animals on the grasslands is also impacting on the health and vitality of the butterflies – so every effort is being made to protect these important ecosystems.

The blacktongue finger-orchid *(Caladenia congesta)* is a striking pink flower with a glossy black centre, found in only a few places in Tasmania. Since 2018, Forico has partnered with ecological consultants and the volunteer group Threatened Plants Tasmania to monitor a population of the orchid near Ben Lomond National Park in northeast Tasmania. Each year, volunteers and consultants count the orchids and track how seasonal conditions affect their flowering. Numbers have varied - from just 29 plants in 2018 to over 131 in 2024 - highlighting the importance of long-term monitoring. The site has also revealed other rare species, including signs of a masked owl, which is endangered in Tasmania.

**Figure 4** - Orchid monitoring at Ben Lomond site




This collaboration has led to new discoveries, improved understanding of orchid ecology, and strengthened conservation efforts. It's a great example of how citizen science and corporate stewardship can work hand-in-hand.

## WHY PARTNERSHIPS MATTER

These initiatives of monitoring and developing strategies to maintain and enhance ecosystem services throughout the landscape reflects the spirit of Goal 17—bringing together different organisations, experts, and community members to achieve shared sustainability goals. By working together through developing partnerships, we can better understand and protect Tasmania's unique natural habitats.

# A DECADE OF *Discovery*

## *Reflecting on ten years of ecological monitoring*

**Ecologist Mark Wapstra of ECOtas and ecological consultant Kerri Spicer have worked with Forico for over ten years, monitoring the natural values of the estate and assisting the company in setting priorities for maintaining and enhancing them. We asked them to reflect on the outcomes from that decade of discovery.**

### HOW WAS THE RELATIONSHIP WITH FORICO ESTABLISHED?

Sustainability Manager Simon Cook and I met in 2014 to work out a 'way forwards'. The starting point was not to be too ambitious but to set up a structured approach to natural values assessments. Initially, these were focused on vegetation condition assessments of native vegetation communities with a higher priority for conservation management but it rapidly evolved into broader assessments of other values. We agreed to do the work in an unbiased and quantitative way that was acceptable for certification schemes and management planning, which would stand up to stakeholder scrutiny. The key values we identified as those we would look at were forest and non-forest vegetation, threatened flora and fauna, and weeds and disease.

The individuals we have worked with and the company's management have been incredibly supportive of the biodiversity and natural values work undertaken, as have Forico's contractors. It's not unusual for them to send through images of orchid leaves they have discovered, which they have already flagged and protected while fencing. There's a very high level of motivation and respect for what we're trying to achieve – really good conservation outcomes in the context of a commercial venture.

### HOW HAVE YOU STRUCTURED THE WORK DONE OVER TEN YEARS?

We recognise that Forico is a commercial venture and have worked together to establish what the priorities are, and used adaptive management as they have changed. The early phase of the program was focused on documenting the values across the estate. We're now at an interesting stage of revisiting sites and seeing how things have changed. Ecological work is often about reporting on a current state. It is fascinating to have the opportunity to explore how things respond to seasonal changes and management techniques over a prolonged period.

We're aware that this work on natural values runs alongside other initiatives such as Forico's work in Aboriginal reconciliation. Something Forico has done really well is balancing priorities and keeping all important programs running.

### WHAT IS THE SIGNIFICANCE OF FORICO'S ESTATE IN ECOLOGICAL TERMS?

There are several parts of the Forico estate that are locally, nationally and globally significant. Foremost is the Surrey Hills estate, which includes some of the best examples of montane native grasslands. Not only are they significant in their own right as a threatened vegetation community, they also support the threatened ptunarra brown butterfly *(Oreixenica ptunarra)* and other threatened species like the crowded leek-orchid *(Paraprasophyllum crebriflorum)*, which occurs nowhere else.

Monitoring right across the estate and including lower priority sites has enabled us to identify wider impacts. The Armitstead property in the central north of Forico's estate is a centre for the *Eucalyptus viminalis* (white gum) wet forest with the patches varying from

heavily impacted by cattle to those that are in very good condition. Monitoring there enabled us to pick up on the occurrence of ginger tree syndrome, the dying back of eucalypts caused by heatwave and climate change.

## WHAT ARE SOME HIGHLIGHTS FROM THE PAST TEN YEARS?

Monitoring of the crowded leek-orchid *(Paraprasophyllum crebriflorum)* on Surrey Hills has been a major project and a highlight, building on the decade of monitoring by Phil Collier and Threatened Plants Tasmania, during which baselines were established. We have undertaken extension surveys and monitored key populations, finding several new sites. The success of the program is due largely to collaboration. A good example of this is the partnership between the Landscape Recovery Foundation and Tasmanian Orchid Conservation Research Program, Forico staff and volunteers in collecting seed. Plants have now been grown in the laboratory at the Tasmanian Seed Conservation Centre, a milestone in the conservation of the species.

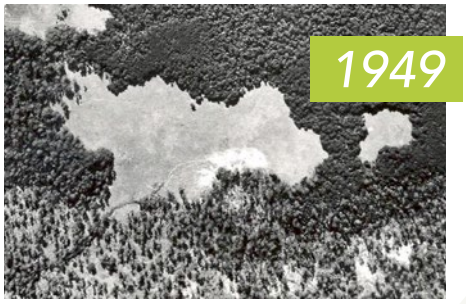
On Forico's estate near Ben Lomond, citizen scientists discovered the black-tongue finger-orchid *(Caladenia congesta)*, an endangered species in Tasmania. Now into the seventh year of monitoring, with 120 plants across a few hectares, it has become the most important monitoring site for the species in Tasmania.

In Surrey Hills, we discovered riverbed wintercress *(Barbarea australis)* which was first found in the 1800s in the Hampshire Hills to the north. Its discovery in the headwaters of the Hellyer River in Surrey Hills extends its range and makes it potentially the source population of the other specimens downstream. We confirmed its identity by tasting it - not recommended unless you are an ecologist, as it tastes like spicy rocket and lasts all day.

One of the big success stories is Gatcomb South. Using mulching and ecological burning, this once native grassland has been turned from a scrub-infested plain back into a magnificent grassland, something to be immensely proud of. The success of this was because of collaboration between Forico staff, contractors from Four Seasons, ourselves and volunteers.

While threatened fauna has not been our particular focus, we regularly find evidence of several species. An exciting example is the discovery of what we are calling a 'devil hotel', a series of dens and sandstone floors in a cliff system in the hills behind Mangalore.

The ecological monitoring and management of threatened species we have carried out is not necessarily required for certification and is above and beyond what the company is obliged to do. There is an underlying belief at Forico that we're doing it because it's the right thing to do. The longevity of the program and the coordinated, committed approach has allowed us to add to the knowledge of threatened species in this region of Tasmania exponentially.






## THE GATCOMB SOUTH GRASSLAND STORY

One of the first aerial photos taken in Tasmania, well before any roads in the area. The Murchison highway is a rough track, there is no Ridgley highway. Open grassy woodland can be seen south of the plain with denser myrtle rainforest to the north. This is a good example of Aboriginal fire management, keeping the grassy plain open and shrub-free. This was continued after European settlement for running cattle.

Most of the natural forest has been removed for the first rotation of plantation. The image shows *Eucalyptus nitens* plantation of around 10 years old with an extensive road network. The shape of original plain has been preserved but has become shrub infested. Heavy browsing by wallabies and wombats is evident, with minimal evidence of control over this in place. The plain is reverting to shrubland and losing its structure as a grassland.

A second rotation of *Eucalyptus nitens* plantation with a good network of firebreaks surrounds the plain. The grassland structure is revitalised following successful mulching and burning operations and consistent control of browsing animals. Numerous threatened species were located by ecologists on the revitalised grassland.

# NATURAL CAPITAL REPORT

*of the Tasmanian Forest Trust for the year ended 30 June 2025*

# SCOPE OF OUR NATURAL *Capital Report*

Forests provide a range of provisioning, regulating and cultural services beyond the scope of what we have reported on in 2025. In this Natural Capital Report, and consistent with previous Reports, we have focused on those ecosystem services that are the most material to our present-day business and industry:

- Provisioning - Wood fibre from sustainable plantations to be converted to sawlogs and wood fibre products;
- Provisioning and Regulating – Carbon sequestration by our sustainably managed forests, which serves to offset our operational carbon emissions;
- Provisioning and Regulating – Water usage and impact on both high and low downstream flows, and water quality impacts of natural forest riparian corridors which control erosion and sediment release; and
- Provisioning and Regulating – Custodianship of natural forest and other habitat areas for the identification, protection, restoration and maintenance of vegetation communities, which are integral for biodiversity and functioning ecosystems.

In recent developments, reporting the impacts and dependencies on nature has advanced from being a voluntary obligation. The Australian Accounting Standards Board (AASB) has adopted the International Financial Reporting Standards (IFRS) framework in 2023 which then passed into Australian legislation. Mandatory reporting disclosures for climate (AASB S2) and voluntary disclosures for nature (AASB S1) begin from 1 January 2025. The disclosures are being phased in between 2025 and 2027 with Forico's transition to mandatory disclosures commencing from 1 July 2027.

With the increased spotlight on climate and nature reporting for decision makers, we expect the refinement of accepted approaches for reporting on nature including further development of systems that support natural capital such as accounting and valuation procedures. We continue to expand our data collection to capture the broader range of services provided by the forests that we manage including the assessment of our impacts and dependencies on nature.

## MATERIALITY ASSESSMENT OF IMPACTS AND DEPENDENCIES

We conducted a materiality assessment based on The Natural Capital Coalition's definition of materiality (specifically Step 04 of The Natural Capital Protocol[5] Framework). That is;

> *"an impact or dependency on natural capital is material if consideration of its value, as part of the set of information used for decision making, has the potential to alter that decision".*[6]

Natural capital impacts and dependencies were identified, and classified as either significant, somewhat significant or unlikely to be significant in the context of the current state of the Estate.

Users should note;

- That the materiality assessment does not necessarily consider the potential impacts across the entire value chain, especially downstream dependencies and impacts, due to incomplete third-party data currently available.
- The scope of the Natural Capital Report has been defined with focus attributed to the most material impacts for disclosure in this Natural Capital Report.
- Additional operational impacts and dependencies are monitored and assessed across different sections of the business and have been included this year within the context of refining our disclosures.

5 Natural Capital Coalition, Natural Capital Protocol - Forest Products Sector Guide, 34.

6 Natural Capital Coalition, Natural Capital Protocol, 43.

Table 2 - Value Chain Impacts and Dependencies Materiality Assessment

| Driver Category | | Driver | Forest Type: Natural Forest | Forest Type: Plantation | Materiality Assessment | Included in FY25 |
|---|---|---|---|---|---|---|
| IMPACTS | | | | | | |
| Outputs | | Carbon sequestration | ✓ | ✓ | | Yes |
| | | GHG emissions | ✓ | ✓ | | Yes |
| | | Non-GHG emissions | ✗ | ✓ | | |
| | | Water pollutants | ✗ | ✓ | | |
| | | Soil pollutants | ✗ | ✓ | | |
| | | Solid waste | ✗ | ✓ | | |
| | | Disturbance (noise & odour) | ✗ | ✓ | | |
| Resource Use | Provisioning | Biomass for Timber | ✗ | ✓ | | Yes |
| | | Biomass for Fibre | ✗ | ✓ | | Yes |
| | | Cultivation of Food | ✓ | ✗ | | |
| | | Biochemicals, natural medicines and pharmaceuticals | ✗ | ✗ | | |
| | | Habitat for animals and plants | ✓ | ✓ | | Yes |
| | Regulating | Water filtration, purification and waste treatment (groundwater) | ✗ | ✓ | | |
| | | Water filtration, purification and waste treatment (surface water) | ✓ | ✗ | | |
| | | Water use (groundwater) | ✓ | ✓ | | Yes |
| | | Water use (surface water) | ✓ | ✓ | | |
| | | Regulation of water timing and flows (groundwater) | ✓ | ✓ | | |
| | | Regulation of water timing and flows (surface water) | ✓ | ✓ | | Yes |
| | | Regulation of local, regional, and/or global climate | ✓ | ✓ | | |
| | | Regulation of air quality | ✓ | ✓ | | |
| | | Pest and disease control | ✓ | ✓ | | |
| | | Pollination | ✗ | ✗ | | |
| | | Soil erosion control | ✓ | ✓ | | Yes |
| | | Regulation of soil quality | ✓ | ✓ | | |
| | | Regulation of Natural Hazards | ✓ | ✓ | | |
| | Cultural | Recreational & physical health | ✓ | ✗ | | |
| | | Tourism | ✓ | ✗ | | |
| | | Aesthetic appreciation | ✓ | ✓ | | |
| | | Spiritual experience | ✓ | ✗ | | |
| | | Education | ✓ | ✓ | | |
| | | Research | ✓ | ✓ | | |
| | | Cultural heritage | ✓ | ✓ | | |
| DEPENDENCIES | | | | | | |
| Consumptive | | Energy | ✓ | ✓ | | Yes |
| | | Water | ✓ | ✓ | | Yes |
| | | Nutrition | ✓ | ✓ | | |
| | | Materials (Fibre) | ✓ | ✓ | | Yes |
| | | Land use | ✓ | ✓ | | Yes |
| | | Regulation of physical environment (e.g. ecosystem providing water filtration) | ✓ | ✓ | | Yes |
| Non-Consumptive | | Regulation of biological environment (e.g. resilience against disease) | ✓ | ✓ | | |
| | | Regulation of waste and emissions (e.g. pollution assimilation by ecosystem) | ✓ | ✓ | | |

Likely to be significant  Potential to be significant  Unlikely to be significant or not applicable

✓ / ✗ refers to whether the forest management practice is typically associated with each forest type.[7]

7 Natural Capital Coalition, Natural Capital Protocol - Forest Products Sector Guide, 42-43.

## MEASUREMENT AND VALUATION

The preparers of this Natural Capital Report acknowledge the development and application of both Accounting (AASB S1 and S2) and Assurance Standards (ASSA5000) for Natural Capital and Sustainability reporting and the additional rigour that this brings to this Natural Capital Report. We consider this aspect of our Natural Capital journey as a positive enhancement for reporting on nature and climate with a view to continual improvement.

