

UN Global Compact Communication on Progress Report 2019



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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 improving 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 have set ourselves 14 5-year goals to improve the well-being of people and planet. Our vision and strategy is based, among other things, 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, Labour, 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 blue ink, appearing to read 'Lucas Lammers'. The signature is stylized and fluid, written on a white background.

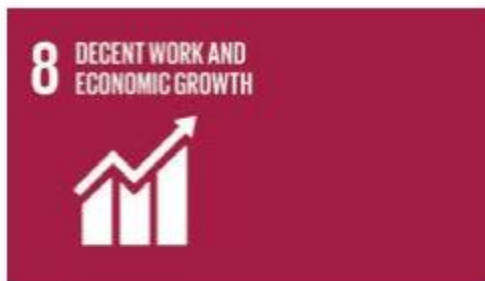
Lucas Lammers
CEO, LC Packaging

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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 our so-called 'areas of commitment' we will be making a direct contribution to 4 of the 17 goals: numbers 8, 9, 12 and 17. In addition, we actively contribute to the other goals via activities to improve our environmental footprint (Goal 13), our involvement in community development projects and by establishing sustainable partnerships for the goals.



In our sustainable business strategy, LC Packaging has identified four areas of commitment: people, supply chain, solutions and environment. These four areas are divided in areas of focus, as shown in the figure below. We believe that by adding these areas of commitment to our daily business agenda, we can improve our environmental, economical and social impact, while making profit along the way. At LC Packaging we invest all our profit back into the company to secure its future and the future of our employees.

LC Packaging Areas of Commitment



For 2022, LC Packaging has identified 14 targets related to these topics, including a specific target related to SDG 17: Partnership for the goals:

By 2022 we will have increased and strengthened our sustainable partnerships with our stakeholders and together will have made a significant contribution to achieving our goals.

More on our Vision and 14 5-year targets:

[Video LC Packaging Sustainability Vision](#)

[LC Packaging Sustainability Vision 2022](#)

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.

Related policies LC Packaging

[Human Rights Policy v2.0](#)

[Sustainable Supply Chain Policy](#)

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 1,500 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 part of the LC Family, and we make sure we treat them as such.

Our employees

LC Packaging is expanding and that means our family is also growing. Compared to 1 January 2018, our workforce has expanded by about 25% on 1 January 2019, to 1,540 employees. This growth is due to an expansion of our FIBC production activities in [Bangladesh](#) and South Africa, a growing sales organisation, and the acquisition of [Hagens Verpakkingen](#) in December 2018. Support departments such as the quality department, business operations, sustainability, marketing and communications have also expanded their teams due to conscious investments. In 2019 we expect to welcome even more new colleagues in all areas of the LC World.

LC Packaging targets related to our people:

- By 2022, 85% of our employees will feel that he/she is working in a safe and healthy working environment and will be satisfied with the working conditions we provide.
- By 2022, 80% of our employees will be satisfied with the internal development opportunities provided by LC Packaging.
- By 2022 we will have created at least 300 additional high quality full-time jobs in developing countries.

Source: [LC Packaging Sustainability Vision 2022](#)

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). This means 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 employment conditions that improve the well-being of our employees. Our production location in Bangladesh – SA 8000 recertified in 2017 – offers, among other things:

- 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 in the Dutch-Bangla Pack Ltd. CoP 2018](#)

Flow: From enthusiasm to satisfaction

In previous years, LC Packaging measured employee satisfaction through an annual survey. However, we strive for more than satisfaction; we strive for enthusiasm and engagement. In 2018/2019 we switched to measuring and stimulating enthusiasm with the help of the so-called Flame, Flow and Flood Theory. This approach helps us to focus on the positive: ensuring that we are in the Flow as much as possible, individually and as a team, and feel enthusiastic about our workday on a regular basis. Increasing our sense of Flow is a common goal and fosters dialogue on important topics in all layers of the organisation, such as having fun in your work, receiving sufficient feedback, having a common goal, and creating a pleasant and safe working environment for everyone. 89% of our colleagues say they are proud to work for LC Packaging. There are three measurements per year with different themes.

Our Production Partners

By 2022, 100% of our Production Partners will have signed our Supplier Code of Conduct and is acting accordingly.

