Sustainability Report 2021

Leading the Circular Economy

PACT GROUP

About this Report

Pact's *Sustainability Report* represents our commitment to enhanced transparency, accountability, and performance. It outlines and reflects on the impact of the Group's operations and supply chain on the environment, focusing on both social and environmental impacts, alongside our governance and leadership principles.

We endeavour to provide a balanced *Sustainability Report* that showcases where we are performing well and where we consider there is room to improve.

Eight material areas are considered representing issues we know are important to our internal and external stakeholders. These eight topics have been organised into three pillars: People, Planet and Principles.

This year we have engaged external assurance to review our energy, emissions and a safety metric as a practice to continue setting a high level of accurate reporting of these key material topics in the organisation. Ernst & Young, an independent third party organisation, conducted this exercise. The *Assurance Report* can be found on page 85.

This *Report* has been prepared in accordance with the Global Reporting Initiative (GRI) standards. Detailed mapping to this framework can be found on pages 83-84. As a signatory to the UN Global Compact, this *Report* describes how we continue to deliver against the United Nations Sustainable Development Goals (SDGs) relevant to us.

The information contained in this *Report* relates to sites wholly owned and operated by Pact Group Holdings Ltd ("Pact" or "the Company") and its wholly owned subsidiaries ("the Group"). All data relates to the 12-month period ending 30 June 2021 (FY21), unless otherwise stated.

All monetary amounts in the *Report* are Australian dollars unless otherwise stated.

Information integrity and verification

Pact's Executive Leadership Team (ELT) is responsible for the preparation and integrity of the information in this *Report*. We believe this *Report* fairly represents our sustainability performance during FY21.

Further information

Further information regarding Pact's sustainability performance is communicated through various channels including:

- www.pactgroup.com
- The *Annual Report*.
- The Annual General Meeting (AGM).
- Disclosures to the Australian Securities Exchange (ASX), Company code (PGH).
- Previous *Sustainability* and *Annual Reports* can be downloaded from our website: Click here.

If you have any questions or feedback, please email: info@pactgroup.com

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Pact Group
At a glance

Our capabilities

- Packaging
- Reuse
- Recycling
- Contract Manufacturing

>100
operating sites

FINANCIAL REVIEW BOSS
MOST INNOVATIVE COMPANIES
8 years recognised as one of Australasia's Most Innovative Companies[1]

15
countries

6,000
employees: casuals and contractors

7,000+
customers

Net Revenue:
$1,762
Million

Headquartered in Melbourne Australia

[1] Australian Financial Review Most Innovative Companies List 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020.

As a company that operates across the whole Circular Economy, we deliver diverse and innovative solutions for an extensive range of trusted brands.

The values we live by everyday

- Safety
- Customer
- Integrity
- Innovation
- Respect

Our role within the Circular Economy

A Circular Economy is a systematic approach to economic development designed to benefit businesses, society, and the environment. It is regenerative and aims to gradually decouple growth from the consumption of finite resources.

The Circular Economy transforms the linear consumption model (Take-Make-Waste) into a circular one that keeps resources in circulation for longer (well, forever). This reduces environmental impact and protects precious natural resources. Since our inception, Pact has been a driver of the Circular Economy through Packaging, Reuse and Recycling solutions.

Our divisions

We have three divisions that work as one across the Circular Economy.

Market segments

Our FY21 achievements

People

88% participation in *Pact Pulse Employee Engagement Survey* across 15 countries

13% take-up rate of new employee *myPact Share Plan*. This equates to 400 employee shareholders*

5 new Group values launched and embedded

53 participants in the Group's new *Lead Program* across 11 countries

80 member Senior Leadership Team (SLT) established

*available to Australia and New Zealand employees

Planet

Reduce

69% decreased consumption in Polystyrene (PS) or 2,364 tonnes

43% decreased consumption of Polyvinyl Chloride (PVC) or 702 tonnes

Reuse

5.8% increase in Returnable Produce Crates (RPCs) to reduce the use of single-use corrugate secondary packaging by 1,886 tonnes

Recycle

14% (5,000 tonnes) increase in our recycling capacity

Announced a joint venture (JV) with Cleanaway and Asahi to build a Polyethylene Terephthalate (PET) recycling plant capable of recycling

20,000 tonnes per annum

Announced a JV with Cleanaway to build a High Density Polyethylene (HDPE) and Polypropylene (PP) recycling plant capable of recycling

20,000 tonnes per annum

2 *WorldStar Packaging Awards* for use of recycled content in packaging

Principles

18 charities supported through our *Community Giving Program*

1st *Modern Slavery Statement* published

All new procurement contracts updated to include modern slavery provisions

Reviewed and updated our *Code of Conduct* and *Supplier Code of Conduct*

Reviewed and updated our *Anti-Bribery and Corruption Policy* to include disclosure and adherence to modern slavery practices

A word from our Managing Director and Group CEO

Our vision is to lead the Circular Economy through Packaging, Reuse and Recycling Solutions with a target of achieving 30% recycled content across our portfolio by 2025.

At Pact, sustainability is a major consideration in all our business decisions. From our vision to our strategy, sustainability underpins and shapes our core philosophy and our day-to-day business decisions. We recognise that our business activities have a direct impact on a wide range of stakeholders and the communities in which we operate. For us, sustainability is an ongoing process of considering our material issues and seeking to improve our sustainability performance.

In FY21 the Group's environmental, social and governance (ESG) commitments, goals and challenges are outlined, and their impact assessed, under three categories: People, Planet and Principles.

People

- Providing a safe and respectful workplace with highly motivated and engaged talent.

Planet

- Reducing our environmental impact and accelerating our progress towards our 2025 End of Waste targets.

Principles

- Conducting our business responsibly and investing in programs that positively impact the communities in which we operate.

People

Pact's values are led by safety. It is extremely important to me that we are providing a workplace that is safe both physically and mentally, and we remain committed to targeting zero harm.

COVID-19 has continued to present significant challenges across our operations in FY21, particularly in Asia. Strict health and safety protocols have been maintained at all facilities to protect employees and the community, with all known and potential cases managed within rigorous guidelines. It is a testament to our people, teamwork, and risk management processes that we have protected our sites and employees and experienced no material impact to our operations in FY21.

Vaccination is also a key priority and we have provided funding support for vaccine programs in Asia and incentives in Australia and New Zealand through our *ProudToBeVaxxed* program.

The success of our business is clearly linked to the accomplishments of our people. We have a strong and diverse leadership and continually seek to promote a high-performance culture in our business, empowering our people and providing the framework to attract, engage and retain talented people.

To benchmark levels of employee engagement across the organisation in FY21, the Group launched the *Pact Pulse Employee Engagement Survey*. We set an ambitious target to achieve 80% participation rate and were delighted to have achieved a participation rate of 88% across 15 countries. The survey highlighted that employees valued opportunities for learning and career development, recognition and communication.

As a result of the *Survey*, we introduced our *Lead* training program, our *myPact Share Plan* and established a Senior Leadership Team (SLT) — a group of key business leaders that will be critical to delivering the Group's strategy.

Planet

In FY21, we have accelerated our progress toward achieving our 2025 End of Waste Promise to Reduce, Reuse and Recycle.

- Reduce — Eliminate all non-recyclable packaging that we use.

Since 2018 we have reduced our use of non-recyclable resins by 34% or more than 3,000 tonnes.

- Reuse — Have solutions to reduce, reuse and recycle all secondary packaging in supermarkets.

Since 2018 we have grown use of returnable produce crates by 12%, reducing the use of single use corrugate secondary packaging by 2,700 tonnes.

- Recycle — offer 30% recycled content across our packaging portfolio.

Pact is currently recycling 33,400 tonnes per annum — 70% of our 2025 target. In addition, our products in total are now averaging 8% recycled content and we are on track to increase this to 10% the next 12 months.

A national network of plastics recycling infrastructure is essential to the Circular Economy and to meeting our sustainability targets. Pact is leading the way in this area, with our industry and government partners. In addition to our new PET recycling plant in Albury, we have announced plans with our partners to construct two further state-of-the-art recycling facilities in Australia which will significantly increase the local processing capability for recycled plastics collected from kerbside and Container Deposit Schemes (CDS), creating food grade recycled resins for use in packaging.

Pact is a signatory to the Australian Packaging Covenant Organisation (APCO). APCO is a co-regulatory, not-for-profit organisation partnering with government and industry to reduce the environmental impact of packaging in Australian communities. APCO 2025 targets will require our customers to include up to 30% recycled content in their plastic packaging and our strategy is aligned with that target.

In FY21, Pact also joined the ANZPAC Plastics Pact and the UK Plastics Pact, both are part of the Ellen MacArthur Foundation's global Plastics Pact Network. These are collaborative agreements that bring together industry stakeholders with shared knowledge, investment and industry led innovation.

