

UN Global Compact Communication on Progress Report 2018



LC Packaging International B.V.
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Statement of continuous support by CEO

As an international, flexible packaging producer and distributor, active in so many countries and industries, we believe we can and have to contribute to improve the quality of life for people around the globe and for future generations, while at the same time minimising our environmental impact.

In January 2017, LC Packaging launched its first [Sustainability Vision: No time to waste](#). We set ourselves 14 5-year goals to improve the well-being of people and planet. Our vision and strategy is among others based on the UNGC principles and contribute to the Global Sustainable Development Goals.

I am pleased to confirm that LC Packaging International BV. actively supports the ten principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-corruption.

In this annual Communication on Progress we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication. We continue to step up as an ambassador to promote the principles and create awareness in our supply chain and beyond.



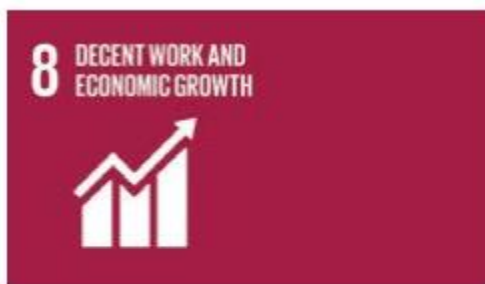
Yours Sincerely,

A handwritten signature in black ink, appearing to read 'L. Lammers', written in a cursive style.

Lucas Lammers
CEO, LC Packaging

Sustainable Development Goals

Through our sustainability strategy and related activities, we are committed to contributing to the UN Global Sustainable Development Goals. With our core business, daily activities and sustainability areas of commitment we will be making a direct contribution to 4 of the 17 goals: 8, 9, 12 and 17. Next to that we actively contribute to the other goals via activities to improve our footprint on the environment (Goal 13) and Community Development Projects and partnerships for the goals.



More on our 5-year targets:

[LC Packaging Sustainability Vision 2022](#)

More on SDG-related projects:

[LC Packaging Sustainability Update 2017](#)

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses.

As an international employer with offices, warehouses and production locations in 16 countries in Africa, Asia and Europe, LC Packaging has a direct impact on and feels responsible for, the well-being of our more than 1,200 employees, our partners and the local communities in which we operate. Improving people's well-being is one of our four so-called 'areas of commitment', and the protection of the internationally proclaimed human rights forms the base of this welfare. As a family company we consider all our employees a member of the LC Family, and we treat them as such.

Our employees

To protect the human rights of all employees according to the global human rights proclamation and standards, these rights are captured in the LC Packaging HR Manual and [Internal Code of Conduct](#), including the right to safe and healthy working conditions, equal pay for equal work and the right to form and join trade unions (Article 23). We take care of a healthy work-life balance, with 8 hour workdays (article 24), and pay an above average salary (always above living wage). Meaning all our employees and their families have access to food, clothing, housing, medical care and education for their children.

Developing countries

In developing countries we make sure we offer secondary conditions of employment that improve the well-being of our colleagues. Our production location in Bangladesh – SA 8000 recertified in 2017 - offers among others:

- Payment increase of 10% after 6 months of continued employment
- Free medical services and other health care services
- Life insurance
- Group insurance
- Housing facilities
- Regular recreational activities and celebrations for colleagues and their families

[Read more](#)

Annual Satisfaction Survey

LC Packaging conducts an annual satisfaction survey to identify the needs and state-of-mind of our employees. In 2017 our annual survey shows that 87.4% of our employees feels LC creates a safe and healthy working environment and 80.6% is satisfied with the working conditions we provide. In both areas the satisfaction level increased by approx. 11% compared to 2016.

Our partners

LC Packaging continuously invests in the relationship and partnership with our stakeholders and jointly contributes to the Sustainable Development Goals. We expect our production partners to share and apply LC Packaging's values and environmental, social and ethical practices. This includes the internationally proclaimed human rights. In 2017 we took the first steps in integrating our values and ethical sourcing principles into our selection and buying processes, by educating our employees on sustainability and clearly communicating our expectations to production partners through our [Supplier Code of Conduct](#). Our production partners sign the LC Packaging Supplier Code of Conduct and are subject to internal audits by our internal quality department. In 2017 many important production partners also became SA 8000 certified and others are in the process of achieving this.

