

# Leading the Circular Economy





# About this Report

Pact's *Sustainability (Report)* represents our commitment to enhance transparency, accountability, and performance. It outlines and reflects on the impact of the Group's operations and supply chain on the environment, focusing on 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.

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

This year we have engaged external assurance to review our energy and emissions reporting to continue setting a high level of accuracy on these key material topics in the organisation. Pact's external auditors were selected to undertake this review. The *Assurance Report* can be found on page 71.

This *Report* has been prepared in accordance with the Global Reporting Initiative (GRI) standards. Detailed mapping of this framework can be found on pages 69-70. 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). This *Report* also contains information about joint ventures operated by the Group. All data relates to the 12-month period ending 30 June 2022 (FY22), unless otherwise stated.

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

There were no restatements of information or significant changes from previous reports.

#### 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 FY22.

#### Further information

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

- › [pactgroup.com](https://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](mailto:info@pactgroup.com)

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Global Reporting Initiative Index



# Pact Group At a glance

**~6,000**  
employees



Headquartered in  
Melbourne Australia



### Our Capabilities

-  Packaging
-  Reuse
-  Recycling
-  Contract Manufacturing

### Net Revenue:

**\$1.838**  
Billion



**133**   
locations

**15**   
countries

Pact<sup>2</sup> is one of the largest rigid plastic recyclers in Australasia

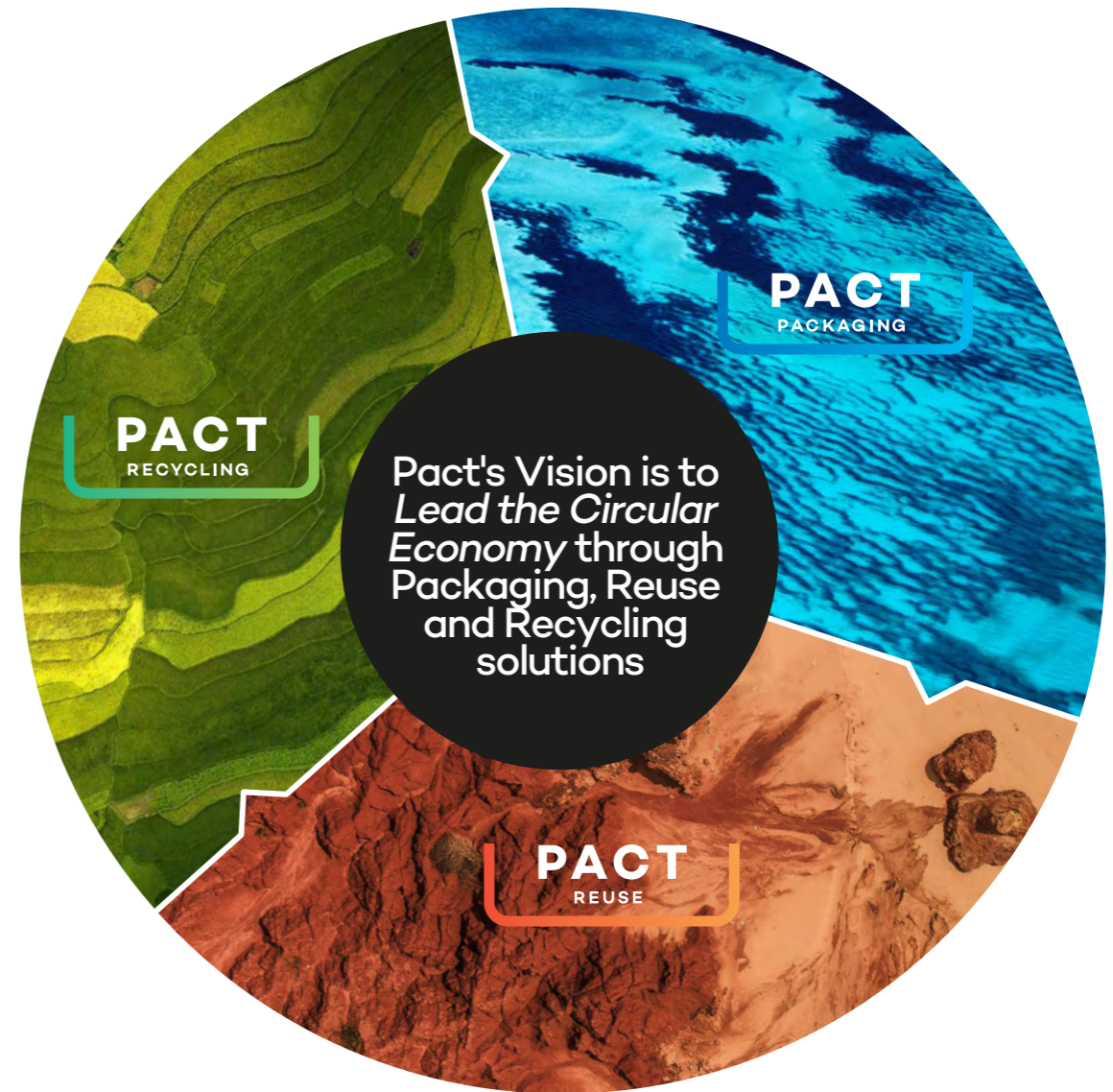


— FINANCIAL REVIEW BOSS —  
**MOST INNOVATIVE COMPANIES**

9 years recognised as one of Australasia's Most Innovative Companies<sup>1</sup>

<sup>1</sup> Australian Financial Review Most Innovative Companies List 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021.  
<sup>2</sup> Including our joint ventures.

