
Visy Communication on Progress

16th August 2017

Statement of Support by the Chief Operating Officer

I am pleased to confirm that Visy reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this, our third annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its Principles into our business strategy, culture and daily operations

We also commit to share this information with relevant stakeholders using appropriate channels of communication.



Mark De Wit
Chief Operating Officer

Human rights

- **Principle 1** : Business should support and respect the protection of internationally proclaimed human rights
- **Principle 2** : Make sure that they are not complicit in human rights issues

Assessment, Policy and Goals

Visy supports the United Nations Declaration of Human Rights. Our company has a core value of treating all people with dignity and respect.

As a company, we believe in a workforce that is diverse and free from harassment, bullying, victimisation or unlawful discriminatory practices and behaviour. Our company values, obligations and expected standards of behaviour toward each other, as well as customers and suppliers, are detailed in our range of Human Resources, Legal and Health and Safety policies and our Code of Conduct and Supplier Code of Conduct. These policies address human rights issues, including not using child labour, not engaging in discrimination, vilification or occupational violence.

As we continue to expand our business across Asia and lengthen Visy's supply chain, we remain committed to our aim of providing a safe and engaging workplace for our employees. This commitment extends to the workplaces of our suppliers. In joining the Global Compact, Visy is confirming this commitment as a key element of the continual growth and success of our operations.

Implementation

As a global employer and purchaser of services and goods, Visy appreciates that it has an important role to play in advancing human rights. In the first instance, our operations outside of Australia (where our Corporate Office is based), must comply with all local laws as a minimum standard. These operations must also comply with any higher order requirements of Visy's Corporate policies, including our HSE Management System.

Visy vests responsibility for implementation of its principles and obligations against child and forced labour with management at Visy's Australian and international facilities. As a company, we are working with our supplier base to confirm support for the principles in our Supplier Code of Conduct.

In addition, Visy espouses 'For a Better World' and actively seeks causes to support within the community. Visy and the Pratt Foundation have been supporting Australian food rescue organisations for many years, as practical philanthropy to recover valuable food and help those in need. Visy is an innovator in food packaging, helping its farmer and food & beverage customers extend shelf life and protect their food and beverage along the supply chain - from "paddock to plate".

In 2015 the Commonwealth Government started a "strategic dialogue" on food waste, and in 2016 the incoming Turnbull Government committed to work with the States, community groups and businesses to develop a National Food Waste Strategy towards achieving a 50% reduction in food waste. This would align Australia's efforts with The United Nations' goal of reducing food waste by 50% globally by 2030. Food waste is a significant contributor to Australia's greenhouse gas emissions, represents lost value and has significant social cost. The Pratt Foundation and Visy are committed to tackling food waste and hosted the inaugural Food Waste Roundtable in April 2017. The Roundtable was held at the Raheen Mansion (the residential home of the Pratt family) and included the Minister for Environment and Energy, the Honourable Josh Frydenberg MP.

The Roundtable is the first tangible expression of the Turnbull Government's multi-stakeholder engagement commitment on food waste. Its main aim is *to agree the scope and content of the national food waste strategy*. The outcomes of the Roundtable will feed into a larger National Food Waste Summit to be held in Melbourne in November 2017. The Summit will discuss and agree the full national strategy, building on the outcomes of the Roundtable.

The following groups were represented at the Roundtable:

- Commonwealth Government (Environment Department & Agriculture Department)
- All State Governments
- Local Government
- The Pratt Foundation & Visy
- Farmers (National Farmers Federation)
- Food manufacturing companies
- Food rescue organisations
- Rural R&D
- Media

Visy has commenced a process of identifying where its day-to-day operations and strategic initiatives interface with, support and/or are informed by, the UN Sustainable Development Goals. As with any commercial organisation, some of the goals have more prominence than others. This chart identifies those goals that currently feature across Visy's operations and activity.



Visy believes that all humans have a right to safety and takes its obligation and duty to provide a safe and healthy work environment seriously. Visy's Safety Policy outlines the aims and actions in place to protect our employees, contractors and visitors from exposure to harm as part of our operations. Our company's commitment to health and safety is put into practice through the effective implementation of its Standards and Codes of Practice.

Measurement of outcomes

- All suppliers across Visy have been issued with a Supplier Code of Conduct which they are required to abide by.

Visy has workshopped with senior procurement and legal staff to move forward with suppliers with an improved framework with the Supplier Code of Conduct being the foundation. We have further increased our requirements of suppliers incorporating those matters into our standard trading terms and conditions and contracts. Supplier evaluation is to embrace these core principles amongst other important scorecard items.