Community development

In 2017, LC Packaging has established the [LC Supports Foundation](#). The objective of our foundation is to contribute to improving the welfare and environment of countries where LC Packaging is directly or indirectly active, in the broadest sense of the word. With this foundation we support sustainable projects that have a clear connection to the activities and the hearts of LC Packaging and our stakeholders. The themes of the projects depend on the needs of the local communities and can contribute to any of the 17 Global Sustainable Development Goals. In 2017 we contributed to the following projects:

- [Rohingya refugees in Bangladesh](#) (UNHCR)
- [Tree planting project in Burkina Faso](#) (Plant for the Planet)
- [Primary School investment in Sri Lanka](#) (Srilankan Hope For Children)
- [Skills training project for waste pickers in Bangladesh](#) (Grambangla and ChildHope UK)

Measurement of outcomes

- Membership of the UN Global Compact
- SA 8000 and SEDEX certificate and EcoVadis Silver Medal
- Outcomes Employee Satisfaction Survey 2017
- HR Manual and [Internal Code of Conduct](#)
- [Supplier Code of Conduct](#)
- Internal audits and Customer audits
- LC Supports Foundation projects
- Public commitment to the SDGs
- LC Packaging has been identified as an example company by the Dutch Minister of Foreign Trade and Development Cooperation
- LC Packaging has been recognized as an example company by the Dutch Ambassador to Bangladesh <[watch video](#)>
- All targets are mentioned in our [Sustainability Vision](#)
- All outcomes are mentioned in our [Annual Sustainability Update](#)

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employee and occupation.

LC Packaging upholds the freedom of association and the effective recognition of the right to collective bargaining. We eliminate all forms of forced and compulsory labor, child labor and discrimination and expect our production partners to do the same. We are committed to responsible business practices with absolute regard for conventions of the ILO, UN and national labor law.

Freedom of association and collective bargaining

Stated in our HR Manual, all our employees have the right to form, join and organise trade unions of their choice and to bargain collectively on their behalf with the company. We expect this right in every LC office, warehouse or production location and in every country and continent. LC Packaging will not interfere with the establishment, operation and organisation.

Elimination of forced and compulsory labor

LC Packaging does not engage in or support the use of forced or compulsory labor as defined in ILO Convention 29, nor shall personnel be required to pay “deposits” or lodge “identification papers” with the company upon commencing employment. We don’t withhold any part of any employee’s salary, benefits, property, or documents in order to force him or her to continue working for the company. Everyone is free to leave the working place and overtime hours are fully voluntary.

Abolition of Child Labor

LC Packaging does not engage in child labor at any level of the organisation. No employee is employed under the minimum age established by national law (Labor Law 2006). According to the Company Policy of LC Packaging, including its own production locations and production partners, employment age is at least 18 years.

Elimination of discrimination

LC Packaging does not engage in or support any type of discriminating practices and we do not engage in or support activities that would interfere with an employee's right to exercise, observe tenets or practices, or to meet needs relating to race, caste, national origin, religion, disability, sexual orientation, union membership, or political affiliation. LC Packaging does not allow behavior from its employees that are discriminative or harassing in nature. Gestures, language and physical contact that are sexually coercive, threatening, abusive, or exploitive are prohibited. Employees are informed of this policy during new employee orientation and it is covered in the HR Manual and the [Internal Code of Conduct](#). All allegations of discrimination or harassment are brought immediately to the attention of the Human Resources Department and are investigated immediately & resolved.

Measurement of outcomes

- Membership of the UN Global Compact
- SA 8000 and SEDEX certificate and EcoVadis Silver Medal
- Outcomes Employee Satisfaction Survey 2017
- HR Manual and Internal Code of Conduct
- ZERO employees under the age of 18
- Internal audits at own production locations and production partners

