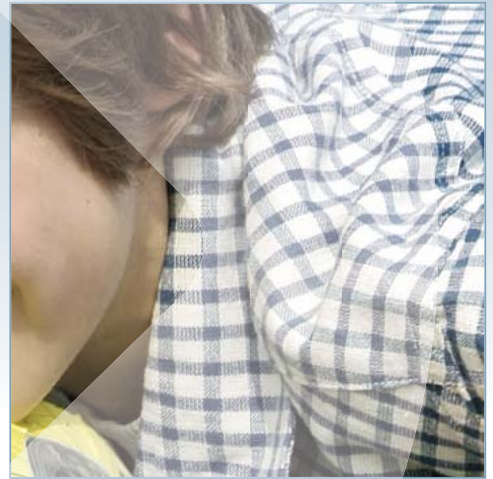
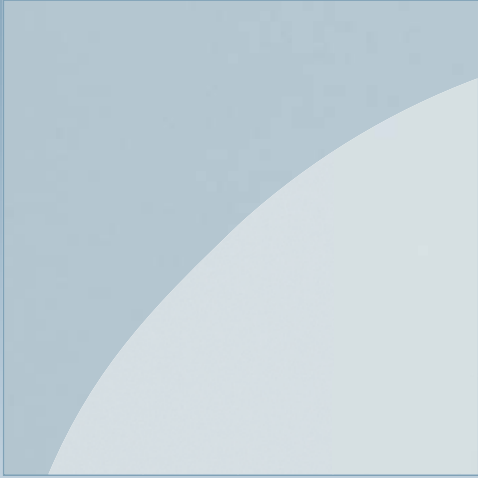


08

Sustainable
Choices



Contents

01. Chairman's Introduction	7
02. About VIP Packaging	8
03. Governance	10
04. Sustainability, Packaging and VIP	10
05. Sustainable Choices at VIP	12
06. People - VIP Team	16
07. People - Society	20
08. Profit - Responsible Growth	28
09. Profit - Customers and Suppliers	30
10. Planet - Operations	34
11. Planet - Products	38
12. Global Reporting Initiative and UNGC table	42
13. Ernst and Young Assurance Statement	44
14. National Packaging Covenant Action Plan	46
15. Energy Efficiency Opportunities Public Report	48

Report Parameters

This is VIP Packaging's first report on social, environmental and financial performance and covers the financial year 07 / 08.

This report covers:

Performance of divisions and operations comprising VIP Packaging (VIP). VIP Packaging is the trading name of:

VIP Steel Packaging Pty Ltd ABN 22 095 314 795
VIP Plastic Packaging Pty Ltd ABN 98 095 313 705
VIP Steel Packaging (NZ) Ltd 1106685 IRD 77779140
VIP Plastic Packaging (NZ) Ltd 1375879 IRD 85887041

All references to 'we', 'our business', 'the company' etc refer to VIP.

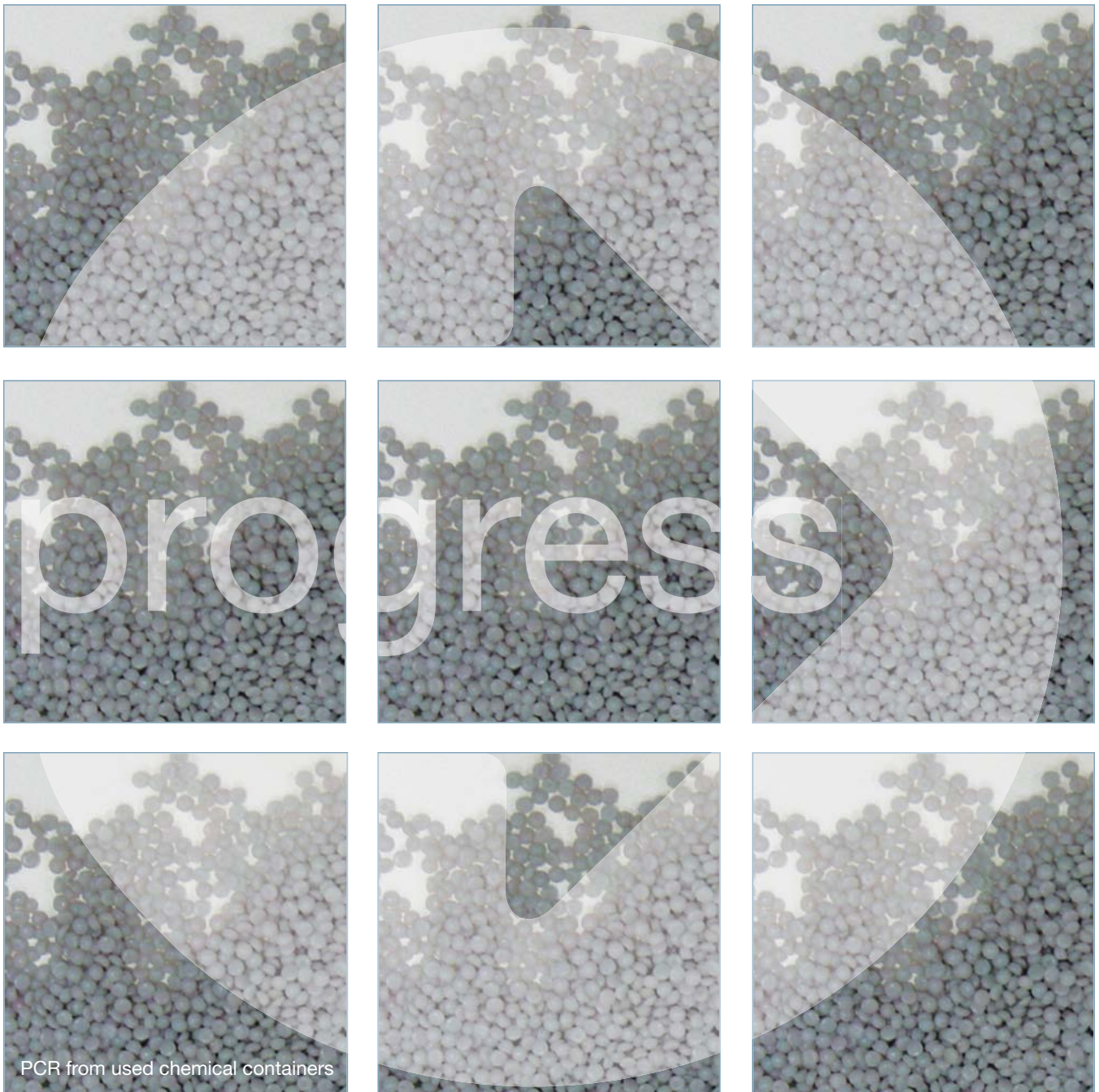
Materiality and completeness

The issues we consider most material to our business are identified through a weighting process that examines internal significance (including internal communication, training and corporate policies) and external significance (including regulatory requirements and media interest).

This process aided in determining the material for inclusion in this report, and indicated areas of likely relevance for readers.



More than just words – part of our business philosophy



PCR from used chemical containers

Key highlights



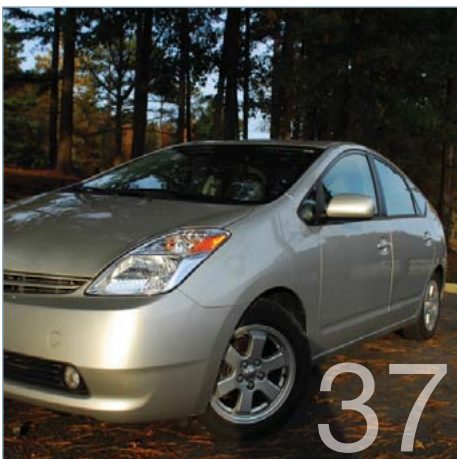
Our people's safety comes first

Our business wide "Safety Awareness Program" delivered a clear and consistent message to our team – Safety First.



Global issues, Global team

VIP is now a signatory to the United Nations Global Compact (UNGC) supporting universal environmental and social principles.



A little less conversation

VIP Packaging has committed to reduce greenhouse gas emissions by 20%- 40% by 2020. In 2007 VIP moved all company operated vehicles to LPG, diesel and hybrid.



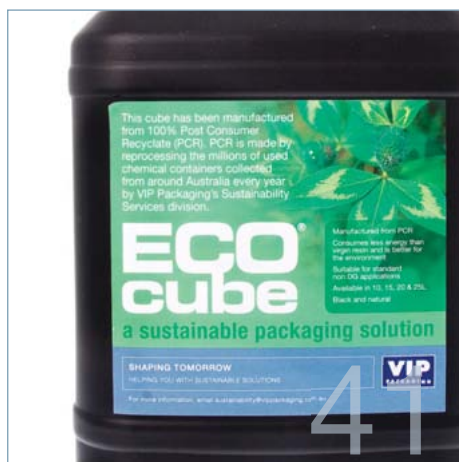
Support for a swell group of volunteers

Surf Life Saving in Australia (SLSA) relies on the dedication of thousands of volunteers who forgo their time to keep our beaches safe and we are proud to support their selfless efforts through our partnership with SLSA.



Great things come in small packages

Unilever had the idea, VIP Packaging had the technology and the result was a mighty pack that decreased packaging and increased sales.



Cradle to Cradle Packaging

EcoCube™ is a true closed loop packaging solution.



01. Chairman's Introduction

We live in challenging times. Our industry has not been spared as packaging manufacturers compete with escalating raw material and fuel prices, ethical supply chain concerns, skill shortages and an ever contracting manufacturing base. But perhaps the biggest challenge of all has been the global realisation of the devastating impacts of climate change.

Today, consumers, retailers, governments and regulators are seeking a measured and considered corporate response to these issues. This pressure is forcing a new focus on sustainability and encouraging a revolution in how we approach the challenge of climate change.

At VIP Packaging, we have long recognised the importance of sustainability, it's at the very core of our business and something that we hang in our hearts, not on a wall. Since the introduction of our Sustainable Choices Program in 2006, we have continued to recognise the value of sustainability, and remain committed to be among the leaders in our sector. We are determined to act as an example for other non-consumer facing organisations by demonstrating how all businesses can develop a relevant, meaningful sustainability approach. In fact, we have demonstrated that the integration of corporate responsibility opens up a series of exciting opportunities.

Our Sustainable Choices Roadmap is a practical definition for our team to understand and engage with our chosen approach to sustainability. It guides our focus on people, profit and planet which drives sustainable success and progress in our business.

As this space constantly evolves, so too does our approach. Since its inception, we have progressed our program beyond internal change and risk management to focus on value creation by converting external sustainability pressures into business opportunities.

I am proud that the VIP Packaging team has evolved to this point, and that sustainability has been lifted to yet another level.

This report is a first for our business and a first for the packaging industry in Australasia as we join other leaders in reporting against globally recognised sustainability indicators (GRI) and is a credit to the VIP Packaging team for their dedication to sustainability.

