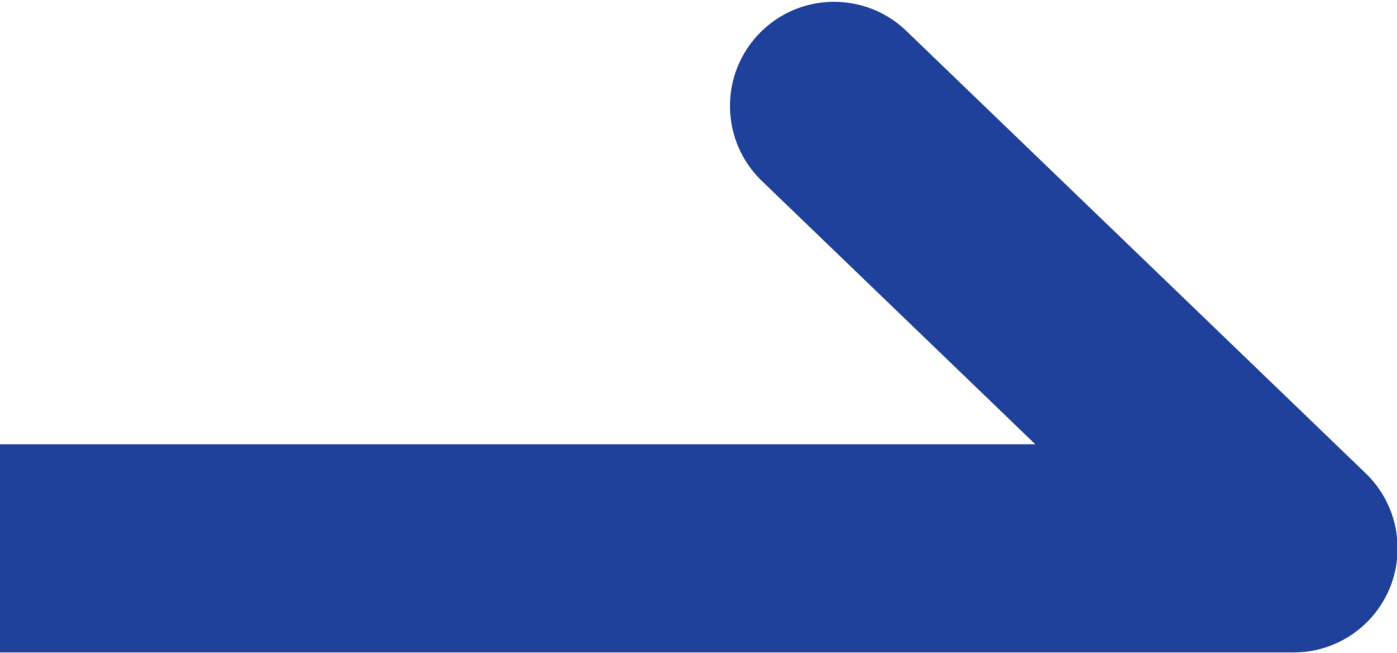


# UN Global Compact

Visy Communication on Progress 2019



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14th August 2019

### **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 fifth 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 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 the advancing of 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 Health Safety & Environment (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, that create positive change within the communities in which Visy operates its businesses, and beyond. This past year Visy and the Pratt Foundation continued its support for Australia's key food rescue organisations, including providing practical, in-kind support for communities suffering from the effects of the extended drought in NSW and elsewhere. This support included provision of food hamper boxes and direct funding contributions to community organisations in the Riverina area of NSW, through the Foundation for Rural & Regional Renewal, of which The Pratt Foundation is a founding partner. Visy continued to engage with stakeholders in seeking practical ways to reduce food waste in all supply chains, consistent with Sustainable Development Goal 12 ("ensure sustainable consumption and production patterns"). Visy sees its contribution to achieving these outcomes as a practical way to support sustainable development in Australia.

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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.