Table 3 - Confidence Assessment criteria

| LEVEL OF CONFIDENCE | DESCRIPTION OF CONFIDENCE |
|---|---|
| High | Value is based on publicly available methodology, and we have a high level of confidence that measurement methodology is rigorous and robust. |
| Medium | Measurement approaches are emerging, and we have made assumptions and applied estimations. Our level of confidence in the measurement methodologies applied is medium and we believe the quantifications are based on the best available information. |
| Low | Measurement approaches are emerging and our level of confidence in the results is low. Results may be materially inaccurate. Available evidence is partial and significant assumptions have had to be applied. Results are exploratory and directionally demonstrable. |

The confidence Assessment criteria (Table 3) has been used to evaluate the preparers confidence in each of the monetised metrics with the accounts. For the FY2025 Natural Capital Report, the measurement methodologies and key assumptions applied to determine the Natural Capital values are outlined below:

Table 4 - Summary of applied ecosystem service measurement and methodologies

| NC Service Type | Thematic Account | Metric | Value $ | Methodology Basis |
|---|---|---|---|---|
| Provisioning | Woodfibre | Green Metric Tonnes (GMT) | Yes | Modelling & Monitoring using Tigermoth software[8], Inventory validation per AASB41 - Agriculture[9] Independent valuer, A Standard for Valuing Commercial Forests in Australia – Version 2.1 |
| Regulating | Carbon Sequestration – Plantation & Natural Forest | Tonnes of greenhouse gas emissions (t CO2-e) | Yes | FullCAM (Ver 2020)[10] calibrated to Forico biomass yield modelling |
| Regulating | Carbon Emissions – Operations (Scope 1 & 2) and Transport (Scope 3) | t CO2-e | Yes | National Greenhouse Energy Reporting (NGER) Act 2007[11] |
| Regulating | Water Use and Flows | Gigalitres (GL) | Yes | Hydrological model developed based on Revised Universal Soil Loss Equation (RUSLE), TasLUcas[12] and IHACRES[13] Land use[14] |
| Regulating | Sediment Transport | Tonnes (t) | Yes | RUSLE[15], Department of Primary Industries, Parks, Water & Environment (DPIPWE)[16], Scientific Information for Landholders (SILO)[17] dataset |
| Provisioning | Habitat/Vegetation Condition | Vegetation Condition Assessment Score (VCA) Hectares (ha) | Yes | Review of Market value of current conservation offset, and protection schemes weighted by Independent TasVeg Vegetation Condition Assessments[18] |

8 Tigermoth, <https://www.tigermoth.com/>

9 Australian Accounting Standards Board, AASB 141 Agriculture, <https://www.aasb.gov.au/admin/file/content105/c9/AASB141_08-15.pdf>

10 The Full Carbon Accounting Model (FullCAM), September 2020, <https://www.dcceew.gov.au/climate-change/publications/full-carbon-accounting-model-fullcam>

11 National Greenhouse and Energy Reporting Act 2007, <https://www.legislation.gov.au/Series/C2007A00175>

12 Brown, A.E., Hairsine, P.B and Freebairn, A. (2006). The development of the Tasmanian Land Use Change and Stream Flow (TasLUcas) tool, CSIRO Land and Water Science Report 54/06, National Heritage Trust, July 2006.

13 Croke, B.F.W., Andrews, F., Spate, J. and Cuddy, S.M. (2005). IHACRES User Guide. Technical Report 2005/19. Second Edition. iCAM, School of Resources, Environment and Society, The Australian National University, Canberra, <http://www.toolkit.net.au/ihacres>

14 Tasmanian Government, Tasmanian Land Use 2021, <https://www.thelist.tas.gov.au/app/content/data/geo-meta-data-record?detailRecordUID=418ff94a-6a05-44c9-951f-65c2e7c1f17b>.

15 Teng H, Viscarra Rossel R, Shi Z, Behrens T, Chappell A and Bui E 2016 Assimilating satellite imagery and visible-near infrared spectroscopy to model and map soil loss by water erosion in Australia. Environmental Modelling & Software 77: 156-167.

16 Department of Primary Industries, Parks, Water and Environment, The Conservation of Freshwater Ecosystem Values (CFEV) Program, <https://dpipwe.tas.gov.au/water/water-monitoring-and-assessment/cfev-program>.

17 Queensland Government, SILO (Scientific Information for Landholders) Australian climate data from 1889 to yesterday, <https://www.longpaddock.qld.gov.au/silo/>

18 Michaels, K., Panek, D., and Kitchener, A. Contributing Eds (2020), TASVEG VCA Manual: A manual for assessing vegetation condition in Tasmania, Version 2.0. Natural and Cultural Heritage, Department of Primary Industries, Parks, Water and Environment, Hobart

NATURAL CAPITAL FLOWS

# ENVIRONMENTAL PROFIT & LOSS

*The Estate's Environmental Profit and Loss Statement is an estimate of the annual Natural Capital benefits that are produced, and ecosystem services used during the year ended 30 June 2025.*

| NATURAL CAPITAL REPORT<br>Environmental Profit & Loss<br>for the year ended 30 June 2025 | Note | Measure | Metric | 30-Jun-25<br>Value to business $k | 30-Jun-25<br>Value to society $k | 30-Jun-25<br>TOTAL $k | 30-Jun-24<br>Measure | 30-Jun-24<br>Metric | 30-Jun-24<br>TOTAL $k |
|---|---|---|---|---|---|---|---|---|---|
| **Enhancements to Natural Capital** | | | | | | | | | |
| Biomass - Productive Forest | | | | | | | | | |
| Fibre from growth | 3 | 1,069 | '000 gmt | 41,766 | - | 41,766 | 1,408 | '000 gmt | 55,052 |
| Revaluation on biomass | 3 | | | | - | - | | | |
| | | | | 41,766 | - | **41,766** | | | **55,052** |
| Carbon Sequestration | | | | | | | | | |
| Revaluation of opening balance carbon sequestration | 4 | | | 97 | 132,418 | 132,516 | | | 304,111 |
| Increase/(decrease) in carbon sequestration due to growth - current year | 4 | 4,168 | kt C02-e | 1,413 | 98,777 | 100,190 | 4,803 | kt C02-e | 154,200 |
| Increase/(decrease) in future estimated carbon sequestration due to current year changes in production profiles | 4 | 3,908 | kt C02-e | 6,410 | (5,673) | 737 | 2,463 | kt C02-e | 57,254 |
| Reduction in Carbon emissions from operations - future years based on harvest profile | 9 | | | | | - | 223 | kt C02-e | 870 |
| Revaluation in opening balance of future estimated carbon sequestration | 4 | | | 2,707 | 119,581 | 122,288 | | | 78,764 |
| | | | | 10,626 | 345,104 | **355,730** | | | **595,199** |
| Water | | | | | | | | | |
| Water flows to the estate (rainfall) | 6a | 1,056 | GL | 116,195 | - | 116,195 | 581 | GL | 63,890 |
| Sediment control - erosion prevented due to riparian buffers | 6b | 4,801 | tonnes | - | 253 | 253 | 4,482 | tonnes | 236 |
| Water transfers | 6a | 1,009 | GL | (111,023) | 111,023 | - | 542 | GL | - |
| | | | | 5,171 | 111,276 | **116,447** | | | **64,126** |
| Natural Forest Habitat | | | | | | | | | |
| Profit/(Loss) on revaluation of Habitat | 7 | | | 11,217 | - | 11,217 | | - | 3,356 |
| Investment in vegetation condition improvements | 8 | | | - | 744 | 744 | | - | 756 |
| Increase in provision for Natural forest maintenance | 8 | | | 855 | - | 855 | | - | 4,269 |
| | | | | 12,071 | 744 | **12,815** | | | **8,380** |
| | | | | **69,635** | **457,124** | **526,759** | | | **722,758** |

| | Note | Measure | Metric | Cost/ Impact from Business $k | Cost/ Impact from Society $k | TOTAL $k | | | TOTAL $k |
|---|---|---|---|---|---|---|---|---|---|
| **Reductions to Natural Capital** | | | | | | | | | |
| Biomass - Productive Forest | | | | | | | | | |
| Harvested biomass from Sustainable Plantations | 3 | 1,036 | '000 gmt | 40,507 | - | 40,507 | 1,389 | '000 gmt | 62,586 |
| Devaluation on biomass | 3 | | | 24,809 | - | 24,809 | | | 69,306 |
| | | | | 65,316 | - | **65,316** | | | **131,893** |
| Carbon Sequestration | | | | | | | | | |
| Sequested carbon transferred on harvest - current year | 4 | 4,712 | kt C02-e | - | 167,030 | 167,030 | 5,665 | kt C02-e | 194,580 |
| Carbon emissions from operations - future years based on harvest profile | 9 | 219 | kt C02-e | 95 | - | 95 | | | |
| Carbon emissions from operations - current year | 5 | 56 | kt C02-e | 1,991 | - | 1,991 | 70 | kt C02-e | 2,401 |
| | | | | 2,087 | 167,030 | **169,117** | | | **196,981** |
| Water | | | | | | | | | |
| Water consumed by operations | 6a | 47 | GL | 5,175 | - | 5,175 | 39 | GL | 4,267 |
| Sale of water resources | 6a | 0.4 | GL | 47 | - | 47 | 0.4 | GL | 47 |
| Estimated sediment impact from operations | 6b | 539 | tonnes | 28 | - | 28 | 459 | tonnes | 24 |
| | | | | 5,251 | - | **5,251** | | | **4,338** |
| Natural Forest Habitat | | | | | | | | | |
| Natural forest maintenance costs incurred | 8 | | | 744 | - | 744 | | - | 756 |
| | | | | 744 | - | **744** | | | 756 |
| | | | | **73,397** | **167,030** | **240,427** | | | **333,968** |
| Net increase/(decrease) in Natural Capital | | | | (3,763) | 290,094 | 286,332 | | | 388,790 |

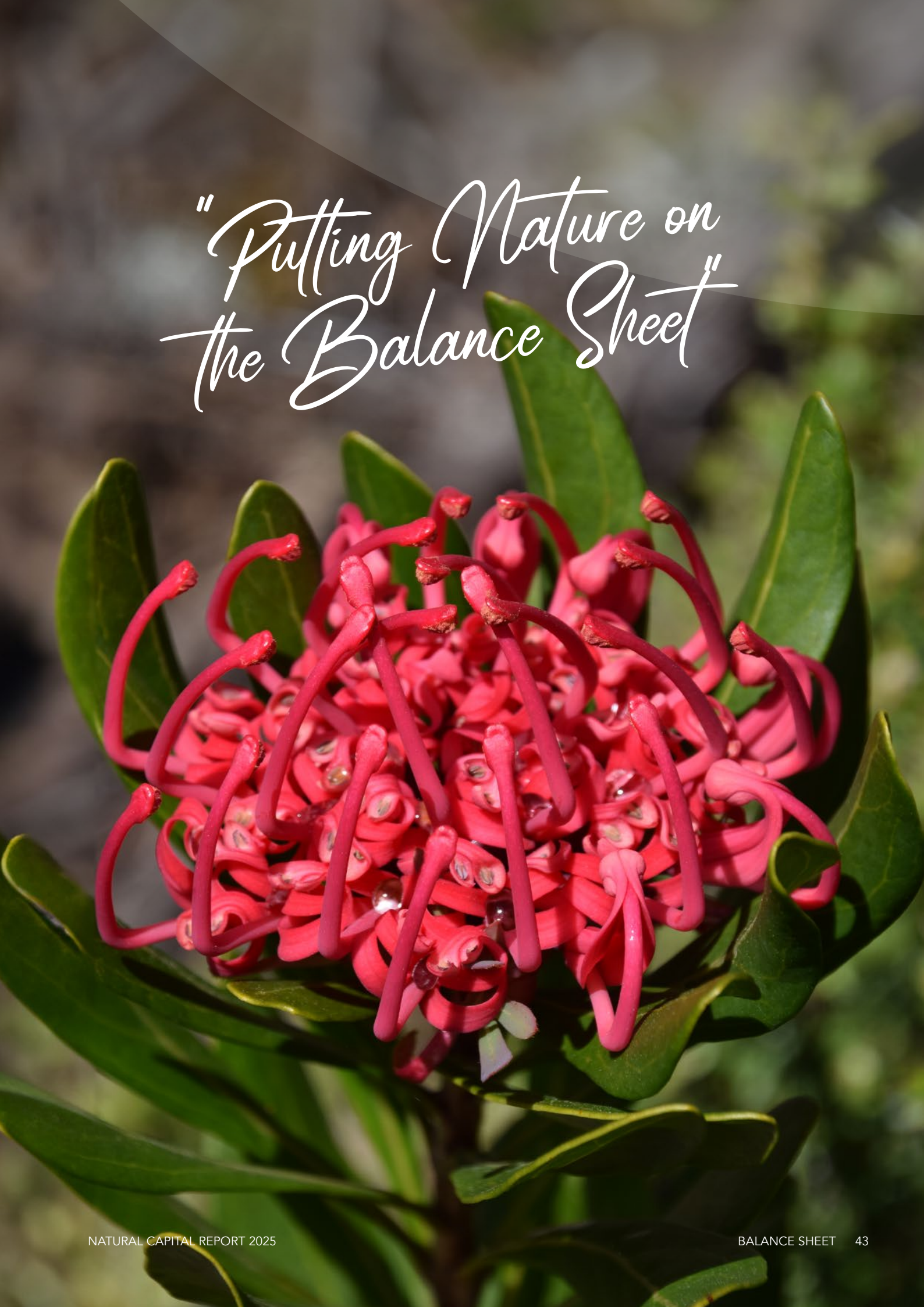
# NATURAL CAPITAL *Balance Sheet*

The Natural Capital Balance Sheet shows the assets and liabilities from Natural Capital stocks or ecosystem services valued over the remaining planned lifecycle of the assets managed by Forico on 30 June 2025. To ensure our statements are future-focused, we have not just valued assets at a single point of time but have included future physical flows in the assets' valuation by using well established valuation techniques to discount future flows into today's dollars.