Business will always be confronted with new challenges. This year we struggle with a global financial melt down that is sure to have rebounding effects for many years. However it will be the passion, spirit and creativity of our people that will protect our resources, our planet and our business for future generations.

At VIP Packaging we live these values and are guided by our noble purpose "to help people make sustainable choices".

This report is an expression of this business philosophy which elevates sustainability beyond words on a page into positive and progressive action.

Enjoy the read. Continue the journey.



Raphael Geminder
Chairman

02. About VIP Packaging

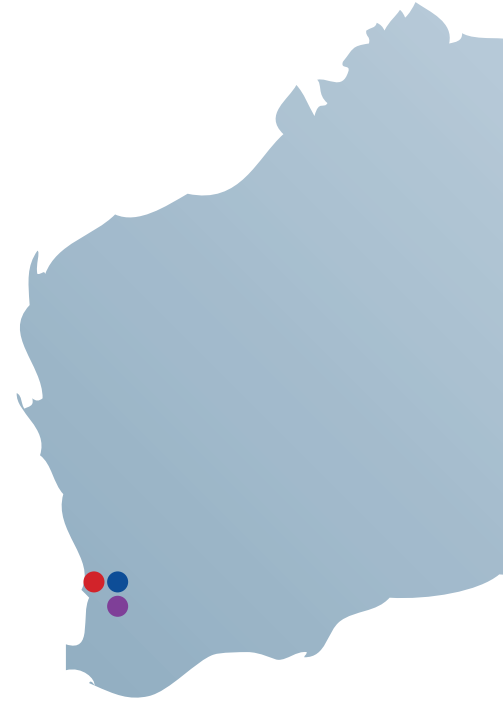
Privately owned by the Geminder family, VIP Packaging (VIP) is the leading plastic and steel packaging solutions provider in Australia and New Zealand, delivering innovative technologies and sustainable outcomes for our customers.

Our products and services include a variety of plastic and steel packaging options, closure systems, extrusion and thermoformed packaging and a Sustainability Services division that is dedicated to achieving VIP's objective of 100% recyclability.

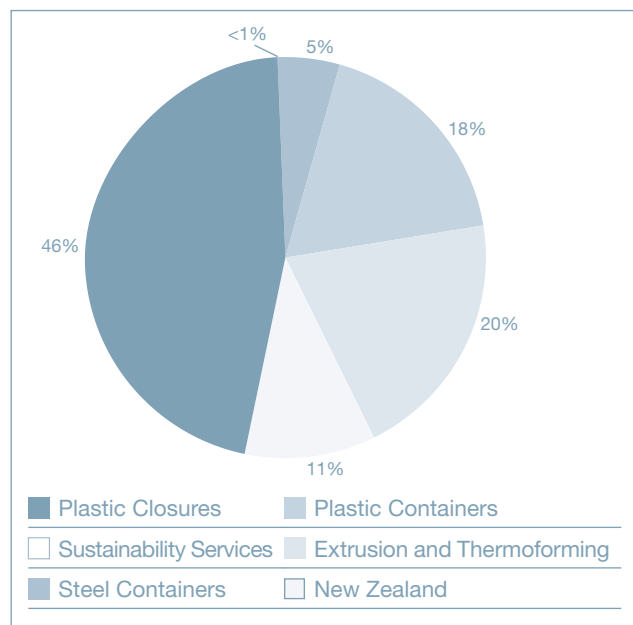
From major FMCG and niche consumer food and beverage, personal care, pharmaceutical, household and surface coatings applications through to the industrially based chemical, agricultural, petroleum and building industries, VIP delivers stand out solutions for our clients.

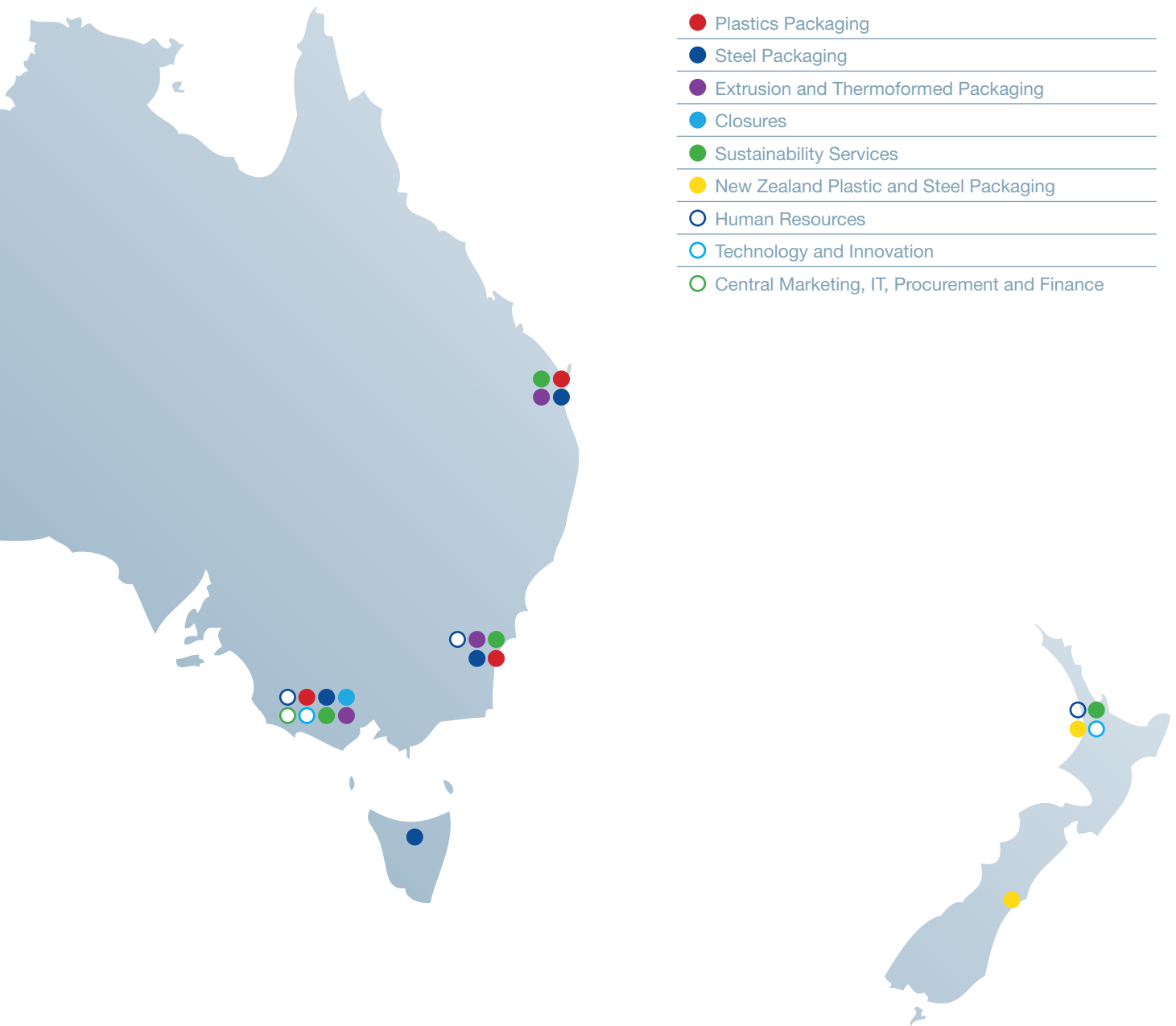
In recent years, we have evolved from a packaging provider to a packaging solutions leader, concerned as much about the quality of the world we will live in tomorrow as the quality of products and services we deliver today.

In the financial year ending June 30, 2008 we sold in excess of 2.5 billion units of packaging to approximately 2000 customers, demonstrating our position as a packaging leader in Australia and New Zealand.



Volume Unit Sales by Division





VIP Team breakdown (end of June 2008):

	Common law contracts	Collective bargaining agreements	Total employees
Australia	263	815	1078
New Zealand	24	52	76
Total			1154

03. Governance

As an employer and corporate citizen in both Australia and New Zealand, VIP is responsive to the direct and indirect impacts of our business. The long term sustainability and success of our organisation is dependant on a continuing commitment to ethical governance, responsible employment and investment, and the provision of high quality, safe packaging solutions.

Corporate governance

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

As shown by the VIP organisational map on page 9 VIP consists of four functional divisions and six operational divisions. General Managers of each of these divisions meet quarterly to address economic, environmental, and social performance. A balanced scorecard, issued weekly and circulated amongst General Managers and Site Managers, covers safety and environmental performance in addition to financial indicators.

Outside the VIP Executive, employees and other stakeholders are encouraged to provide feedback to our Chairman Mr Raphael Geminder, via the 'ask Ruffy' external and internal on-line forums.

As a member of Pact Group, VIP is ultimately governed by the Pact Group Board, which consists of our Director and Chairman. In addition to the formal Pact Group Board, Pact Group has an Advisory Board consisting of three independent (non-executive) advisors and convened by our Chairman. The Advisory Board meets quarterly and advisors are appointed by our Chairman and owners.

Members of Pact Group and VIP's senior executive team are invited to participate in a discretionary incentive scheme, where compensation is dependant on VIP's financial, social and environmental performance.

No legal actions took place in the financial year 07/08 for anti-competitive behaviour, anti-trust or monopoly practices, or for non-compliance regarding the provision and use of products and services.

04. Sustainability, Packaging and VIP

Socio-economic impact of packaging - the place of packaging in society.

Over the last century, the development of safe, economical packaging contributed to many of the global shifts that shaped the world as it is today. Packaging advances have allowed all sorts of goods to be stored, transported and enjoyed far from the farm or factory. As a consequence, consumers experience greater product choice, safety and value. Businesses benefit from increased markets, customer bases and opportunities for innovation. However, addressing the sustainable design and disposal of packaging remains a global challenge. Levels of packaging waste increase as the consumption of packaged goods continues to rise all over the world, particularly in developing countries.

Industry and communities are responding to these challenges. All aspects of the packaging process - design, transportation, use, reuse, recovery and disposal - are addressed in the search for solutions.

At VIP, we are committed to participating in the advancement of sustainable packaging objectives. We work with our customers, suppliers, regulators and communities to seek safe, economical and environmentally conscious packaging solutions.

Global sustainable development - impacts & importance of the supply chain.

Recognition of the need for social and environmental change in the pursuit of a sustainable future is widespread. Areas of responsibility are undergoing rapid redefinition, as we see that all parts of the corporate supply chain must contribute to sustainable change.

From our position in the supply chain, VIP is determined to act as an example for other non-consumer facing organisations. We demonstrate how all businesses can develop a relevant, meaningful sustainability approach. In fact, we prove that the integration of corporate responsibility opens up a series of exciting opportunities. All businesses, regardless of supply chain position, can meet social obligations and uncover commercial advantage through sustainable practice. At VIP, we are committed to addressing both of these priorities throughout our sustainability program.

