

VIP Packaging 2012 UNGC Communication on Progress

1st July 2011 to 30th June 2012

SHAPING TOMORROW
HELPING YOU WITH SUSTAINABLE SOLUTIONS



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Secretary-General
United Nations
New York, NY 10017
USA

13th December 2012

Dear Mr Secretary-General,

This is our fifth Communication on Progress (COP) for VIP Packaging. We recognise that a key requirement for participation in the Global Compact is the annual submission of a COP that describes our company's efforts in implementing the ten principles.

I am pleased to confirm that VIP Packaging continues to support the ten principles of the United Nations Global Compact in respect to human rights, labour rights, the environment and anti-corruption. With this communication, we express our intent to continue supporting and advancing these principles within our sphere of influence.

We continue to commit to making the Global Compact and its principles part of our corporate responsibility program, VIP Packaging Sustainable Choices. The Global Compact and its principles are part of the strategy, culture and day-to-day operations of our company and we undertake to make a clear statement of our commitment to our employees, partners, customers and to the public.

Sincerely yours,

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

Raphael Geminder
Chairman

1. Human Rights

Assessment, policy and goals

VIP seeks to uphold universal human rights, including accessibility, discrimination and labour rights, across all of our sites. Our Code of Conduct requires the fair and equitable treatment of all VIP employees, contractors and customers, and establishes the responsibilities of all employees in this regard.

VIP's EEO Policy states that discrimination, harassment, victimisation and bullying will not be tolerated within our company. Our Code of Conduct requires the fair and equitable treatment of all employees, contractors and customers, and establishes the responsibilities of all employees in this regard.

Implementation

Our Human Resources' team is responsible for protecting human rights in conjunction with our line managers. VIP's corporate responsibility program also includes Sustainable Choices for our people.

VIP has an Equal Employment Opportunity (EEO) Awareness Campaign which involves training of all staff in the areas of legal compliance and policy breaches and advises our people on taking action and seeking action about issues relating to equal opportunity.

We are committed to giving back to the communities upon which our growth depends and to undertaking community involvement activities that are both relevant to our business and focussed on assisting others. We acknowledge the link between a healthy community, a thriving environment, a growing economy and the success of our business.

We actively participate in our local communities through corporate donations, sponsorship, fund raising and employee participation and are always looking for new ways to contribute. We strive to support the social issues, causes and groups identified by our people through the employee survey process as much as possible.

Measurement of outcomes

No prosecutions relating to equal opportunity or other human rights issues have been recorded against VIP Packaging for the period covered by this report.

Any incident involving a human rights violation would be addressed by site management and our Human Resources team.

2. Labour Rights

Assessment, policy and goals

VIP is committed to the principles of fair and equitable labour relations demonstrated through the diversity of our teams, sites and operations. The right to freedom of association and collective bargaining are upheld in all of our Australian and New Zealand operations, with over 75% of our permanent workforce covered by these agreements.

Contractual agreements observe statutory minimums in relation to termination and redundancy processes and, in some cases, exceed these provisions. To ensure that we equip our business with sufficient human resource, we track changes in the make up of our VIP Team.

Implementation

Our Human Resources team is responsible for protecting labour rights in conjunction with our line managers. VIP's corporate responsibility program also includes Sustainable Choices for our people.

Workplace Health + Safety

Workplace health and safety is a fundamental requirement of the company. VIP is committed to training our people in safety practises, with a key focus on educating people on the role that we all play in maintaining safe places to work. Read our Occupational Health & Safety Policy at www.vippackaging.com.au/ohspolicy

Equal Opportunity + Diversity

The provision of fair and equitable workplaces is a legal obligation. Our Human Resources team is responsible for protecting employment rights and does so throughout all VIP divisions. VIP runs an Equal Employment Opportunity (EEO) awareness campaign. The program addresses legal compliance and policy breaches and advises our people on taking action and seeking advice about issues relating to equal opportunity. The program continues to be run at site level on an annual basis.

No prosecutions related to equal opportunity have been recorded against VIP.