# Our Vision and Values



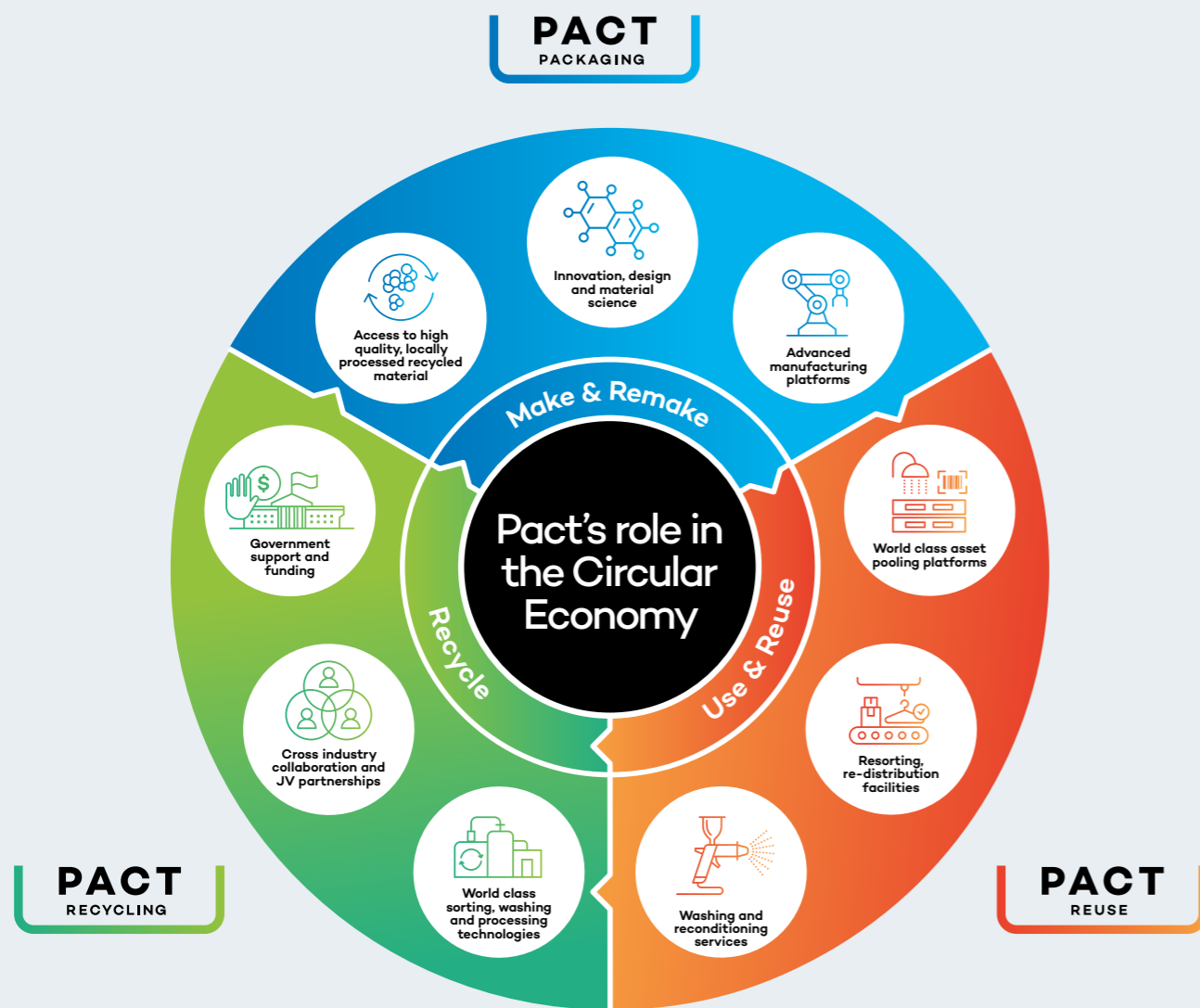
The Values we live by everyday

- 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 approach (take-make-waste) into a circular one that keeps resources in circulation for longer. This approach reduces environmental impact and protects natural resources. Since our inception, Pact has been a driver of the Circular Economy through Packaging, Reuse and Recycling solutions.