Our commitment to strengthening our sustainability platform by seeking value creation - for our business, for our customers and for our customers' customers - elevates our responsibility approach. We have progressed our program beyond internal change and risk management, to convert external sustainability pressures into business opportunities.

At VIP, this is the true expression of sustainability.

Benefits of Packaging

- Product protection and preservation
- Ease of transportation and trade
- Reduction in product waste and spoilage
- Marketability of brands at point of sale
- Increase consumer information and choice
- Enhanced quality of life and ease of consumption

Challenges of Packaging

- Increased waste and landfill exhaustion
- Recovery of recyclables
- Excess packaging
- Use of heavy metals in solvents and paints
- Use of non-recyclable materials
- Consumer concerns about sustainability in all stages of the product life-cycle
- Use of resources and generation of greenhouse gas emissions during packaging manufacture

Actions by industry and communities to meet these challenges

- Increasing legislation
- Voluntary commitments between business, governments and communities
- Reduction in packaging weights
- Exploration of alternative packaging materials
- Improved packaging manufacturing processes
- Usage of post consumer recyclate
- Increased used packaging collection networks
- Community and education recycling campaigns
- Improved transportation processes



05. Sustainable Choices at VIP

The principles and opportunities of sustainability are embedded in our approach to doing business and guided by our values and purpose.

Our Values and Purpose

Our Noble Purpose is 'to help people make sustainable choices'.

This vision will touch almost every part of our business and we are confident that over time it will help our customers become more profitable.

Our success will be determined by competent and committed people that share our values – people with a passionate can-do attitude, entrepreneurial spirit, open and honest personality, those who take ownership and those who feel a responsibility towards protecting our precious planet.

To better define our approach to sustainability and to communicate the elements of a sustainable VIP, we developed our Sustainable Choices Program.

Sustainable Choices Program

Our Sustainable Choices Program guides our focus on people, profit and planet to drive sustainable success and progress in our business.

Guiding our Sustainable Choices Program is our Sustainable Choices Roadmap. This directs our sustainability strategy and establishes our commitment to social responsibility, financial leadership and environmental management.

Sustainable Choices Roadmap



**People
We will:**

The VIP Packaging Team:

Maintain the highest standards of occupational health and safety for all our people, including safety training and awareness at every level of our organisation.

Provide workplaces committed to equal opportunity and cultural diversity, and provide professional training and development for all our people.

Value and recognise the vital role our people play in the performance of our business.

Ensure our people are committed to the principles of social responsibility and environmental stewardship, and view these as essential factors for the growth of our business.

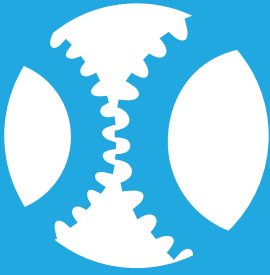
Society:

Strive to identify and address the social impacts of our business, as an employer, partner and neighbour.

Engage in meaningful dialogue with our stakeholders to ensure their views are considered when meeting our social responsibilities.

Invest in the communities in which we work and live, to support the societies in which our business operates.

Respect basic human rights in all our operations, activities and partnerships, and support the protection of internationally proclaimed human, labour, political and civil rights.



Profit We will:

Responsible Growth:

Operate with an entrepreneurial spirit and a willingness to embrace change, to secure sustainable growth.

Practice strong leadership and communication, to deliver best performance and continuous improvement.

Respect and uphold all legal frameworks relevant to our operations, to ensure we remain a strategic partner of choice.

Measure, report and analyse the performance of all areas of our business, to maintain organisational transparency and accountability.

Customers and Suppliers:

Provide innovative and sustainable solutions for our customers, and always deliver what we promise with a least cost philosophy.

Maintain a sense of pride and ownership in all that we do, to maintain exceptional service to our customers.

Partner with suppliers of proven integrity and service, and will not knowingly work with those that are not committed to ethical practice.

Deliver goods and services of the highest quality, and produce safe and sustainable packaging that benefits society.



Planet We will:

Environment:

Consider the lifecycle impacts of our packaging during the design and development process.

Develop innovative recycling and collection solutions for our packaging to avoid landfill disposal.

Use natural resources responsibly and endeavour to use renewable alternatives.

Implement an environmental management system to minimise the environmental impact of our activities, products and services, including greenhouse gas emissions and water consumption.

Stakeholder Engagement

Stakeholder engagement is the facilitation of open, collaborative dialogue between a business and its stakeholder groups. At VIP, we undertake stakeholder engagement that seeks to:

- Develop and implement solutions to issues of mutual concern;
- Establish opportunities for relationship building around joint initiatives and;
- Encourage greater corporate awareness of and response to social expectations.

We consider stakeholder engagement not as an end in itself, but a means to improved business performance through:

- Relationship building
- Risk management
- Identification of new and emerging social issues
- New opportunities and improved access to markets
- Continuous improvement and organisational effectiveness
- Enhanced (internal and external) communication

VIP's main stakeholder groups are those that are relevant to the social, financial and environmental impacts of VIP, and those that influence or are influenced by the culture, performance and long-term strategy of VIP.

In late 2006, VIP engaged Melbourne-based consultancy Futureeye to assist in the engagement of a selection of our key stakeholders.

Key issues raised by these preliminary stakeholder interviews highlight the areas that inform the direction of our Sustainable Choices program, including:

- Packaging reduction
- Environmentally friendly packaging alternatives
- Recycling and exploring local alternatives
- Resource use
- Maintaining a safe and healthy workforce
- Understanding the needs of our customers' customers
- Social costs of litter and waste

University of Technology Sydney

In late 2007, a PhD researcher from the UTS School of Accounting examined VIP's environmental management approach against the Harvard Business School's 'Levers of Control' framework.

A selection of General Managers, Site Managers and Environmental Representatives participated in anonymous interviews to obtain feedback on various aspects of our environment program, including communication, leadership, objectives and environmental values.

The results provided a comprehensive assessment on environmental management at VIP from those best positioned to provide this insight - our people.

Key stakeholder groups and forms of engagement

Employees	Survey and feedback processes Performance appraisals
Suppliers	Supplier assessments
Customers and Retailers	Customer sustainability exchanges Newsletter and other communications Preliminary stakeholder interviews Regular customer review meetings
Government and Regulators	Selective participation in policy debate Collaboration with environment and safety regulators
Third party employee organisations (unions)	Enterprise negotiation processes Employee representation matters Resolution of employee grievances and concerns
Community Groups	Preliminary stakeholder interviews
Society	Local, national and international community involvement Sponsorships and donations Website and external communications

Sustainable Tomorrow

In addition to the ongoing elements of our Sustainable Choices Program, some interesting initiatives we are looking forward to in the next year include:

- Establishing a program to assist employees in the learning of English as a second language
- Rolling out a business wide stakeholder engagement strategy
- Implementing opportunities for increased energy efficiency
- Developing our website to facilitate improved communication around sustainability performance
- Expanding opportunities to work with customers on joint-value sustainability initiatives
- Establishing a program to recognise and develop emerging leadership positions
- Expanding our plastic oil bottle recycling program
- Implementing activities set by our 3 year National Packaging Covenant Action Plan

06. People - VIP Team

Crucial to the sustainable progress of our business is the contribution of our employees. We recognise the importance of developing safe, fair, equitable workplaces for all our people, where employee input is encouraged and appreciated.

As a manufacturing organisation, we acknowledge the challenges associated with incorporating a growing number of disparate sites into a shared culture. We also recognise the need for robust engagement processes to ensure all our people feel part of the VIP Team.

We are committed to furthering an internal understanding of the principles of sustainability, so our people can apply these to their own lives, and so we can work together to integrate these into all parts of our business.

Employee Engagement

Engaging our VIP Team members is of great importance to our business. It is also a significant challenge. Spread across 22 sites, five Australian states and two New Zealand islands, our VIP employees are a diverse group. Additionally, the majority of our people are operators, packers and leading hands, and do not have daily access to intranet and email communications.

We are working hard to improve communication and engagement processes for the whole VIP team. Some of our recent highlights include:

Breaking the Mould

In 2008, we made changes to the content and publication dates of Breaking the Mould, our company newsletter.

In its new format, the newsletter is released more regularly and serves as a forum to highlight the achievements of our people and business in social responsibility, environmental management and financial leadership.

Performance Reviews

Twice a year, monthly employees (professional, managerial, supervisory and ancillary employees) participate in the performance review process. This is designed to allow our people to set and align goals and provide feedback.

Employees and their Managers are encouraged to take full advantage of this opportunity to establish and measure indicators of employee performance. These reviews also allow our people to talk about any concerns, and to discuss topics such as career development.

Professional and para-professional employees constitute 20% of the total VIP team, and all are required to participate in the performance review process.

Annual employee survey

In 2006, we released our first employee survey, asking our people for their feedback on community involvement and workplace satisfaction at VIP.

Survey responses indicated the social groups and causes our people believed VIP should support. Additionally, honest answers to questions about workplace leadership, communication, recognition, ethics and safety highlighted our successes and challenges.

Our annual employee survey has become both an opportunity for our people to have their say, and an integral part of planning in our Sustainable Choices Program.





Safety Awareness Program

From July 2006, VIP rolled out its Safety Awareness Program - a training process to ensure each employee learns a consistent message on safety and our responsibilities for maintaining safe workplaces.

The VIP Safety Awareness Kit was delivered via training workshops that cascaded from the Chairman and Senior Management team, to Plant Management and OHS Reps, through to operations work teams.

Workplace Health and Safety

Workplace health and safety is a fundamental moral and legal requirement for VIP. VIP is committed to ensuring all VIP employees are trained in safety practices, and to educating our people on the role each of us plays in maintaining safe places to work.

We are committed to working together to create a safety culture that emphasises training and awareness, continuous improvement and total workforce participation for our employees, contractors and visitors.

To access our VIP Safety Policy go to www.vippackaging.com.au

Health and Safety Management

Each VIP site is required to establish and maintain a comprehensive and integrated Safety Management System. This system must be accessible to all staff, and should describe the site's safety objectives and the systems, processes and procedures intended to achieve them.

Each site's Safety Management System is audited annually, based on Australian Standard AS 4801. This result is an Executive Key Performance Indicator, to reinforce safety performance as a critical responsibility.

We endeavour to establish processes for employee involvement and consultation, and to provide open communication channels that encourage our people to consider health and safety in all aspects of their lives. Each VIP manufacturing site has a safety committee consisting of management and other worker representation. Over 100 members of the VIP Team (or just under 10% of the entire team) participate in these committees.

We remain committed to eliminating incidents that result in injury or occupational illness, through processes of training, monitoring and corrective actions.

Health and Safety Performance

Our comprehensive safety structure stipulates the importance of reporting all injuries as they occur. This includes injuries that result in time away from work or medical treatment.

We are pleased to report that our workplace insurance premiums have declined by 33% since 2005. This is the result of a significant decrease in employee post-injury claims, and indicates the continued improvement of our safety performance.