Employee Training + Skills Development

Employee training and development is managed at a site level by direct managers, with Corporate Compliance Programs being managed by head office. These programs cover training across safety, equal employment opportunities and lean manufacturing initiatives.

Employee Wellbeing Service

Through PPC Worldwide we provide an Employee Assistance Program to give our people and immediate family members access to counselling and support services. PPC Worldwide counsellors are all professionally qualified psychologists or social workers who provide services throughout metropolitan and regional Australia.

Counsellors help employees manage a variety of issues including relationship and family concerns, work life balance, depression and stress.

Performance Review Process

Every year, monthly employees participate in the performance review process. This is designed to allow our people to set goals, measure performance and provide feedback. Employees and their managers use this to establish and measure indicators of employee performance and development. These reviews also allow our people to raise any concerns and to discuss topics such as career aspirations and development needs.

Measurement of outcomes

A staff survey was undertaken in April 2012. We undertake annual staff engagement surveys where staff can have their say on their workplace. Survey responses are used to fine-tune workplace leadership, communication, performance recognition, ethics and safety in the workplace.

A Safety Awareness Week was held for both Australian sites in October 2011 and New Zealand sites in August 2011. In May 2012 an Employee Health and Wellbeing Week was held for all sites. This discussed drugs, alcohol and smoking as well as promoting our Employee Assistance Program. A Health & Wellbeing program will be rolled out in 2012/13.

Over the year our Safety Management System was reviewed and sites were all audited as they are annually using our new safety management tool. The purpose of the review was to continue pushing for improvements in health and safety across our business.

3. Environment

Assessment, policy and goals

Reducing the environmental impact of our operations and services has been a long term commitment at VIP Packaging. We consider our reputation as an environmentally engaged supplier as one of our greatest assets.

At each of our sites, we work hard to conserve energy, minimise waste, prevent pollution, save water, use raw materials wisely, and monitor our transport fleet in line with our Environment Policy. Read about this at www.vippackaging.com.au/environmentpolicy

Implementation

Our Environment team is responsible for protecting the environment at our sites in conjunction with our site managers and environmental representatives.

As our business grows, so too does our capability to identify, monitor and reduce our environmental impact. Each VIP site adheres to an environmental management system (EMS) aligned with the international standard ISO14001:2004.

Every year, actions and targets for improving eco-efficiency are set for all sites with a view to continuously reduce our environmental impact. Each site is audited against the requirements of the system annually and these results are an Executive Key Performance Indicator. The quarterly VIP EScorecard communicates these audit results as well as sites' progress on meeting key eco-efficiency targets.

To assist our sites in meeting set targets we have implemented training on subjects relating to the environment such as environmental management systems, spills and stormwater management. We also ensure that information is shared across our company on progress at sites and also the positive actions that sites are taking to improve their environmental performance. Site Environmental representatives participate in 6 monthly forums in which environmental training and updates are conveyed along with success stories from other sites.

Results of audits and information on sites' progress on meeting key eco-efficiency targets are communicated to all staff through our quarterly environmental scorecard.

We hold environmental awareness months across all our sites in Australia and New Zealand on key environmental issues and initiatives. Awareness months generally involve staff taking part in toolbox talks which give information on how the topic affects them at work and actions they can take to improve their environment.

Climate change is the biggest global challenge of the 21st century and is as much a socio-economic issue as it is an environmental issue. Australia and New Zealand are both at risk of climate change impacts and have a big role to play in the global action to mitigate these risks. VIP Packaging supports the introduction of a price on carbon and has developed an Energy Efficiency and Reduction Program. All sites have a nominated Energy Champion that promotes energy efficiency on their site and also participates in a quarterly Energy Council teleconference call, in which ideas are shared.

Understanding our waste streams and using resources efficiently is very important at VIP Packaging. We are committed to minimising waste generation and using raw materials responsibly. We also focus on the collection, re-use and recycling of packaging to divert waste from landfill and re-use of existing resources.