Labour

- **Principle 3** : Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- **Principle 4** : The elimination of all forms of forced and compulsory labour
- **Principle 5** : The effective abolition of child labour
- **Principle 6** : The elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Visy supports the International Labour Organization's (ILO) core conventions. This support includes a commitment to ensuring our fibre inputs are not sourced from wood harvested in violation of traditional and human rights or the ILO's core conventions. This commitment is captured in Visy's Pulp and Paper Fibre Procurement Statement.

As mentioned above, our company values, obligations and expected standards of behaviour are detailed in our range of policies and codes of conduct, which address labour rights such as not using forced labour, compliance with applicable wage laws, equal opportunity employment, employee rights for worker organisations and not discriminating against an individual or group.

Visy's range of Human Resources policies and guidelines define our requirements and expectations across the employment spectrum, including recruitment and selection, remuneration and salary options, induction and training, leave and flexible work arrangements, and performance review and disciplinary actions.

During 2017 we intend to continue to apply our supply chain management principles, including code of conduct and minimum standards, with regards to new suppliers and new operations across Asia.

Implementation

Visy is committed to social sustainability. This means we support a highly engaged and capable workforce and contribute to a more sustainable and inclusive society for our employees and the broader community. Our range of Development and Training programs shows our commitment to not only developing talented people but also ensuring all our employees understand our expectations as a company and their obligations in workplace behaviour.

Visy believes it is our duty to provide a safe and healthy work environment. Our Health, Safety and Environment (HSE) System, together with our Incident Management and Learning Management Systems, create structure and consistency in the planning, implementation and management control of HSE issues.

With our high standards and achievements for our Australian workforce, Visy's goal is to translate this into our expanding overseas operations, especially in the Asia-Pacific. To achieve this, during 2017 we will continue to implement our values and expectations through embedding them into the management systems of our new operations and supply chains.

In 2017, Visy has partnered with a popular sporting club to bring about an industry forum on creating improved diversity in the workplace. The program called Visy Blue Skies has representatives from a broad range of companies meeting four times a year to discuss experiences including initial barriers, methods to move forward and benefits.

Visy engaged with the Ecovadis organisation to measure our position based upon a scoring system on labour standards matters. This allowed benchmarking against other global companies and we are currently planning activity aimed at improving our rating.

Measurement of Outcomes

In 2016 Visy employed 4,488 people. More than 95% of our Australian & New Zealand workforce is employed on a full time basis, while less than 3% is employed on a casual basis.

Visy believes a strength of its HSE System is the internal audit program to review compliance, conformance to the system, management of key hazards and housekeeping. We also endeavour to minimise any personal, social and economic consequences of workplace incidents through our Return to Work process. Our HSE system is designed to adapt to the different environments that we operate in. For example, Visy Packaging Thailand has a number of ongoing HSE projects that support and drive HSE awareness both from a business perspective as well as from a general personal & community outlook.

Environment

- **Principle 7** : Businesses should support a precautionary approach to environmental challenges
- **Principle 8** : Undertake initiatives to promote greater environmental responsibility
- **Principle 9** : Encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

Visy is an integrated packaging and resource recovery company and one of Australasia's largest resource recovery / recycling companies. Sustainability is at the core of our business. We believe that being truly sustainable is a journey of continuous improvement, learning and adaptation.

Our Environmental Sustainability Objective is to maximise energy efficiency, maximise recycling, minimise water use and minimise waste to landfill. Visy sees waste as an opportunity for closed loop manufacturing and, for materials that are recyclable, we collect and aggregate such waste for feedstock for remanufacturing of packaging materials.

Visy holds 54 environmental licences and trade waste permits in accordance with the requirements of state and national legislation and are required to report annually on our performance. In 2016/17 Visy received minor penalties at 4 sites for non-compliance issues. None of these matters is on-going.

Our sites have an environmental management system based on the structure of the International EMS standard ISO 14001 that forms part of our HSE Management System and our manufacturing sites are audited annually. Third party auditors externally certify Visy's material environmental risk sites, the paper mills at Gibson Island QLD, Smithfield NSW, Tumut NSW, Coolaroo VIC and Reservoir VIC to ISO 14001.

Visy is committed to sustainable fibre sourcing for our recycled content and virgin papers that are the predominant input into the fibre packaging products we produce. We are a member of the Australian Forest Products Association (AFPA), the corresponding body to the International Council of Forest & Paper Associations, which represents industries across the forest products value chain, including pulp and paper. Visy has supported the uptake of internationally recognised forest certification schemes which allows consumers to have confidence that the products they purchase are derived from sustainable forest management practices. Our Visy Pulp and Paper Fibre Procurement statement details how we make sure our virgin and recycled fibre sources are certified against the relevant accredited standards (including the Forest Stewardship Council) and support sustainable forest management by sourcing wood fibre from suppliers that are economically viable, environmentally responsible and socially beneficial.

In Australia, where we have approximately 100 operations sites, Visy is required to report to the National Pollution Inventory (NPI), National Greenhouse and Energy Reporting Act (NGER), and The Australian Packaging Covenant (APC). We are also required to submit annual returns for our licensed sites to the respective state authorities.