As our business grows, we are in the process of improving our safety data collection processes, including a move to electronic employee sign-on systems at all our sites.

We continue to drive improved reporting through safety education, training and audit processes. Injury data and management will be provided for future reports.

Equal Opportunity and Diversity

The provision of fair and equitable workplaces is a legal and moral obligation. Our Human Resources team is responsible for protecting employment rights, and does so throughout all VIP divisions. No prosecutions related to equal opportunity have been recorded against VIP.

In June 2008, VIP launched an equal employment opportunity 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, anti discrimination and bullying.

We revised and relaunched our Equal Employment Opportunity Policy and Procedure as part of this program, ensuring our people are aware of the rights and responsibilities we all have in maintaining fair, equitable workplaces.

We have implemented flexible maternity leave practices and paid parental leave.

In June 2008, VIP achieved a Compliance Rating from the Equal Opportunities for Woman in the Workplace Agency (EOWA) for our reporting requirements under the Equal Opportunity for Women in the Workplace Act 1999 (Commonwealth).

Employee Wellbeing Service

Through the OSA Group, we provide an Employee Assistance Program to give our people and immediate family members access to confidential counselling and support services.

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

07. People - Society

Sustainable progress at VIP involves identifying the social impacts of our business, and meeting the responsibilities we have to our communities.

Understanding the many and varied social responsibilities of our business is a complicated task. We work to address our national and international links, as well as our numerous local community obligations.

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 focused on assisting others. We acknowledge the link between a healthy community, a growing economy and the success of our business.



Community involvement

Community involvement, through investment, sponsorship, fundraising and staff participation, is of major importance to VIP. We aim to support our communities and to demonstrate our credentials as an exemplary employer and neighbour.

Community involvement at VIP takes place on three levels:

- Corporate activities;
- Multiple site or business unit participation, and;
- Single site or business unit participation.

Wherever possible, we aim to support the social issues, causes and groups identified by our people through the employee survey process.

Aged care services & support
Animal protection
Cancer research & patient support
Drug & alcohol rehabilitation
Education (schools & TAFEs)
Emergency service groups
Environmental protection
Health and hospitals*
Homeless individuals
Ill & underprivileged children
Indigenous Australians & multiculturalism
International aid
Mental illness
Social justice **
Sporting groups
Youth support

Source: VIP 2006 Social Responsibility Survey and 2007 Sustainable Choices Survey responses

* Includes specific organisations (Heart Foundation, Red Cross, Diabetes, Flying Doctors, Fred Hollows Foundation) and conditions (MS, diabetes, asthma, leukaemia, arthritis).

** Includes specific organisations (Salvation Army, Smith Family, St Vincent de Paul, Lifeline) and issues (women's refuge, adult literacy, disability support, financially disadvantaged families).

Corporate Activities

Designing Tomorrow - 2008 National Schools Packaging Design Challenge

This year VIP Packaging partnered with SPC Ardmona to sponsor the first National Schools Packaging Design Challenge run by The Packaging Council of Australia. The challenge, offered to every secondary school in Australia, required students to work in teams of two to design innovative packaging solutions, considering a variety of technical, creative and environmental issues relating to the packaging supply chain. With co-sponsor SPC Ardmona, VIP Packaging enforcing the importance of sustainable packaging to the designers of tomorrow.



Corporate Activities

Surf Life Saving Australia

Surf Life Saving Australia (SLSA) is Australia's water safety and rescue authority, incorporating 305 local surf lifesaving clubs, 17 regional branches and seven state and territory centres. In its iconic red and gold, and as one of the largest volunteer organisations in the country, SLSA continues its 100 years of helping keep our beaches safe.

In 2006, VIP was proud to announce the development of a three year, major community partnership with SLSA. This partnership strengthens our commitment to people and the planet, and to sustainable communities and beaches Australia-wide.

Boardies Day

Through our partnership with SLSA, we are the principal sponsor of Boardies Day, SLSA's annual fund raising event. In 2007, the day raised over \$120,000 as workplaces, social clubs and school kids across Australia donned their surf wear to help provide our lifesavers with the equipment and training to do what they do best - save lives.

With enthusiasm, our sites around the country held events to participate in Boardies Day, holding BBQs, breakfasts and other activities to show our support for SLSA.

Surf's Up and School's Curriculum

A major SLSA focus is the development of school's educational material, designed to spread messages of safety and sustainability at the beach.

VIP is proud to support the development of Surf's Up, a resource available to primary schools around the country. Additionally, SLSA is eager to establish an online, interactive teaching tool to ensure our kids get the SLSA message in exciting ways. VIP is pleased to contribute to this new program, and we look forward to its release in 2009.



Multiple site or business unit participation

Involving many sites of varying size and location in joint community involvement activities has its challenges, but these are outweighed by the benefits - providing our people with the opportunity to work as a team and support social issues they care about.

VIP's Biggest Morning Tea

VIP's Biggest Morning Tea is our version of the Australian Cancer Council's initiative, modified to incorporate our New Zealand colleagues. In May each year, employees come together to raise funds for the Australian Cancer Council and the New Zealand Cancer Society.

Funds raised are matched dollar for dollar by VIP, and many of our sites take the opportunity to showcase their creativity via innovative fundraising approaches, including an obsolete stock raffle, night shift pizza deliveries and on-site competitions.

Single site or business unit participation

Historically, VIP sites and business units have undertaken community involvement in a diversity of activities. Our people use their local knowledge and experience to identify opportunities to support their communities, and in doing so, contribute in meaningful ways.

Illustrations of this kind of community involvement are too numerous to mention here - but the following are some examples from the last year.

Devonport and Give Me Five For Kids

Each year, our Devonport site assists a local Tasmanian charity by providing tins for use as collection tins during the charity's fundraising drives, assisting to raise funds for and spread awareness of this important local community group.

Drouin and The Ficifolia Festival

For several years, our Drouin site has been a Major Sponsor of the Ficifolia Festival, showcasing art, theatre, sporting and other cultural events unique to the local community. Celebrating its 20th year in 2008 with the theme "Reduce, Reuse, Recycle", the festival is an inspirational example of community spirit in action, and one with which VIP is proud to be associated.

Sunshine and Melbourne Fashion Festival

In March 2007, fashion retailer Sportsgirl used 250 IBCs from our Sunshine site to create a temporary space of light, music and fashion for visitors to the Melbourne Fashion Festival to enjoy.

East Tamaki and Surf Lifesaving New Zealand

Jandal Day is the annual fundraising event of Surf Lifesaving New Zealand (SLSNZ). Our East Tamaki site was pleased to donate plastic pails for use by SLSNZ volunteer fund collectors during 2007's Jandal Day initiatives around the country.

Hemmant and World's Greatest Shave

In March 2008, our Hemmant site took up the challenge to be brave and shave by participating in the Leukaemia Foundation's Worlds Greatest Shave. Five brave volunteers went under the clippers to raise money to support those currently living with leukaemia, lymphoma or myeloma.

Extrusion and Thermoforming division and the Royal Flying Doctor Fund

In what we hope will be the start of an on-going relationship, our extrusion and thermoforming division donated foodbowls to the Royal Flying Doctor Service in 2007, for the packaging of baked goods for sale during its fundraising activities.

Human Rights

In all our operations, we seek to uphold universal human rights, including accessibility, discrimination and labour rights.

We maintain a commitment to the United Nations Global Compact (see page 28) and its principles, including those related to Human Rights.

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.

Sparrow Village

In July 2008, our extrusion and thermoforming division supported Sparrow Village, a South African treatment centre for children and adults living with AIDS, after Simon Costa of the Costa Group (a VIP customer) announced his intention to trek Mount Kilimanjaro to raise funds for Sparrow Village.

Seizing the opportunity to do more, some of our sites elected to hold collection drives for school supplies, stationery and kids clothing. With excellent results, our Brendale (QLD), Hemmant (QLD), Villawood (NSW), Granville (NSW) and Laverton North (VIC) sites contributed to our donation, to assist Sparrow Village and its desperately needy kids.





Vision Australia's Carols by Candlelight®

Each year the magic of Christmas is celebrated with song at the annual Vision Australia's Carols by Candlelight®. Held at the Myer Music Bowl in Melbourne's Botanical Gardens, the high profile community event is performed in front of an audience of 10,000 and broadcast nationally to approximately 2.5 million people. It is a wonderful way for families and friends to get together and celebrate Christmas.

VIP Packaging has been a proud supporter of Vision Australia's Carols by Candlelight® for many years donating the candle holders that are held high throughout the night.

All proceeds raised from Vision Australia's Carols by Candlelight® go towards enabling children who are blind or have low vision to access and participate in every part of life that they choose.

08. Profit - Responsible Growth

Sustainable progress at VIP is intrinsically linked to the responsible growth of our business, including ethical and compliant governance processes.

Increasingly, corporate organisations are held accountable for many commercial impacts, including those related to performance and market presence. Judging our impacts as an employer, business partner, supplier, customer and corporate citizen requires an appreciation of (often shifting) external expectations and opportunities.

We are committed to fulfilling our legal and ethical obligations, and work to demonstrate our credentials as a market leader in our sector. We are also dedicated to measuring our sustainability impacts and reporting on our sustainability performance.

Accountability and communication

As part of our commitment to operating sustainably, VIP recognises the need to practice strong leadership and communication, including organisational transparency.

In practical terms, this means the identification of our sustainability impacts and responsibilities, and communicating back to our stakeholders on the ways in which we are responding to these.

This Sustainable Choices Report is the first public dialogue in which VIP has engaged on our sustainability performance, and is an indication of our new dedication to organisational accountability.



United Nations Global Compact

VIP is a signatory to the United Nations Global Compact (UNGC) - a voluntary, international, corporate citizenship initiative that brings companies together with UN agencies, labour and civil society groups to support universal environmental and social principles. These principles address human rights, labour rights, environment and anti-corruption, and can be viewed at www.unglobalcompact.org.

VIP will provide a report of its actions taken in support of each of the principles on an annual basis. Our progress so far is examined on page 42 & 43.

Through the power of collective action, the UNGC seeks to promote responsible corporate citizenship so business can effectively meet the challenges of social and environmental sustainability.

Labour Relations

Through the diversity of our teams, sites and operations, VIP is committed to the principles of fair and equitable labour relations.

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 collective agreements.

Contractual agreements observe statutory minimums in relation to termination and redundancy, and often exceed such provisions. To help ensure we equip various parts of our business with sufficient human capital, we track changes in the make up of our VIP Team:

Financial year	08	07	06	05
Turnover	17%	14%	17%	18%

SALT™ Trade Practices Act Compliance Training

In early 2008, as part of our continuing Trade Practices training program, selected employees were required to complete the online SALT™ Trade Practices Act Compliance Training.

Employees in Australia and New Zealand were provided with information relevant to corporate and individual legal compliance. All employees with responsibilities relevant to the Act undertook the training and successfully completed its assessments.