In this Natural Capital Report, we have focused on presenting only the Environmental Assets that have been measured and assigned a monetary value with a level of confidence as per the assessment criteria (refer Table 3). There are many identified ecosystem services that are not presented here such as air filtration, soil and nutrient balancing and flood mitigation. Hence the Balance Sheet below is a conservative estimate of the complete value of the Natural Capital on the Estate.

| NATURAL CAPITAL REPORT<br>Natural Capital Balance Sheet<br>as at 30 June 2025 | NOTES | 30 June 2025<br>Measure | Metric | Value to Business $k | Value to Society $k | TOTAL $k | 30 June 2024<br>Measure | Metric | TOTAL $k |
|---|---|---|---|---|---|---|---|---|---|
| **ENVIRONMENTAL ASSETS** | | | | | | | | | |
| Biomass | | | | | | | | | |
| Productive Plantation | 3 | 11,138 | '000 gmt | 435,140 | - | 435,140 | 11,731 | '000 gmt | 458,690 |
| Carbon Sequestration | | | | | | | | | |
| Productive Plantation | | | | | | | | | |
| Carbon - above ground | 4 | 11,594 | kt C02-e | 4,554 | 399,461 | 404,015 | 12,089 | kt C02-e | 408,465 |
| Carbon - below ground | 4 | 50,724 | kt C02-e | - | 1,769,070 | 1,769,070 | 51,532 | kt C02-e | 1,741,926 |
| Carbon - forest debris | 4 | 5,757 | kt C02-e | - | 200,414 | 200,414 | 6,340 | kt C02-e | 214,226 |
| Future carbon sequestration before harvest | 4 | 37,876 | kt C02-e | 31,364 | 1,030,191 | 1,061,555 | 33,969 | kt C02-e | 938,530 |
| Natural Forest | | | | | | | | | |
| Carbon - above & below ground | 4 | 52,453 | kt C02-e | - | 1,830,285 | 1,830,285 | 52,453 | kt C02-e | 1,773,492 |
| | | 158,405 | | 35,919 | 5,229,420 | 5,265,339 | 156,383 | | 5,076,639 |
| Natural Forest Habitat | 7 | 76,732 | ha | - | 287,656 | 287,656 | 76,834 | ha | 276,439 |
| **TOTAL ENVIRONMENTAL ASSETS** | | | | 471,059 | 5,517,076 | 5,988,135 | | | 5,811,768 |
| **ENVIRONMENTAL LIABILITIES** | | | | | | | | | |
| Maintenance provision - Natural Forest | 8 | 76,732 | ha | 19,708 | - | 19,708 | 76,834 | ha | 20,562 |
| Provision for future harvest carbon emissions | 9 | 219 | kt C02-e | 7,748 | - | 7,748 | 223 | kt C02-e | 7,653 |
| **TOTAL ENVIRONMENTAL LIABILITIES** | | | | 27,456 | - | 27,456 | | | 28,215 |
| **TOTAL NET NATURAL CAPITAL** | | | | 443,603 | 5,517,076 | 5,960,679 | | | 5,783,553 |

# "Putting Nature on the Balance Sheet"



# NOTES TO THE NATURAL *Capital Report*

## GENERAL INFORMATION

This Natural Capital Report covers the Tasmanian Forest Trust (TFT), being a stapled group consisting of Tasmanian Forest Operating Trust (TFOT) and Tasmanian Forest Investment Trust (TFIT) and TFIT's controlled entity (Tasmanian Forest Investment Sub Trust (TFIST)) as well as TFOT's controlled entities (Tasmanian Forest Operating Sub Trust (TFOST)) and Forico Pty Limited. The units of TFOT are stapled to the units of TFIT and cannot be traded separately. For reporting under ASIC Corporations (Stapled Group Reports) Instrument 2015/838, the stapled entity reflects a consolidated group. Transactions between the two funds have been eliminated on consolidation.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of this illustrative Natural Capital Report are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### *(A) BASIS OF PREPARATION*

*(i) Natural Capital Report*

This is an illustrative Natural Capital Report that has been prepared for the sole purpose of demonstrating the inherent value of TFT's dependencies and impacts on the environment. The importance of the provisioning, regulating and cultural services supplied by the environment are fundamental to TFT's continued sustainability. Measuring and valuing ecosystem services in a meaningful and common language understood by businesses, investors and other stakeholders will assist decision makers to make balanced and informed choices considering all Capitals, including environmental.

This report has been prepared in accordance with guidance and methodologies provided by the Capital Coalition in the Natural Capital Protocol (NCP).

*(ii) Critical accounting estimates and forward-looking statements*

The preparers evaluate estimates and judgements incorporated into the Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*(iii) Accounting Standards and Concepts*

The preparers of the Natural Capital Report have applied the fundamental accounting concepts in determining the criteria for Assets, Liabilities, Expenses and Revenue as per the definitions provided by the Australian Accounting Standards Board (AASB) Framework and The Capital Coalition's Natural Capital Protocol.

*(iv) Materiality – AASB1031*

Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of a specific reporting entity's Natural Capital Report make based on the information disclosed in this report.

We acknowledge the key concept of materiality and its inherent application to the accounting principles of recognition, measurement, presentation, and disclosure in financial statements. We have sought to apply the concept of materiality in the context of facilitating better communication in the Natural Capital Report.

Our materiality assessment has been made from the perspective of forest growers, landscape managers and investors in TFT Estate and does not consider the Natural Capital impacts and dependencies of downstream processing of biomass products. Nor does it consider other geographic areas or businesses.

The scope of the 2025 Natural Capital Report is limited to quantifying the four elements of Biomass, Carbon, Water and Habitat as outlined in the Scope (Page 37). We have based our report on these four components and recognise that there may be other material items (refer Table 4) not included in this report.

*(v) Rounding*

Amounts in this Natural Capital Report have been rounded off in accordance with ASIC Legislative Instrument 2016/191, to the nearest thousand dollars, or in certain cases, the nearest dollar.

*(vi) Currency*

All monetary figures are presented in Australian dollars.

*(vii) Asset Valuation – Biomass and Carbon*

In this Natural Capital Report, we have assessed the value of an asset, based on the total income expected to be realised over its economic life span of one rotation. In the case of standing plantations, their economic life is until their harvest as determined by Forico Management with reference to the current harvest plan schedule within our Strategic Enterprise Valuation and Planning Model.

*(viii) Discount Rate*

We acknowledge the application of discount rates can vary (for example Forestry England uses 3.5%)[19] and Natural Capital Protocol guidance suggests that best practice is to use different discount rates for benefits to Society versus benefits to Business. We have adopted the rate of 7% for the valuation of biomass (FY24 7%) and 8.5% for carbon ACCU Scheme projects (FY24 8.5%) consistent with our Biomass valuation model and disclosures in the Annual Financial Report given the ecosystems value to the business. The discount rate of 3.5% has been applied to the provisions for carbon and maintenance (Notes 8 & 9) which is based on the social time preference for having goods and services now rather than later. This has nothing to do with inflation because it is true even at constant prices[20].

19 Forestry England, Natural Capital Account 2022-23. <https://www.forestryengland.uk/sites/default/files/documents/Natural%20Capital%20Accounts%202022-2023.pdf>.

20 UK HM Treasury, The Green Book (2022) Updated 27 October 2025 – Central Government Guidance on Appraisal and Evaluation, <https:// https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>.

## NOTE 2. SEGMENT INFORMATION

This Natural Capital Report details four Natural Capital segments, reflecting four of the most material ecosystem services on the Estate; (i) Biomass, (ii) Carbon, (iii) Water, and (iv) Habitat. The activities undertaken by each segment are;

- Biomass (productive forest) segment activities include plantation establishment, plantation maintenance, harvest operations, mill operations, fibre technology laboratory, nursery, seed orchard and research and development.
- Carbon segment activities include sequestration and growth which are offset by emissions consumed during operational activity.
- Water segment activities include water flows and consumption, sediment impact and erosion control and water resource sales.
- Habitat (native forest and other natural vegetation) segment activities include resource investment and maintenance.

| **30 June 2025** | **Biomass - Productive Forest** | **Carbon** | **Water Flows and Quality** | **Habitat - Natural Vegetation** | **Total 2025** | **Total 2024** |
|---|---|---|---|---|---|---|
| *Note Ref* | 3 | 4 ,5 | 6a,6b | 7,8 | | |
| | $k | $k | $k | $k | $k | $k |
| Enhancements to Natural Capital | | | | | | |
| Growth in natural capital | 41,766 | 100,927 | - | - | **142,693** | 267,376 |
| Inflows to the Estate | - | - | 116,195 | - | **116,195** | 63,890 |
| Investments/Improvements | - | - | 253 | 12,815 | **13,068** | 8,617 |
| Revaluation adjustments | - | 254,804 | - | - | **254,804** | 382,875 |
| | 41,766 | 355,730 | 116,447 | 12,815 | **526,759** | 722,758 |
| Reductions to Natural Capital | | | | | | |
| Outflows from the Estate | (40,507) | (167,030) | (28) | - | **(207,565)** | (257,190) |
| Devaluation adjustments | (24,809) | - | - | - | **(24,809)** | (69,306) |
| Emissions from operations | - | (2,087) | - | - | **(2,087)** | (2,401) |
| Utilisation of resources | - | | (5,175) | - | **(5,175)** | (4,267) |
| Flows to Society | | | (47) | | **(47)** | (47) |
| Maintenance Costs | - | - | - | (744) | **(744)** | (756) |
| | (65,316) | (169,117) | (5,251) | (744) | **(240,427)** | (333,968) |
| Net increase/(decrease) in Natural Capital | (23,550) | 186,614 | 111,197 | 12,071 | **286,332** | 388,790 |
| Net increase/(decrease) in Natural Capital - 30 June 2024 | (27,843) | 1,053,334 | 59,669 | 7,624 | | |


"balancing the
books of nature

# NOTE 3. PROVISIONING SERVICES - WOOD FIBRE (BIOMASS FROM PLANTATION FORESTS)

## CONTEXT

**Forico actively manages a plantation forestry asset providing wood fibre from three predominant species Eucalyptus nitens, Eucalyptus globulus and Pinus radiata which is exported to customers who produce high quality pulp and paper products. In addition, we harvest solid wood logs for use in building, construction and furniture.**

## MEASUREMENT

Standing timber is measured at fair value less estimated point-of-sale costs. The fair value of standing timber is determined as the difference between the net present value of future cashflows expected to be generated by the forest at the time of harvest discounted at a current market determined rate which reflects the risks associated with the forest. The values and assumptions underpinning standing timber are contained within a report prepared by a qualified external valuer which is then utilised in audited financial statements. The value presented for plantation biomass in this report has been adjusted for non-biological assets utilised in deriving the cashflows of the standing timber (property, plant & equipment, land, roads) as well as the value attributable to Carbon from our ERF model which has been included separately at Note 4 . Any change in the value of plantation biomass is reflected in the Environmental Profit and Loss.

Utilising the independent valuation of the biological assets performed by Margules Groom as at 30 June 2025, the combined movement in value of plantation biomass and carbon is consistent with the audited Financial Statements in recognising a decrease in the value of biological assets of $13m (2024: decrease ($68m)).

The valuation methods and key drivers used to determine the fair value of biological assets involve a combination of the income approach and comparable sales approach under a discounted cashflow (DCF) framework applied to woodflows and associated costs and revenues of the TFOST forest estate modelled from the Tigermoth optimisation software. The key assumptions used in determining fair value were as follows:

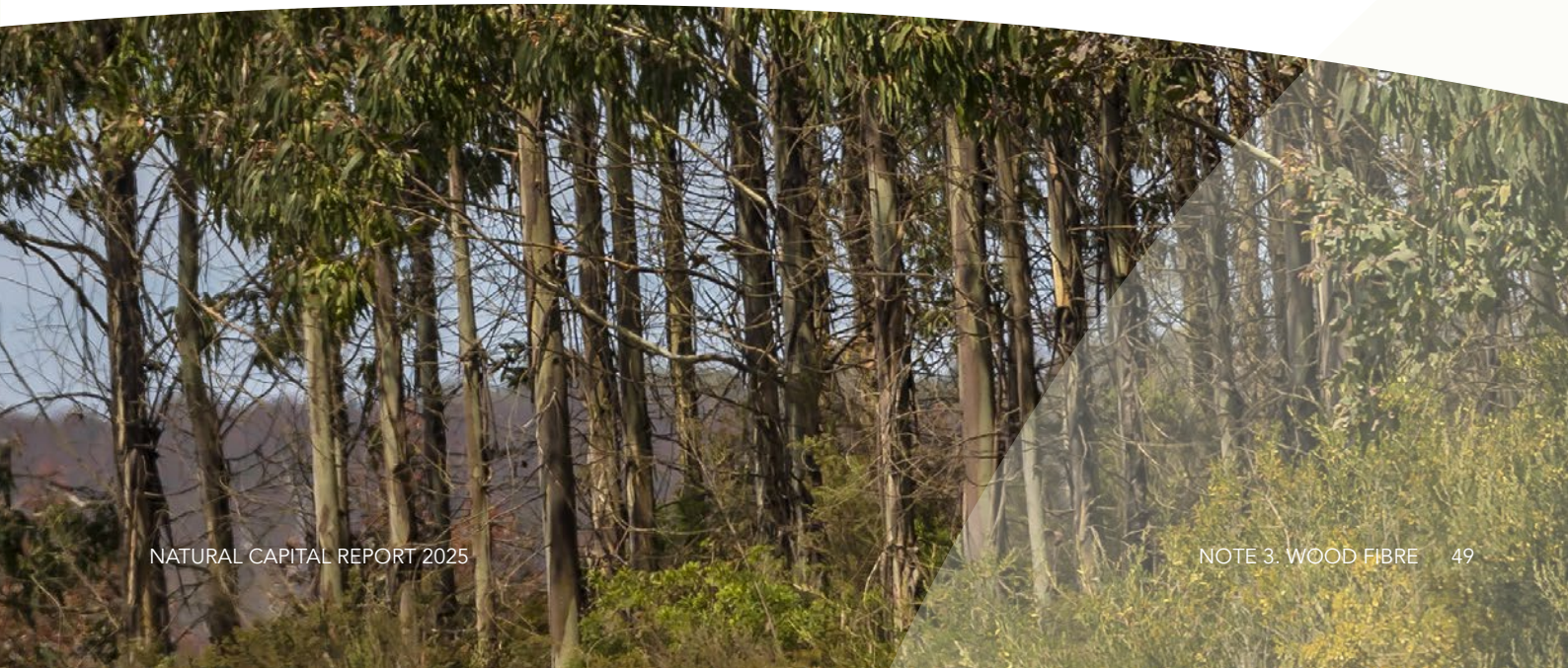
- A discount rate of 7% (2024: 7%) derived from observed forest acquisition transactions in the Australasian region.
- Harvestable volumes have been determined as the estimated future volume as at expected dates from modelling of the TFOST forest estate in the Tigermoth optimisation software
- Prices for timber sales have been based on market research and analysis of the current state of regional domestic and export markets conducted by the independent valuer. Hardwood weighted average price range of $256.22 - $259.67 (average $258.26) (2024: $258.99 - $262.49 (average $258.05)).