#### UN Sustainable Development Goal 12 - Responsible Consumption and Production

## Measurement of outcomes

As noted above, Visy's support for Australia's key food rescue organisations delivered tangible outcomes for both chronic and emergency community needs, especially in regions where Visy operates its businesses. Specifically, these comprised monetary and material in-kind support for drought-affected communities in the Riverina Region of NSW. Further capacity-building for food rescue (and thus food waste reduction) organisations occurred as a result of Visy's work.

Visy through its Senior Procurement and Legal staff are continuing to move forward with the framework for engaging with Suppliers with the Supplier Code of Conduct being the foundation; in H2 2019 the supplier engagement process will be formalised through a new software tool. These requirements of suppliers incorporating those matters into our standard trading terms and conditions and contracts. Major materials tenders being conducted include scorecard parameters such as adherence to Visy's Supplier Code of Conduct, provision of recycle content info, provision of GHG emission info, and how they uphold our code of conduct through their supply chain.

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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 harvested in violation of traditional and human rights or the ILO's core conventions. This commitment is captured in Visy's Responsible Sourcing Commitment - Fibre and supported by Visy's Forest Stewardship Council (FSC) certification across all core fibre businesses (FSC-C008345).**

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 reviews 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. Visy's Leave policy was updated in August 2018 to include the option for Purchased Annual Leave.

During 2019, 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. We are implementing further processes in H2 2019 to risk assess suppliers before they are onboarded as well as risk assess existing suppliers. Such risk assessments will be conducted from an anti-bribery, corruption and modern slavery perspective.

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. Hagar's Global Impact Report for the period noted that such financial support helped, with other donors, to ensure 1,163 survivors were supported on their journey to recovery and empowerment, 275 survivors came into Hagar's care through referrals from local police, government, partner organisations or direct contact, and an overall estimated 5,815 people indirectly benefited from this work.

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## 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 all our employees understand our expectations as a company and their obligations in workplace behaviour.**

At Visy, one of our key values is Developing Excellence in People. We know that in order to create a bright future for our business, we need to invest in our people, reward and recognise our people and ensure we are developing our future talent pipeline, both in the business and in the candidate market. To this end, Visy has developed an Attraction, Retention and Engagement Strategy to ensure we remain focused on the road map to attracting and engaging the talent we need now and into the future.

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 2019 we will continue to implement our values and expectations through embedding them into the management systems of our new operations and supply chains.

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. Additional national workshops were also held in 2019 to celebrate International Women's Day and continually seeking feedback and buy in from our people leaders on how we can increase our attraction and advancement of women at Visy. In 2018, we launched an Executive Mentoring Program, with 13 high potential women being mentored by one of our Executive Team. This program will now extend to a second intake in 2019.

We are also pleased to confirm that in 2019 we launched the *Visy Circle In Portal* - the home for working parents. This online portal aims to provide valuable resources, coaching, support tools and tips to our working parents group, support our employees commencing a family, taking parental leave, returning to work and managing work and family. In 2018, we also doubled our paid maternity leave and introduced purchased annual leave for our employees.

We are also pleased to be partnering with NAWO, and hosted a Quick Bite Event in July 2019 and are now offering their mentoring program to women in our business.



### **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.

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## Measurement of Outcomes

**Visy's Australasian business employs nearly 5,149 people across Australia (4,549 employees), New Zealand (approx. 600 employees) and Singapore, China, Thailand, West Coast US, UK and Europe (approx. 200 employees)**

Our average tenure is 12 years' service, with equal representation across the three main generations in the working world today.

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 realised from 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 FY19, we had 297 recordable injuries, which included 73 lost time injuries. This was reduced from FY18 as a result of the hazard reduction and safety behavioural work of all Divisions.

Mental Health awareness has been identified as a key workplace as well as broader community issue and in response, Visy has started a mental health awareness program for all Front Line leaders. More than 200 leaders completed the Building a Mentally Healthy Workforce program in 2018. Additional and further skill building workshops will continue through 2019 to further this capability.