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

Direct and indirect economic impacts

At VIP, we are concerned with the responsible growth of our business. This includes an appreciation of our range of impacts, beyond the factory gate. This means understanding the direct and indirect economic impacts of our business.

What are direct and indirect economic impacts?

Direct economic impacts are measured as the value of transactions between VIP and its stakeholders. Indirect economic impacts are the results of these transactions, (sometimes non monetary).

Employees

Direct economic impact	Indirect economic impact
- Wages spending	- Standard of living of employees, including spending capacity.

Suppliers

Direct economic impact	Indirect economic impact
- Procurement spending - Service providers charges	- Valued business partner, aiding the success of other businesses - Assistance in improving sustainability and overall performance.

Customers

Direct economic impact	Indirect economic impact
- Packaging units sold - Product pricing	- Provision of high quality and appealing packaging, leading to increased sales.

End users and community

Direct economic impact	Indirect economic impact
- Corporate donations - Site fundraising - Gift matching	- Social investment to support communities and contribute to community groups or associations.

Government (local, state, regional, federal)

Direct economic impact	Indirect economic impact
- Taxes	- Support government in meeting its public policy and community spending commitments.

09. Profit - Customers and Suppliers

Maintaining strong, mutually beneficial relationships with our customers and suppliers is key to the sustainable progress of our business.

Maintaining a supply chain that upholds social and environmental principles is one of the major challenges facing sustainable corporations. At VIP, our business partners constitute a diverse and numerous group, including local and international organisations, and represent a wide range of markets, products and consumers.

We are working to encourage sustainable practice, in our own business and in those of customers and suppliers. We support sustainability principles throughout our sphere of influence, and to recognise new opportunities in this process.

Customers

The provision of innovative and sustainable packaging solutions for our customers is at the core of all that we do at VIP. We are committed to delivering goods and services of the highest quality, and the production of safe and sustainable packaging that benefits society.

The greatest asset we offer our customers is the delivery of competitive, economic, innovative sustainable packaging solutions. When our customers grow, we grow.

To view our Quality Policy go to www.vippackaging.com.au



Mighty results for a household name

The 475ml Small & Mighty® bottle which replaced the larger 1.4L Omo bottle, has won multiple packaging design awards for its improvement in environmental performance and subsequent brand value created. The new format uses 50% less packaging than the original pack but delivers the same number of washes per bottle as the former design. Because the bottles are smaller, over 32 tonnes in cardboard packaging are saved and 62% fewer trucks used to transport the same number of washes to store per annum. It does not contain phosphates and has significantly lower sodium levels compared with other laundry products. The surfactants (or cleaning agents) used by Omo are readily biodegradable, making it better for grey water usage.

Michelle Katz, Omo Marketing Manager says “Omo Small & Mighty® is an easy way for consumers to reduce their impact on the environment and encourages other brand owners to work with their packaging suppliers to develop packaging that utilises ‘green’ design principles – such as lightweighting, improved pallet utilisation for more efficient transport and using recyclable materials.”

Global Recognition for Yoplait's Dair-ing Facelift

National Food's 1kg Yoplait tub, which was revamped more than 12 months ago using the latest injection moulding technology from VIP Packaging was awarded 'Best of Show' at the first annual IMDA (In-Mold Decorating Association) Awards Competition held on 11 October 2007 in the USA.

The award, which was presented during the 2007 International In-Mold Labeling (IML) Conference, recognises the industry's best IML packaging and label designs. The result topped off a great year for both National Foods, whose successful roll out of the new tub format has been evidenced in significant market share gain and for VIP Packaging, whose work to introduce high volume injection moulding IML technology to the Australian market place commenced long before the Yoplait tub redesign was born.

The new Yoplait format replaced traditional thermoformed High Impact Polystyrene (HIPS) packaging with a more robust tub, photo-quality in-mould labelling, unique on-pack tamper evidence and custom design grip and pouring features.



Leading Design and Innovation Services

Packaging is all about making an impact and this is why VIP recognises innovation in the form of design as the key to brand success. Innovative packaging does influence consumer purchasing behaviour. Our customers have access to the latest technology platforms, diverse manufacturing capabilities and creative designs. We also provide our customers with global market trend analysis and category highlights.

Recent technological capability investments, which we believe deliver unique solutions to our customers, include:

- Multilayer barrier PET technology, improving packaging quality and extending product shelf life.
- Monolayer Oxygen Scavenging barrier packaging for food and beverage applications, delivering a cost effective, enhanced packaging solution.
- Thin walled injection moulded packaging, for the superior, eye-catching decoration of plastic pails and tubs for food and industrial markets.

- Compression moulded liner-less closures for the beverage market, using our proprietary technology for lighter weight, improved performance closures with less end-use waste.

Investment in Manufacturing Excellence

At VIP, we relentlessly embrace a culture of continuous improvement, delivering ongoing manufacturing excellence in every aspect of our business. Ongoing investment in technology, innovation, design, manufacturing and people ensures our customers always receive the highest quality, lowest cost packaging solutions.

At our Moorabbin (VIC) plant, in keeping with our commitment to offer the best in compression technology, we invested in a new compression machine - the largest available machine of its kind in the world - for the high speed manufacture of quality beverage closures.

At our Granville (NSW) plant, our efficient sheet speed press technology delivers more advanced production with less spoilage and less waste, delivering our customers a superior tinplate packaging solution.

We have also installed a second PET re-crystalliser at our Auburn (NSW) plant, which reduces the amount of virgin plastic resin required in busy periods, and cuts running time considerably. The result is reduced raw material and energy use, less waste to landfill and increased benefits for our business, our customers and the environment.

Global partnerships

VIP's customers have access to industry leading local and global technology providers. We embrace a philosophy of partnering with global leaders for the latest in research and development, technology and intellectual property. This allows VIP to be at the forefront of global developments and to adapt technologies for customers quickly and effectively.

More Sustainable Choices for Customers

Central to our sustainability commitment is helping our customers meet their own sustainability objectives.

As our customers look to their supply chains for innovative ways to meet the challenges and opportunities of sustainability, VIP is developing exciting ways to bring value to our customers. These include:

Cause related marketing - reaching out to the consumer

We offer our customers the opportunity to align a product with a not-for-profit organisation or cause, giving back to the communities on which our mutual growth depends.

Giving back and earning trust through joint community investment

Partnering with our customers in joint fund raising and sponsorship activities allows our community investment activities to reach as many of our stakeholders as possible.

Getting in the know through lifecycle assessments

To help our customers accurately gauge the impacts of their packaging, we provide in-depth lifecycle assessments to assist in environmental reporting and whole of life evaluations.

Material and recyclability assessments to enhance decision-making

We research and provide advice on the ways in which our products are recyclable, providing guidance to our customers on sustainable packaging solutions to meet their needs.

Environmental statements - credible and accurate

Environmental reporting obligations require many of our customers to publish data on the impacts of their products. We assist in developing accurate and substantiated environmental statements.

Designing a sustainable future

We assist in the design of packaging solutions that are better for the environment, encouraging our customers to look at issues such as light weighting and transportation during the packaging design process.

Our customers operate in societies and economies increasingly engaged with the principles of sustainability.

By working with us, our customers are exposed to a series of innovative opportunities to address their sustainability impact, and to communicate their sustainability approach to end-users.

Procurement

We have made some significant improvements to our procurement division, reflecting our intention to link sustainability to all parts of our organisation.

Recent changes to our sourcing strategy addressed the purchase of masterbatch (resin added to raw plastic polymer to create colours for our plastic). VIP will no longer introduce masterbatch containing heavy metal pigments, protecting our people and our planet.

Additionally, our expanded procurement team now co-ordinates a centralised supplier selection process, streamlining supplier engagement criteria and helping establish the framework for the uniform, fair and equitable selection of business partners.

This centralisation has also allowed VIP to begin consideration of the sustainability performance of our suppliers. As outlined in the following section of this report, our suppliers will soon be assessed by a set of sustainability criteria, to ensure that VIP works with partners that share our vision of responsibility and sustainability.

Suppliers

One of the key challenges for a sustainable organisation is the management of its supply chain. At VIP we recognise this, and have taken the first steps towards working with our suppliers on the promotion of social and environmental responsibility.

Peats Ridge water bottle redesign of 12 litre stackable bulk water bottles removed 10% (550 to 500 grams) of plastic in late in 2007.



In early 2007, we developed our Supplier Assessment Survey, designed to aid VIP in understanding the total sustainability impacts of its products, activities and services.

The survey addresses:

- Environment (resource use and environmental footprint)
- Human rights (employee protection)
- Occupational Health and Safety (management and performance)
- Social responsibility (community involvement and stakeholder engagement)
- Procurement (supplier processes)

28 of our key suppliers were asked to participate in a pilot version of the survey during March 2008, representing approximately 25% of VIP's total procurement spend.

The responses of this initial group of respondents will help us develop the final assessment survey for all suppliers, due for circulation in late 2008. Final supplier survey responses will be used to:

- Complete lifecycle environmental assessments of VIP's products;
- Determine our social responsibilities towards our stakeholders;
- Ensure our business partners within our supply chain are adhering to all social, environmental and legal responsibilities; and
- Identify best practice sustainability activities.

We look forward to working with our suppliers on the promotion of the principles of sustainability throughout our supply chain.

10. Planet - Operations

Sustainable progress at VIP has long been linked to the protection of our planet, including our driving commitment to minimising the environmental impact of our operations and services.

At each of our sites, we work hard to conserve energy, minimise waste, save water, use raw materials wisely, and monitor our transportation processes. As our business grows, so does our capability to identify, monitor and reduce our environmental footprint.

We apply the precautionary principle of environmental management - allowing us to act on projects that are likely to deliver environmental benefits now and into the future. We consider our reputation as an environmentally engaged supplier as one of our greatest assets, and are committed to upholding this position throughout our operations.

To view our Environment Policy go to www.vippackaging.com.au

Environmental Management

Each VIP plant adheres to an environmental management system based on the international standard ISO14001:2004. Every year, actions and targets for improving eco-efficiency are set for all sites with a view to reducing water and energy consumption and lowering greenhouse gas emissions.

System requirements include the identification of potential environmental impacts and procedures to establish control measures over these risks, legal and monitoring requirements, responsibilities and training for environmental management, opportunities for improvement, record keeping and emergency response.

Each site is audited against the requirements of the system annually. To ensure the importance of exemplary environmental management is appreciated throughout the business, these results are an Executive Key Performance Indicator.

Our Moorabbin (VIC) site is certified to ISO14001:2004, obtaining this certification from Lloyd's Quality Assurance Limited in 2007. We are proud to congratulate all on site for this achievement and external confirmation of compliance with all system requirements.

Training and Awareness

The continued improvement of our environmental performance depends on the continuing commitment of each member of the VIP team. To help our people remain environmentally aware, we assist sites in the development of training and awareness programs.