Source: [LC Packaging Sustainability Vision 2022](#)

At LC Packaging, our aim is to set industry leading standards for responsible and sustainable supplier selection to deliver our commitment to sustainable growth. Our suppliers have to comply with the principles stated in the LC Packaging Global Supplier Code of Conduct (SCoC). The SCoC embodies the standards LC Packaging expects from its suppliers (Partners). LC Packaging wishes to only work with like-minded Production Partners with whom we aim to develop long-term relationships. This includes the internationally proclaimed human rights.

Global Supplier Code of Conduct

Since both LC Packaging and its Production Partners have developed strongly in the recent years when it comes to labour standards and human rights, ethics and environmental efforts, the standard and conditions for cooperation have evolved. In 2019 we therefore launched our new and improved [Global Supplier Code of Conduct 2019](#). This document prescribes values and principles to which LC Packaging has committed worldwide: non-negotiable standards that we ask our Production Partners to respect and adhere to when conducting business.

Supplier selection and assessment

Because our values and standards have evolved and the new code also covers new themes such as, modern slavery, bribery and corruption, and also describes the environmental subject in more detail, we introduced a new supplier selection and assessment procedure in Q1 2019 and asked all our partners to re-sign the code and to provide proof of compliance.

In short: Our key requirement is for all Partners to be demonstrably compliant. Partners who sign the SCoC commit to compliance and commit to becoming a member of [SEDEX](#) and completing the SEDEX Self-Assessment Questionnaire (SAQ). Partners upload their proof of compliance to the SEDEX platform. LC Packaging may also request a SMETA audit; a 4-pillar audit on the following themes: Labour Standards, Health & Safety, Environment and Business Ethics. In addition, the SCoC topics are included in our annual internal Partner audits, conducted by our experienced team of international Product Manager and Quality Managers. In 2018 we expanded our Quality team to 3 International Quality Managers and 11 local Quality Managers. Our dedicated in-house quality department is unique in our sector.

Community development

'By 2022, we will have made a significant contribution to the well-being and development of the local communities in which we operate.'

Source: [LC Packaging Sustainability Vision 2022](#)

In 2017, LC Packaging 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.

[Watch this Video on our 2018 projects.](#)

New projects

In January 2018, we started our Waste Pickers project in Bangladesh. Together with local NGO GramBangla and Child Hope UK, we set up a skills and training programme for waste pickers working in poor conditions on the Mutual Dumping site in Dhaka, Bangladesh. After completing the programme, trainees were offered a job at our SA 8000 certified FIBC production location in Bangladesh. And to combat socio-economic issues in South Africa and in an attempt to fight to war on waste, LC Packaging started a partnership with the South African Green Berets. Together, we sponsor a group of youngsters who take part in a 'Hygiene and Cleaning Learnership'. Their ultimate goal is to become recycling and waste specialists, start their own business to provide employment, and help to clean the streets in the process.

More on our community development activities:

[Annual Report and Statement of Income and Expenses 2018](#)

Measurement of outcomes

- Membership of the UN Global Compact
- SA 8000 certificate, SEDEX membership and EcoVadis Silver Medal
- Outcomes Flow Measurements 2018/2019
- HR Manual and [Internal Code of Conduct](#)
- [Global Supplier Code of Conduct 2019](#)
- Internal audits, SMETA 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 recognised 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](#)

Labour

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 labour;

Principle 5: the effective abolition of child labour; and

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

Related policies LC Packaging

[Employee Occupational Health & Safety Policy](#)

[Discrimination & Harassment Policy](#)

[Performance and Career Development Policy](#)

[Working conditions policy](#)

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 labour, child labour 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 labour laws.

Freedom of association and collective bargaining

As 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 their establishment, operation and organisation.

Elimination of forced and compulsory labour

LC Packaging does not engage in or support the use of forced or compulsory labour 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 do not 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 Labour

LC Packaging does not engage in child labour at any level of the organisation. No employee is employed under the minimum age established by national law (Labour Law 2006). According to the Company Policy of LC Packaging, including its own production locations and Production Partners, the 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 behaviour 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 immediately brought to the attention of the Human Resources Department and are investigated immediately and resolved.