Whilst this *Report* will outline our annual emissions that have been independently assured by Ernst & Young, we recognise that we have work to do to optimise our process efficiency to further minimise the impacts of our manufacturing processes. During FY22 we intend on setting long term targets towards reducing our emissions.

Principles

As a global company, operating in 15 countries, Pact is committed to supporting initiatives and activities that foster positive connections between our employees, customers, and the communities in which we operate. In FY21, we supported 18 charities through our *Community Giving Program*. This year, we also published our first *Modern Slavery Statement* and updated all our contracts and policies to include modern slavery provisions.

I am extremely proud of all our people and particularly for the way they have responded to the ongoing challenges presented by the COVID-19 pandemic and also for embracing our values and driving our strategy forward. We accept our role as a responsible employer and remain committed to supporting the United Nations Global Compact (UNGC) and advancing its principles through our actions.

I would like to take this opportunity to thank all our people around the Group for their hard work and dedication in a challenging but successful year. I would also like to thank our customers, communities and business partners for their continued support and the role they play in creating a safer and more sustainable future.

Sanjay Dayal
Managing Director & Group CEO

I am proud of the work we are doing today and the ambitions we hold for tomorrow.

Areas of impact

As our stakeholders become increasingly invested in issues related to the environment, we continue to prioritise open and direct dialogue as a way of driving the ongoing improvement of our sustainability performance.

We strive to lead the way in terms of sustainability and in-line with this, we proactively interact with a wide variety of stakeholder groups including: employees; shareholders; consumers; customers; suppliers; government bodies; and the broader communities in which we operate.

Our stakeholders

The value we create for our stakeholders is directly linked to our approach to sustainability and as such we continue to actively seek input from key stakeholder groups.

Our methods of communicating to, and with our stakeholders are diverse, as outlined below.

Stakeholders
Actively interested

Shareholders

Comprise of institutional investors, individuals and retail shareholders.

How we engage

- Websites, press releases and ASX releases
- Face-to-face meetings
- *Annual Report*
- Annual General Meeting (AGM)
- *Sustainability Report*
- Investor presentations and webcasts
- Mailed communication
- Social media channels

Suppliers and business partners

We engage with a wide range of suppliers and business partners across the world

How we engage

- Supplier assessments
- Newsletters and other written communications
- Regular review meetings
- Contract documents
- Social media channels

Stakeholders
Directly affected

Customers

We service customers in the dairy and beverage; processed food, health and personal care, fresh food, household and Industrial; and other sectors.

How we engage

- Customer-led audits and assessments
- Regular customer business review meetings
- Newsletters, websites and other communications
- Customer presentations
- Conferences and trade shows
- Social media channels

Consumers

The end-users of our products

How we engage

- Websites and external communication channels such as social media
- Focus groups and consumer immersions

Employees and contractors

Approximately 6,000 employees, casuals and contractors spread across 15 countries including Australia, New Zealand and Asia.

How we engage

- *Employee Engagement Survey*
- Workplace noticeboards and Toolbox Talks
- Regular performance appraisals
- Site and corporate inductions
- Company intranet and websites
- Organisational social networking through Yammer

Government and regulators

As required, we engage with Local, State and Federal Governments, primarily regarding regulatory compliance.

How we engage

- Face-to-face meetings
- Reports, licensing and *Performance Statements*

Community groups

Non-profit groups, program partners and communities local to our site operations. Broadly, the focus is on our operational impacts, employment opportunities, donations and sponsorship opportunities.

How we engage

- Community engagement/support plans
- *Community Giving Program*
- Face-to-face community meetings
- Local media

Third party employee organisations

We respect freedom of association and work collaboratively with employees and their representatives.

How we engage

- Enterprise bargaining negotiation processes
- Face-to-face meetings
- Employee representation matters
- Resolution of employee grievances and concerns

Determining our material topics

The material topics addressed in this *Report* are in line with the priorities identified for Pact Group and its stakeholders, in accordance with Global Reporting Initiative (GRI) Standards requirements. They directly inform our *Sustainability Strategy*.

By identifying and taking action in response to material sustainability issues, we can create value for our stakeholders and the wider community.

Our key materiality topics are listed on page 14.

Materiality analysis

We regularly consult our internal and external stakeholders to fully understand the topics that are important to them and our business.

In determining our material topics, we consider several key factors starting with our vision and values and the areas of interest identified by stakeholders and the global community. In addition, we consider the influence on upstream (eg. supply chain) and downstream (eg. customers) entities.

The topics we consider to be most material to our business have been prioritised through a weighting process and form the structure of this review.

At Pact we understand that our business operations have an impact on many people, including our employees, customers, shareholders, suppliers and the broader communities in which we operate.

Our material topics

Through engagement with our key stakeholders, we have identified eight material topics for Pact Group in FY21.

In this *Report*, we have grouped analysis on these topics into 3 pillars:

- People
- Planet
- Principles

Each comes with its own unique set of goals and commitments.

People

Health and Safety
Providing a safe workplace and supporting our workers' physical and mental wellbeing.

Talent Management
Maintaining high levels of employee engagement and providing learning and development opportunities to motivate our people to reach their full potential.

Diversity, Equality and Inclusion
Ensuring fair and equitable labour relations and understanding that our work environment can only be described as fully inclusive if it enables employees to realise their full potential, regardless of their age, gender, ethnicity, sexual orientation, or any other factor.

Planet

Emissions
Using natural resources responsibility by optimising process efficiency to reasonably minimise the impacts of our manufacturing processes.

Waste
Ongoing focus on reducing and eliminating waste from our operations.

Innovation and Product Stewardship
Leading the Circular Economy through our End of Waste targets and sustainable packaging solutions.

Principles

Community Impact
Supporting the communities in which we operate.

Trust, Ethics and Governance
Building and maintaining trust with all of our stakeholders (including our customers, our shareholders, our suppliers, our people and the communities in which we work) by drawing on the highest standards and integrity in how we operate.

People
Planet
Principles

Providing a safe and respectful workplace with highly motivated and engaged talent.

Ongoing focus on improving safety culture and process

Workplace health and safety has been and will continue to be a top priority for Pact. We are committed to providing a workplace that is incident and injury free: a zero-harm workplace.

Our strategy seeks to create a workplace culture where:

- no injury/illness is acceptable;
- we investigate incidents to understand root cause and to find safer ways of doing work;
- we focus on our top five critical risks. Business Managers and supervisors address activities ensuring controls operate as required; and
- we focus on improving our systems rather than blaming individuals, to prevent future occurrences.

Workplace health and safety does not occur by chance; it is the result of careful attention to all operations, by those who are directly and indirectly involved. It is more than simply a set of rules or a state of being. Working safely is a mindset that we must continually encourage.

We believe maintaining a safe environment is necessary because a zero-harm workplace is not only a fundamental human right and responsibility but also makes good business sense.

Toward Zero Harm 2.0 Manual

It is important we have the right systems in place to manage and promote a zero-harm workplace. We are taking steps to ensure our success through:

- Reviewing and rewriting of our Pact WHSE System.
- modernising the Group Audit Framework through our WHSE database (Velocity), ensuring closer monitoring of poor performing sites and corrective actions.

The *Toward Zero Harm Framework 2.0* has been developed to clearly identify the key responsibilities and standards expected of the Executive Leadership Team, senior managers, and workplace management. This is about continuously improving our WHSE System.

The *WHSE Manual* is supported by a set of Pact Group Minimum Standards (Procedures) and Audit Materials that helps drive consistency across all of our sites.

The *WHSE Manual* and associated Minimum Standards reflect recent changes in WHSE Legislation (Industrial Manslaughter) and industry best practices. The *WHSE Manual* has been developed in conjunction with Australian Industry Group and in consultation with workplace managers, divisional WHSE managers and other stakeholders within the business.

All WHSE documents are available through our WHSE database (Velocity), the staff intranet and WHSE SharePoint Platform. Online hazard and incident reporting is available through Velocity and the injury management database SolvInjury. All sites are required to record all incidents as soon as practicable after they occur. This includes the real time recording of all Lost Time Injuries, Restricted Work Injuries, Medical Treated Injuries, near misses and hazards.

Training has been progressively completed through the Group at all levels. Specific training initiatives include:

- Continued rollout of Lead ICAM Investigator
- Accreditation programme for WHSE auditors

Towards Zero Harm Framework

Pact's safety performance has predominantly been measured by the Lost Time Injury Frequency Rate (LTIFR) which is recognised as a Lag Indicator. In an effort to make our workplaces safer and more effective the Executive Leadership Team approved the introduction of a lead indicator programme. Every operation is required to set targets around the number of hazards to be raised and closed out each month.

This new focus on Workplace Health and Safety hazards was implemented during FY21. Hazard identification and hazard close-out will continue to be one of the main Group focus areas for FY22.

During FY21, the Group reported no fatalities.

Audit programme

In FY21, our Group Risk Team completed the biennial comprehensive WHSE audit programme. The audit programme and system was updated to use the Velocity platform and completed at all sites. Pact Asia was audited for the first time. As a first-off participant in the Pact Group Audit, the Pact Asia operations performed exceptionally well. Across the Group, our sites achieved an average compliance score of 75%.