In addition to featuring prominently in system requirements, training and awareness is promoted through our quarterly Environmental Awareness Weeks. Supported by training materials such as presentations and competitions, these awareness weeks discuss key environmental issues during initiatives such as Green Office Week, Climate Change Week, Water and Energy Efficiency Week and Recycling Week.

Objectives and Targets

Crucial to the lessening of our environmental impacts is the measurement and reduction of our environmental footprint. Each site is required to establish annual environmental targets designed to improve performance in the areas of compliance, risk management, process and product improvement, and electricity, water, gas and waste.

Each quarter, the VIP Scorecard communicates these targets and provides a status update on each, to ensure a business-wide appreciation of the importance of meeting our environmental objectives.

Environmental Footprint for 07-08

Environmental Data	Amount
Energy	
Electricity (GJ)	387,212
LPG (GJ)	14,565
Natural Gas (GJ)	123,989
Diesel (GJ)	5,641
Fleet Fuel (GJ)	19,201
Total Energy (GJ)*	550,608
Other	
Metered Water Consumption (kL)*	100,876
Estimated Water Consumption (kL)	344
Total Town Water Consumption (kL)	101,220
Solid Waste to Landfill (t)	1,347

* Sites that do not have metered water information are excluded. Total verified by Ernst & Young, refer to page 44.

In May 2008, our Eagle Farm (QLD) site incurred a \$3000 (AUD) penalty infringement notice for failing to meet some conditions of its development approval. The site completed all corrective actions monitored by the Queensland Environmental Protection Agency.

Carbon Reduction Strategy

Climate Change and VIP

The threat of climate change is now a political, social, environmental and economic reality, and the biggest global challenge of the 21st century.

As carbon dioxide and other greenhouse gases - emitted during the use of fossil fuels such as coal, oil and natural gas - trap and hold heat in the atmosphere, global temperatures rise. The result is extreme weather conditions including drought, and rising sea levels resulting in flooding. In the long term, melting ice caps could alter the map of the world significantly, displacing countless communities, and increasing threats to global water and food supply.

VIP is preparing for the major regulatory and legislative changes that are underway as part of a growing global commitment to carbon management. The development of emissions trading schemes in both Australia and New Zealand means we must prepare for rising electricity and other operational costs.

Solutions to the threat of climate change require commitment and action. At VIP, these two principles underpin our Carbon Reduction Strategy.

To view our Carbon Reduction Policy, go to www.vippackaging.com.au

Energy Efficiency

Approximately 90% of VIP's annual carbon emissions come from the use of electricity. As such, a reduction in energy use is a primary objective of our carbon reduction strategy.

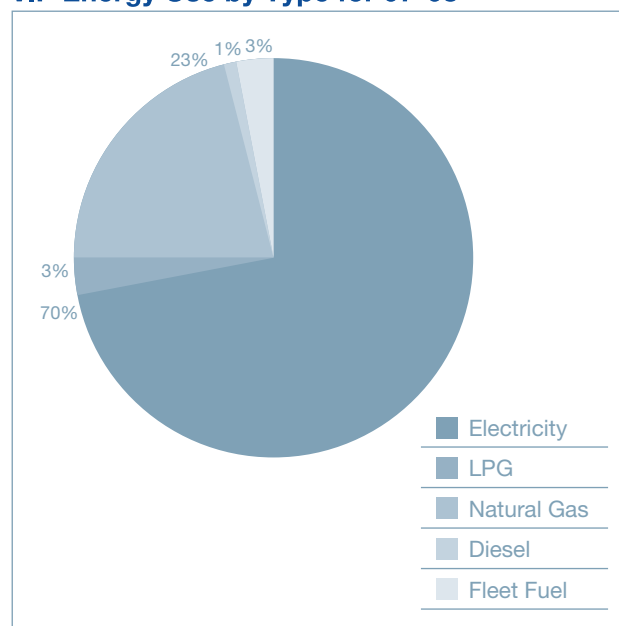
VIP is committed to:

- Monitoring electricity usage at our sites daily;
- Minimising waste of compressed air;
- Upgrading inefficient compressors and chilled water systems;
- Reviewing and improving lighting requirements; and
- Purchasing 5% of our electricity from accredited GreenPower providers in Australia.

Additionally, we have set robust carbon reduction targets for each of our divisions. These targets aim to reduce our greenhouse gas emissions by 20-40% by 2020 in line with the Federal Government's aspirations.

VIP has also undertaken comprehensive energy assessments, as part of our responsibilities under the Federal Government's Energy Efficiency Opportunities (EEO) Act - See page 48 for our first public EEO Report.

VIP Energy Use by Type for 07-08



VIP Energy Use by Type for 07-08

Greenhouse Gas Emissions for 07-08¹

Scope	tonnes of carbon dioxide equivalent (tCO ₂ e)
Scope 1 Direct Emissions ²	9,052
Scope 2 Indirect Emissions from Purchased Electricity ³	104,172
Scope 3 Indirect Emissions from Solid Waste Disposal in Landfill ⁴	2,237
Purchased Offsets ⁵	1,400
Total Emissions*	114,061

1 The greenhouse emissions were calculated using point source emission factors and include Australian and New Zealand operations under VIP Packaging's operational control for the year ended 30 June 2008.

2 Direct emissions include the stationary combustion of LPG, natural gas and diesel, and mobile fleet sources.

3 Indirect emissions from purchased electricity include all emissions from stationary sources used to provide electricity to VIP Packaging.

4 Indirect emissions from other sources include disposal of solid waste to landfill and exclude emissions from wastewater.

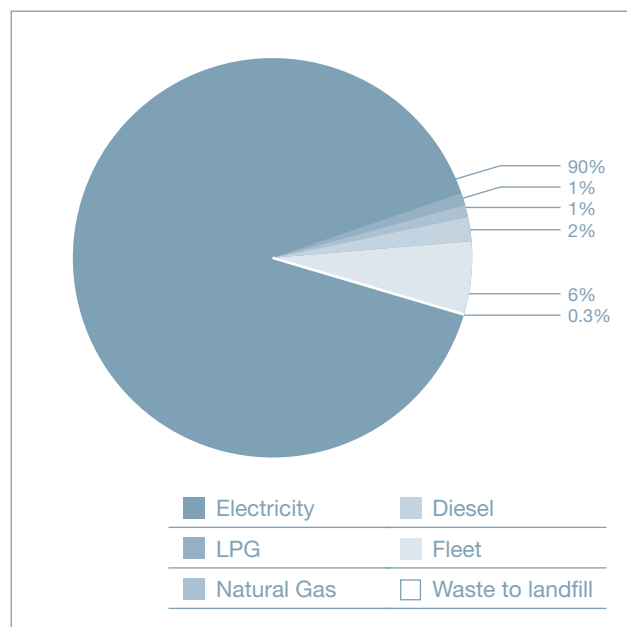
5 Offsets were purchased from BP under our BP Global Choice fleet fuel supply agreement at an amount equivalent to fleet direct emissions in Australia.

* Figure verified by Ernst & Young, refer page 44.

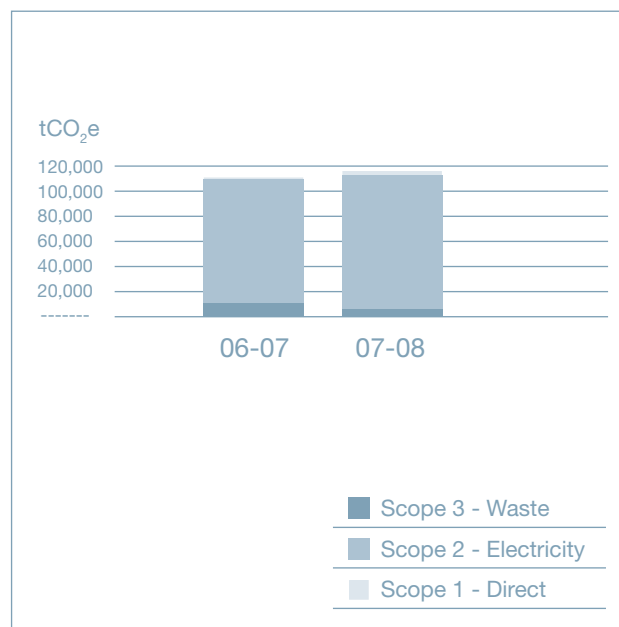
Carbon at a glance

- 'Greenhouse gases' refers to the six gases identified as the main contributors to climate change, and targeted for reduction under the Kyoto Protocol.
- Carbon dioxide (CO₂) is the most common of these gases. It is also the gas used as the baseline for measuring the impacts of greenhouse gas emissions. This allows us to consider the impacts from all six gases in one unit of measurement, known as one unit of carbon dioxide equivalent (CO₂e).
- Carbon is the shorthand way of referring to units of CO₂e, and now the word commonly used to describe the six greenhouse gases.
- Greenhouse gases in the atmosphere trap heat emitted by the earth's surface resulting in higher temperatures and climate change.
- This causes more droughts, rising sea levels and extreme weather conditions. As one of the world's hottest and driest countries, Australia's economy and environment are among those at greatest risk of the effects of climate change.

VIP Greenhouse Gas Emissions by Source for 07-08



VIP Greenhouse Gas Emissions for 06-07 and 07-08



“Greening” the Fleet

Since issuing our Green Car Policy in June 2007, VIP Packaging has made great progress in reducing the environmental impact of our car fleet, increasing the number of ‘green cars’ in the fleet from 23% (26/115 cars) to 45% (59/132 cars) in less than 12 months.

VIP Packaging’s Green Car Policy requires all new fleet cars to be dedicated LPG or approved hybrid or turbo diesel vehicles only. LPG fuel is less greenhouse gas intensive than petrol while hybrid and turbo diesel vehicles are more energy efficient than traditional V6 petrol cars which are no longer available as fleet vehicles.

VIP Packaging’s entire Australian car and truck fleet (over 160 vehicles) has also switched to BP supplied fuels for all LPG, hybrid, diesel and petrol vehicles in order to reduce our Carbon Footprint. Through BP’s Global Choice program, VIP Packaging pays a premium on fuel purchases to enable BP to invest in projects around the country that offset the lifecycle greenhouse gas emissions associated with its fuel usage. During 2007/08, we have offset approximately 1,400 tonnes of CO₂e (carbon dioxide equivalents).

Australia’s transport sector constitutes 14% of Australia’s total greenhouse gas emissions, with vehicles on our roads releasing 80 million tonnes of CO₂e per annum. Raphael Geminder, Chairman of VIP Packaging, says “It’s vital that businesses with fleet cars take the lead and do all they can to minimise the transport sector’s impact on the environment”.

11. Planet - Products

Addressing the environmental impacts of the design, production, use and disposal of our products is fundamental to the sustainable progress of our business.

We are proud of the scope and quality of our packaging range. The diversity of our packaging materials, manufacturing processes, customers and end-users indicates our broad capabilities as a packaging solutions provider. The environmental impacts of this significant product range are, however, equally as diverse.