Measurement of outcomes

- Membership of the UN Global Compact
- SA 8000 certified, SEDEX membership and EcoVadis Silver Medal
- Outcomes Flow Survey 2018/2019
- HR Manual and Internal Code of Conduct
- ZERO employees under the age of 18
- Internal and customer 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.

Related policies LC Packaging

[Water, biodiversity and Local Pollution Policy](#)

[Sustainable Consumption Policy](#)

[Materials, Chemicals and Waste Policy](#)

[Energy Consumption and Greenhouse Gas Emission Policy](#)

[Customer Health & Safety Policy](#)

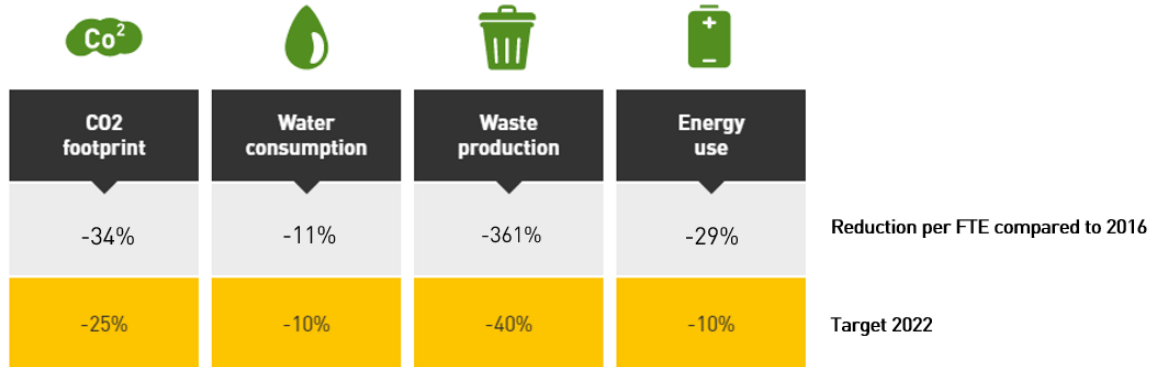
LC Packaging commits to minimising its impact on the environment, by reducing its waste production and carbon footprint and by decreasing its use of water and energy. In addition, we will improve efficiencies on finite natural resources in all of our company's greater environmental responsibility, encourage the development and diffusion of environmentally friendly technologies and take the lead in forming partnerships and infrastructures to establish sustainable solutions.

LC Packaging has set multiple targets for 2022 related to the environmental topic:

- By 2022 we will have undertaken important steps to significantly improve the sustainability of our in-house FIBC manufacturing.
- By 2022 we will have minimised the waste associated with our packaging.
- By 2022 we will have significantly reduced the waste of (food) products during storage and transport, with our packaging.
- By 2022 sustainability will be fully integrated into our innovation processes, leading to sustainable operations and new packaging solutions.
- By 2022 our carbon footprint will have been reduced by 25%.
- By 2022 the amount of waste generated in our daily operations will have been reduced by 40%.
- By 2022 the amount of water used in our daily operations will have been reduced by at least 10%.
- By 2022 the energy use in our daily operations will have been reduced by at least 10%.

Source: [LC Packaging Sustainability Vision 2022](#)

In 2019, LC Packaging, with the help of [Except Integrated Sustainability](#), conducted comprehensive corporate environmental footprint research of our CO2 emissions, waste generation and water and energy use. Our footprint per FTE has significantly improved (see below figure). However, due to the opening of a brand new production facility in Bangladesh and expansion of our operations in Bangladesh and South Africa, our total energy use, water consumption and CO2 footprint has increased compared to 2016. With the help of many sustainable initiatives, we strive to minimise our total footprint in the coming years and to achieve our targets.



Laws, regulations and permits

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

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. In 2018 and 2019, LC Packaging renewed and extended its environmental policies and translated these policies into training materials for its employees. The Supplier Code of Conduct was also updated, based on these policies.

Projects and activities

LC Packaging initiated a lot of projects and initiatives to improve the well-being of people and planet in 2018 and 2019. Below is an overview of the most impactful projects and investments.