Guarding audit and process

A formal plant and guarding compliance programme to AS 4024 was completed across a majority of sites in Australia and New Zealand. The audit programme provided the opportunity to not only improve safety guarding and compliance, given the focus on each piece of equipment, but also to improve machine reliability and operational efficiency.

Workplace health and wellbeing

The physical and mental health of our employees is central to our organisation and we take a proactive approach to promoting the importance of a healthy body, mind and lifestyle.

Our health and wellbeing activities support many community initiatives such as RUOK? day. In addition, we have had a significant focus on COVID-19 and regular *WHSE Bulletins* were issued to all employees with posters displayed around the workplace. These included: *Working remotely without going stir crazy; Mental Health and Wellbeing; Personal Hygiene; Stopping the spread of COVID-19; Face coverings/ masks; Social distancing — keep your distance.*

We will continue to focus on health and wellbeing, and increase the number of initiatives in this important area.

Case study

Providing support to our employees

Pact is committed to supporting the physical, social and psychological health of our employees, and to work towards removing the stigma attached to mental illness.

Our *Employee Assistance Program (EAP)* is available for employees and their families in Australia and New Zealand. This service offers access to confidential and independent counselling to provide emotional, mental and general psychological support. It is intended to enhance the wellbeing of our people when they need it and to provide support which may not otherwise be available or accessible.

In addition, the Group Health, Safety and Environment team rolled our regular *Risk Bulletins* and screensavers across the business to highlight mental health during COVID-19.

Equality and diversity

At Pact we believe that employees should be empowered to reach their full potential regardless of age, gender, ethnicity, sexual orientation, or any other factor.

Workforce breakdown

In FY21 we directly employed 5,496 people.

Women made up 35% of our total workforce, with 33% in Australia and New Zealand, and 36% in the other countries in which we operate.

More than 95% of the people we directly employ were employed on a permanent basis.

In FY21, women made up 35% of our total workforce.

A culture built on a foundation of equality, diversity and inclusion delivers considerable benefits to an organisation. At Pact we believe it is central to our ability to achieve our objectives as it allows us to attract, engage and retain the most talented people.

Our *Diversity Policy* describes our zero-tolerance stance on discrimination and outlines our approach to creating working arrangements that cater to all our employees.

Pact Group

5,496 people in total

	Total	Permanent Full-time	Permanent Part-time	Casual
Chairman & Non Executive Directors	5	-	5	-
CEO & Executive Leadership Team	13	13	-	-
Employees	5,478	5,153	57	268
Contractors	~500	-	-	-

Gender diversity targets

Increasing female representation in our workplace is a priority, with a strong focus on management level roles.

In FY21, the following measurable gender diversity targets were set by the Board for FY22.

Gender diversity measurable objectives

1. Minimum of one female candidate interviewed as part of the recruitment process of salaried roles.
2. Annual salary review outcomes to allocate greater or equal overall percentage adjustment for female salaried employees compared to male salaried employees.
3. Include specific questions in the next *Employee Engagement Survey* to quantify gender as an issue in the workplace across the Group.
4. Ensure pay equity by gender at each level of the organisation.
5. Have 30% female at the executive levels of CEO-1 (ELT) and CEO-2 (STL) populations.

We have made significant progress towards reaching our objectives and have made several key appointments of females into operational and managerial leadership positions.

Our Pact Talent Acquisition team proactively mitigate any gender bias when screening for candidates. A series of changes have already commenced with new gender-neutral job ads, greater coaching and guidance on unconscious bias, refreshed HR policies to enhance Pact's Employee Value Proposition and revamped apprenticeship engagements.

Our annual salary review includes gender detail to enable the identification of any gender pay equity imbalance, with a view to minimising any such imbalance as part of the final approval process with the CEO.

Other initiatives include:

- Celebration of *International Women's Day* in March 2021.
- Silver corporate membership to National Women in Operations (NAWO) and participation at industry events continues to raise the profile of Pact.

The Group continues to lodge its annual public report with the Australian Workplace Gender Equality Agency (WGEA). WGEA has confirmed we have achieved compliance status for the reporting period.

Diversity composition across our business

Level by gender

Chairman & Non Executive Directors

3 Male

2 Female

CEO & Executive Leadership Team

11 Male

2 Female

Employees

3,577 Male

1,901 Female

Employee gender detail

Permanent Full-time

3,427 Male

1,739 Female

Permanent Part-time

16 Male

46 Female

Casual

149 Male

119 Female

Level by age

Employee age detail

Parental leave

Flexible work arrangements are available as needed for those employees returning from parental leave. During FY21 93 employees accessed parental leave.

All permanent employees, both male and female, are entitled to take parental leave once they have completed one year of service with Pact.

In FY21 we reviewed and enhanced our *Parental Leave Policy* in Australia, offering 18 weeks paid parental leave for primary care givers and 2 weeks paid parental leave for secondary care givers.

Return to work and retention rates of employees who took parental leave, by gender is outlined in the table below:

	Accessed Parental Leave in FY21	Returned to Work from Parental Leave in FY21	Returned from Parental Leave and still with the Group after 12 months
Females	**57**	43	43
Males	**36**	34	31

In FY21, 75% of women and 94% of men returned to work after parental leave.

Case study

#ChooseToChallenge

Pact is committed to providing opportunities for its employees to unite and mobilise for change.

International Women's Day (IWD) is a global day celebrating the social, economic, cultural and political achievements of women. The day also marks a call to action for accelerating gender parity.

Marked annually on 8 March, *IWD* represents an important opportunity to:

- celebrate women's achievements;
- raise awareness about women's equality;
- lobby for accelerated gender parity; and
- fundraise for female-focused charities.

In FY21, the theme for *International Women's Day* was *Choose to Challenge*. To mark the day, Pact challenged employees to raise their hands and commit to call-out inequality and post their picture to the Group's enterprise-wide social networking service Yammer.

Ensuring fair and equitable labour relations

More than 71% of our frontline operations' employees in Australia and New Zealand are covered by enterprise agreements.

Employee rights to freedom of association and collective bargaining is something Pact has always respected, and we believe it's key to our people feeling genuinely empowered.

Our employee arrangements vary, reflecting the diversity of our workforce. Labour relations are central to our sense of social responsibility.

More than 71% of our employees in Australia and New Zealand and 4% in Asia are covered by enterprise agreements.

All of our contractual agreements meet the statutory requirements in relation to termination and redundancy processes. In many cases, we exceed the regulatory standards.

Employee engagement

The Pact Pulse Employee Engagement Survey

Creating, achieving, and maintaining employee engagement begins with understanding employee feedback. This feedback helps to inform the programs and initiatives administered across the Group, and ultimately improve our workplace.

To benchmark levels of employee engagement across the organisation in FY21, the Group launched *The Pact Pulse Employee Engagement Survey*.

We set an ambitious target to achieve an 80% participation rate and were delighted to have achieved a participation rate of 88% across 15 countries.

The *Engagement Survey* identified that employees were very aligned to the Group's *2025 Strategy* and safety focus.

The *Survey* also highlighted that employees valued opportunities for learning and career development, recognition and communication. As a result of the *Survey*, 220 leaders across the Group have participated in training on ways to improve employee engagement and more than 100 action plans have been developed to address improvement areas.

The next *Pact Pulse Employee Engagement Survey* is scheduled for October 2021.

Reward

myPact Share Plan

In FY21, the Group launched its employee *myPact Share Plan* to encourage and promote the achievement of common goals between employees, shareholders and the Group. Participating in an appropriately designed share ownership plan provides an incentive for employees to increase productivity, loyalty and share the rewards of the success of the company.

Take-Up Rate

New employee shareholders

- Overall take-up rate was **13%** across Australia and New Zealand
- We welcomed more than **400** Employee Shareholders to Pact Group
- **75%** of Executive Leadership Team members are shareholders
- **50%** of Senior Leadership Team members are shareholders
- **1** in **10** Pact site workers are shareholders

Learning and career development

The Pact Pulse Employee Engagement Survey identified that the Group's leadership capability was one of the main areas for improvement in terms of increasing productivity and business performance.

In FY21 Pact launched *Lead Performance* — a six-month development program to build consistent, effective leadership at Pact. Learning activities include online webinars; self-paced learning and on-the-job application; peer group discussions; and manager check-ins. The program supports our leaders to drive and deliver great performance, build their career and improve their personal impact.