Life Cycle Assessment (LCA) is an internationally recognised approach to assessing the environmental impact of products and services across all phases of their life cycle. VIP Packaging has utilised the services of sustainable packaging consultancy, SustainaPac to perform LCAs on some of our key packaging products. LCAs help VIP's designers and customers to identify specific areas on which to focus to reduce the environmental impacts of a package. These services can assist our customers to determine how best to reduce environmental impacts of packaging, measure progress on reducing impacts and identify green marketing opportunities.

The National Packaging Covenant was replaced by the Australian Packaging Covenant (APC) on 1 July 2010 with a renewed focus on the whole-of-life environmental impacts of packaging. VIP Packaging is a signatory to the new APC and has its own specific actions including the signatory requirement of reviewing all current and new consumer packaging against the APC's Sustainable Packaging Guidelines. These guidelines focus on meeting the following 12 criteria in order to optimise consumer packaging to make efficient use of resources and reduce environmental impact without compromising product quality and safety. The 12 Criteria of the Sustainable Packaging Guidelines are:

- Minimise materials (source reduction)
- Use recycled materials
- Design for transport
- Maximise water and energy efficiency
- Minimise risks associated with toxic and hazardous materials
- Use renewable or recyclable materials
- Use materials from responsible suppliers
- Design for reuse
- Design for recovery
- Design for litter reduction
- Design for consumer accessibility
- Consumer Information

The New Zealand Packaging Accord ended in 2009 and was replaced with the Packaging Product Stewardship Scheme, which had the goal to reduce the whole-of-life environmental impacts of packaging in New Zealand. The scheme was launched on 20 April 2010 and is a voluntary agreement to meet the requirements of the Waste Minimisation Act 2010 New Zealand. VIP Packaging is a member of the voluntary scheme. The scheme requires members to adopt the Code of Practice for Packaging Design, Education and Procurement which focuses on the following four principles:

- Packaging functionality
- Resource efficiency
- Use of low impact materials
- End-of-life options

Measurement of outcomes

In F12 environmental management system audits continued to be undertaken at our sites with an average score of 91% and two awareness months were held in Australia and New Zealand covering the areas of energy efficiency and recycling at our sites.

In F12 VIP commenced energy auditing at one site with a 5 year program developed to audit 90% of our energy consumption.

In F12 a best practice guideline for energy efficiency at our sites was developed including:

- Changing to more energy efficient lighting
- Power factor correction improvements
- Implementation of infrared imaging
- Fixing of compressor leaks
- Focus on turning off machinery and lights when not in use.

4. Anti-corruption

Assessment, policy and goals

Corporate governance, compliance, risk management and ethical conduct are essential features of an organisational commitment to sustainability as a market leader in our sector. At VIP, we uphold governance processes that support our focus on the longevity and success of our business.

We are a privately owned company with 17 sites in Australia and three in New Zealand. General Managers meet quarterly to address economic, environment and social performance. A balanced scorecard is issued weekly and circulated amongst General Managers and Site Managers.

Legal governance is also key to the ethical business practices of VIP Packaging. As a member of the Pact Group, VIP Packaging is ultimately governed by the senior management team, which consists of our Chairman and Director, CEO, CFO and General Counsel. In addition to this senior management team, Pact Group also has an Advisory Board consisting of three independent (non-executive) advisors and convened by our Chairman and owners. This provides guidance to the company and meets quarterly.

Our company has a confidential disclosure/whistle blowing policy and hotline.

Implementation

As part of our ongoing competition law training program, certain employees are required to complete face to face and online Self Administered Legal Training (SALT™). Employees in Australia and New Zealand with responsibilities relevant to either the Competition & Consumer Act (AUS) or Commerce Act (NZ) undertake the training and are provided with information relevant to corporate and individual legal compliance. Our legal team arranges this training.

New employees with relevant employment positions are required to complete SALT™ training within three months of commencing employment and all employees will be required to refresh their face to face training every two years or more frequently when there are major changes to the law.

Measurement of outcomes

Legal governance is also key to the ethical business practices of VIP Packaging. We are pleased to disclose that no prosecutions took place in the financial year F12 for anti-competitive behaviour, anti-trust or monopoly practices.