The value of biological assets represents the value of the current stand of trees in their single rotation as required under the existing standard AASB141 Agriculture and does not represent the fair value of forests valued on a multi-rotation basis.

| | 30 June 2025 | | | 30 June 2024 | | |
|---|---|---|---|---|---|---|
| | Hectares | GMT or '000 | Value $k | Hectares | GMT or '000 | Value $k |
| **Opening Balance of Standing Plantation Timber** | 88,010 | 11,731 | 458,690 | 88,880 | 11,889 | 535,530 |
| Less | | | | | | |
| Harvested biomass | (4,437) | (1,036) | (40,507) | (4,364) | (1,389) | (62,586) |
| Fire impacted plantation biomass | (307) | (5) | | (129) | (29) | |
| Net change in Ownership/Share farms schemes & land acquisitions | (162) | | | (895) | | |
| Net movement in fallow land | 551 | | | 684 | | |
| Reclassifications^ | (310) | (621) | | (368) | (148) | |
| Add | | | | | | |
| Natural Growth - Biomass | | 1,069 | 41,766 | | 1,408 | 55,052 |
| Establishment & Replantings | 4,219 | - | | 4,202 | - | |
| Revaluation adjustment on Biomass | | | (24,809) | | | (69,306) |
| **Closing Balance of Plantation Standing Timber** | **87,564** | **11,138** | **435,140** | **88,010** | **11,731** | **458,690** |
| of which: | | | | | | |
| Hardwood | 67,539 | 9,791 | | 68,536 | 10,374 | |
| Softwood | 13,347 | 1,347 | | 13,347 | 1,356 | |
| Fallow Productive Land* | 6,678 | - | | 6,127 | - | |
| | **87,564** | **11,138** | | **88,010** | **11,731** | |
| #assumed 1 Tonne of woodfibre = 1 m3 | | - | - | | | |
| Green Metric Tonne (GMT) | | - | | | | |
| Add | | | | | | |
| Natural Forest Areas | 76,732 | | | 76,834 | | |
| Infrastructure and Other* | 7,856 | | | 7,471 | | |
| TOTAL FOREST MANAGEMENT UNIT (FMU) | 172,153 | | | 172,315 | | |

*Includes areas reclassified from Other to fallow productive

^includes prior year adjustment



## NOTE 4. REGULATING SERVICES - CARBON SEQUESTRATION FROM PLANTATION AND NATURAL VEGETATION

### CONTEXT

**The regulation and maintenance of the Earth's climate has been linked to the moderation of the amount of carbon dioxide in its atmosphere. Forests provide natural and efficient ecosystems to sequester carbon from the atmosphere and provide an important source of embedded carbon storage in timber products once harvested (off site) and in the forests as living biomass, debris and the soil (in situ). Forest carbon across the Estate is stored in five pools:**

1. Above ground biomass;
2. Below ground biomass;
3. Soil (soil organic carbon);
4. Deadwood; and
5. Litter.

### MEASUREMENT

The Full Carbon Accounting Model (Version – 2020 FullCAM)[21] has been used to model the amount of carbon stored in the forests across the Estate. The FullCAM model is a calculation tool for modelling Australia's greenhouse gas emissions from the land sector. Given FullCAM is used in Australia's National Greenhouse Gas Accounts for land use, land use change and forestry sectors, this tool has been applied to calculate the carbon sequestered and stored in both the plantation forests and natural forests other natural vegetation areas.

FullCAM was developed by CSIRO for the Australian Government under the National Carbon Accounting System (NCAS) to provide a dynamic account of the changing stocks of carbon in Australia's land systems by integrating data on land cover change, land use and management, climate, plant productivity, and soil carbon over time.

FullCAM is used to generate abatement estimates for vegetation Methodology Determinations (methods) under the Australian Carbon Credit Units Scheme, previously known as the Emissions Reduction Fund (ERF). The 2020 version has been utilised as the most appropriate to model the Forico estate incorporating the latest modelling information for the land sector. The 2024 FullCAM version was released for Beta testing and may be considered for future carbon sequestration modelling.

The FullCAM software enables reporting of carbon components of a stand at a given site over time, including standing volume of trees and carbon mass of trees. The storage of carbon in trees diminishes over the life cycle of the tree from juvenile to maturation at which time the tree becomes a carbon sink. FullCAM integrates site-specific geographic data for climate, soil type and species together with the planned harvest and replant cycles occurring over the permanence period of one hundred years to model productivity and expected carbon and nitrogen stocks for above and below ground. The preparers were therefore able to reconcile standing timber volumes in the Estate's Biomass model to FullCAM's standing volumes via a calibration process where a single FullCAM model was calibrated to match average standing volumes across the entire Estate. Future wood supply from the Estate's biomass valuation model[22] were used to predict future carbon flows from the current rotation of standing forests until their planned harvest. Changes in planned harvest and planting profiles or events such as fire will change future carbon flows in subsequent periods along with any change to market demand and hence future balance sheet values.

21 Department of Climate Change, Energy, the Environment and Water, Full Carbon Accounting Model (FullCAM), <https:// https://www.dcceew.gov.au/climate-change/publications/full-carbon-accounting-model-fullcam>

22 Forico's enterprise valuation model utilises the Tigermoth software to project available wood flows and quantify the value of the forest estate over a 60 year rotation cycle of harvest and replant.

| | Standing Volume (Above Ground) | | Below Ground | Below Ground | Forest Debris of Standing Volume | Forest Debris of Standing Volume | ACCU Scheme Projects | Natural Forest | TOTAL | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| | Softwood | Hardwood | Softwood | Hardwood | Softwood | Hardwood | Softwood & Hardwood | | | |
| | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonne of CO2-e | Kilotonnes CO2-e | Kilotonnes of Carbon |
| Opening Balance of Carbon sequestered as at 1 July 2023 | 986 | 11,293 | 8,120 | 44,249 | 333 | 6,090 | 65 | 52,453 | 123,590 | 33,706 |
| Opening Balance Adjustment | 105 | (177) | 84 | (100) | 37 | (263) | 0 | 0 | (314) | (86) |
| Less Harvest of Standing Timber | (25) | (1,354) | (75) | (3,270) | (26) | (914) | 0 | 0 | (5,665) | (1,545) |
| Add Growth in Carbon Stock | 9 | 1,160 | 893 | 1,631 | 26 | 1,057 | 27 | 0 | 4,803 | 1,310 |
| **Balance of Carbon sequestered as at 30 June 2024** | **1,075** | **10,922** | **9,023** | **42,510** | **370** | **5,970** | **92** | **52,453** | **122,414** | **33,386** |
| Future estimate carbon to be sequestered in growth before harvest on plantation planted as at 30 June 2024 | 659 | 8,530 | 5,312 | 6,430 | 5,440 | 6,847 | 752 | 0 | 33,969 | 9,264 |
| Total Carbon Volume - 2024 | 1,734 | 19,451 | 14,335 | 48,939 | 5,810 | 12,816 | 844 | 52,453 | 156,383 | 42,650 |
| Opening Balance of Carbon sequestered as at 1 July 2024 | 1,075 | 10,922 | 9,023 | 42,510 | 370 | 5,970 | 92 | 52,453 | 122,414 | 33,386 |
| Opening balance adjustment | (31) | (426) | (18) | (238) | 0 | (629) | 0 | 0 | (1,342) | (366) |
| Less Harvest of Standing Timber | 0 | (975) | (73) | (2,922) | (29) | (713) | 0 | 0 | (4,712) | (1,285) |
| Add Growth in Carbon Stock | (9) | 907 | 91 | 2,352 | 29 | 758 | 40 | 0 | 4,168 | 1,137 |
| **Closing Balance of Carbon sequestered as at 30 June 2025** | **1,035** | **10,427** | **9,023** | **41,702** | **370** | **5,387** | **132** | **52,453** | **120,529** | **32,872** |
| Future estimate carbon to be sequestered in growth before harvest on plantation planted as at 30 June 2025 | 328 | 10,298 | 5,277 | 8,370 | 5,473 | 7,239 | 891 | 0 | 37,876 | 10,330 |
| Total Carbon Volume - 2025 | 1,363 | 20,725 | 14,300 | 50,072 | 5,843 | 12,626 | 1,023 | 52,453 | 158,405 | 43,201 |
| Increase/(decrease) in carbon sequestration due to changes in future growth | (331) | 1,768 | (35) | 1,940 | 34 | 393 | 139 | 0 | 3,908 | 1,066 |

| | Standing Volume (Above Ground) | | Below Ground | Below Ground | Forest Debris of Standing Volume | Forest Debris of Standing Volume | ACCU Scheme Projects | Natural Forest | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Softwood | Hardwood | Softwood | Hardwood | Softwood | Hardwood | Softwood & Hardwood | | |
| | $k | $k | $k | $k | $k | $k | $k | $k | $k |
| Opening Balance of Carbon sequestered as at 1 July 2023 | 31,020 | 353,889 | 255,215 | 1,386,607 | 10,447 | 190,833 | 1,949 | 1,644,417 | 3,874,377 |
| Revaluation of opening carbon* | 2,435 | 27,778 | 20,033 | 108,839 | 820 | 14,979 | 153 | 129,075 | 304,111 |
| Less Harvest of Standing Timber | (854) | (46,519) | (2,587) | (112,338) | (881) | (31,401) | 0 | 0 | (194,580) |
| Add Growth in Carbon Stock | 3,920 | 33,751 | 33,579 | 52,578 | 2,152 | 27,276 | 943 | 0 | 154,200 |
| **Closing Balance of Carbon sequestered as at 30 June 2024** | **36,521** | **368,899** | **306,240** | **1,435,686** | **12,539** | **201,687** | **3,044** | **1,773,492** | **4,138,109** |
| Present value of future estimated carbon to be sequestered in growth before harvest for plantations planted as at 30 June 2024 | 86,524 | 121,089 | 98,630 | 445,136 | 74,028 | 90,877 | 22,248 | 0 | 938,530 |
| Total Carbon Value - 2024 | 123,045 | 489,988 | 404,869 | 1,880,821 | 86,567 | 292,564 | 25,292 | 1,773,492 | 5,076,639 |
| Increase/(decrease) in future carbon sequestration value- 2024 | 29,824 | 4,017 | 34,371 | 12,457 | 26,710 | 20,644 | 7,994 | 0 | 136,018 |
| Opening Balance of Carbon sequestered as at 1 July 2024 | 36,521 | 368,899 | 306,240 | 1,435,686 | 12,539 | 201,687 | 3,044 | 1,773,492 | 4,138,109 |
| Revaluation of opening carbon* | 1,170 | 11,813 | 9,807 | 45,975 | 402 | 6,459 | 97 | 56,793 | 132,516 |
| Less Harvest of Standing Timber | 11 | (34,568) | (2,586) | (103,584) | (1,039) | (25,263) | 0 | 0 | (167,030) |
| Add Growth in Carbon Stock | (1,423) | 17,038 | 2,586 | 74,947 | 1,039 | 4,591 | 1,413 | 0 | 100,190 |
| **Closing Balance of Carbon sequestered as at 30 June 2025** | **36,278** | **363,182** | **316,047** | **1,453,024** | **12,940** | **187,474** | **4,554** | **1,830,285** | **4,203,784** |
| Present value of future estimated carbon to be sequestered in growth before harvest for plantations planted as at 30 June 2025 | 78,825 | 146,878 | 99,868 | 522,788 | 75,084 | 106,748 | 31,364 | 0 | 1,061,555 |
| Total Carbon Value - 2025 | 115,103 | 510,060 | 415,914 | 1,975,812 | 88,024 | 294,222 | 35,919 | 1,830,285 | 5,265,339 |
| Increase/(decrease) in future carbon sequestration value - 2025 | (7,699) | 25,789 | 1,238 | 77,652 | 1,056 | 15,872 | 9,116 | 0 | 123,025 |

*Revaluation for the opening value of carbon relates to the current market pricing against the prior year price.

Carbon methods for projects in natural vegetation have been developed under the Clean Energy Regulator's Australian Carbon Credit Unit Scheme and the preparers of this report have utilised the average market price achieved under the Plantation method. The price currently achievable for natural vegetation as at 30 June 2025 was $35.45[23] per tonne of carbon abated (FY24 $34.35/t). This pricing has been applied to the carbon flows of both natural vegetation and the non-ACCU registrable areas of the planation estate. These carbon flows utilise a 3.5% discount rate based upon perpetual valuation techniques. Natural forests inherently grow and change over time and hence will continue to absorb and sequester carbon. It has been estimated that sequestration rates are underestimated by 32% globally due to spatial variability across landscapes, which makes measuring carbon in natural forest areas more challenging[24]. For this valuation natural forests were assumed to have no change in net carbon amounts (net primary production)[25] for mature and over-mature forests. The value of carbon included under ACCU Scheme Projects relates to currently registered projects as at 30 June 2025 over the 15 year crediting period. The carbon price applied to ACCU Scheme Projects is as per the valuers price profile for FY25 of $44.50 per tonne of carbon abated (FY24 $34/t). A discount rate of 8.5% (FY24 8.5%) has been applied to these projects as per Margules Groome's analysis of market risk for forestry-related carbon projects.

Carbon embodied in forest products does not represent a release of carbon into the atmosphere. It represents carbon embedded in harvested timber, which leaves the Estate for commercial uses in the reporting year. The Carbon account for 2025 does not take into account what the subsequent use of the wood fibre will be, whether it be paper, or construction uses. To avoid double counting in the Balance Sheet and Profit and Loss which sequestered carbon as the forests grow, carbon embodied in forest products is shown as an outflow in the Profit and Loss to represent that the carbon has left the Estate and Forico's control.