FY21 *Lead Performance Program*

- 3 cohorts
- 53 participants
- 3 talent moves
- 21% female participation
- 11 countries

Leadership

Senior Leadership Team

In FY21, Pact established a Senior Leadership Team (SLT) — a group of key business leaders that will be critical to delivering the Group's strategy. Pact's SLT have quarterly forums to improve open, transparent communication in-line with the feedback from the *Pact Pulse Employee Engagement Survey.*

Talent acquisition

Pact's centralised recruitment model enhances our ability to build our high performance culture. By owning the process internally, we have tighter control of the end-to-end recruitment experience, and can bring greater focus on diversity and inclusion, which allows us to more accurately gauge how well a candidate's values align to our own. Ultimately, we want to attract and retain team members who are just as passionate as we are about our vision to lead the Circular Economy.

In FY21 Pact's internal Talent Acquisition team had three key areas of focus:

- Early Careers
- Internal Career Opportunities
- Enhanced Selection Process

Early career

In FY21, Pact increased its focus on early careers by launching a centralised apprenticeship program to increase females in trades and introduce internship opportunities for our supply chain function in partnership with local universities.

Internal career

Salaried vacancies are advertised internally to build awareness of internal career pathways and opportunities across our diversified Group. To support this, we introduced internal candidate tools to improve employee experience including tips and resources on navigating the recruitment process, updating CVs, and interview preparation tips.

Enhanced selection process

Supporting an unbiased approach to recruitment, in FY21, our in-house Talent Acquisition team introduced pre-screening prior to hiring manager interviews to identify key skills, improve shortlists and ensure we have a mix of candidates progressing through to the interview stage. This provides the opportunity to share improvements in our Value Proposition, particularly as we build a greater gender balance across the Group.

Performance

Part of building our high performance culture is ensuring our people have clearly defined goals, they know how their work aligns to our *Strategy*, they receive regular feedback and recognition, and they are rewarded appropriately as the business performs. From our Executive, to our Senior Leaders and across all of our salaried team members, we have a performance cycle that underpins this and aligns our employees goals to one of the following key pillars:

- Health, Safety & Environment
- Financial
- Operational Excellence
- People & Engagement
- Strategic Imperative

People
Planet
Principles

Reducing our environmental impact and accelerating our progress towards our 2025 End of Waste targets.

Energy and emissions

There are several energy sources utilised during our manufacturing processes, including electricity, natural gas, LPG, diesel and butane. All our sites work to reduce the volume of energy consumed and site-based efficiency programs are rolled out on an as identified basis.

In Australia we report our Greenhouse Gas (GHG) emissions and energy use through the National Greenhouse and Energy Reporting (NGER) Scheme. This report is externally reviewed and assured to ensure accuracy and completeness of data.

In FY21 Pact Group consumed 1,846,376 GJ of energy and emitted 281,698 tCO_2e GHG emissions. The breakdown of this result is as follows:

Scope 1: 19,544 **Scope 2:** 262,154

Energy and emission breakdown

	Australia	New Zealand	Australia & New Zealand (Total)	Asia & Other
Total Energy Consumed (GJ)	1,179,196	325,713	1,504,909	341,467
Total emissions (tCO_2e)	212,449	10,549	222,998	58,700
Scope 1	16,109	2,737	18,846	698
Scope 2	196,340	7,812	204,152	58,002

* Greenhouse gas emissions were reported in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol.

** Australian emission and energy content factors were derived from the National Greenhouse and Energy Reporting (NGER) (Measurement) Determination 2008 as amended for 2020–2021.

*** New Zealand emission and energy content factors were derived from *Measuring Emissions: A Guide for Organisations. 2020 Detailed Guide. Wellington: Ministry for the Environment.*

**** Asia emission factors derived from the Department for Environment Food and Rural Affairs (DEFRA) 2019.

Materials and waste

Materials

Pact manufactures and packages a diverse range of products on behalf of our customers and environmental sustainability is a key consideration for us.

Where possible and when a customer is supportive, we work to reduce the volume of raw materials utilised. For plastics-based products, resin is the primary raw material.

For steel products, steel coil and tin plate are the primary raw materials. In FY21 we consumed approximately 235,000 tonnes of these materials.

Recycled resin is used in place of virgin resin, where customer requirements can be met, and product specifications allow the usage. Of all resin consumed in FY21, 8% was recycled resin and we are on track to increase this to 10% in the next financial year. Overall, Pact Group is currently recycling more than 35,000 tonnes of plastic per year, which equates to 59% of our 2025 target.

Waste

Pact is committed to reducing and eliminating waste from our operations and this has been a primary focus of the business.

All our sites work to reduce overall waste generated by our operating processes. Every site has recycling systems in place and we work with our recycling suppliers to recycle as much waste as possible, rather than sending to landfill.

Materials we most commonly recycle include paper, cardboard, steel, plastic, used oil and steel drums and intermediate bulk containers (IBCs).

Our Recycling Division collects and recycles high density polyethylene (HDPE), low density polyethylene (LDPE), polypropylene (PP) and polyethylene terephthalate (PET) plastics from our sites in Australia and New Zealand.

Further information about the products which Pact recycle and recondition for us and on behalf of others is available on page 53-54.

We recycled approximately 38% of all waste generated across the Australian businesses in FY21. In FY22, we will engage with a third party to explore further ways of increasing the percentage of our waste that can be diverted from landfill.

Our 2025 End of Waste Promise

END OF WASTE

In FY18, we established our 2025 End of Waste Promise to become the number one partner of sustainable choices for our customers

Our 2025 targets

Reduce
Eliminate all non-recyclable packaging that we produce.

Reuse
Have solutions to reduce, reuse and recycle all single use secondary packaging in supermarkets.

Recycle
Offer 30% recycled content across our portfolio.

Our FY21 progress

Reduce
Decreased consumption of Polystyrene (PS) by
69%
or
2,364
tonnes.

Decreased consumption of Polyvinyl Chloride (PVC) by
43%
or
702
tonnes.

Reuse
Grown the use of Returnable Produce Crates (RPCs) by
5.8%
to eliminate the need for single-use corrugate secondary packaging by
1,886
tonnes p.a.

Recycle
Increased our recycling capacity by
14%
or
5,000
tonnes p.a.

Our progress since 2018

Reduce
Decreased consumption of non-recyclable resins by
34%
or
3,000
tonnes.

Reuse
Grown the use of Returnable Produce Crates (RPCs) by
12%
to eliminate the need for single-use corrugate secondary packaging by
2,700
tonnes p.a.

Recycle
Increase our recycling capacity to
33,400
tonnes p.a.

This equates to
59%
of our 2025 target to offer
30%
recycled conent.

Product stewardship

We fully understand that packaging has a life after its contents have been consumed and that, where possible, it's vital it can be repurposed, reconditioned, or recycled.

Pact is a signatory to the Australian Packaging Covenant Organisation (APCO). APCO is tasked with bringing government, industry and community groups together to fund projects that assess packaging sustainability issues.

APCO is a co-regulatory, not-for-profit organisation partnering with government and industry to reduce the environmental impact of packaging in Australian communities. APCO sets sustainable packaging activities including sustainable design, recycling initiatives, waste to landfill reduction and Circular Economy projects.

As a member of the APCO, we are continually working to improve the sustainability of our packaging through better collaboration, improved design, and the use of more environmentally-friendly materials.

Pact is actively involved in the conception, design and manufacture of sustainable packaging for a wide variety of products used by consumers.

APCO Annual Report and Action Plan results

In FY21 we once again completed our annual APCO reporting requirements achieving an overall Level 4 (Leading) performance across the seven mandatory Core Criteria.

Level 4 (Leading) identifies Pact as a company with rigorous procedures in place, or an ambitious target has been met in the 12-month reporting period.

Across the seven Core Criteria, we achieved Level 5 (Beyond Best Practice) in three, Level 4 (Leading) in one and Level 3 (Advanced) in the remaining three.

To view Pact's *2021 Report and Action Plan*, click here.

External signatories, accreditations and industry memberships

Pact Group leads and influences through a number of external signatories and accreditations, as well as membership to numerous government working groups and industry bodies.

External signatories and accreditations

- United Nations Global Compact (UNGC)
- Australian Packaging Covenant (APCO)
- ANZPAC Plastics Pact
- UK Plastics Pact
- New Zealand Packaging Products Stewardship Scheme (NZPPSS)
- International and Australian/New Zealand Standards and
- Supplier Ethical Data Exchange (SEDEX)

APCO Working groups and advisory committees

- Technical Advisory Committee
- Collective Action Group (which is addressing the Federal Government's 2025 National Packaging Targets)

Industry membership groups

- Society of Plastics Engineers, Australia and New Zealand
- Plastics, New Zealand
- WasteMINZ, New Zealand
- Australian Council of Recycling (ACOR)
- Chemistry Australia

Working groups

- Recycling Working Group for the Container Return Scheme, New Zealand
- Priority Product Status Working Group, Agrecovery

Case study

Pact joins ANZPAC

In FY21, Pact became a member of the ANZPAC Plastics Pact, a collaborative agreement that brings together industry stakeholders to take action in creating a Circular Economy for plastics.

Engaging with Australia, New Zealand and the Pacific Islands, ANZPAC is the first Plastics Pact in the Oceania region and the second regional Plastics Pact to become part of the Ellen MacArthur Foundation's global Plastics Pact Network.