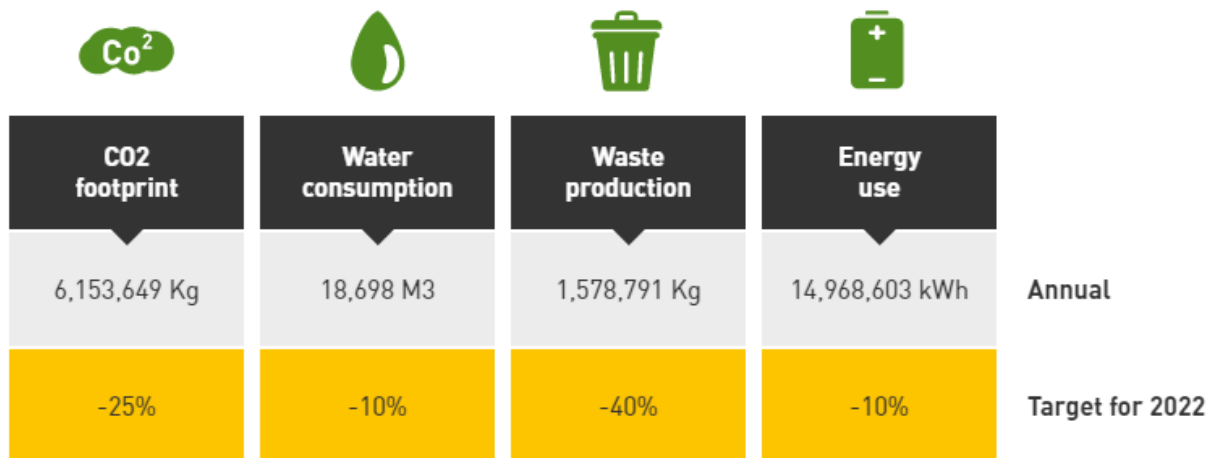


Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

LC Packaging commits on minimising its impact on the environment, by reducing its waste production and carbon footprint and by decreasing its use of water and energy. Next to that we improve efficiencies on finite natural resources in all of our company's greater environmental responsibility and encourage the development and diffusion of environmental friendly technologies.

With the help of Except Integrated Sustainability, in 2017 LC Packaging conducted comprehensive corporate environmental footprint research of our CO₂ emissions, waste generation and water and energy use. Based on the outcomes, LC Packaging has finalised its environmental targets for 2022.



Laws, regulations and permits

LC Packaging complies with applicable environmental laws, regulations and permits and implements programs and procedures to assure compliance, following the environmental guidelines such as ISO 14001. LC Packaging is among others ISO 14001 and FSC certified.

Awareness

LC Packaging communicates its commitment to environmental protection to its employees, production partners, customers and other stakeholders, as well as educating its stakeholders by working together to help them meet their goals.

Projects and activities

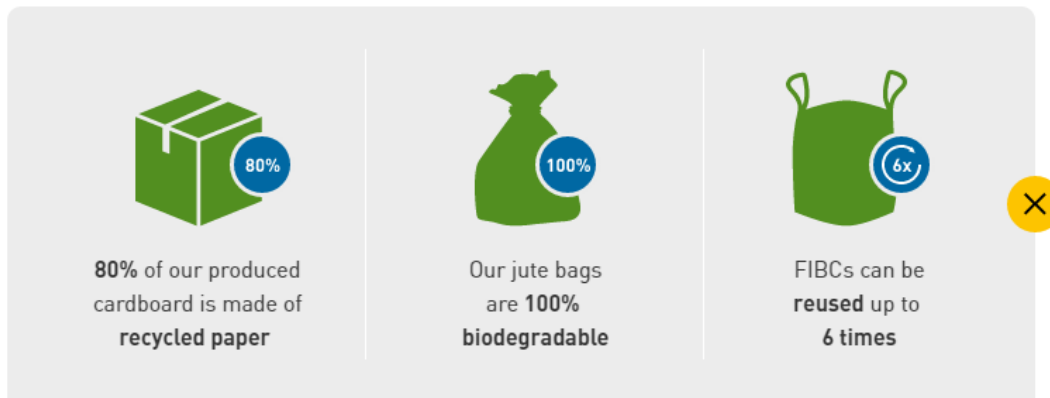
I. Waste recycling in Bangladesh

In 2017, LC Packaging started a first-of-its-kind waste recycling project in Bangladesh in which used plastics from our FIBC production location, are collected to be recycled and processed into value adding products: PP granulates. This way LC Packaging recycles up to 80% of its own production waste. The PP granulates are

sold to the local market to be used for new products.

II. Sustainable materials and circular economy

We always continue to improve our packaging, so that fewer resources are needed. When choosing materials for our products we consider the impact of these materials throughout the product lifecycle. Not only during production, but also during the phase of using the packaging and the end-of-life phases of the packaging: can the product be recovered, recycled or reused? Together with specialised agencies, for our plastic packaging solutions (PP/PE), we are looking for sustainably breaking down packaging waste to its core to be able to contribute to a circular economy.