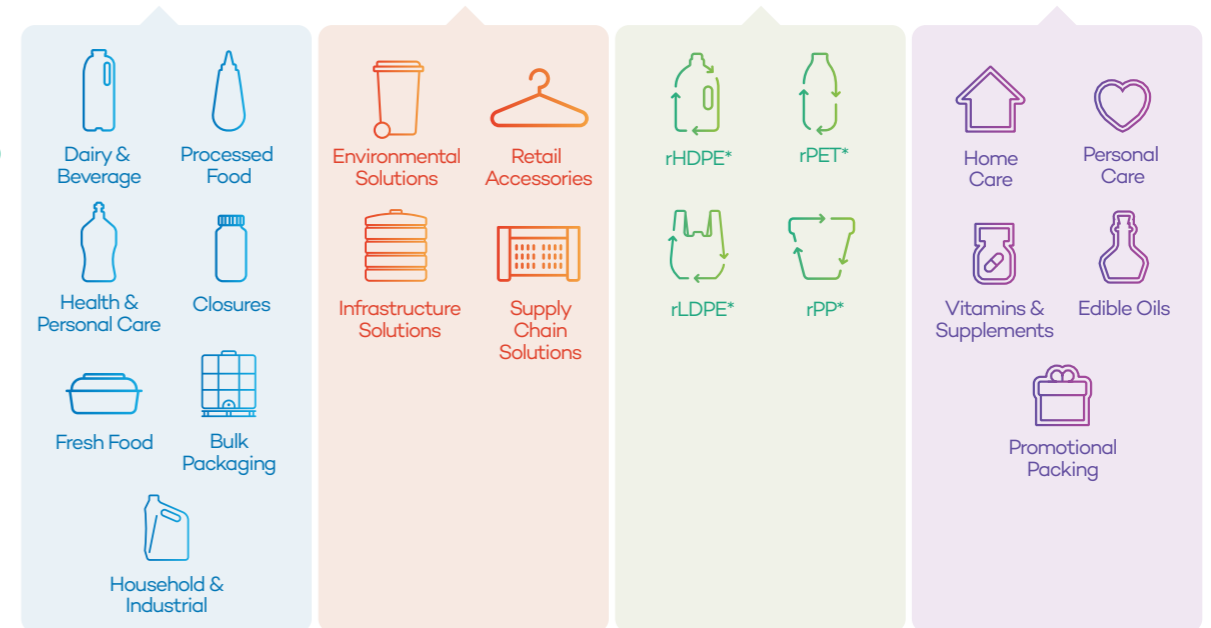


# Our capabilities

Our Divisions



Market Segments



\*rHDPE: recycled high density polyethylene  
 \*rPET: recycled polyethylene terephthalate  
 \*rLDPE: recycled low density polyethylene  
 \*rPP: recycled polypropylene



# FY22 achievements

## People

### 86%

participation in our *Pact Pulse Employee Engagement Survey* across 15 countries

### 72%

overall engagement score in our *Pact Pulse Employee Engagement Survey* (a 4% increase from our previous survey)

### >4,900

Kudos employee recognitions recorded since the program commenced in February 2022

### >1,200

team members across 10 countries attended psychological health awareness webinars related to the COVID-19 pandemic

### 100%

completion rate of the 5,061 IT training modules assigned to Pact employees, including those on cyber security

## Planet

Commitment to reduce our greenhouse gas emissions by

### 50%

in Australia and New Zealand

by 2030, from an FY21 baseline

Decreased production of Polystyrene (PS) packaging by

### 34%

or  
**1,516 tonnes**

Decreased production of Polyvinyl Chloride (PVC) packaging by

### 51%

or  
**291 tonnes**

### 4%

increase in the use of Returnable Produce Crates (RPCs) replacing the use of approximately 1,567 tonnes of single-use corrugate packaging

### >14% or 4,500 tonne

increase in the amount of recycled material we produced and utilised internally or sold

### 4 *Packaging Innovation Design Awards (PIDA)*

### 2 *Worldstar Packaging Awards*

for use of recycled plastic in packaging in FY22



## Principles

### \$420 million

of existing loan facilities converted to Sustainability Linked Loans (SLLs) — a first for an Australian-based manufacturing company

### 14

charities and organisations supported through our *Community Giving program*

### 2<sup>nd</sup>

*Modern Slavery Statement* released



Reviewed and updated our Board and Board Committee Charters