I. Waste recycling in Bangladesh

Together with its local partners, LC Packaging initiated a first-of-its-kind waste recycling or rather 'upcycling'-project: GreenBANGLA. The aim of this initiative – co-financed by the German Investment Corporation (DEG) and the Dutch Development Bank (FMO) – is to collect in-house process waste which is processed back into granulate and sold on the local market. LC Packaging has invested €750,000 in a Starlinger Recycling machine and created 20 high-quality jobs in Bangladesh. All new employees received extensive training. In 2018 alone, 650 t of plastics was recycled. LC Packaging is proud that this initiative was recognised in the Dutch [UN Global Compact SDG Progress Report](#) (page 46) and [in the media](#).

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 to sustainably break down packaging waste to its core to be able to contribute to a circular economy.



III. Circular Partnership

In 2019, LC Packaging launched an innovative circular packaging solution programme with the goal to start partnerships within the supply chain and set up effective circular infrastructures, and minimise packaging waste. In April 2019, LC Packaging and Veolia signed an NDA with the intention to jointly minimise the waste related to our packaging on a global scale. Together with Veolia, our Production Partners and 4 large international customers, we have started an extensive trial with the aim to 100% recycle or reuse all LC's packaging products after use and include an after-use application. The goal is to finalise these trials by the end of 2019 and further roll-out this circular programme in 2020 to increase the volume and results.

IV. 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. The 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. The result: Reconditioning leads to a reduction of 43% to 66% in carbon footprint. Not to mention, reducing a lot of waste. To help customers calculate the sustainable advantages and savings in the areas of waste, water, energy and CO2 and to promote this after-use application, LC Packaging introduced a so-called calculation dashboard in 2019.

In 2018, LC Packaging reconditioned over 55,000 FIBCs with our affiliate WorldBag Reconditioning Service, saving up to 485,650 litres of water, 176,550 kWh energy and 132,000 kilos of plastics waste.

V. Increased container load capacity

To reduce its CO2 footprint in 2018 – together with its Production Partners – LC Packaging focused on more sustainable container loading solutions. The idea is simple: If we can fit more packaging into one container, we need fewer containers to ship our products. This project has led to creative solutions. For example, making small adjustments in PP bags, thereby creating 6% more container capacity. And LC's Leno bag bales have been pressed more tightly, creating up to 20% more loading capacity and resulting in up to 25 fewer containers needed on an annual basis.

VI. Investments in sustainable production

The de-inking installation of our Pacapime corrugated cardboard production location in Halle, Belgium has been completely renewed and became fully operational in March 2018. Since September 2018, we no longer have to discharge our water, and everything is purified internally and reused. With this €600,000 investment, LC Packaging contributes to a clean environment.

VII. Sustainable new Head Office

In 2018, the first permits were issued and contracts signed for the construction of a brand new and sustainable head office and warehouse in Waddinxveen. Located by the A12, 15 minutes away from Rotterdam harbour and 30 minutes from Schiphol Airport – the ideal location. This new office is scheduled to be completed in 2020 and the aim is to make the building as sustainable as possible (BREEAM certified). Due to the growth of LC Packaging in recent years, a lack of space has arisen in both the office environment and the warehouse area. Time to buy a coat that fits!

Furthermore, our SA 8000 certified FIBC production location in Bangladesh – Dutch-Bangla Pack Ltd. (DB) – took various measures to prevent pollution and continually improve their environment management system. DB is an advanced member of the UN Global Compact.

[Read more in the Dutch-Bangla Pack Ltd. CoP 2018](#)

Measurement of outcomes

- Certificate of ISO 14001 for Environmental Management System
- FSC Certificate
- Environmental Footprint Research 2019
- FIBC Lifecycle Research
- LC Packaging has been recognised as an example company by the Dutch Minister of Foreign Trade and Development Cooperation
- LC Packaging has been recognised as an example company by the Dutch Ambassador to Bangladesh <[watch video](#)>
- The waste recycling project is also subsidised by DEG (German Development Finance) and the FMO (Dutch Development Bank) and recognised in the Dutch [UN Global Compact SDG Progress Report](#)
- 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. In addition, 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 organisation 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 audited externally annually by [Grant Thornton](#).

Measurement of outcomes

- Audit [Grant Thornton](#)
- LC Packaging is SA 8000 certified and SEDEX member 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 by 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