The Plastics Pact Network is a globally aligned response to plastic waste and pollution that enables vital knowledge sharing and co-ordinated action. Each Pact brings together businesses, policymakers, and NGOs around the world, who through shared ambition, combined expertise and collaboration, create regional and national solutions to plastic waste and pollution.

Alongside the Australian Packaging Covenant Organisation (APCO), Pact will lead the way in implementing solutions to include more locally-sourced recycled content into packaging, eliminate non-recyclable plastics and improve the recyclability and reusability of plastic packaging.

Case study

Pact Retail Accessories joins WRAP

In FY21, Pact Retail Accessories (formerly TIC Retail Accessories), known for its work in leading the Circular Economy through closed-loop reuse solutions for garment hangers and Electronic Article Surveillance (EAS) tags, became a member of the UK Plastics Pact with a shared vision to eliminate plastic waste.

The UK Plastics Pact, led by WRAP, is the first of a global network of commitments, enabled by the Ellen MacArthur Foundation's New Plastics Economy initiative.

Pact Retail Accessories Executive General Manager Camillo Colombo said that committing to the UK Plastics Pact is an important step forward for the organisation in further progressing its vision of building the Circular Economy.

"Every business has a role to play in helping reduce the volume of plastic waste being sent to landfill and reducing its reliance on virgin materials. WRAP is an important partner in helping educate business, industry and government about the importance of the Circular Economy and the role we each play in building it," Mr Colombo said.

"We are delighted to have Pact Retail Accessories sign up to The UK Plastics Pact. Through this world-first pact we are working together with governments, citizens and business to transform the way we make, use and dispose of plastic so that we retain its value, but prevent it from polluting the environment," WRAP CEO Marcus Gover said.

Sustainable packaging innovation

We provide a range of sustainability, recycling and environmental services to help our customers reduce the environmental impact of their product packaging and related processes.

This means that we are not just designing packaging to suit the product, we are focused on end-of-life management, in line with existing recycling systems, collection programs and kerbside recycling.

We are focused on utilising appropriate materials to eliminate harmful substances wherever possible.

Packaging lifecycle assessments

Pact's global design network considers the full lifecycle impact of a package including the choice of raw materials, energy, transportation configurations through to end-of-life.

We use the Packaging Impact Quick Evaluation Tool (PIQET), a simplified lifecycle assessment tool, to perform rapid comparative environmental impact assessments of alternative designs at all stages of the design process.

Australasian Recycling Label (ARL) Program

Pact has been a part of the *Australaisian Recycling Label Program* since its inception in 2018 alongside a large number of our customers.

The *Program* helps packaging manufacturers and brand owners to design packaging that is recyclable at end-of-life; increase recycling and recovery rates; and contribute to cleaner recycling streams.

The nationwide program features two key elements:

- The Packaging Recyclability Evaluation Portal (PREP)
  The online tool provides a way for brand owners or packaging designers and manufacturers to assess whether an item of packaging is recyclable in the Australian and New Zealand recovery systems.
- The Australasian Recycling Label
  An on-pack label that provides clear and simple instructions that will help consumers understand how to recycle products effectively.

The Packaging Recyclability Evaluation Portal (PREP)

We completed more than 100 packaging assessments using the Packaging Recyclability Evaluation Portal (PREP) Tool in FY21.

PREP is an online tool that assesses how packaging will perform in the Australian and New Zealand resource recovery systems.

The tool provides us with validated results that we can then take back to our customers to drive discussions and projects to make their packaging recyclable or more sustainable.

Reduce

At Pact, sustainable packaging design is a fundamental consideration when redesigning our existing portfolio and for all new product development. We strive to design products and packaging with improved or enhanced technical performance, delivering the lowest possible environmental impacts and helping consumers make environmentally-friendlier choices.

We also have robust targets in place to phase out problematic and non-recyclable resins in-line with Australia's 2025 National Packaging Targets.

Case study

In FY21, Pact transitioned a major processed food customer's sour cream tubs from non-recyclable Polystyrene (PS) to 100% recyclable Polypropylene (PP). In doing so, 22 tonnes of non-recyclable PS will be diverted from landfill each year.

Light-weighting

Light-weighting, sometimes referred to as thin walling or down gauging, is the process by which existing packaging is adjusted and/or redesigned to reduce its overall weight without compromising its structural integrity and quality.

At Pact, we continue to invest in raw material, tooling, and technological innovation to produce even lighter packs that offer the same or improved technical performance whilst simultaneously reducing our environmental impact.

Case study

In FY21 Pact successfully light-weighted one of Australia's major supermarket chain's salad bowls by 7%.

Based on the customer's annual volumes, this 2.3 gram per bowl reduction in weight equates to saving nine tonnes of virgin Polyethylene Terephthalate (PET) per annum.

Reuse

On the waste hierarchy, reuse is directly after prevention and is fundamental to reducing our environmental footprint for future generations.

Our foundations have been built with the vision to eliminate single-use products. After more than two decades of innovation we now have one of the most diverse reusable offerings that spans the globe. From retailer garment hangers, fresh produce crates, IBCs and steel drums, through to the common household wheelie-bin and water tank, we have a growing and diverse range of reuse solutions.

Our reuse solutions

Pooling

Pooling is the provision of returnable assets for shared use by customers throughout the supply chain. Pooling fresh produce crates eliminates the need to use single-life packaging such as corrugate boxes. By using our pooled assets and sustainability solutions, our customers' supply chains become more efficient in terms of cost and use of natural resources.

Produce crate pooling

Partnering with two of Australia's largest retailers and Australia's fresh produce growers, our produce crate pooling business has replaced 150 million single-use boxes with approximately five million reusable plastic crates.

These crates can be reconditioned up to 14 times a year (the fastest cycle time in the world) and will last up to 10 years. Pact's Recycling Division then recycles the crates at the end of their life into industrial products such as underground cable covers and telecommunication pits.

Our produce crate pooling's circular process

Garment hanger reuse

Pact Retail Accessories is a provider of innovative and sustainable closed-loop plastic garment hanger and accessories reuse services.

Pact Retail Accessories transformed the garment hanger industry from a linear (make, use, dispose) to a circular closed-loop system whereby the hangers are reused multiple times and then recycled at end-of-life into industrial products.

Pact Retail Accessories' circular process

Reconditioning

Intermediate Bulk Containers (IBCs)

Supporting our new IBC manufacturing capabilities, Pact also offers reconditioning and laundry services to help extend the life span of IBCs without compromising their quality. In FY21, Pact collected more than 200,000 used IBCs for reconditioning. Our national collection and buying services provide our customers a truly cost-effective and complementary alternative to new packaging.

Drums

Pact also provides compliant collection, reconditioning and drum disposal services for steel and plastic drums. Reconditioning provides a cost-effective and complementary alternative to new packaging. In the past 12 months, Pact has collected approximatly 770,000 used drums for reconditioning with 80% of these reconditioned into good-as-new drums for reuse and the remaining 20% sent to steel recyclers.

Our IBC reconditioning and rebottling process

Our compliant disposal of steel drum process

Recycling

Pact Group is the largest plastics recycler in Australia and New Zealand (ANZ). In FY21 we processed more than 35,000 tonnes of plastic waste and we have plans to increase our capacity to more than 120,000 tones by 2025 (refer to page 56).

From the 35,000 tonnes we recycle, the vast majority of this was converted into recycled resin pellets or products made from recycled material. The recycled resin replaces virgin resin in the manufacturing process within Pact and other plastic manufacturers throughout Australasia.

At Pact, we ensure that what we manufacture is suitable for existing recycling systems, collection programs and kerbside recycling. In doing this we select the most appropriate materials and focus on eliminating harmful substances.

Pact's investment in growing our region's recycling footprint

2021
6 Recycling Facilities
33,400 tonnes per annum

2025
12 Recycling Facilities *
>120,000 tonnes per annum

* Includes Joint Ventures (JVs)

Case study

Pact acquires New Zealand's only packaging manufacturer with integrated PET recycling capability

In FY21, Pact completed the acquisition of Flight Plastics, a leading provider of packaging for the fresh food segment and New Zealand's only packaging manufacturer with integrated PET recycling capability.

The acquisition of Flight is another important step in Pact's strategy to lead the Circular Economy through reuse, recycling, and packaging solutions. The acquisition will complement and enhance Pact's leading capability in recycling in Australia and New Zealand and enables the Company to provide customers packaging containing food grade recycled content which supports the New Zealand local Circular Economy. Flight has capability to process more than 5,000 tonnes of recycled PET.

Customers are increasingly demanding sustainable packaging that supports the local Circular Economy. The acquisition of Flight will significantly enhance Pact's offering to customers in the fresh food segment in both New Zealand and Australia, providing capability to offer customers up to 100% locally sourced recycled materials.