A number of initiatives are working to embed a coaching culture across Visy and to provide specific support to target groups/individuals. A panel of external coaches has been established to support the specific development needs of a number of high potential employees identified through the People & Process phase of our planning cycle. Internal mentors are being used to provide support for our 2018 and 2019 Graduates. A toolkit to support the conduct of regular 1on1 discussions between leaders and team members was also rolled out in 2018. It was initially launched in conjunction with our mental health focus, but throughout 2019 is being embedded within the performance management process and other developmental initiatives.



### **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 is 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 manages more than 50 environmental licences and trade waste permits. In accordance with the requirements of state and national legislation and we are required to report annually on our performance. There was 1 Environmental Penalty issued to Visy in 2018/19.

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 Forest Stewardship Council (FSC) Australia and the Australian Forest Products Association (AFPA), the corresponding body to the International Council of Forest & Paper Associations (ICFPA), 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 Responsible Sourcing Commitment - Fibre, details how we make sure our virgin and recycled fibre sources and procured papers 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



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Packaging Covenant Organisation (APCO). 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). In 2017/18 Visy produced approx. 50% of its energy needs from renewable sources. Since 2008-09, Visy has reduced its greenhouse gas emissions per unit energy by 31.3%

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 FY19 Visy Recycling completed 19 education sessions and reached 1,512 students.

Visy is proud to have partnered with Cool Australia, a not-for-profit organisation that provides educational curriculum in Environment, Social and Economic Sustainability. In partnership with Visy, Cool Australia has designed and developed a range of curriculum resources for Australian teachers which relate to Visy's operations, in particular, recycling. The Bright Sparks range of curriculum resources for Australian teachers help schools understand the back-story to recycling and how they can be part of the journey to sustainability. From May 2018 to May 2019, Visy's Bright Sparks resources reached 263,534 students and 5,729 teachers, and 6,835 lessons were used and shared by teachers.

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 2019 Global Food Forum where he emphasised the importance of exporting high value, packaged food products rather than just bulk commodities. 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.



## CUSTOMER FOCUS

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 FY19 include collecting and processing 1,858,587 tonnes of paper and cardboard and making 832,838 tonnes of recycled paper as well as similar amounts of kraft and board containing variable content of recycled fibre; and collecting and processing 39,773 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 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 80% of its total energy 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 landfill 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. Our 2018 CSR assessment places Visy among the top 20% 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 raft paper production, biomass-paper waste, and bio-gas and bio-fuels derived from production processes). In 2017-18, 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 31.3%

Visy uses a number of alternative water sources (ie desalination and also recycled water). These alternative water sources have increased from 3.8% of total water consumption in FY09 to 21.7% of total water consumption in FY18. This has reduced our impact on fresh water sources.

Visy's environmental performance is tracked and measured for continuous improvement through our operations' KPIs as part of our HSE Management System. Environmental Targets are included in the Safety and Environmental Sustainability Plan. 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. Across our more than 100 Australian sites, there were no Environmental Penalties issued to Visy in 2018.

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 recently established a formal process for accessing cyber security risk and has improved the mechanisms for identifying and blocking external attacks to protect our systems and data. This includes personal data covered under the Privacy Act. Additional permanent resources have been added to support these processes with a new role 'Information & Cyber Security Manager' reporting directly to the Chief Technology Officer.

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 regarding our obligations under Australia's Competition and Consumer Laws.

## Implementation

Ernst & Young and other external specialist companies 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 2018, several reviews were completed to assess the management of our systems for cyber threat, physical security and in one case, to investigate an external attack on one specific business system which had been hacked. Further work is planned in 2019 to assess compliance with new cyber risk management processes and to conduct further penetration testing of key systems.

### Complaints Procedure

The Complaints Management Policy has been updated and will be put in action going forward.

### 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.

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## 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.

A short form Video for operating tool box talks was completed and rolled out in January 2019. Approximately 80% of operating sites have now run the new video as tool box talks. Face to face awareness sessions covering the same content will be run for all staff across all business groups in the second half of 2019

## 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 is 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 (Competition and Consumer Law 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 financial period 2018/2019.

### 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.