Further alignment of Pact's *Risk Management Framework* with *AS ISO 31000:2018 – Risk Management*



# A word from our Managing Director and Group CEO



At Pact, sustainability underpins our Vision, Strategy, and business decisions. We have been a leader in sustainability for many years and we remain committed to do our part to build a more sustainable future.

In a year of many challenges, including the ongoing effects of COVID-19, severe weather events, supply chain disruptions and labour shortages, Pact once again proved its resilience by managing these challenges and taking advantage of opportunities as they have arisen.

Our *Sustainability Report* outlines our FY22 Environment, Social and Governance (ESG) strategy, commitments and impact assessments 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.

These three pillars drive our purpose to design out waste and keep resources and materials in circulation.

## People

Our number one Value at Pact is Safety. Our commitment to our people is that the Group will provide a safe, healthy, caring, and respectful culture. This is the Pact Safe way.

In FY22, the Group invested further in safety programs and processes, and I am pleased to report that we recorded a Total Recordable Injury Frequency Rate of 96 during the year. We are determined to drive further improvement in that metric. COVID-19 continued to present significant challenges across our operations in FY22, particularly in Asia, but strict health and safety protocols have been maintained at all facilities to protect employees and the community.

We have a diverse and engaged workforce that is Proud to be Pact. In FY22 we introduced leadership and sales excellence programs which have been a great success in empowering our people and will assist in selling our Circular Economy proposition. I remain extremely proud of our talented and dedicated people for embracing our Vision and Values and driving our strategy forward.