The carbon embodied in forest products does not include debris and non-merchantable timber biomass (bark, branches and leaves) which is left on site after harvesting. In addition, soil carbon is contained within the organic matter below the surface (roots, decomposing biomass, microorganisms, and animal waste) and remains in the ground after harvesting. The current carbon schemes only value what is stored within the standing timber.

Average carbon storage[26] for the 2025 financial year was 232 t/ha for plantation hardwoods [2024: 236 t/ha] and 213 t/ha for softwoods [2024: 214 t/ha]. The average CO2 equivalent (CO2-e[27]) is 852 t CO2-e/ha for hardwoods and 781 t CO2-e/ha for softwoods. Average carbon storage for the natural forest areas was found to be lower at 187 t/ha [2024: 186 t/ha] converting to 684 t CO2-e.

23 Results from FY25 show the uplift in price of 10% from FY23 resulted in a 84% positive impact on value.

24 Harris et al 2020, Forests can absorb carbon more quickly than previously thought, <The Nature Conservancy, https://www.nature.org/en-us/what-we-do/our-insights/perspectives/climate-potential-natural-regrowth-forests/>.

25 Tang et al 2014, Steeper declines in forest photosynthesis than respiration explain age-driver decreases in forest growth, PNAS, Vol 111, no.24, pp 8856-8860.

26 Carbon storage averages were calculated from the annual volume of carbon sequestered for hardwood and softwood species divided by the Estate area in hectares for each species type. Carbon storage was calculated using the FullCAM 2020 version as described above.

27 Carbon dioxide equivalent or CO2e means the number of metric tons of CO2 emissions with the same global warming potential as one metric ton of another greenhouse gas.

# NOTE 5. CARBON EMISSIONS – FORICO CONTROLLED OPERATIONS

| | | 30 June 2025 | Impact from Business | 30 June 2024 | Impact from Business |
|---|---|---|---|---|---|
| Scope 1 - Direct | Usage | Kilotonnes C02-e | $k | Kilotonnes C02-e | $k |
| Gas Consumption | Nursery Operations | 0.04 | $2 | 0.02 | $1 |
| Diesel Consumption - road registered vehicles/P&E | Motor Vehicles/Haulage Trucks/ATV | 12.06 | $427 | 14.83 | $509 |
| Diesel Consumption - non-road registered/P&E | Plantation operations Plant & Equipment (Loaders/Graders/Dozers etc) | 5.57 | $197 | 8.03 | $276 |
| Gasoline Consumption - road registered vehicles/P&E | Motor Vehicles/Plant & Equip | 0.00 | $0 | 0.01 | $0 |
| Gasoline Consumption - non-road registered vehicles/P&E | Plant & Equip | 0.00 | $0 | 0.01 | $0 |
| Gasoline Consumption - aircraft | Aerial Spraying | 0.05 | $2 | 0.06 | $2 |
| Non-Transport Fuel Combustion - Planned | Site preparation/Ecological Burns | 0.05 | $2 | 0.23 | $8 |
| Non-Transport Fuel Combustion - Unplanned | Unplanned Fire Events | 0.00 | $0 | 0.02 | $1 |
| Nitrogen - fertiliser consumption | Plantation & Nursery Operations | 0.08 | $3 | 0.19 | $6 |
| | | **17.87** | **$634** | **23.41** | **$804** |
| **Scope 2 - Indirect** | | | | | |
| Electricity Consumption | All Facilities | 0.78 | $28 | 0.72 | $25 |
| **Scope 3 - Indirect through Supply Chain** | | | | | |
| Downstream transportation and distribution* | Shipping | 37.52 | $1,330 | 45.78 | $1,572 |
| **Total carbon emissions** | | **56.17** | **$1,991** | **69.91** | **$2,401** |

*Conversion of kWh for electricity consumption into tonnes of CO2-e is based on the Emissions Factor for the 2025 financial year of 0.150 [2024: 0.120]. The emissions intensity of grid electricity in Tasmania is relatively low due to the State's extensive renewable energy sources, such as the hydro-electric scheme.

## CONTEXT

Greenhouse gases from businesses are considered to be a large contributor to climate change. Emissions from business operations are disclosed to inform our readers of the net effect of carbon from our operational activities. This allows us to understand our overall environmental impact and work toward reducing these emissions in line with the Paris Agreement.

## MEASUREMENT

Carbon emissions for Forico operations for Scope 1 and 2 emissions were calculated in accordance with the National Greenhouse and Energy Reporting (NGER) scheme, established by the National Greenhouse and Energy Reporting Act 2007 (NGER Act). The NGER scheme is a single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption and other information specified under NGER legislation.

The methods used to calculate Scope 1 and 2 emissions were in accordance with NGER scheme with consumption data extracted as per the NGER scheme requirements (for example from invoices for the quantity of electricity, gas and diesel consumed within the reporting period). Scope 1 emission factors utilised were for transport, non-transport operations and fuel combustion and for Scope 2 the emission factor for purchased electricity was used. Scope 3 emissions for downstream transportation and distribution were calculated to account for transporting our products from Long Reach and Burnie ports to the customers' ports. For the 2024 and 2025 Financial years[28] , calculations were made in tonne kilometres for each shipment based on the shipping distance (nautical miles) together with vessel size[29] (deadweight tonnage) and load weight. Deadweight tonnage range was used to apply the appropriate Department for Environment, Food and Rural Affairs (DEFRA) emissions factors used to convert tonne-kilometres to tonnes of Carbon Dioxide equivalents.[30] Data was collected through our sales contracts to calculate these emissions which are a significant contribution of our overall supply chain emissions.

Forico is continuing to work towards capturing additional Scope 3 emissions within our overall supply chain profile for future reporting periods and to work toward reducing these emissions.

28 2023 calculations utilised estimated deadweight tonnage for vessels based on load weight.

29 VesselFinder, Vessels Database, https://www.vesselfinder.com/vessels.

30 Department for Environment, Food and Rural Affairs, Greenhouse gas reporting:conversion factors 2025, < https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025>.

# NOTE 6A. PROVISIONING SERVICES - WATER FLOWS

| 2025 | | | | | | | Benefit to Business | | | | Benefit to Society |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hectares of catchment | Hectares of Forico managed productive plantation in catchment | % of catchment used for productive forestry | Hectares of catchment in FMU | % of catchment managed by Forico | Yield (Rainfall)^ | Expected flows from the Estate if unimpacted Natural Forest cover** | Water sold during FY25 | Consumption Forico FY25 Net impact relative to natural forest# | % of yield used in productive forestry relative to Natural Forest | Flows to downstream |
| | ha | ha | % | ha | % | GL | GL | GL | GL | % | GL |
| Catchment name | | | | | | | | | | | |
| Emu River | 24,983 | 6,774 | 27% | 12,221 | 49% | 178 | 96 | - | 4.2 | 2.4% | 92 |
| Cam River | 29,219 | 7,208 | 25% | 11,829 | 40% | 159 | 80 | - | 4.5 | 2.8% | 75 |
| Blythe River | 37,319 | 1,832 | 5% | 3,675 | 10% | 58 | 34 | - | 1.2 | 2.1% | 32 |
| Arthur River | 251,865 | 18,113 | 7% | 31,417 | 12% | 567 | 352 | - | 15.3 | 2.7% | 337 |
| Pieman River | 415,878 | 2,065 | 0% | 8,923 | 2% | 168 | 112 | - | 2.3 | 1.4% | 109 |
| Inglis River | 61,286 | 4,560 | 7% | 7,018 | 11% | 88 | 43 | - | 2.2 | 2.5% | 41 |
| Other Catchments | 6,100,317 | 46,751 | 1% | 97,071 | 2% | 763 | 340 | 0.4 | 17.3 | 2.3% | 323 |
| | **6,920,866** | **87,302** | **1%** | **172,153** | **2%** | **1,980** | **1,056** | **0.4** | **47.0** | **2.4%** | **1,009** |
| **VALUE ($k)** | | | | | | | **$116,195** | **$47.2** | **$5,175** | | **$111,023** |

| 2024 | | | | | | | Benefit to Business | | | | Benefit to Society |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hectares of catchment | Hectares of Forico managed productive plantation in catchment | % of catchment used for productive forestry | Hectares of catchment in FMU | % of catchment managed by Forico | Yield (Rainfall)^ | Expected flows from the Estate if unimpacted Natural Forest cover** | Water sold during FY24 | Consumption Forico FY24 Net impact relative to natural forest# | % of yield used in productive forestry relative to Natural Forest | Flows to downstream |
| | ha | ha | % | ha | % | GL | GL | GL | GL | % | GL |
| Catchment name | | | | | | | | | | | |
| Emu River | 24,983 | 6,771 | 27% | 12,221 | 49% | 151 | 49 | - | 3.4 | 2.2% | 46 |
| Cam River | 29,219 | 7,216 | 25% | 11,828 | 40% | 129 | 36 | - | 3.7 | 2.9% | 32 |
| Blythe River | 37,319 | 1,832 | 5% | 3,675 | 10% | 51 | 20 | - | 1.1 | 2.1% | 19 |
| Arthur River | 251,865 | 18,116 | 7% | 31,417 | 12% | 495 | 208 | - | 13.0 | 2.6% | 195 |
| Pieman River | 415,878 | 2,066 | 0% | 8,923 | 2% | 152 | 74 | - | 1.9 | 1.3% | 72 |
| Inglis River | 61,286 | 4,560 | 7% | 7,018 | 11% | 70 | 18 | - | 1.6 | 2.3% | 17 |
| Other Catchments | 6,100,317 | 47,140 | 1% | 97,233 | 2% | 642 | 175 | 0.4 | 14.0 | 2.3% | 161 |
| | 6,920,866 | 87,700 | 1% | 172,315 | 2% | 1,692 | 581 | 0.4 | 38.8 | 2.3% | 542 |
| VALUE ($k) | | | | | | | $63,890 | $47.0 | $4,267 | | $59,630 |

**Net impact relative to natural forest
#Includes water consumption from operational sites

## CONTEXT

Water provision is a core ecosystem service providing life, habitat and regeneration. The relationship between water and forest systems is in the synergistic effect on the water cycle regulation through evapotranspiration, filtration, and erosion control. The availability of water is a material dependency for forest landscapes to grow productive forests, maintain the natural forest cover and it provides for downstream ecosystem services and productive and human health benefits.

How the Estate is managed for planting and harvesting, roading[31] and cultivation can have significant impacts on the flows of ecosystem services such as:

- sediment impacting water and aquatic habitat quality;
- changes in flow as a result of harvesting, new forest establishment and continued maturation and
- erosion and flood mitigation.

Forico implements several mitigation measures to minimise the impact of operational activity on water quality. All forest operations must comply with the Forest Practices Code 2020, that prescribes mitigation measures when undertaking activities such as harvesting and plantation establishment adjacent to watercourses including the requirement to retain natural forest buffers to protect the integrity of the stream. Vegetation buffers need to be retained irrespective of the site; however, soil erodibility and predominant topography (slope) will determine any additional control measures required.

On the 4,486 kilometres of watercourses that are located within the Forest Management Unit (FMU), over 20,839 hectares of streamside buffers are present and mapped [2024: 20,850], ranging in width from 10 metres to 40 metres. These buffers are predominantly natural forest and serve to filter runoff and provide habitat for numerous plant and animal species through the provision of biodiversity corridors.

The 87,302 hectares of Forico managed plantation within water catchments is geographically dispersed across Tasmania. As at June 2025 this equated to 1.26% of the Tasmanian state-wide catchment area [2024: 87,700]. Figure 5 shows the Forico managed plantation areas within the Tasmanian sub-catchments.

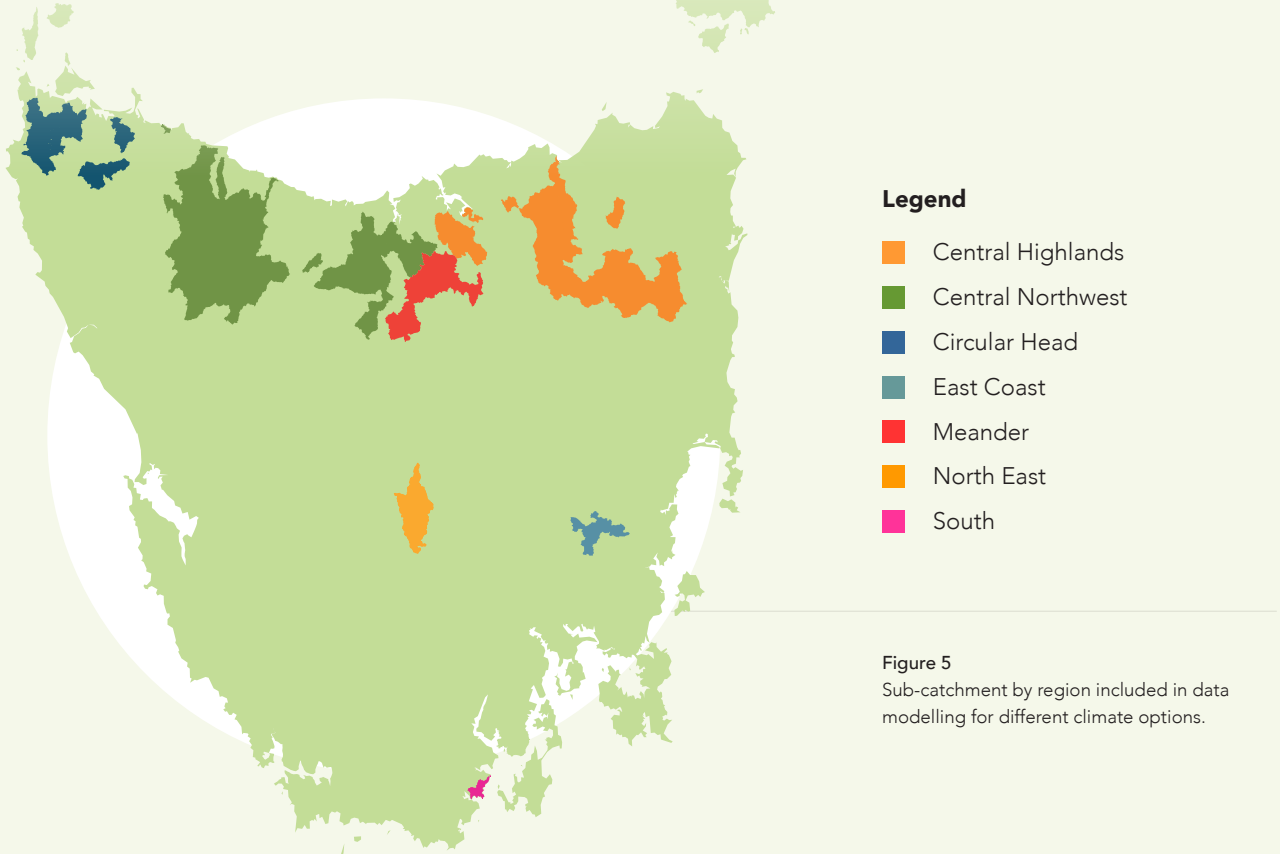



**Figure 5**
Sub-catchment by region included in data modelling for different climate options.

31 Roading refers to the construction and maintenance of forest roads, trails and firebreaks.

This Natural Capital Report continues to focus on the two most important dependencies and impacts from our operations on water, those being:

- Stream flows - including impacts on water yields and flow variability.
    - Low flows - (5th percentile and volume below 20th percentile);
    - Freshes (short duration flow events) – medium to high flows; and
    - Total flows.
- Water quality - Soil erosion and removal of sediment.