Pact's Managing Director and CEO, Mr Sanjay Dayal, said "We have a vision to lead the Circular Economy. The acquisition of Flight is strongly aligned to our strategy. We are investing across our platform to develop the recycling capability our customers will need to deliver their 2025 sustainability commitments.

Case study

Pact transforms 600 tonnes of plastic waste into recycled noise walls

Breakthrough technology using 75% recycled materials including milk bottles and soft plastics will help build Australia's Circular Economy and demonstrate the opportunity for locally recycled materials.

Victoria is set to house Australia's most sustainable noise walls thanks to innovative technology by Pact Group. Situated along Mordialloc Freeway, the walls will transform 570 tonnes of hard-to-recycle plastic materials into panels spanning 32,000 square metres.

The initiative was developed by Major Roads Projects Victoria (MRPV) with assistance from Ecologiq, a Victorian Government initiative to optimise the use of recycled and reused materials across Victoria's Big Build projects and will be installed by AusGroup Alliance. Construction of the wall, which is a world-first, commenced in December 2020 with completion anticipated by October 2021.

The freeway will span a nine-kilometre stretch connecting the Mornington Peninsula Freeway to the Dingley Bypass. Each panel will be produced from 75% recycled materials, including soft plastics and hard to recycle post consumer low-and high-density polyethylene (HDPE), providing a second life for single-use plastics like milk bottles. At the end of their 40-year lifespan, each panel will be 100 per cent recyclable demonstrating the significant opportunity for the current and future Circular Economy.

Customer and industry waste collection and services for hard to recycle products

drumMUSTER

Every year Pact collects 460,000 plastic drums as a participant in the national *drumMUSTER* recycling program. *drumMUSTER* is an Australian product stewardship program that is supported by chemical manufacturers and industry stakeholders to collect and recycle eligible containers.

Prior to the program, these containers were typically sent to landfill or burned/buried on farms. Since its inception in 1998, *drumMUSTER* has recycled more than 37 million containers. These hard to recycle products are either impractical or too expensive to collect via traditional networks. By diverting this waste from landfill and reprocessing it, we're minimising the loss of valuable resources.

drumMUSTER has recycled more than **37 Million** containers

A circular solution that deserves a drum roll

drumMUSTER's circular process

Our Paintback partnership

Paint not, waste not

Paintback®, established in 2016, is an industry-led initiative designed to divert unwanted paint and packaging from ending up in landfill and vital waterways.

Paintback is driven by the Australian paint industry and the major companies that supply approximately 90% of all the architectural and decorative (A&D) paint sold in Australia. Paintback's founding members are Dulux, Haymes, PPG, Resene and Wattyl.

Building on the existing Paintback model, consumers return their unwanted pails to collection sites or events across Australia.

After collection, the liquid paint is separated and the remaining pails are washed and shredded by the collection contractor. Paintback then sends this material to Pact Recycling for further specialist treatment to meet recycling quality requirements. Recycling these pails is challenging because of the way paint coats the container.

At Pact Recycling sites, the shredded pail material is washed again before being granulated, and then washed a further time. The granulated and washed flake is processed through the near infrared polymer and colour sorter before it is extruded to resin pellet ready for re-manufacture into new pails for Paintback members.

Paintback is a great demonstration of supply chain collaboration with an industry-led circular solution to a significant recycling challenge.

Through this partnership, Paintback and Pact Recycling hope to collect and reprocess more than

>400 tonnes

of used plastic paint pails for re-manufacture back into new pails, reducing the amount of virgin resin needed.

The Paintback partnership's circular process

Recycled resin

Incorporating recycled content into plastic packaging is one of the best tools at our industry's disposal to forge a Circular Economy. Pact continues to work on the development of packaging that incorporates recycled material, diverting used plastic from the waste stream and landfill.

Case study

A saucy circular solution for Culley's

In FY21, Pact launched a new range of 250ml and 350ml bottles for Culley's made from 100% recycled PET.

The use of rPET saves more than

22.6 tonnes

of virgin pet per annum.

Case study

Essano increases its rPET Range

In FY21, Pact developed a new 120ml hydrating skincare product for Essano from 100% rPET.

In FY20, Pact transitioned TRESemmé's 900ml Shampoo and Conditioner bottles from virgin HDPE to 50% rHDPE.

The inclusion of 100% rPET saves more than

2 tonnes

of virgin PET per annum.

Case study

Woolworths' macro approach to packaging circularity

In FY21, Pact commenced manufacturing Macro's new one litre bottle made from 75% recycled High Density Polyethylene (rHDPE).

Compared to the use of virgin HDPE, using rHDPE saves 12.79T of CO_2 emissions per year and is the equivalent to planting 19 trees per year.

The use of rHDPE saves more than

13.5 tonnes

of virgin HDPE per annum.

Case study

100% rPET dishwashing liquid bottle for Woolworth's Macro brand

In FY21, Pact commenced manufacturing Macro's new 500ml litre bottle made from 100% recycled polyethylene terephthalate (rPET).

Substituting to rPET saves 46.7T of CO_2 emissions per year and is the equivalent to planting 70 trees per year.

The use of rHDPE saves more than

32.5 tonnes

of virgin HDPE per annum.

Case study

Pact Group wins two prestigious 2021 WorldStar Packaging Awards

Pact's first winning entry was in the Personal Care category for Glow Lab's post-consumer sourced (PCR) 100% rPET bottle. The range consists of body wash, handwash, shampoo and conditioner bottles that are 100% rPET and replace the former virgin PET designs.

After converting to recycled rPET, Pact Group was able to further light weight Glow Lab's amber bottles by an average of -27% (approx. 37 tonnes per annum). Based on Glow Lab's volumes, this equates to approximately 130 tonnes of plastic that has been reused and diverted from landfill.

Pact also won a *WorldStar Award* in the Household category for Earthwise's post-consumer sourced (PCR) 75% rHDPE cleaning range bottles.

The *WorldStar Packaging Awards* are run by the World Packaging Organisation. This year, Australia and New Zealand combined received the fourth highest number of awards in the world behind Japan, China and USA. There were 194 winners overall selected from 345 entries.

People Planet Principles

Conducting our business responsibly and investing in programs that positively impact the communities in which we operate.

Investing in community initiatives and activities

As a global company operating in 15 countries, we are committed to supporting initiatives and activities that foster positive connections between our employees, customers and the communities in which we operate.

Community Giving Program

At Pact, we actively encourage a spirit of generosity in our employees. Our *Community Giving Program* provides opportunities for employees to give back to charity groups they are passionate about, or personally connected with, in four ways:

1. In-kind equipment and product donations.
2. Financial donations to charity partners with a purpose that strives to create lasting social change.
3. Monetary donation matching of personal employee fundraising contributions.
4. Corporate sponsorship.

Given the breadth of Pact's community programs and initiatives, we do not quantify the percentage of Group operations with implemented community engagement, impact assessments and development programs. We do acknowledge this position may change in future years as Group projects evolve.

The Australian Red Cross Lifeblood

We are incredibly proud of Pact's Lifeblood Team who impacted 228 lives in FY21 though their donations of blood and blood products (plasma).

Pact's team of 28 employees from across Pact's three Divisions, made 76 lifesaving donations.

> While there is no better feeling than making lifesaving donations, a little healthy competition always helps! Pact's Lifeblood Team is proud to have been named in the top 20 manufacturing companies in the FY21 National blood challenge. The team have high hopes of achieving a top 10 place next year.
>
> **Shiral Fernando**
> Pact's Lifeblood Team Leader

A Snapshot of Pact's Lifeblood Team

Orange Sky Australia

Pact was proud to support Orange Sky Australia for the third consecutive year in FY21.

Orange Sky Australia helps to positively connect people experiencing homelessness through free laundry, showers and conversation. The focus is on creating a safe, positive and supportive environment for people who are too often ignored or who feel disconnected from the community.

Orange Sky operates 300 shifts from 31 vehicles in 23 cities every week around Australia. To date, its provided 187,000 loads of washing, 20,000 warm showers and 329,900 hours of genuine and non-judgemental conversation.

Pact's donation supported

>150

homeless people

Plan Australia's Covid-19 campaign

In FY21, Pact became a financial supporter of Plan Australia for the first time.

Plan Australia work across 77 countries worldwide to tackle the root causes of poverty, support communities through crisis, campaign for gender equality, and help governments do what's right for children, particularly for girls.

As COVID-19 cases in Asia spike, hospitals are completely overwhelmed. There is currently a massive shortage of oxygen, hospital beds and personal protective equipment for frontline health workers. Families have exhausted their savings during the five-month lockdown across the region, which means many are now running out of food.

By supporting Plan Australia's COVID-19 campaign, Pact's donation will help communities in Asia access assistance like food, oxygen, information, and supply medical centres with health.

Australia's biggest morning tea

Australia's Biggest Morning Tea is Cancer Council's most popular fundraising event and the largest, most successful event of its kind in Australia.

