

# UN Global Compact

Visy Communication on Progress 2018



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14th August 2018

**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 fourth 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**

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# 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, with 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 the advancement of human rights. In the first instance, our operations outside of Australia (where our Corporate Head 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.

Visy's corporate goal, 'For a Better World', inspires the Company to actively seek initiatives and partner with organisations of the same mind, to create positive change within the communities in which Visy operates its businesses, and beyond. This past year Visy and the Pratt Foundation continued to support Australia's food rescue organisations to expand their reach and influence to recover valuable food and provide it to needy community members.

Visy and The Pratt Foundation have continued to encourage and participate in the Commonwealth Government's development of a National Food Waste Strategy, following the historic National Roundtable held in the Pratt family home, Raheen, in April 2017. This culminated in the holding of the National Food Waste Summit on 20 November 2017 at Melbourne Convention Centre, South Wharf. Visy and The Pratt Foundation provided sponsorship and other support for the event at which the Federal Environment Minister, The Hon Josh Frydenberg, launched the nation's first National Food Waste Strategy. The Strategy is directed at halving Australia's food waste by 2030 and represents a tangible and practical contribution

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towards global action on reducing food waste, which is consistent with UN Sustainable Development Goal 12 - Responsible Consumption and Production. Visy sees this outcome as a significant milestone in its pursuit of practical sustainable development for Australia.



**UN Sustainable Development Goal 12** Responsible Consumption and Production

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

As noted above, the release of Australia's first *National Food Waste Strategy* (in November 2017) aimed at halving Australia's food waste by 2030, is a tangible outcome of Visy's and The Pratt Foundation's advocacy and financial support of this initiative. Implementation of the Strategy will make a practical contribution toward global action on reducing food waste consistent with UN Sustainable Development Goal 12.

Through its Senior Procurement and Legal staff, Visy is continuing to move forward with a framework for engaging with suppliers that recognise and comply with Visy's Supplier Code of Conduct being the foundation. Major materials tenders being conducted include scorecard parameters such as adherence to Visy's Supplier Code of Conduct, recycle content, GHG emission and their Corporate Social Responsibility (CSR) progress in Supplier Evaluations.

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# 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 harvest 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.

People policies, including Child & Forced Labour, Workplace Harassment and Bullying, Parental Leave and Code of Conduct were reviewed and refreshed in February 2018.

During 2018 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.

In addition to its specific business operations, Visy, through The Pratt Foundation, continues to support the NGO Hagar Australia, which provides expert on-ground trauma and vocational services to survivors of trafficking and slavery in Cambodia, Vietnam and Afghanistan.

## 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 show our commitment to not only developing talented people but also ensuring that all of our employees understand our expectations as a company and their obligations in workplace behaviour.

In 2017, Visy reviewed its Vision and Values and placed strong emphasis on sustainability and encouraging and developing excellence in people. In 2018 Visy is implementing a major campaign around mental health training for all people managers, which includes a focus on discrimination.

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.

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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 2018 we will continue to implement our values and expectations through embedding them into the management systems of our new operations and supply chains.



## ENCOURAGING AND DEVELOPING EXCELLENCE IN PEOPLE

Core to our personal credibility is treating people with respect. We encourage everybody to be their best. Our people are supported and challenged to achieve their potential.

In 2018, Visy developed an action plan focused on advancing women at Visy. This plan includes a variety of initiatives including consultation with both women and men through national workshops to understand both the barriers and enablers to advancing women at Visy. Visy will also be launching an Executive Mentoring Program in August 2018 for high potential women across the business. Networking events and an online Diversity Forum have also been created.

In an April 2018 staff communication from our owner addressing women in the Visy workforce, a challenge to the business leaders was set to hire at least one female leadership role in the next 12 months.

## Measurement of Outcomes

**Visy employs 4,557 people (as of 30th April 2018). 98% of our Australian and New Zealand workforce is employed on a permanent time base (full time 96%, part time 2%), while 2% are employed on a casual basis.**

Visy is committed to the safety of its staff, customers and the communities in which we operate. The expectations of the Executive and Owners are communicated in the Visy Safety Policy and Visy Safe Transport Policy. These expectations are codified in the Visy HSE system which covers all sites and is written to conform to the International Standard ISO 9001, ISO 14001 and ISO 45001. The HSE system is designed to adapt to the different environments and scales of our operations to ensure risks are identified and controlled, staff are trained and competent and incidents are investigated where they occur to enable corrective actions to be implemented.

Injured workers are managed through a Return to Work process to get them back to work and to full capacity as quickly as possible. In the 12 months to June 2018 we achieved a 20% reduction in long absence lost time injury.