Natural patterns of stream flow variability and seasonality are important to the ecological functioning of watercourses.

Changes in natural flow regimes affect the structure and function of rivers and can impact the ecological health of river systems. These natural flow regimes support a range of ecological processes including migration of species and system connectivity, availability of habitat and food sources and timing of aquatic breeding events. Changes to total or annual flows can impact downstream environments and water availability, for example:

- Low flows contribute to aquatic habitat composition and control the diversity of biota (aquatic organisms) as well as creating areas of refugia (habitat);
- Medium to high flows increase connectivity and dissolved oxygen levels essential to living organisms.

Poor water quality, particularly smothering of aquatic habitat by sediment and increased turbidity, degrades the health of a river system. Water quality or sediment load is an important measure of how well the management tools (such as buffer zones) reduce the potential impacts that could be caused by soil erosion running off into rivers. Sediments exported to stream are also a source of attached nutrients and other pollutants including phosphorus which has impacts on river health.

Sustainable forest management requires an understanding of water quality and the potential impacts on the availability of water for other uses, while taking into account how forests absorb, use and release water across the Estate. Management of riparian zones and other forest operational activities is co-regulated in Tasmania by compliance with the Forest Practices Code 2020, which also offers the flexibility for site-specific management measures. Responsible forest practices result in functioning riparian buffers and corridors, water filtration and sediment control that maintain and enhance numerous environmental values.[32]

Another factor that can affect water quality is the use of pesticides. Forico applies pesticides to plantations at various stages across the plantation cycle to manage the infestation and removal of weeds to improve the productive capacity of the resource. When pesticides have been applied at sites considered sensitive, either from a community or environmental perspective, or where there is a potential for offsite movement, a water testing regime is undertaken in our plantations (pre-spray, post-spray, post rain).

Additional testing for potential contaminants is conducted at our mill sites. These tests are completed independently, and analysis is completed through an accredited testing laboratory. For the FY2025 reporting period, Forico did not exceed any thresholds[33] for the Australian Drinking Water Guidelines[34] where water sampling was completed.

Water availability is also essential for forest growth, yield, and biomass creation. Forico acknowledges that the interactions across the Estate with the water resources can directly impact downstream communities and ecosystems. Forico is committed to implementing sustainable management practices, such as the maintenance and rehabilitation of natural vegetation riparian buffer zones between plantation areas and water courses for the provision and regulation of water flows to improve the quality of downstream water flows.

Research indicates that there is a strong correlation between forest age and harvesting practices on water quality and quantity (or yields).[35] For example, early age plantations consume 5-10% of natural water flows until rebalancing as the forest matures with hydrological recovery occurring around Year 5 (see Figure 6).

32 Forest Practices Authority, Forest Practices Code 2020, <https://www.fpa.tas.gov.au>.

33 Thresholds and testing regimes as listed in the relevant EPN for mill sites at Surrey Hills and Long Reach.

34 Australian Drinking Water Guidelines <https://www.nhmrc.gov.au/about-us/publications/australian-drinking-water-guidelines#block-views-block-file-attachments-content-block-1>

35 Lintern, A., Webb, J.A., Ryu, D., Liu, S., Bende-Michl, U., Waters, D., Leahy, P., Wilson, P. and Western, A.W. (2018). Key factors influencing differences in stream water quality across space, WIREsWater, <https://doi.org/10.1002/wat2.1260>.

The net effect of forest harvesting and regrowth on rainfall is the result of a complex interaction between the mosaic of forest age, profile, species compositions, density and climate. Holding climate constant allows the relative changes due to forest management alone to be estimated (see 2010-2019 climate series Table 4 below). Considering impacts that include differences in climate within the financial year then allows the interaction between climate and forest management to be considered. As detailed in Forico's High Conservation Assessment and Management Plan, Forico operations have the most significant impact on flows in the northwest catchments, particularly the Arthur, Cam, Emu and Inglis river catchments. This reflects both the higher rainfall in the north west and the extent of Forico operations in these catchments.

## MEASUREMENT AND VALUATION

Forico has engaged an independent specialist in hydrology to design, build and test a catchment model customised for the Estate which simulates the water flows from our operations.

The Catchment model predicts the flow regimes and flow quality based on harvest regimes and forest age which are sourced from Forico resource data. Other factors used as inputs into the model are climate factors (e.g. rainfall, temperature etc.) and land use (e.g. natural forest cover, agriculture, or bare earth). Climate data is taken from the SILO data base[36]. Land use[37] is static with the exception of Forico resource which is updated annually. Results for all years are updated whenever changes to methodology or data occurs to ensure like-for-like comparison of results across reporting years. In 2025 the source data was updated to use of KLS[38] factors published in a nationally consistent, open source data set[39]. The model can also be used to assess how Forico actions will impact flows and water quality over time. The Overall Catchment model customised for the Estate has been run to estimate the impact of Forico's forest activities during the financial year ended 30 June 2025 over a 10-year simulation period in the 74 affected sub catchments.

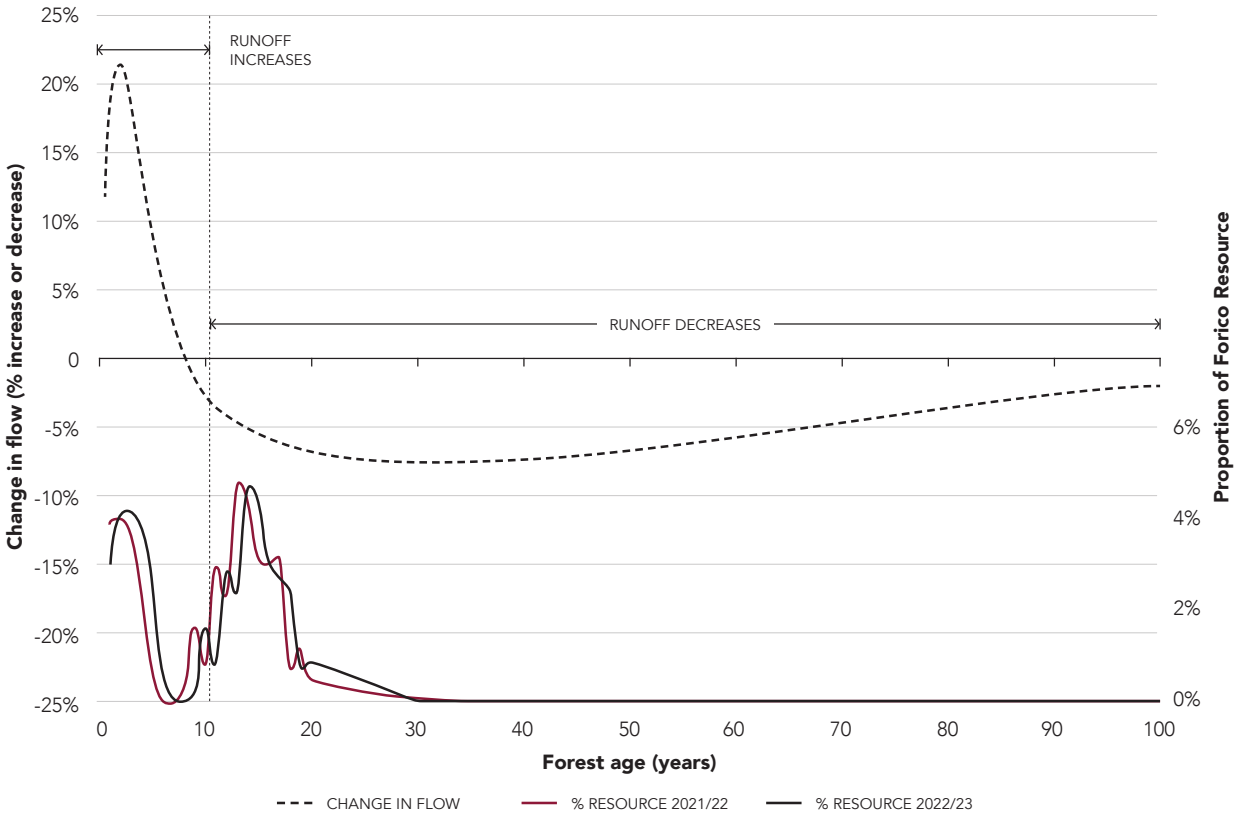



**Figure 6** - Change in flow relative to the forest age profile of the Forico resource

36 Queensland Government, SILO (Scientific Information for Landholders) Australian climate data from 1889 to yesterday, <https://www.longpaddock.qld.gov.au/silo/>, Tasmanian Government, LIST Water Management Regions, <https://www.thelist.tas.gov.au/app/content/data/geo-meta-data-record?detailRecordUID=f87bea99-e075-46a2-86f0-18ed471526dc>.

37 Tasmanian Government, Tasmanian Land Use 2021, <https://www.thelist.tas.gov.au/app/content/data/geo-meta-data-record?detailRecordUID=418ff94a-6a05-44c9-951f-65c2e7c1f17b>.

38 KLS factors are combined to quantify the effect of soil erodibility (K), slope length (L) and slope steepness (S) on soil loss.

39 Teng H, Viscarra Rossel R, Shi Z, Behrens T, Chappell A and Bui E 2016 Assimilating satellite imagery and visible-near infrared spectroscopy to model and map soil loss by water erosion in Australia. Environmental Modelling & Software 77: 156-167.


"Water provision is a core ecosystem service providing life, habitat and regeneration."

The 2025 method used to calculate water flows and sediment impacts was modelled utilising the average flows over a ten-year climate series together with the financial year climate series data to measure Forico's impacts. This method considers the role year on year climate variability plays in influencing these impacts.

The calculation of dam storage on the estate has been excluded from the report, as evapotranspiration and fluctuations in capacity during the year cannot be calculated accurately due to incomplete records. Whilst we have several smaller dams on our estate, they are not considered to materially impact on the inflows or outflows of water in the catchment due to their limited size and seasonal capacity. The Estate contains 868 dams; 463 are small dams with seasonal capacity (maximum capacity of 7,960 megalitres), and 405 dams are empty. The 94 Forico dams that are registered with DNRE were used to conduct a sensitivity analysis of the materiality of dams across our estate adversely impacting water flows. The materiality of dams was considered using two methods:

- Percentage of total water inflows and outflows
- Percentage of resource water use

The impacts of both rainfall and evapotranspiration have been accounted for as part of the forest estate water model. The results show that the change attributable to dams in both total water inflows and outflows, and in water consumed by the plantation resource, is likely to be less than 1% of the total water budget and is therefore considered immaterial for this report.

Valuation has been derived from the market value for water rights after consideration of the volume weighted price and price range of comparable regulated water rights in the relevant catchment. For FY2025 reporting year, Forico charged a flat rate of $110 per megalitre for the 429 ML of offtake water sold over 58 water rights for agricultural use [2024: 427 ML].

By comparison, Tasmanian Irrigation's average price for sold downstream offtake water (variable charges) was $359.33 per ML in 2025 [2024: $284.87/ML], where water is predominantly used for agricultural purposes in the Sorell Irrigation District[40].

40 Tasmanian Irrigation, 'Sorell (South East Stage 3) Irrigation District Charge rates: 2024-2025',, https://www.tasmanianirrigation.com.au/source-assets/images/SEIS-3-2024-25-Season-Annual-Charges.pdf

## NOTE 6B. REGULATING SERVICES - SEDIMENT CONTROL

| 2025 | | | Benefit to Society | Impact from Business |
|---|---|---|---|---|
| | Erosion prevented if umimpacted Natural Forest | Hectares of riparian reserves | Sediment captured by buffers | Sediment transported off Estate |
| | tonnes | ha | tonnes | tonnes |
| Catchment name | | | | |
| Emu River | 528 | 2,087 | 477 | 51 |
| Cam River | 653 | 1,873 | 592 | 61 |
| Blythe River | 78 | 451 | 69 | 9 |
| Arthur River | 1,001 | 4,321 | 901 | 100 |
| Pieman River | 82 | 888 | 69 | 13 |
| Inglis River | 539 | 1,362 | 488 | 50 |
| Other Catchments | 2,459 | 9,856 | 2,204 | 255 |
| | **5,339** | **20,839** | **4,801** | **539** |
| **2025 Value $k** | | | **$253** | **$28** |

| 2024 | | | Benefit to Society | Impact from Business |
|---|---|---|---|---|
| | Erosion prevented if umimpacted Natural Forest | Hectares of riparian reserves | Sediment captured by buffers | Sediment transported off Estate |
| | tonnes | ha | tonnes | tonnes |
| Catchment name | | | | |
| Emu River | 310 | 2,095 | 282 | 28 |
| Cam River | 595 | 1,876 | 541 | 54 |
| Blythe River | 78 | 451 | 71 | 7 |
| Arthur River | 918 | 4,326 | 834 | 84 |
| Pieman River | 82 | 889 | 75 | 8 |
| Inglis River | 443 | 1,362 | 402 | 40 |
| Other Catchments | 2,515 | 9,851 | 2,277 | 238 |
| | 4,941 | 20,851 | 4,482 | 459 |
| **2024 Value $k** | | | **$236** | **$24** |

## MEASUREMENT & VALUATION

Sediment impacts are measured using a combination of model inputs. The Revised Universal Soil Loss Equation (RUSLE)[41] is an internationally used standard approach for modelling erosion and soil loss in response to changes in land use and land management. In FY2025 the underlying data set used to calculate k, l and s factors in the RUSLE model was updated using open data layers for Australia produced by Teng et al. (2016)[42] with erosion and sediment export estimates re-estimated using this data set for all previous reporting periods to allow like for like comparison. Climate data was derived from the Australia-wide Scientific Information for Landholders (SILO)[43] data set, producing a sheet and rill[44] erosion model. These models were applied across the Forico estate using forest age and land use to calculate soil erosion and sediment transport. The effects of buffering from streamside reserves of natural forest were analysed against the plantation areas for effectiveness. This resulted in a positive impact from the riparian zones managed for water catchment preservation with a reduction in sediment transported to waterways across the Forico Estate.