While we were not able to host in-person morning teas at our sites this year due to COVID-19 restrictions, we are proud to have continued our financial support of the Cancer Council. Since hosting our first *Morning Tea* 13 years ago, we have raised and donated more than $120,000.

We are looking forward to enjoying a cup of tea and slice of cake with our team mates next year while raising even more funds.

Black Dog Institute

One in five of Australians experience symptoms of mental illness in any given year — that's around five million people. And roughly 60% of these people won't seek help.

The Black Dog Institute is the only medical research institute in Australia to investigate mental health across the lifespan, with an aim to create a mentally healthier world for everyone.

For the second year, Pact has been a proud financial supporter of the Black Dog Institute.

Keep it clean

In FY21, Pact was proud to continue its membership with Keep New Zealand Beautiful and Keep Australia Beautiful.

These two iconic not-for-profit organisations deliver sustainability education programs; waste minimisation and recycling initiatives; and are dedicated to keeping our communities clean, safe and beautiful.

WasteAid

Pact's Sulo brand is proud to continue its involvement with non-profit organisation WasteAid.

WasteAid provides basic waste services to disadvantaged areas of Australia, predominantly assisting Aboriginal and Torres Strait Islander populations.

Sulo has provided waste bins for various projects and Pact is proud to continue to provide further support to WasteAid as it continues to implement waste services throughout remote communities.

Ronald McDonald House

Pact continued its partnership with Ronald McDonald House Charities (RMHC) in Australia and New Zealand in FY21.

With 18 houses around Australia and three in New Zealand, Ronald McDonald Houses are attached to major women's or children's hospitals and work to support the ever-changing needs of seriously ill children and their families.

To support the incredible work of RMHC in FY21, we provided direct financial support and essential in-kind donations which help the Houses direct money to services and programs which help make the day-to-day lives of those most in need a little easier.

Helping fight hunger in Australia

Each year Pact Reuse (Supply Chain Solutions) proudly partners with Foodbank by providing in-kind hire of crates to its donation centres.

> Together we reached three million people doing it tough in Australia.

When produce doesn't meet the retailer's specification, growers have a choice to donate it to Foodbank.

In 2021, we helped Foodbank source

48.8 million Kg

of essential household items.

Pact's in-kind equipment donations enabled

4.1 million

meals to be donated FY21.

Pact Reuse's position in Australia's supply chains affords it a unique opportunity to support Foodbank, and we are excited to strengthen our long-term relationship and financial commitment in FY22 as we expand our crate retrieval program and network.

Ethical conduct

Our Group *Code of Conduct* outlines our expectations in respect to our sense of corporate responsibility and integrity.

Our *Code of Conduct* outlines how the Group expects its representatives to behave and conduct business in the workplace. It provides a benchmark for professional behaviour to support the Group's business reputation and corporate image within the community. It covers key topics including: conflict of interest; anti-bribery and corruption; gifts and commissions; facilitation payments; political contributions and securities trading.

It applies to all business activities involving suppliers, contractors, customers, shareholders and employees in Australia and overseas. The *Code* encourages the reporting of unethical behaviour and breaches of policy or company values. The related processes are further outlined in the Group *Whistleblower Policy*.

Supporting the *Code of Conduct* is a range of Group policies designed to ensure compliance with laws and regulations. The *Code* and policies are reviewed as needed to reflect changes to legislation, regulations or business risks. Training for employees is provided on a regular basis either in person or via our online learning management system.

The *Code* and Group policies are available on the Pact website: Click here.

Anti-Bribery and Corruption Policy

Our *Anti-bribery and Corruption Policy* outlines the standard of appropriate behaviours in respect to this topic. Training on the applicable laws has been provided to relevant Executive and Senior Managers. We continue to focus on this and are further developing and enhancing tools and procedures to mitigate risk.

Competition and Consumer Act Compliance Policy

Our *Competition and Consumer Act Compliance Policy* states Pact's commitment to acting in accordance with the obligations under the *Competition and Consumer Act 2010 (CCA)* and *Commerce Act 1986*. Pact places great importance on compliance with this key area as it impacts how we deal with our competitors, suppliers and customers.

All our Executives, Senior Managers, sales team and other relevant employees complete online training and refresher training is delivered.

A breach of the *CCA* can result in significant penalties (to the Company and individuals) and significant damage to the Company's goodwill and reputation in the marketplace. During the reporting period, we have not had any legal action pending or completed regarding anti-competitive behaviour in which the Group has been identified as a participant. There have been no significant fines or non-monetary sanctions for non-compliance with laws and regulations in relation to competition law.

Environmental Policy

Our *Environmental Policy* sets out our commitment to continuously improve the environmental performance of our operations and services. This *Policy* reinforces our commitment to our 2025 End of Waste Promise, and to become the number one partner of sustainable choices for our customers.

Equal Opportunity, Harassment and Bullying Policy

We are committed to being an equal opportunity employer and will not tolerate unlawful discrimination, harassment, bullying, vilification or victimisation in the workplace. Our *Equal Opportunity, Harassment and Bullying Policy* sets out our expectations for high standards of behaviour in the workplace and the procedures for making complaints and investigating issues relating to unlawful discrimination, harassment or bullying.

Diversity Policy

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity to ensure a discrimination-free place of work. Encouraging diversity drives the Company's ability to attract, retain and develop the best talent. It also enables an engaged workforce, the delivery of the highest quality services to its customers and the continued growth of the business.

The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. The Company's *Diversity Policy* can be accessed in the Corporate Governance section at the website: Click here.

At the commencement of each performance year, Pact Group undertakes a detailed review of Pact Group Diversity Measurable Objectives to ensure Pact comply with the appropriate Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council. These measures also focus on monitoring Pact progress in the achievement of gender diversity mix targets and efforts in achieving gender pay equity across the organisation.

The Board's FY22 Gender Diversity Objectives are outlined in the *Report* on page 24.

The annual salary review includes gender detail to identify any gender pay equity imbalance. Active management of salary review with a "lens on gender" has helped to identify and take steps to reduce inequity. Commencement salaries are reviewed against peers to ensure that there is not a discrepancy where the requirements of the role and the capabilities and experience of the candidate are the same or similar.

The Group lodged its annual public report with the Workplace Gender Equality Agency (WGEA) including detail on gender pay equity. It has been confirmed by the WGEA that it achieved compliance status.

Privacy Policy

Protecting our stakeholder's privacy is important to us and this *Policy* explains how Pact Group Ltd and its wholly owned subsidiaries manage personal information.

Quality Policy

Our *Quality Policy* outlines our commitment to operate our business in a manner that meets customers' and international quality standards.

Supplier Code of Conduct

Conducting our business ethically and with integrity includes looking at our supply chain. Our suppliers must comply with all local laws and legislation and must declare all instances where the manufacture of our goods is outsourced. Our *Supplier Code of Conduct* was updated in 2021 and approved by the Board. An extensive review of the *Supplier Code of Conduct* was amended to include cross reference with other Pact Group Policies to ensure consistency and alignment (such as with the *Code of Conduct, Whistleblower Policy, Modern Slavery Policy* and *Modern Slavery Statement*). The *Supplier Code of Conduct* now includes reference to ethical standards, labour and human rights, health and safety, environmental management, application and monitoring, reporting concerns and breaches.

Whistleblower Policy

This *Policy* supports the Group's *Code of Conduct* and is designed to promote and reinforce the Group's culture of honest and ethical behaviour. The purpose of this *Policy* is to encourage employees to raise concerns about misconduct, malpractice, irregularities or any other behaviour which is dishonest, corrupt, illegal or inconsistent with any of the Group's values. It also sets out how the Group intends to make sure a Whistleblower is protected for reporting unacceptable behaviour.

Work Health and Safety Policy

The Group is committed to ensuring all work is completed incident and injury free, in-line with our strategic ambition *Towards Zero Harm*. This *Policy* provides an overview of the Company's commitment to workplace health and safety and what is expected of employees and others.

Financial Transparency

Tax Transparency:

1. Pact pays tax where the underlying economic activity occurs.
2. Pact does not hide assets or income through secrecy provisions.
3. Pact does not shift profits to low or zero-tax jurisdictions.

These principles are enforced through a *Tax Governance Policy* that ensures the Board reviews and signs off on all significant tax decisions, and a tax risk management framework that guides management in the day-to-day management of tax issues.

A *Report* outlining our approach to taxation and providing details about the taxes we paid in FY19 was published during FY21 to help our stakeholders understand our tax paying position. The Report includes information on income and other taxes we have paid, to provide a clearer picture of our contribution to the Australian community. It is Intended that a similar report will be prepared for future years.

Further information and a copy of Pact's *FY19 Tax Transparency Report* can be found on the Pact website: Click here.

Political Contributions and Activities

Our *Code of Conduct* prohibits the use of corporate funds for political purposes. Pact does not contribute any monies to any candidate for election to a political party.