## Planet

Our business activities have a direct impact on the environment and as a leader of the Circular Economy, it is our responsibility to ensure we contribute positively to the global action on climate change. In FY22, Pact Group committed to reducing its greenhouse gas emissions by 50% in Australia and New Zealand by 2030, from an FY21 baseline. Pact's target relates to the emissions the Group is directly and indirectly producing. Direct, or scope 1 emissions, cover sources that Pact either owns or controls such as the gases generated at its facilities from furnaces, boilers, heavy machinery and liquefied petroleum gas (LPG) forklifts. Indirect, or scope 2 emissions, are emissions that Pact causes indirectly from purchasing electricity from the grid to power its facilities. Pact will initially focus on reducing emissions at its operations in Australia and New Zealand, where the Group has its biggest footprint. Pact's greenhouse gas emissions reduction target will expand to include all operations in the coming years.

**Our 50% emissions reduction target in Australia and New Zealand by 2030 means we are aligning ourselves with the expectations of our customers, suppliers, and society.**

We are on track with our strategy to *Lead the Circular Economy through our Reuse, Recycling and Packaging solutions*. We have made further significant progress on several initiatives in FY22, including:

- Commencement of operations at our new Circular Plastics Australia (PET) joint venture with Cleanaway Waste Management, Asahi Beverages and Coca-Cola Europacific Partners. The Albury recycling facility attained international food safety approval in FY22.
- An important partnership with Woolworths to convert its own brand products to recycled content by 2025, replacing approximately 18,000 tonnes of virgin plastic with recycled plastic, and to scale up its use of Pact's reusable plastic produce crates over the next three years from 50 million to 80 million per year.
- Converting numerous customers in Australia and New Zealand to recycled products made with recycled resin, including milk bottles, closures, and meat trays.

With our joint venture partners, we have two additional recycling facilities under construction. Pact is also in the planning phase for a further three facilities. With this pipeline of new facilities, combined with our investments in new technology and equipment at our packaging manufacturing facilities across Australia, we are leading the way in the manufacture of high-quality recycled resin and the production of packaging, closures, and products with high recycled content.

## Principles

We strive to *Lead the Circular Economy* through being informed, ethical and transparent.

In a first for an Australian-based manufacturing company, in FY22, Pact converted \$420 million of existing loan facilities into Sustainability-Linked Loans (SLLs). Under this arrangement, Pact will receive loan margin benefits if annual sustainability performance targets are achieved, and a margin penalty if we underperform.

The sustainability performance targets are:

1. An increase in the percentage of recycled content across Pact's plastics portfolio.
2. Increasing the amount of recycled material processed and distributed to the external market.
3. Reducing scope 1 and 2 greenhouse gas emissions.
4. Reducing the gender pay gap.

I would like to take this opportunity to extend my sincere gratitude to the dedicated Pact team members for their efforts and commitment in another challenging year. We accept our role as a responsible employer and remain committed to supporting the United Nations Global Compact (UNGC). The Group has delivered strong results for our customers, our planet, our people and communities, and we look forward to continuing that momentum in the year ahead.

Sanjay Dayal  
Managing Director & Group CEO



# Areas of impact

As our stakeholders become increasingly invested in issues related to ESG, 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 objective, we proactively interact with a wide variety of stakeholders 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 engaging with our stakeholders are diverse, as outlined below.

## Stakeholders Actively interested

### Shareholders

Comprise of institutional investors, employees investors, retail shareholders and prospective investors.

#### How we engage

- ASX announcements, press releases, up-to-date website content
- Face-to-face meetings
- *Annual Report*
- AGMs
- *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 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
- Joint new product development and research and development
- 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

Approximately 6,000 employees across 15 countries.