The cost of sediment removal will inform the valuation of sediment. The ecosystem service of soil retention can be valued based on the avoided cost of repairing damage sustained by soil erosion under a bare earth scenario as opposed to natural undisturbed forest cover. The cost of removing sediment in waterways by way of dredging was estimated under a study by the Department of Biodiversity, Conservation and Attractions & Perth Region NRM (2021) at $52.66 per tonne.[45]

41 U.S. Department of Agriculture (USDA)-Agricultural Research Service (ARS), Revised Universal Soil Loss Equation (RUSLE)

42 Teng H, Viscarra Rossel R, Shi Z, Behrens T, Chappell A and Bui E 2016 Assimilating satellite imagery and visible-near infrared spectroscopy to model and map soil loss by water erosion in Australia. Environmental Modelling & Software 77: 156-167.

43 Queensland Government, SILO (Scientific Information for Landholders) Australian climate data from 1889 to yesterday, <https://www.longpaddock.qld.gov.au/silo/>

44 Sheet erosion occurs over shallow areas and is the uniform removal of soil from the surface due to water flows. Rill erosion is when runoff starts to form small channels that are directed toward the fall of the slope up to 0.3m in depth.

45 Department of Biodiversity, Conservation and Attractions (Government of Western Australia) & Perth Region NRM, The economic cost of erosion and sediment loss from construction sites, 2021, https://www.sercul.org.au/wp-content/uploads/2024/08/STF-Perth-NRM-DBCA-Economic-Costs-of-Sediment-Loss-Report-May-2021.pdf .

# NOTE 7. PROVISIONING SERVICES – VEGETATION CONDITION (NATURAL VEGETATION)

## CONTEXT

**The Forico Estate's natural forests and other natural vegetation provide fundamental ecosystem services such as habitat, litter decomposition and pollination along with regulating services for climate and water. Forest biological diversity encompasses not only the vegetation communities, but also the habitat provided for plants, animals and micro-organisms. These ecosystems also play a critical role in providing resilience to pressures such as disease and invasive species.**

Natural forests are one of the most biologically rich terrestrial ecosystems and provide a range of goods and services linked to both ecosystem and human well-being. Natural forests and their underlying components of vegetation and habitat must be taken into account by sustainable forest managers to ensure the preservation of these complex ecosystem functions.

Forico manages 76,732 hectares of native vegetation for conservation and biodiversity values. To demonstrate how these values are maintained or enhanced within the natural forest, a robust, credible method for assessing vegetation condition has been utilised for the last decade to quantify the extent, health and condition of the vegetation communities over which Forico has management responsibility.

## MEASUREMENT

Monitoring of the ecological communities within our Estate is a key component of our sustainable management practices, enabling us to understand the values present and to ensure ecosystems are adequately protected. Assessments of vegetation and habitat condition and extent are completed annually by independent ecological experts engaged to undertake a program of monitoring and reporting using Vegetation Condition Assessments (VCAs) methodology[46] across the Estate.

DPIPWE (now NRE Tas) has produced a step-by-step guide for the assessment of vegetation condition, called a Vegetation Condition Assessment (VCA)[47] with reference to the TasVeg[48] Vegetation Community Benchmarks. TasVeg is a digital mapping resource that underpins legislated natural vegetation conservation provisions, policy, vegetation management agreements and monitoring at both State and Commonwealth levels. TasVeg is a vital tool for biodiversity research and monitoring, land use planning and sustainable management of Tasmania's unique natural resources.

VCAs are a robust method for documenting and understanding the condition of the natural vegetation on the Forico estate, that works equally well for both forest (331 VCAs conducted) and non-forest (126 VCAs conducted) areas, based on a stratified sampling protocol agreed upon annually by the ecologists and Forico. A total of 457 VCAs have been completed to date, but only 384 VCAs are included in this Natural Capital Report as previous assessments of re-measured sites have been removed, as well as assessments of extra sites related to for special-interest projects. This process serves to remove sampling bias.

A number of site condition attributes (e.g., large trees, tree canopy cover, lack of weeds, understorey, recruitment, litter and logs) and landscape context attributes (e.g., patch size, neighbourhood context, connectivity) are assessed to determine the final VCA score. The site condition attributes comprise 75% of the final VCA score, while the landscape context attributes contribute 25% as prescribed by the method. Sites were selected to achieve a representative distribution of VCAs across the Estate and recognised bioregions. Site selection is done annually, iteratively building a sampling program that captures an increasingly comprehensive picture over time.

46 Department of Natural Resources and Environment Tasmania, TasVeg – The Digital Vegetation Map of Tasmania, <https://nre.tas.gov.au/conservation/development-planning-conservation-assessment/planning-tools/monitoring-and-mapping-tasmanias-vegetation-(tasveg)/tasveg-the-digital-vegetation-map-of-tasmania>.

47 Department of Primary Industries, Parks, Water and Environment, Michaels, K. Panek, D., and Kitchener, A. (2020) A Manual for Assessing Vegetation Condition in Tasmania Version 2.0,. https://nre.tas.gov.au/Documents/TASVEG-Vegetation-Condition-Manual.pdf

48 Department of Primary Industries, Parks, Water and Environment, TasVeg – The Digital Vegetation Map of Tasmania, <https://nre.tas.gov.au/conservation/development-planning-conservation-assessment/planning-tools/monitoring-and-mapping-tasmanias-vegetation-(tasveg)/tasveg-the-digital-vegetation-map-of-tasmania>

Monitoring to date has been comprehensive and representative. The data collected provides an understanding of the vegetation condition of the Forico Estate and the trends within it, which is built upon each year. The aim of the program is to:

- Identify if there have been any significant changes in vegetation condition;
- Assess if management actions undertaken have been effective; and
- Identify any new or existing threats for which additional management actions are required.

Periodic monitoring of VCAs have shown that, for most forest sites, at least a decade is required to capture a material change in the VCA score. However, environmental events such as wildfire or catastrophic wind damage may bring forward the re-measurement cycle to quantify any significant changes in condition. For non-forest vegetation, such as grasslands, a somewhat shorter measurement interval is appropriate as their ecological condition can change more quickly. Forico has administered a program of Periodic Monitoring over a staged timeline to ensure regular assessments of VCAs occurs on an annual basis.

## VALUATION

The valuation of habitat as an ecosystem assesses its importance in supporting biodiversity and allows economic analysis of this once invisible service. Markets such as the Nature Repair Market (NRM) have emerged as a mechanism to incentivise investment in nature and under the Clean Energy Regulator have developed and piloted methods that encourage active restoration and protection of the environment. Whilst the Nature Repair Market scheme is not designed as an offsets scheme, there are state based schemes targeting the compensatory conservation of biodiversity.

Although the Nature Repair Market is in its infancy, the offset schemes have been operating for some time and places a value on the protection of nature and signals that there is real and tangible purpose in the preservation and the protection of native vegetation along with emphasising the importance of its broader role in maintaining habitat for wildlife and, indirectly, the healthy functioning of ecosystems.

This Report has been informed by values transacted in current biodiversity schemes including active market sales data from the Federal Government's Forest Conservation Fund (FCF) Revolving Fund Program[49] as delivered by the Tasmanian Land Conservancy[50] (TLC). For the purposes of this Natural Capital Report, the TLC's Revolving Fund scheme has been identified as one of the most comparable schemes for valuing Forico managed natural forest areas at this point in time. Historical values transacted for conservation covenanted land can vary depending on its size, location, and the condition of the property. However, all properties hold either threatened or under-represented vegetation communities or species. In a similar way, the Forico Estate varies in the size and location of its natural vegetation communities and independently verified condition reports detailing threatened and under-represented vegetation communities.

The market price achieved for the TLC's Revolving Fund program in the years between the 2020 and 2023 financial year ranged from approximately $1,400 to $8,600 per hectare, with an average value in FY 2023 of $5,300 per hectare. For illustrative purposes within this Natural Capital Report, this $5,300 per hectare value has been applied, less the value of the underlying land ($845 per hectare for remnant vegetation, as set by Forico's independent valuer in the reference[51] year of FY22), resulting in an average market value of $4,433 per hectare.

49 Department of Natural Resources and Environment Tasmania, Conservation - Forest Conservation Fund, <https://nre.tas.gov.au/conservation/conservation-on-private-land/private-land-conservation-program/forest-conservation-fund>.

50 Tasmanian Land Conservancy, Revolving Fund – Protecting Nature, 2019, <https://tasland.org.au/wp-content/uploads/TLC_Design_2024_RFundL_A4_F_01.00.pdf>.

51 Reference year refers to the inputs to the sliding scale valuation model that references FY22 for remnant value and TLC sales data. Updating this reference year data would skew the model against data that is not comparable due to not having VCAs conducted.

By way of a comparison for FY2025, it is noted that rural land in Tasmania has seen a 200% uplift in the last 10 years and currently has the highest median price in Australia at $23,303 per hectare.[52] If we substituted the current valuation of rural land into Forico's sliding scale assessment (utilising TLC properties), we would see a staggering 180% uplift (in line with referenced Bendigo report) with a value of more than $810 million of value for our natural vegetated land. We do acknowledge that this value uplift does not offer the same rigour as those suitably identified Forico and TLC properties that have had VCA's conducted to verify vegetation condition and therefore have taken the conservative approach of applying the reference year's data to our FY25 value.

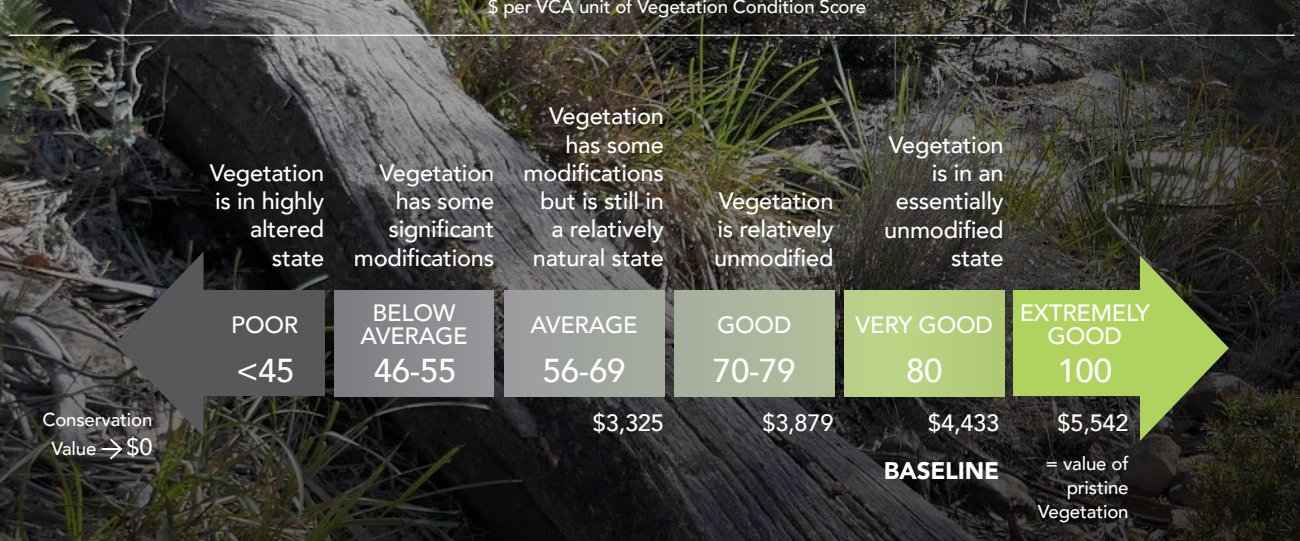
To apply this average value across Forico's natural vegetation, we have used the average VCA score for each TasVeg community to index their market value. This allows a higher value per hectare to be assigned to areas in better condition, representing their higher natural capital value to society. A baseline VCA score of 80 was assumed for the TLC properties transacted and a sliding scale applied to Forico's estate using this assumption as the baseline for indexation. In addition, areas of the Estate have been excluded where VCA scores indicated below-average condition (VCA score 55 and less), on the basis that these areas in poor condition would be unlikely to qualify for a conservation covenant. Twenty-seven VCAs were excluded on this basis, resulting in a proportional reduction in natural vegetation areas assigned a valuation in this Natural Capital Report.

| **2025** | **Mean VCA Score** | **Number of VCAs conducted** | **Number of VCAs score < 55** | **Total Natural Forest Area of the Estate** | **Less: Pro rata area where Mean VCA < 55** | **Attributed Natural Forest Habitat** | **Attributed Value 2025** | **Attributed Value 2024** |
|---|---|---|---|---|---|---|---|---|
| Vegetation Community | | | | (hectares) | (hectares) | (hectares) | $k | $k |
| Dry eucalypt forest and woodland | 70 | 146 | 15 | 22,844 | 2,347 | 20,497 | 83,484 | 79,221 |
| Moorland, sedgeland, rushland and peatland | 83 | 7 | 0 | 2,833 | - | 2,833 | 13,054 | 13,006 |
| Native Grassland | 68 | 68 | 6 | 2,213 | 195 | 2,017 | 7,837 | 7,846 |
| Non-eucalypt forest and woodland | 73 | 27 | 3 | 6,054 | 673 | 5,381 | 22,638 | 20,467 |
| Rainforest and related scrub | 81 | 29 | 0 | 13,597 | - | 13,597 | 60,694 | 59,323 |
| Saltmarsh and wetland | 79 | 9 | 0 | 252 | - | 252 | 1,097 | 1,026 |
| Scrub, heathland and coastal complexes | 81 | 2 | 0 | 967 | - | 967 | 4,342 | 4,590 |
| Wet eucalypt forest and woodland | 75 | 96 | 3 | 23,296 | 728 | 22,568 | 94,511 | 90,960 |
| Highland treeless vegetation* | n/a | n/a | n/a | 61 | - | - | - | - |
| Other natural environments* | n/a | n/a | n/a | 529 | - | - | - | - |
| Modified Land* | n/a | n/a | n/a | 4,086 | - | - | - | - |
| | **73** | **384** | **27** | **76,732** | **3,943** | **68,113** | **287,656** | **276,439** |
| 2024 | 73 | 354 | 23 | 76,834 | 3,780 | 65,482 | | |

* VCA not conducted on this vegetation community

52 Bendigo Bank Agribusiness – Australian Farmland Values, 2025 report, 2025, <https://bendigobank.com.au/siteassets/business/industries/agribusiness/agriculture-insights/_reports/2025-farmland-values-report.pdf>.