We are also proud of our evolving, exciting programs designed to minimise the environmental impact of our products. Our commitment to innovation and excellence is focused on assisting our customers with sustainable packaging solutions.

Assisting our Customers with Product Stewardship

We recognise our obligation to assist our customers in the development of sustainable packaging solutions.

In this endeavour we are committed to a series of customer value-adding programs - see page 32 (Sustainable Choices and our Customers) of this report for more information.

We also manage a series of packaging recovery programs aimed at assisting our customers to develop closed-loop, sustainable solutions for used packaging.

Additionally, our Sustainable Services division provides unique services dedicated to finding and implementing sustainable solutions for VIP and its customers, supporting our vision, our customers and our products.

VIP sells a range of packaging for end use in Australia and New Zealand and other countries. The majority of packaging manufacturing by VIP is technically recyclable in that materials used are able to be reprocessed into other products using existing technologies. However, used packaging cannot be recycled if appropriate collection and sorting infrastructure programs are not in place to deliver used packaging to recyclers.



74% (by weight) of all packaging sold by VIP in Australia during 07-08 had collection and sorting processes in place to enable recycling**.

VIP is working hard with customers to redesign consumer packaging that cannot be collected and sorted through existing kerbside recycling programs. This includes some thermoformed trays, tubes and closures.

VIP is also working with industry groups and customers to develop new collection networks for hard to recycle industrial packaging. This includes tinplate cans and pails used to package surface coatings as well as plastic pails and cubes.

** Verified by Ernst & Young, refer to page 44. Note: This figure was calculated using the following formula;

$$\frac{\text{weight of recyclable finished goods sold}}{\text{weight of all finished goods sold}}$$

Where sales information was not available, purchased resin figures were used.

drumMUSTER

drumMUSTER is a national program for the collection and recycling of crop production and on-farm animal health chemical containers.

Since October 2006, VIP's specialised fleet of mobile processing equipment has collected approximately 1.6 million used containers for reprocessing, from transfer stations around Australia.

Reprocessed material is used as post-consumer recyclate in new containers such as VIP's Eco-Cube providing a true closed-loop solution.

Sustainability Services

Sustainability is a core business offering of VIP. Our Sustainability Services division provides unique services dedicated to finding and implementing sustainable solutions for our customers and products. Sustainability Services achieves this through our drum reconditioning, IBC services and our industry and customer programs.

Industry and Customer Programs

Recycling Plastic Oil Containers Program

The Australian Institute of Petroleum (AIP) Program is a collection and recycling program for used, lubricant oil containers.

Through the program, consumers dispose of used containers via special collection facilities at local council waste transfer stations. VIP collects the containers and, using our specialised reprocessing equipment, granulates the plastic and separates the oil from the containers.

The granulate is converted into post-consumer recyclate for use in new products such as wheelie bins and air conditioning ducts.

Since the program's inception in 2004, VIP has recovered over 400 tonnes of packaging waste. In 2008, the collection target is an estimated 250 tonnes.

Drum reconditioning

VIP is the leading drum reconditioner in Australia and New Zealand (trading as Auckland Drum Sustainability Services), offering the supply and collection of both steel and plastic drums.

Drums are reconditioned using automated washing facilities, thermal oxidation treatments and shot blasting operations.

Re-used by our customers as fully reconditioned or 're-make' drums (hydraulically reformed drum body with new top and plugs), these are a truly closed-loop packaging solution.

IBC reconditioning

VIP is also Australia's and New Zealand's leading intermediate bulk container (IBC) reconditioner.

IBCs are reconditioned using thorough washing and cleaning operations, and can be leak proof and pressure tested, depending on our customer's requirements.

Reconditioning extends the life-cycle of IBCs and provides complimentary alternatives to new packaging.

National Packaging Covenant

The National Packaging Covenant (NPC) is the leading regulatory instrument for managing the environmental impacts of consumer packaging in Australia. A voluntary initiative, the Covenant requires participating organisations to submit an action plan and annual report detailing targets for improved packaging design, manufacture, re-use, recycling and disposal.

Our NPC Action Plan (see page 46) details our targets and confirms our commitment to cross-sectoral, collaborative approaches for the achievement of sustainability objectives.

Cradle to Cradle Solutions

The EcoCube® is a true, closed loop packaging solution, manufactured from the millions of used chemical containers VIP Packaging's Sustainability Services division collects from around Australia every year.

The EcoCube® is a sustainable alternative to buying cubes made from virgin resin and supports the recycling industry's plastic recovery programs. This product enables brand owners to respond to public environmental concern, meets National Packaging Covenant requirements and generates value from environmentally responsible packaging.

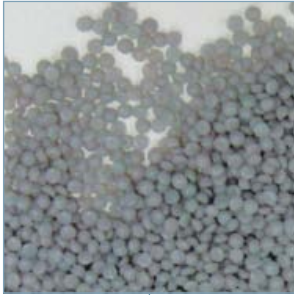
The product is in line with VIP Packaging's Noble Purpose 'To help people make sustainable choices'



'Hard to recycle' used packaging, ready for recycling



Mobile Collection Units collect used containers and compact them ready for transportation



Used packaging is converted into PCR



PCR is used to make new packaging like the EcoCube[®] – which consumes less energy than using virgin resin and is better for the environment

12. Global Reporting Initiative and UNGC table

* Indicator reports against United Nations Global Compact Principles			
GRI Indicator	Definition	Report Location	Page Number
Standard Disclosures			
1.1	Strategy and Analysis	Ruffy's Introduction	7
1.2		Sustainability at VIP	12
2.1	Organisational Profile	Cover	1
2.2		About VIP	8
2.3		About VIP	8
2.4		Report details	2
2.5		About VIP	8
2.6		About VIP	8
2.7		About VIP	8
2.8		About VIP	8
2.9		N/A	N/A
2.10		About VIP	8
3.1	Report Profile	Report details	2
3.2		N/A	
3.3		Report details	2
3.4		Report details	2
3.5		Report Scope and Boundary	Report details
3.6		Report details	2
3.7		Report details	2
3.8		N/A	
3.9		As per pages with numerical data	
3.10		N/A	
3.11		N/A	
3.12	GRI Content Index	GRI and UNGC table	42
3.13	Assurance	EY assurance	44
* 4.1	Governance	Governance	10
* 4.2		Governance	10
* 4.3		Governance	10
* 4.4		Governance	10
* 4.5		Governance	10
* 4.6		Governance	10
* 4.7		Governance	10
* 4.8		Governance	10
* 4.9		Governance	10
* 4.10		Governance	10
* 4.11	Commitment to External Initiatives	Governance	10
* 4.12		Profit: Responsible Growth	28
		Planet: Products	38
* 4.13		VIP Packaging	8
4.14	Stakeholder Engagement	Sustainability at VIP	12
4.15		Sustainability at VIP	12
4.16		Sustainability at VIP	12
4.17		Sustainability at VIP	12
Disclosure on Management Approach			
* Economic		Profit: Responsible Growth	28
* Environment		Planet: Operations	34
* Labour Rights		People: VIP Team	16

GRI Indicator	Definition	Report Location	Page Number
Disclosure on Management Approach			
* Human Rights		People: Society Profit: Responsible Growth	20
* Society		Profit: Responsible Growth	28
* Product Responsibility		Profit: Customers & Suppliers	30
Performance Indicators			
* EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Planet: Operations	34
* EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	People: VIP Team	16
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Profit: Responsible Growth	28
* EN3	Direct energy consumption by primary energy source.	Planet: Operations	34
* EN4	Indirect energy consumption by primary source.	Planet: Operations	34
* EN5	Energy saved due to conservation and efficiency improvements.	Planet: Operations	34
* EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Planet: Products	38
* EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Planet: Operations	34
* EN8	Total water withdrawal by source.	Planet: Operations	34
* EN16	Total direct and indirect greenhouse gas emissions by weight.	Planet: Operations	34
* EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Planet: Operations	34
* EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Planet: Products	38
* EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Planet: Operations	34
LA1	Total workforce by employment type, employment contract, and region.	About VIP	8
* LA9	Health and safety topics covered in formal agreements with trade unions.	People: VIP Team	16
LA12	Percentage of employees receiving regular performance and career development reviews.	People: VIP Team	16
* HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Profit: Customers & Suppliers	30
* HR4	Total number of incidents of discrimination and actions taken.	People: VIP Team	16
* SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Profit: Responsible Growth	28
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Governance	10
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Governance	10

13. Ernst and Young Assurance Statement

Independent Assurance Report on Selected Information to the Management and Directors of VIP Packaging (comprising VIP Steel Packaging Pty Ltd, VIP Plastic Packaging Pty Ltd, VIP Steel Packaging (NZ) Ltd and VIP Plastic Packaging (NZ) Ltd)

Scope

We have conducted assurance procedures to enable us to:

1. Express an opinion to the management and directors of VIP Packaging in relation to the following quantities for VIP Packaging's Australian and New Zealand operations for the year ended 30 June 2008 ('the reported amounts'):

- Total greenhouse gas emissions from direct and indirect sources, expressed in tonnes of carbon dioxide equivalents, as well as separate divisional totals for VIP Packaging
- Total fossil fuel energy use (including stationary and direct transport energy use), expressed in gigajoules, as well as separate divisional totals for VIP Packaging
- Total metered water consumption, expressed in kilolitres, for VIP Packaging

2. Provide conclusions to the management and directors of VIP Packaging in relation to the following selected disclosures included in the VIP Report ('the selected disclosures'):

- The recyclability of products sold in Australia by VIP Packaging in the year ended 30 June 2008
- The energy efficiency opportunities identified as a result of activities undertaken by VIP Packaging under the Energy Efficiency Opportunities Act 2006

VIP Packaging has identified the reported amounts on pages 35 and 36 by the use of a*, and the selected disclosures on pages 39 and 48-49 through the use of a**, throughout the report.

Management's Responsibility

The 2008 VIP Sustainable Choices Report ('the VIP Report') has been prepared by the management of VIP Packaging, who are responsible for the collection and presentation of the information it contains.

The reported amounts and selected disclosures

were identified by the management of VIP Packaging. Management's process for identifying the reported amounts and selected disclosures is described on page 2. Our scope did not include any assessment of this process or the materiality or relative significance of the reported amounts or selected disclosures.

There are currently no prescribed requirements relating to the preparation, publication and verification of sustainability reports. VIP Packaging's management is responsible for determining the reported amounts and selected disclosures using methods that are appropriate for the purpose of reporting in the VIP Report. No conclusions are expressed as to whether the selected methods used are appropriate for this purpose.

VIP Packaging's management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process.