We do not prohibit political activity undertaken by an employee in their own individual, private capacity. However, to eliminate any appearance of coercion in such political activities, it is prohibited for any supervisor to solicit funds from a subordinate for political purposes.

Pact supports the involvement of its employees in community activities and professional organisations. However, outside activity must not create a conflict (or the appearance of a conflict) of interest.

Conflicts of Interest

Conflicts of interest, whether actual or apparent, must be avoided and disclosed. Examples of conflicts of interest include (but not limited to), giving or the receiving of gifts, financial interests or personal relationships. Pact's process relating to conflicts of interest is outlined in our *Code of Conduct* which can be found on the Pact website: Click here.

Corporate governance

Board

The Board of Directors is responsible for the overall corporate governance of Pact Group. The Board's role is to ensure that the Group is properly managed, to protect and enhance shareholder interests, and to ensure the Group operates in an appropriate environment of control and corporate governance.

The Board is comprised of a non-Executive Chairman, one Executive Director (CEO and Managing Director) and four independent non-Executive Directors, and an Executive Leadership Team who are responsible for running the business and formulating the business strategy. Tenure of Pact's Directors range from one year to 11 years. Board members have extensive experience in a range of relevant industries, including manufacturing, finance, information technology, operations, and public company experience. Further information and biographies of the Group's Board members are available in the *Annual Report*, which is located on the Pact website: Click here.

The Board has delegated specific responsibilities to two governance committees which are chaired by independent Directors. The Nomination and Remuneration Committee and the Audit, Business Risk and Compliance Committee have defined responsibilities detailed in their respective charters. These charters can be viewed on the Pact website: Click here.

The Company has established the functions reserved for the Board and these are contained in the Board Charter and the Group's *Delegated Authority Policy*. The CEO and senior executives, who are accountable to the Board, are responsible for matters that are not specifically reserved to the Board, primarily being the day-to-day operations and management of the Group.

Risk management

Pact promotes a risk-aware culture in decision-making and is committed to manage all risks that may materially impact the business in a proactive and effective manner. Risks are identified and managed across a variety of areas, including but not limited to: COVID-19, people; cyber; consumer demand; volatility of commodity prices, foreign exchange and economic environment; global supply chain disruptions; BCP and incident management and compliance risk.

The overall objectives of our risk management program are to:

- promote identification and mitigation of risks in a way that protects the businesses continuity and reputation of the Group, informs management decisions and drives competitive advantage;
- manage all risks that may materially impact the business in a proactive and effective manner; and
- disclose all material business risks, including those in the areas of economic, environmental and social sustainability risks.

The Board of Directors has overall accountability for the risk management program. Oversight has been delegated to the Audit, Business Risk and Compliance Committee (ABRCC) that is responsible for monitoring and review. The MD and Group CEO and Executive Committee are responsible for the day-to-day management of risk, within the risk appetite set by the Board.

The *Risk Management Policy* sets out our commitment to managing all risks in a proactive and effective manner, to drive competitive advantage. The *Policy* is complemented by our *Risk Management Framework*,, which sets out the process for the identification and mitigation of risk to ensure business continuity, protection of the Group's reputation and informed management decisions. The *Framework* is based on the Australian Standard 31000: Risk Management Principles and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

During FY20 the *Risk Management Policy* and *Framework* were updated to reflect recent best practice and were endorsed by the ABRCC and were further refined in FY21.

The *Risk Management Policy* is available on the Pact website: Click here.

Further information on our corporate governance practices can be found in the *Corporate Governance Statement* on the Pact website: Click here.

Human rights

United Nations Global Compact

The United Nations Global Compact (UNGC) is the world's largest corporate sustainability initiative, where businesses commit to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to progress the Sustainable Development Goals.

As a signatory to the UNGC and a member of the local chapter, Global Compact Network Australia, Pact Group upholds the principles of universal human rights, including accessibility, non-discrimination and labour rights across all our operations.

We demonstrate our commitment through the Group's:

- *Code of Conduct*, which requires the fair and equitable treatment of all Pact stakeholders and outlines the responsibilities of all employees in accordance with this; and
- *Equal Opportunity, Harassment and Bullying Policy*, in which Pact is committed to being an equal opportunity employer and to ensuring our workplace is free of unlawful discrimination, harassment and bullying.

Our online corporate induction covers our expectations with regards to the Group and employees upholding the principles of universal human rights. All new salaried employees are required to complete this within the first period of employment.

We lodged our annual UNGC Communications on Progress in December 2020 which can be downloaded from the UNGC website: Click here.

There have been no grievances about human rights impacts filed through formal grievance mechanisms during the reporting period.

Modern slavery

Modern slavery describes situations where coercion, threats, or deception are used to exploit victims and undermine their freedom. Examples include trafficking in persons, slavery, servitude, forced labour, forced marriage, debt bondage, child labour and deceptive recruiting for labour/services. Modern slavery is unlawful.

As a signatory to the UNGC we are committed to supporting the abolition of child labour and forced labour worldwide, and our policies explicitly prohibit this. There have been no incidents of child or forced labour within the Group that we are aware of during the reporting period.

In FY21, Pact released our first *Modern Slavery Statement* in FY21 to comply with the principles of the Australian *Modern Slavery Act (2018)*. A copy of Pact's *Modern Slavery Statement* is available on the Pact website: Click here.

A copy of Pact's *Modern Slavery Policy* is available on the Pact website: Click here.

Customer ethical audits

Pact participates in a number of sustainability and ethical business audits as part of our customers' tender and contractual requirements. These audits enable our partners to assess our sustainability credentials as key stakeholders in their supply chains.

We demonstrate our commitment through the Group's:

- *Code of Conduct*, which requires the fair and equitable treatment of all Pact stakeholders and outlines the responsibilities of all employees in accordance with this; and
- *Equal Opportunity, Harassment and Bullying Policy*, in which Pact is committed to being an equal opportunity employer and to ensuring our workplace is free of unlawful discrimination, harassment and bullying.

As a signatory to the United Nations Global Compact, we continuously work to align our operations and business strategy to its 10 principles.

Global Reporting Initiative Index

Pact Group's 2021 Sustainability Report has been prepared in accordance with the GRI Standards: Core option

GRI Content Index

GRI Standard	Disclosure	Page number(s) / URL	Comments
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	**Organisational profile**		
	102-1 Name of the organisation	Page 1	
	102-2 Activities, brands, products, and services	Page 3	
	102-3 Location of headquarters	Page 3	
	102-4 Location of operations	Page 3	
	102-5 Ownership and legal form	Page 1	
	102-6 Markets served	Pages 5-6	
	102-7 Scale of the organisation	Page 3	
	102-8 Information on employees and other workers	Page 23	
	102-9 Supply chain	Page 5	
	102-10 Significant changes to the organisation and its supply chain	Page 5	
	102-11 Precautionary Principle or approach	Page 80	
	102-12 External initiatives	Pages 43-45	
	102-13 Membership of associations	Pages 43-45	
	Strategy		
	102-14 Statement from senior decision-maker	Pages 9-10	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	Pages 4-5	
	102-17 Mechanisms for advice and concerns about ethics	Page 77	
	Governance		
	102-18 Governance structure	Page 79	
	102-19 Delegating authority	Page 79	
	102-22 Composition of the highest governance body and its committees	Page 79	
	102-23 Chair of the highest governance body	Page 79 and website (Click here)	
	102-25 Conflicts of interest	Page 78 and website (Click here)	
	Stakeholder engagement		
	102-40 List of stakeholder groups	Pages 11-12	
	102-41 Collective bargaining agreements	Page 28	
	102-42 Identifying and selecting stakeholders	Pages 11-12	
	102-43 Approach to stakeholder engagement	Pages 11-12	
	102-44 Key topics and concerns raised	Page 11	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	Page 1	
	102-46 Defining report content and topic Boundaries	Page 13	
	102-47 List of material topics	Page 14	
	102-48 Restatements of information	-	There were no restatements of information in previous reports
	102-49 Changes in reporting	-	There were no significant changes from previous reports
	102-50 Reporting period	Page 1	
	102-51 Date of most recent report	Page 1	
	102-52 Reporting cycle	Page 1	
	102-53 Contact point for questions regarding the report	Page 1	
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GRI Standard	Disclosure	Page number(s) / URL	Comments
Material Topics			
200 series (Economic topics)			
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	Page 78 and website (Click here)	
	207-2 Tax governance, control, and risk management	Page 78 and website (Click here)	
300 series (Environmental topics)			
Materials			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 38	
	301-2 Recycled input materials used	Page 38	
Energy			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page 37	
Emissions			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 37	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 37	
Effluents and Waste			
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Page 38	
400 series (Social topics)			
Employment			
GRI 401: Employment 2016	401-3 Parental leave	Page 26	
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 18	
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 17 and 19	
	403-6 Promotion of worker health	Page 21	
Training and Education			
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Page 31	
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 25-26	

EY Assurance Letter

To be inserted by COB 22/10

PACT
GROUP

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