*"Healthy, resilient ecosystems provide essential services benefiting all of life"*




Note: Average land value of $845/ha* with no conservation value has been applied to the model (*Value per Opeton Land Value 2020).

**Figure 7** - Sliding Scale Valuation Assumption

## NOTE 8. REGULATING SERVICE - MAINTENANCE PROVISION – NATURAL VEGETATION

### CONTEXT

Projects completed by Forico for natural vegetation to maintain or enhance biodiversity and conservation values often exceed the Tasmanian legislative compliance obligations. These operational costs include ecological burns, restoration and rehabilitation activity, consultancy costs, internal specialist labour costs, weed and pest control and other goods and services required to manage the natural vegetation so that their extent and condition does not decline over time.

### MEASUREMENT AND VALUATION

Estimated costs are based on historical trends which we believe are representative of future costs and are valued in perpetuity using a 3.5% discount rate to determine the quantum of the provision.

Maintenance costs incurred in relation to the plantation resource have been netted off against revenues and included in the Biomass Valuation model.

| | | | 30 June 2025 | | | 30 June 2024 | |
|---|---|---|---|---|---|---|---|
| | Metric | Measure | Value from Business | Value from Society | TOTAL | Measure | Value from Business |
| | | | $k | $k | $k | | $k |
| Internal labour costs | | | 380 | - | 380 | | 464 |
| Grassland management & maintenance | ha | 707 | 34 | - | 34 | 815 | 59 |
| Riparian restoration & Environmental planting | kms | 40 | 142 | - | 142 | 10 | 54 |
| Weed management - Natural Forest | ha | 53 | 56 | - | 56 | 98 | 61 |
| Fire management - Natural Forest | ha | 0 | 0 | - | 0 | 77 | 2 |
| Environmental consultants | | | 132 | - | 132 | | 115 |
| | | | 744 | - | **744** | | 756 |
| **Maintenance provision** | **into perpetuity** | | **$19,708** | | **$19,708** | | $20,562 |

## NOTE 9. PROVISION – FUTURE CARBON EMISSIONS

### CONTEXT

Through the modelling of our forecasted harvest of biomass[53] we have accounted for the associated future carbon emissions of Forico's controlled operations in the harvest of biomass and its transport to the processing facilities. This represents the material operational emissions associated with the forecasted harvested volumes and process and is offset against the calculation of future carbon sequestration over the estate.

### MEASUREMENT AND VALUATION

Estimated carbon emissions[54] are based on historical trends for tonnes of carbon emitted in the harvest and haulage operations which we believe are representative of future costs and are valued in perpetuity using a 3.5% discount rate to determine the quantum of the provision.

| | Metric | Measure | Value from Business | Value from Society | 30 June 2025 TOTAL | 30 June 2024 TOTAL |
|---|---|---|---|---|---|---|
| | | | $k | $k | $k | $k |
| Future Carbon Emissions* | | | | | | |
| Haulage | KtCO2-e | 150.6 | 5,340 | - | 5,340 | 4,809 |
| Harvest | KtCO2-e | 67.9 | 2,408 | - | 2,408 | 2,843 |
| Provision for Future Carbon Emissions | | 218.6 | 7,748 | - | **7,748** | 7,653 |

*Future carbon emissions represents estimated Scope 1 emissions from the future harvest of standing timber at 30 June 2023 based on current supply chain profile

53 Projected harvest volumes and wood flows are modelled from the Tigermoth software over a 60 year rotation cycle.

54 Carbon emissions for harvest and haulage have been calculated in accordance with the National Greenhouse and Energy Reporting (NGER) scheme utilising the data for machine and vehicle fuel consumption converted to tonnes of CO2-e.


# Independent Limited Assurance Report to the Directors of Forico Pty Limited as the Forest Manager for the Tasmanian Forest Trust

## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information Subject to Assurance disclosed in the Natural Capital Report of the Tasmanian Forest Trust for the year ended 30 June 2025 ("NC Report 2025"), has not been prepared by Forico Pty Limited ("Forico"), in all material respects, in accordance with the narrative and notes on pages 44 to 67 of the NC Report 2025 ("Reporting Criteria").

## Information Subject to Assurance

Forico, the Forest Manager of the Tasmanian Forest Trust, engaged KPMG to perform a limited assurance engagement in relation to the following Information Subject to Assurance, which has been prepared by Forico in accordance with the Reporting Criteria presented on pages 44 to 67 of the NC Report 2025:

| Information Subject to Assurance | FY25 Values assured (AU$k) |
|---|---|
| **Biomass – Productive Forest** | |
| Enhancements to biomass for the year ended 30 June 2025 | $41,766 |
| Reductions to biomass for the year ended 30 June 2025 | $65,316 |
| Biomass asset as at 30 June 2025 | $435,140 |
| **Carbon sequestration** | |
| Enhancements to carbon sequestration for the year ended 30 June 2025 | $355,730 |
| Reductions to carbon sequestration for the year ended 30 June 2025 | $169,117 |
| Carbon sequestration asset as at 30 June 2025 | $5,265,339 |
| **Water** | |
| Enhancements to water for the year ended 30 June 2025 | $116,447 |
| Reductions to water for the year ended 30 June 2025 | $5,251 |

| Natural Forest Habitat | |
|---|---|
| Enhancements to natural forest habitat for the year ended 30 June 2025 | $12,815 |
| Reductions to natural forest habitat for the year ended 30 June 2025 | $744 |
| Natural forest habitat asset as at 30 June 2025 | $287,656 |
| Environmental Liabilities at 30 June 2025 | $27,456 |

Our conclusion on the Information Subject to Assurance does not extend to any information related to previous reporting periods, including any movement between current and prior periods or any other information in the NC Report 2025 (hereafter referred to "other information"). We have read the other information, but we have not performed any procedures with respect to the other information.

## Criteria Used as the Basis of Reporting

We assessed the Information Subject to Assurance against the Reporting Criteria. The Information Subject to Assurance needs to be read and understood together with the Reporting Criteria, being the narrative and notes on pages 44 to 67 of the NC Report 2025, outlining measurement and monetisation methodologies developed by Forico management ("Reporting Criteria").

## Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ASAE 3000). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3000 we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the information subject to assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

## Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- A site visit to Forico's head office and enquiries with relevant Forico personnel to understand the measurement, reporting and data collection process related to the Information Subject to Assurance;
- Review, testing and challenge of the Reporting Criteria, including assumptions underpinning measurement, calculation and monetisation methodologies related to the Information Subject to Assurance to evaluate its appropriateness and transparency of disclosure;

## Summary of Procedures Performed (continued)

- Sample testing of the application of the Reporting Criteria in order to test the alignment with the disclosure on pages 44 to 67 of the NC Report 2025;
- Agreeing the Information Subject to Assurance to underlying source documentation on a sample basis;
- Testing the arithmetic accuracy of a sample of calculations of the Information Subject to Assurance; and
- Review of the NC Report 2025 in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.

## Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the information subject to assurance may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Greenhouse gas quantification is subject to inherent uncertainty due to the nature of the information and the uncertainties inherent in: (i) the methods used for determining or estimating the appropriate amounts, (ii) information used to determine emission factors, and (iii) the values needed to combine emissions of different gases.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Forico Pty Limited.

## Use of this Assurance Report

This report has been prepared solely for the Directors of Forico Pty Limited for the purpose of providing an assurance conclusion on the Information Subject to Assurance and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Forico Pty Limited, or for any other purpose than that for which it was prepared.

## Management's responsibility

Management are responsible for:

- determining that the Reporting Criteria is appropriate to meet their needs;
- preparing and presenting the Information Subject to Assurance in accordance with the Reporting Criteria;
- selecting or establishing suitable Reporting Criteria for measuring, evaluating and preparing the Information Subject to Assurance;
- ensuring that those Reporting Criteria are relevant and appropriate to Forico Pty Limited and the intended users;
- establishing and maintaining systems, processes and internal controls that enable the preparation and presentation of the Information Subject to Assurance that is free from material misstatement, whether due to fraud or error;
- telling us of any known and/or contentious issues relating to the Information Subject to Assurance; and
- maintaining integrity of the website.

## Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Assurance for the year ended 30 June 2025, and to issue an assurance report that includes our conclusion based on the procedures we have performed and evidence we have obtained.

## Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG

KPMG

Julia Bilyanska

Julia Bilyanska

Partner

Melbourne

17 December 2025

## GLOSSARY OF TERMS & ACRONYMS

| | |
|---|---|
| **AASB** | Australian Accounting Standards Board |
| **ACCU** | Australian Carbon Credit Units – An ACCU is a unit issued by the Clean Energy Regulator. Each ACCU issued represents one tonne of carbon dioxide equivalent (tCO2-e) stored or avoided by a project.[55] |
| **ACCU Scheme** | The Australian Carbon Credi Unit (ACCU) Scheme (formerly known as the Emissions Reduction Fund) provides incentives for the adoption of new practices and technologies to reduce emissions or store carbon[56] |
| **AUD** | Australian dollars |
| **AUSRIVAS** | Australian Rivers Assessment System |
| **Biodiversity** | The variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part: this includes diversity within species, between species, and of ecosystems (UN 1992) |
| **CAPER DSS** | Catchment Planning and Estuary Response Decision Support System |
| **CFEV** | Conservation of Freshwater Ecosystem Values |
| **CRC** | Cooperative Research Centre for Catchment Hydrology |
| **CSIRO** | Commonwealth Scientific and Industrial Research Organisation |
| **DNRE** | Tasmanian Government, Department of Natural Resources and Environment Tasmania (Formerly Department of Primary Industries, Parks, Water and Environment) |
| **Ecosystems** | A dynamic complex of plants, animals, and microorganisms, and their non-living environment, interacting as a functional unit. Examples include deserts, coral reefs, wetlands, and rainforests (MA 2005a). Ecosystems are part of natural capital.[57] |
| **Ecosystem services** | The benefits people obtain from ecosystems that make human life possible. These include provisioning services such as food, water and wood fibre; regulating services such as flood and disease control; cultural services such as spiritual, recreational and cultural; and supporting services such as nutrient cycling. |
| **Evapotranspiration** | Is the sum of evaporation and plant transpiration from the earth's land and ocean surface to the atmosphere. |
| **FPA** | Forest Practices Authority |
| **FSC** | Forest Stewardship Council |
| **GBF** | Global Biodiversity Framework |
| **GHG** | Green House Gases |
| **GIS** | Geographic Information System |
| **GMT** | Green Metric Tonnes is freshly cut timber with a 'green' moisture content. It is assumed to be the equivalent of 1000m3 |
| **IHACRES** | Identification of unit Hydrographs and Component flows from Rainfall, Evaporation and Streamflow data |
| **IFRS** | International Financial Reporting Standards |
| **KLS factor** | Used to estimate sediment erosion (K x LS where K equals soil erodibility and LS refers to the length of the slope) |
| **Natural Capital** | The stock of renewable and non-renewable environmental resources (e.g. plants, animals, air, water, soil, minerals) that combine to yield a flow of benefits to people[58] |
| **Nature Repair Market** | The Clean Energy Regulator |
| **NCP** | Natural Capital Protocol |
| **PEFC** | Program for the Endorsement of Forest Certification |
| **Riparian zones** | Refer to areas situated adjacent to wetlands or along the banks of rivers and water courses. |
| **RUSLE** | Revised Universal Soil Loss Equation |

55 http://www.cleanenergyregulator.gov.au/OSR/ANREU/types-of-emissions-units/australian-carbon-credit-units

56 https://www.cleanenergyregulator.gov.au/ERF

57 https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp_filter_tabs=guide_supplement

58 Adapted from Atkinson & Pearce 1995, Jansson et al. 1994

## GLOSSARY OF TERMS & ACRONYMS (CONTINUED)

| | |
|---|---|
| **RW** | Responsible Wood |
| **SDG** | United Nations Sustainable Development Goals – are a collection of 17 universal goals that aim to end poverty, protect the planet, and ensure all people enjoy peace and prosperity |
| **SILO** | Database of Australian climate data from 1889 to the present |
| **TasLUCas** | Tasmanian Land Use Change and Stream Flow tool |
| **TasVeg** | Tasmania-wide vegetation digital map produced depicting more than 150 vegetation communities |
| **TEER** | Tamar Estuary and Esk Rivers |
| **t CO2-e** | Tonnes of Carbon Dioxide equivalent |
| **TCFD** | Task Force on Climate-related Financial Disclosures |
| **TLC** | Tasmanian Land Conservancy |
| **TNFD** | Task Force for Nature-related Financial Disclosures |
| **TBA** | Tree Breeding Australia |
| **WGEA** | Workforce Gender Equality Agency |
| **WQIP** | Water Quality Improvement Plan |

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