Visy's energy committee sets targets and performance indices for a range of energy and waste factors across the company's manufacturing divisions and sites. These include unit-of-production based energy consumption for electricity and gas, landfill waste volume, avoided landfill volume via energy recovery at the company's three Australian energy-from-waste plants, and carbon emissions. Visy has consistently increased the amount of energy from renewable sources (including wood waste,

black liquor from kraft paper production, biomass-paper waste, and bio-gas and bio-fuels derived from production processes) over the past five years. In 2015-16 Visy produced approx. 50% of its energy needs from renewable sources. In 2015-16 Visy generated 982,780 GJ of electricity within its operations and through this reduced our use of electricity from the national grid.

Visy promotes awareness of the value and importance of recycling to businesses, schools and the local community through a number of programs. Our programs offer school students and residents the opportunity to learn about household recycling, the benefits of getting it right and how they can reduce waste and make a real difference in their everyday lives. Visy has recycling and processing facilities across the country which may also be utilised for education purposes. Project R is based on the National School Curriculum and can be tailored to certain groups needs if required.

In addition to supporting sustainable forest management, Visy also supports sustainable agribusiness by contributing innovations in product packaging and related food waste reduction technologies across the supply chain. Visy's executive chairman addressed the 5th Global Food Forum 2017 where he reinforced the need for productivity improvement and to stop food waste. Visy is investing heavily in technology and utilises technology for our customers. These include, for example, temperature controlled packaging for produce, dairy specialised in-mould label barrier systems and ultra lightweight beverage containers.

Implementation

Visy's Environmental Policy commitments are put into practice through the implementation of our HSE Management System Standards and Codes of Practice. These provide a consistent framework for the establishment of our HSE system across our operations. Visy's HSE Management System includes company-wide policies, procedures and processes that manage aspects of HSE.

Visy's business is built on finding innovative ways to turn waste into something valuable, which underpins our closed loop manufacturing business model. Some examples of this for 2016 include collecting and processing 1,769,486 tonnes of paper and cardboard and making 805,405 tonnes of recycled paper as well as similar amounts of kraft and board containing variable content of recycled fibre; and collecting and processing 36,194 tonnes of PET and HDPE plastics combined.

As one of Australasia's largest recycling companies, we continually drive improvements in the recycling industry. For example, our recycled plastics plant opened in 2012 and uses FDA approved recycling processes to manufacture food grade recycled PET and HDPE. Our recycled food grade PET is suitable for use in packaging up to 100% composition for applications such as water bottles. Our food grade HDPE is suitable for use in packaging up to 50% composition for applications such as milk and juice, which is a first for the Australian market. Visy is closing the loop locally to provide food grade recycled PET and HDPE sourced, produced and distributed in Australia.

Sustainability objectives underpin the design and operation of Visy's Tumut kraft mill, located in New South Wales, which has been in operation since 2001. Our total investment in this mill of over AU\$1 billion highlights our serious commitment to sustainability. The mill is among the lowest users of water of any similar mill in Australia and has near-zero levels of effluent leaving the site. A significant proportion of the energy used in the mill is energy generated on-site using renewable biomass fuels, such as bark and sawmill residues from the mill's operations. This has enabled the plant to satisfy over 70% of its total energy and over 40% of its electricity needs from on-site renewable generation.

Visy's investment in clean energy also includes an energy from waste plant (opened in 2011) that uses previously landfilled waste from our paper recycling process as fuel to generate thermal and

electrical energy to help power two of our recycled paper mills. These initiatives have resulted in reduced landfilling of waste materials from Visy's manufacturing operations as well as reductions in greenhouse gas emissions from the disposal of waste to landfill and from the use of natural gas and grid electricity.

As a leading packaging manufacturer, Visy also contributes to improved environmental sustainability in consumable packaging through incremental improvements of packaging design, manufacture and functionality. For example, Visy's varied food packaging innovations have contributed improvements that range from the more obvious, such as increased recycled content and recyclability of packaging, to the less obvious such as reducing energy consumption of manufacture, increasing food shelf-life, reducing food waste and providing for more space-efficient packaging.

Visy engaged with the Ecovadis organisation to measure our position based upon a scoring system on environmental matters. This allowed benchmarking against other global companies and we are currently planning activity aimed at improving our rating.

Measurement of outcomes

Visy is committed to reducing the energy used and the carbon footprint made by its manufacturing operations. Visy continues to monitor and review energy consumption across its sites.

Visy has consistently increased the amount of energy from renewable sources (including wood waste, black liquor from raft paper production, biomass-paper waste, and bio-gas and bio-fuels derived from production processes) over the past five years. In 2015-16 Visy produced approx. 50% of its energy needs from renewable sources.