Mental Health awareness has been identified as a key workplace and broader community issue and in response Visy has started a mental health awareness program for all Front Line leaders.



## SAFETY & ENVIRONMENT

Everything we do is dependent on the safety of ourselves, our employees, our customers and the communities in which we operate. Sustainability is critical to our business.

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# 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 wastes 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.

We hold 55 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 2017/18 Visy received minor penalties at 2 sites for non-compliance issues over litter and late reporting. These matters have been addressed and none are 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 FSC Australia and 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 Forest Stewardship Council and the Programme for the Endorsement of Forestry Certifications) and support sustainable forest management by sourcing wood fibre from suppliers that are economically viable, environmentally responsible and socially beneficial. Visy conducts annual reviews of all wood suppliers supplying fibre used for the production of Visy's Kraft Liner.

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 Organisation (APCO). We are also required to submit annual returns for our licensed sites to the respective state authorities.

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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 2016-17 Visy produced 52% of its energy needs from renewable sources. In 2016-17 Visy generated 1,018,592 GJ of electricity within its operations and through this reduced our use of electricity from the national grid. The carbon intensity of our energy supply has reduced 9% over the past 5 years.

Visy promotes awareness of the value and importance of recycling to businesses, schools and the local community through a number of programs. Our Project R education sessions involve face to face engagement with students and adult groups which provides them with the opportunity to learn about household recycling, the benefits of getting it right and the process of how materials are sorted and remanufactured at Visy, using a Circular Economy approach. 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 supports sustainable agribusiness by developing and promoting innovations in product packaging and related food waste reduction technologies across the supply chain. Visy's executive chairman, Mr Anthony Pratt, addressed the 6th Global Food Forum 2018 where he reinstated the need for productivity improvement and to stop food waste. Visy is investing heavily in technology and utilises technology for our customers, including, for example, temperature controlled packaging for produce, dairy specialised in-mould label barrier systems and ultra lightweight beverage containers.



We will build strong relationships with  
our customers to support their business.  
When they succeed, so do we.



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## 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 2017 include collecting and processing 1,806,544 tonnes of paper and cardboard and making 809,291 tonnes of recycled paper as well as similar amounts of kraft and board containing variable content of recycled fibre and collecting and processing 44,051 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 which opened in 2012 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 (NSW), 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 to 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. Our 2017 CSR assessment places Visy among the top 30% performers evaluated by Ecovadis.

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## 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 Kraft paper production, biomass-paper waste, and bio-gas and bio-fuels derived from production processes) over the past five years. In 2016-17 Visy produced approx. 52% of its energy needs from renewable sources.

Since 2008-09 Visy has reduced its greenhouse gas emissions per energy consumed by 23.9%. In 2016-17 Visy generated 1,018,592 GJ of electricity within its operations and through this reduced our use of electricity from the national grid.

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 fulfill 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. Across our more than 100 Australian sites, in 2017 Visy received three Administrative Environmental Penalties due to short term operational issues: one penalty for Visy Recycling NSW for failure to submit monthly reports by the due date; one penalty for Visy Recycling Carrara for litter dropped by residents using the site drop off bin; one penalty for breach of licence for air discharge at the Coolaroo Visy Paper Energy Plant. 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.



**ACTING WITH URGENCY,  
PASSION AND ENERGY  
FOR OUR BUSINESS**

We have a strong work ethic and commitment to the success of "one Visy". We act decisively, using facts, to achieve the best outcomes for our customers and for Visy. Our key people act with a strong sense of business leadership.

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# 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. In addition Visy has been analysing and reviewing, where needed, its procedures for Cyber Security to continue to protect the confidentiality and privacy of employee and trading partner data.

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

Ernst & Young continue to provide external audit support to review our frameworks for managing fraud, theft and improper conduct risk. This includes the risk of bribery and corruption. In 2017, a review was completed to review the systems used to record, manage and report on incidents of this type. Several other audits were completed to review our processes for managing cyber crime risks with agreed actions implemented.

### Complaints Procedure

An additional audit resource was added during 2018 to assist with developing and implementing a new system and procedure for managing complaints and fraud / theft investigation matters. Also to update existing policies on this subject in line with applicable ISO standards. This work is due for completion by November 2018.

### 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.

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New material has been developing in 2018 to deliver further awareness training to all employees of the risks of fraud and theft and to explain the mechanisms for raising concerns . This material includes a short form Video for operating site tool box talks which will be communicated during the second half of 2018.

### **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. This process is currently under review and is expected to be completed by November 2018

## **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. A new integrated system is being developed for use by Audit to capture and report on all complaints and improper conduct incidents and investigations.

There have been no findings of incidences of direct bribery or corruption cases for the period 2017/2018.

### **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.