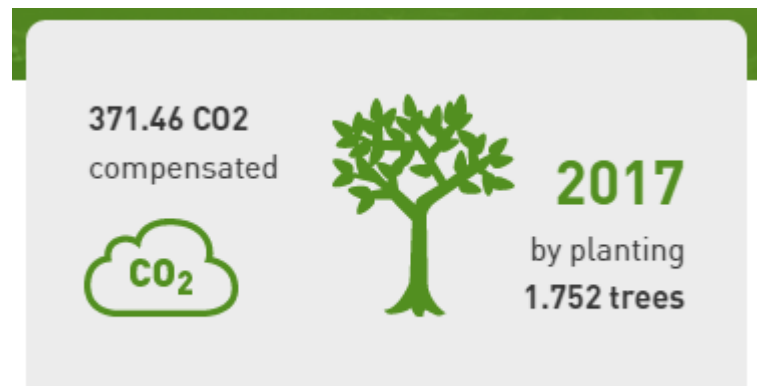


III. FIBC reconditioning

LC Packaging offers its customers an [FIBC reconditioning service](#). Certain types of FIBCs can be reused up to six times. In 2017, LC Packaging conducted CO₂ footprint lifecycle research of its FIBCs. Aim was to measure the difference between a single use FIBC bag produced at LC Packaging's production location in Bangladesh and the same FIBC that is reconditioned and reused with the help of our Worldbag reconditioning service. Result: Reconditioning leads to a reduction of 43% to 66% in carbon footprint. Not to mention: reducing a lot of waste. LC Packaging is actively promoting this service to new and existing customer's to increase the amount of reconditioned FIBCs.

IV. Plant for the Planet

As deforestation is responsible for 17% of CO₂ emissions, as a solution, LC Packaging advocates planting more trees to address global climate change issues. Via the LC Supports Foundation, LC Packaging supports a [tree-planting project in Dassa, Burkina Faso](#), to compensate our CO₂ emissions. In 2017, LC Packaging donated 1,752 trees, compensating 371.46 t CO₂. To create awareness we have donated these trees to our most important stakeholders.



Furthermore, our SA 8000 certified FIBC production location in Bangladesh – Dutch-Bangla Pack Ltd. (DB) – took various measures to prevent pollution & continually improve the environment management system. DB is an advanced member of the UN Global Compact. More on our activities in DB's [Communication on Progress](#).

Measurement of outcomes

- Certificate of ISO 14001 for Environmental Management System
- FSC Certificate
- Environmental Footprint Research
- FIBC Lifecycle Research
- LC Packaging has been identified as an example company by the Dutch Minister of Foreign Trade and Development Cooperation
- LC Packaging has been recognized as an example company by the Dutch Ambassador to Bangladesh <[watch video](#)>
- The waste recycling project is also subsidized by DEG (German Development Finance) and the FMO (Dutch Development Bank)
- LC Packaging [Environmental Policy](#)
- All targets are mentioned in our [Sustainability Vision](#)
- All outcomes are mentioned in our [Annual Sustainability Update](#).

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

LC Packaging has a zero-tolerance approach to corruption in all its forms, including extortion and bribery and we are committed to always conducting our business in an honest and ethical manner. We distance ourselves from political preferences and collaborations and only work with partners approved by governmental agencies, such as for example the Dutch Embassy in Bangladesh. LC Packaging has adopted this policy to communicate the message of zero-tolerance and assist those working for us to uphold it.

Implementation

Corruption, including bribery is clearly stated as a no-go area in LC Packaging's [Internal Code of Conduct](#). This is signed by all LC Packaging employees and strictly complied with. This topic applies to dealing with customers, production partners, competitors and other (governmental) organisations. Next to that, this subject is also included in LC Packaging's [Supplier Code of Conduct](#), signed by all important production partners.

In 2017, LC Packaging was awarded the prestigious EcoVadis Silver CSR Rating. EcoVadis is an international organization that monitors and provides CSR and sustainability ratings for organisations across the supply chain. Included in this audit is measuring the performance standard of a company in the areas of:

- Corruption and bribery
- Anti-competitive practices
- Fair marketing

LC Packaging's books and accounts are annually externally audited by [Grant Thornton](#).

Measurement of outcomes

- Audit [Grant Thornton](#)
- LC Packaging is SA 8000 and SEDEX certified and has received the EcoVadis Silver Medal (audit includes Anti-Corruption topic).
- LC Packaging has never been involved in any legal cases, rulings or other events related to corruption and bribery
- Corruption, including bribery is clearly stated as a no-go area in LC Packaging's [internal Code of Conduct](#). This is signed to all employees and strictly complied with
- LC Packaging has a very strong connection with (local) embassies and other trustworthy organisations for mentoring and advisory role in the proceeding and rules