Since 2008-09 Visy has reduced its greenhouse gas emissions per energy consumed by 23.5%. In 2015-16 Visy generated 982,780 GJ of electricity within its operations (a 3.5% increase on FY15) and through this reduced our use of electricity from the national grid.

Visy uses a number of alternative water sources i.e. desalination and also recycled water. These alternative water sources have increased from 3.7% of total water consumption in FY09 to 17.7% of total water consumption in FY16.

Visy's environmental performance is tracked and measured for continuous improvement through our operations' KPIs as part of our HSE Management System. These include weekly inspection activity, incidents, complaints, toolbox talks and HSE Observations. Visy measures waste to landfill, energy and water use and carbon emissions and uses this data to fulfil our annual reporting requirements in Australia.

Compliance is a key aspect of Visy's Environmental Policy and we conduct risk assessments of our sites to identify risks and actions to maintain compliance in all circumstances. Where an issue arises we proactively inform and work with state and local governments to resolve it promptly. In 2016 across our 100+ Australian sites, Visy received five environmental penalty notices due to short term operational issues; one penalty for odour from a glass stockpile and two penalties for litter arising after high winds at the Smithfield MRF; one penalty for storage of unprocessed materials at Townsville MRF; and one penalty for litter at Nudgee MRF following a storm event. Visy took the required action to resolve and rectify these matters, with no further regulatory action.

Visy's Energy Committee tracks energy and waste performance indices across the company's manufacturing divisions and sites on a monthly and rolling annual basis. These include energy consumption for electricity and gas, landfill waste volume, avoided landfill volume via energy recovery at the company's three energy-from-waste plants, and carbon emissions. Visy reports on carbon emissions annually under the Commonwealth of Australian National Greenhouse and Energy Reporting Act.

Anti-Corruption

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

Assessment, Policy and Goals

Visy supports the UN Convention against Corruption.

Our commitment to conducting our business in a professional, lawful and ethical manner is documented in our range of Legal policies.

These policies support our Code of Conduct by detailing our expectation that all Visy employees behave in a fair and legal manner and are seen to be doing so and must not engage in, be party to, or facilitate any bribery or corruption. Our Supplier Code of Conduct outlines similar expectations for our suppliers. The Visy Anti Bribery and Corruption Policy outlines Visy's expectations and requirements of all Visy employees, officers, agents, contractors, consultants, service providers, advisors and any other party acting on behalf of Visy.

Visy is committed to observing all applicable laws, regulations, codes and organisational standards in our business dealings. For our large Australian operations we have specific and mandatory ongoing training for Visy managers about our obligations under Australia's Competition and Consumer Laws.

Implementation

On our request, Visy's external auditors, Ernst & Young, are scheduled to conduct an independent audit of our fraud and corruption process management framework during the next 12 months.

- **Complaints Procedure**

Visy's complaints procedure identifies that complaints or allegations of corrupt behaviour concerning Visy can be made to either Visy's Complaints Officer or to an independent external service provider. Responsibility for complaint handling and improper conduct rests with the Visy Legal Department and Head of Internal Audit. Responsibility for anti-bribery and corruption rests with Visy's Chief Executive Officer and Chief Financial Officer.

- **Competition & Consumer Training**

In Australia, all Visy managers are required to complete regular competition and consumer training. The training is designed to make sure managers understand the attributes and consequences of a range of corrupt behaviours under Australian laws such as price setting cartels, false representation and misuse of market power.

- **External Whistleblower Service**

Visy's External Whistleblower Service is managed by an external service provider to all of Visy's businesses (global). Disclosures can also be made securely through email, fax or postal mail.

Protocols have been established to receive and protect information of these documents for privacy purposes.

Material supporting the above process is communicated to all employees, vendors, contractors etc through email, face to face awareness/training sessions and through “Helpline Cards” displayed in our operating sites and on our intranet/internet (for public) in policy form.

- Internal Complaints Handling Line

The Internal Complaints Handling Line is diverted directly to the Head of Internal Audit for general complaints. There is a separate policy to cover this with similar protocols to the External Whistleblower Service policy. All managers complete an annual Related Parties declaration to highlight any matters that require management where an employee has personal or family interests at our customer, supplier or competitor business.

Measurement of outcomes

- Record Keeping and Reporting

Each case received through the External Whistleblower Service, Internal Complaints Line and other sources are recorded by the Head of Internal Audit in a secure register. Reporting is provided in numerous forms including individual investigation reports, audit reports on the controls impacted, summary reporting on the investigations and outcomes for the Governance Board (Audit Committee) and the Compliance Committee (Trade Practices Committee) at least quarterly.

There have been no findings of incidences of direct bribery or corruption cases for the period 2016/2017.

- Face to Face Compliance Training

Externally facing staff are required to attend Face to Face Compliance Training as well as successfully completing a SALT online course.