Assurance Engagement

We conducted an assurance engagement in accordance with the Australian Standard on Assurance Engagements ASAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' to:

1. Provide reasonable assurance as to whether the reported amounts, in all material respects, are presented fairly in accordance with the selected methods. Our procedures for the reported amounts included:

- Comparing the methods applied in determining the reported amounts to the methods selected by VIP Packaging
- Assessing the completeness of reported amounts, including emissions sources, within the selected reporting scope and boundary
- Examining, on a sample basis, information to provide evidence supporting the source data used in determining the reported amounts
- Examining the aggregation of source data collected, at a corporate level 2. Bring to our attention matters that may cause us to believe that the selected disclosures are not presented fairly, in all material respects, in accordance with the selected methods. Our procedures for the selected disclosures were designed to provide a limited level of assurance, and, as such, do not provide all the evidence that

would be required to provide a reasonable level of assurance. Our procedures included:

For selected descriptive claims:

- Testing, on a sample basis, of documented evidence to support written claims related to the selected disclosures
- Interviewing key VIP Packaging personnel to understand the process for preparing claims and the internal review processes in place to confirm validity of claims

For selected performance indicators:

- Interviewing key VIP Packaging personnel to understand the process for determining each performance indicator and the controls in place in relation to data accuracy
- Testing, on a sample basis, source data and other evidence, used in determining the performance indicators
- For data that was provided by third parties (such as VIP Packaging's contractors) and information that was previously audited for other purposes, reviewing the transcription of that data from the source documents
- Checking calculations performed by recalculation in accordance with VIP Packaging's selected methodologies

Limitations of Our Work

This report has been prepared for the purpose set out in the Scope section and for the use of the management and directors of VIP Packaging. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management and directors of VIP Packaging, or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damage and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.

We do not express any conclusions on compliance by VIP Packaging with the Energy Efficiency Opportunities Act 2006.

While we considered the effectiveness of management's internal controls when determining

the nature and extent of our procedures, our assurance procedures were not designed to provide assurance on internal controls.

Independence, Competence and Experience

The firm and all professional personnel involved in this engagement have met the independence requirements of Australian professional ethical requirements. Our team has been drawn from our Assurance and Climate Change and Sustainability Services teams and has the required competencies and experience for this engagement.

Assurance Conclusions

In our opinion, the reported amounts in the VIP Report for VIP Packaging for the year ended 30 June 2008, identified by the symbol * under the headings of "Environmental Footprint for 07-08" and "Greenhouse Gas Emissions for 07-08" on pages 35 and 36 respectively, have been fairly presented, in all material respects, in accordance with the documented methodologies.

Further, based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the selected disclosures for VIP Packaging for the year ended 30 June 2008, identified by the symbol ** under the headings of "Assisting our Customers with Product Stewardship" and "Energy Efficiency Opportunities Public Report" on pages 39 and 48-49 respectively, are not presented fairly, in all material respects, in accordance with the documented methodologies.



Ernst & Young
Climate Change and Sustainability Services,
Melbourne

25 November 2008

14. National Packaging Covenant Action Plan

NPC Product Stewardship Phase	Action	Target	
NPC Goal 1 - Packaging optimised to integrate considerations about resource efficiency, maximum resource utilisation, product protection, safety & hygiene.			
Research - find ways to reduce the environmental impacts of packaging materials	1	Determine the life cycle impacts of packaging manufactured	Conduct life cycle assessments on 15 packaging products
Packaging Design - minimise environmental impacts of packaging	2	Develop & implement Green Design Process that is in line with the ECoPP*	All new & revised consumer packaging designed in accordance with Green Design Process
			Key designers to be trained in using PIQET and the ECoPP principles
	3	Reduce the amount of raw materials used in packaging	Incorporate PCR or light weight packaging where possible
	4	Use raw material made from renewable sources	Commercialise 2 products from renewable sources
	5	Source raw materials from local sources to reduce freight and carbon emissions	Eliminate imports of preforms and convert to local manufacture
Packaging Production - reduce raw material, energy & water consumption	6	Reduce the lifecycle carbon footprint of packaging	Launch a carbon reduced pack for the wine industry
			Electricity use per tonne of production reduced by 1.5% compared to 07-08
	7	Implement an electricity efficiency program	Electricity use per tonne of production reduced by 5% compared to 07-08
	8	Reduce raw material consumption	Implement a Buy Recycled Policy**
NPC Goal 2 - Efficient resource recovery systems for consumer packaging and paper.			
Packaging Disposal - through reuse or recycling rather than landfill	9	Expand the Plastic Oil Bottle Recycling Program	Increase the number of sites participating in the Program by 45
Recycling & Reprocessing	10	Invest in plastics reprocessing infrastructure	Convert collected packaging waste to PCR resin
Market Development	11	Expand markets for PCR	Introduce PCR as a virgin resin replacement
NPC Goal 3 - Consumers able to make informed decisions about consumption, use and disposal of packaging of products.			
Education - of staff & consumers	12	Invest in SimaPro and PIQET software & provide assessment results to customers	Provide produce environmental assessments to 15 customers per annum
	13	Communicate energy & climate change impacts associated with packaging & its manufacture	Deliver sustained energy & climate change awareness campaigns to staff
Labelling - to help consumers make informed choices	14	Assist customers in publishing credible environmental information about their packaging products	Review customer statements/claims

Timing	Measurement	Responsibility	NPC KPI
June 2010	Number of LCAs performed	Environmental Services Manager	3
June 2009	Number of packaging products assessed in accordance with Process	GM Innovation & Marketing	3, 22
June 2009	Number of designers trained	GM Innovation & Marketing	3, 22
On-going	Raw material reduction & number of products containing PCR	GM Sustainability Services	3, 5
June 2010	Number of products commercialised	GM Innovation & Marketing	3
Dec 2009	Volume of preforms imported	GM Procurement	3
Dec 2009	Product launch	GM Innovation & Marketing	3
June 2009	Reduced electricity per tonne of production	GM Plastics	2
June 2010	Reduced electricity per tonne of production	GM Sustainability Services	2
June 2009	Program implementation	GM Procurement	26
June 2010	Number of sites added to the Program	GM Sustainability Services	3, 6
June 2010	Tonnes converted	GM Sustainability Services	9
Dec 2010	PCR tonnes introduced	GM Sustainability Services	5
Ongoing	Customer reports/ presentations on results	Environmental Services Manager	19
Ongoing	Number of presentations and awareness campaigns	Environmental Services Manager	19
Ongoing	Number of customers assisted	Environmental Services Manager	9

15. Energy Efficiency Opportunities Public Report**

Table 1.1 - Description of the way in which the corporation has carried out its assessments and over what period was each assessment taken. A statement saying that the intent and key requirements of the Energy Efficiency Opportunities legislation have been met must be made.

Energy audits were performed across plastic and steel packaging manufacturing sites. Surveys of the major energy using systems at sites, (eg. compressed air and chilled water) were performed which included electrical data logging. An energy mass balance was conducted on plastic packaging production machines at a representative site. Baseline energy consumption and costs for 2006/07 and energy efficiency opportunities were presented to Management as well as discussed with site energy champions during state energy workshops. A Carbon Reduction Policy and Electricity Reduction Targets were issued by the CEO to all sites as well as awareness material to staff. The assessments were conducted during March 2007 to September 2008. Based on the above, Management believes that the intent and key requirements of the Energy Efficiency Opportunities legislation have been met.

Table 1.2

Group member that has been assessed	Energy use year ended 30 June 2008 (GJ)	Energy data accuracy (if not within $\pm 5\%$)	Reasons for not achieving data accuracy to within $\pm 5\%$
VIP Plastic Packaging Pty Ltd	349,608	N/A	N/A
VIP Steel Packaging Pty Ltd	158,201	N/A	N/A
Total	507,809		
Total as a percentage of total energy use of the group covered by this report	100%		

Table 1.3 - Outcomes of and business response to opportunities that have been identified and evaluated

Group member:		VIP Plastic Packaging Pty Ltd				
Status of opportunities		No. of opportunities	Estimated energy savings per annum by payback period		Total estimated energy savings per annum (GJ)	Accuracy range (%)
			0 \leq 2 years	2 \leq 4 years		
Outcome of assessment	Identified	29	18,580	18,979	37,559	$\pm 30\%$
Business response	Under investigation	14	3,488	17,068	20,556	$\pm 30\%$
	To be implemented	4	11,085	0	11,085	$\pm 30\%$
	Implementation commenced	11	4,007	1,912	5,918	$\pm 30\%$
	Implemented	0	0	0	-	-
	Not to be implemented	0	0	0	-	-

Group member:		VIP Steel Packaging Pty Ltd				
Status of opportunities		No. of opportunities	Estimated energy savings per annum by payback period		Total estimated energy savings per annum (GJ)	Accuracy range (%)
			0 \leq 2 years	2 \leq 4 years		
Outcome of assessment	Identified	9	1060.2	2,812	3,872	$\pm 30\%$
Business response	Under investigation	5	198	2,319	2,517	$\pm 30\%$
	To be implemented	1	801	0	801	$\pm 30\%$
	Implementation commenced	3	61.2	493.2	554	$\pm 30\%$
	Implemented	0	0	0	-	-
	Not to be implemented	0	0	0	-	-

Table 1.4 - Details of three opportunities found through EEO assessments

Opportunity 1	Implement an online electricity monitoring system across all sites so that 'real time' electricity usage can be measured and therefore controlled and reduced.
Opportunity 2	Implement a compressed air leak detection and repair program across all sites to reduce compressed air leaks and therefore electricity consumption.
Opportunity 3	Modify lighting systems at sites to reduce electricity consumption as well as maintenance costs.

Declaration

The information included in this report has been reviewed and noted by the board of directors* and is to the best of my knowledge, correct and in accordance with the Energy Efficiency Opportunities Act 2006 and Energy Efficiency Opportunities Regulations 2006.

* The controlling corporation of VIP Packaging has a sole director who constitutes the board of directors for the purposes of S22(4) of the Energy Efficiency Opportunities Act 2006.

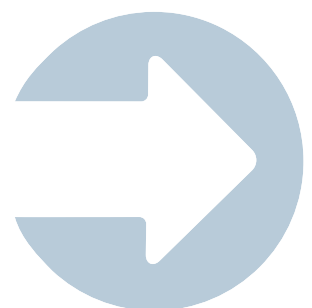
** Energy Efficiency Opportunities Public Report verified by Ernst & Young, refer to page 44.



Brian Cridland
CEO

This was our first sustainability report, an expression of our business philosophy and our dedication to positive and progressive action.

To be continued.



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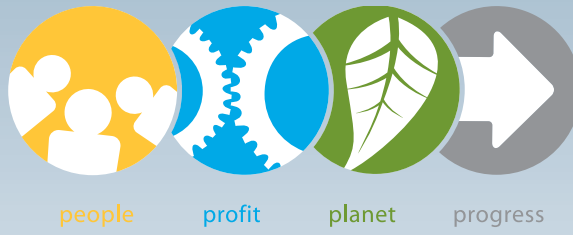
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08

Sustainable Choices



people

profit

planet

progress