#### How we engage

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

### Government and regulators

As required, we engage with Local, State and Federal Governments, primarily regarding regulatory compliance and to shape the future of the Circular Economy.

#### How we engage

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

### Community groups

We engage with 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 GRI Universal Standards 2021. 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 material topics are listed on page 16.

## Materiality analysis

Annually we undertake materiality assessments to determine the most important sustainability issues for our stakeholders. We use these findings to inform our *Sustainability Strategy* and prioritise our initiatives to ensure we have meaningful metrics against which to measure our performance. The analysis provides a basis for the structure and content of this Report.

Separate reporting on Pact's operational business risks can be found in our *Annual Report*.

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 materiality process

Our materiality process considers Pact's economic, environmental and social impacts and the consequences and risks associated with these, in consultation with our stakeholders.

## Understand

We conduct our materiality analysis with an understanding of our business activities and business relationships analysis, the sustainability context in which these occur, and an overview of our stakeholders. This review provides Pact with critical information for identifying our actual and potential impacts.

## Identify

We review the previous year's list of material topics, reflect on material topics and sustainability challenges of like companies; media coverage of the manufacturing industry; the relevant ESG frameworks and standards (including GRI, Carbon Disclosure Project (CDP), EcoVadis and Australian Packaging Covenant Organisation (APCO)), our Vision and Values; and the areas of interest identified by stakeholders and the global community in general. Through this process, we develop an updated list of sustainability issues relevant to Pact and our stakeholders.

## Engage

We regularly consult our stakeholders (detailed on pages 11-12) to understand the topics that are important to them and our business. The feedback we gather throughout the year informs our materiality assessment. From this feedback, we use a weighting process to prioritise the topics identified in the previous step, and this engagement solidifies our list of most material topics. In FY22 we identified nine material topics, and these form the structure of this analysis.

## Review

Our list of material topics is reviewed by our risk team, senior management and the Board.



# Determining our material topics

Through engagement with our key stakeholders, we have identified nine material topics for Pact Group in FY22.

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

-  **People**
-  **Planet**
-  **Principles**

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



	Material Topic	Reference to Management of this Material Topic
 <b>People</b>	<b>Health and Safety</b> Providing a safe workplace and supporting our workers' physical and mental wellbeing.	Pages 28-32
	<b>Workforce Training, Development and Engagement</b> Maintaining high levels of employee engagement and providing learning and development opportunities to motivate our people to reach their full potential.	Page 33
	<b>Diversity, Equality and Inclusion</b> 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 various demographics.	Pages 21-24
 <b>Planet</b>	<b>Emissions</b> Using natural resources responsibly by optimising process efficiency to reasonably minimise the impacts of our manufacturing processes.	Pages 37-39
	<b>Waste</b> Ongoing focus on reducing and eliminating waste from our operations.	Pages 52-53
	<b>Water<sup>1</sup></b> Initial focus on measuring water consumption from our operations.	Page 54
	<b>Innovation and Product Stewardship</b> <i>Leading the Circular Economy</i> through our <i>End of Waste Targets</i> and sustainable packaging solutions.	Pages 40-51
 <b>Principles</b>	<b>Community Impact</b> Supporting the communities in which we operate.	Page 59
	<b>Transparency<sup>2</sup></b> Drawing on the high standards and integrity in how we operate, our obligation to provide accurate and honest environmental and sustainability information to stakeholders.	Pages 1-72

<sup>1</sup> Water has been added as a material topic in FY22 because as our business activities increase, so does our water consumption.

<sup>2</sup> We have narrowed our Trust, Ethics and Governance material topic from FY21 down to Transparency and have aligned our definition to match this revised scope.



# Alignment to Sustainable Development Goals

The SDGs were established in 2015 by the United Nations. The 17 specific goals provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. As a leader of the Circular Economy, Pact recognises that we have a responsibility to take action and make progress towards achieving these goals. Our progress is listed below.

## Goal



**Good Health and Wellbeing**  
Ensure healthy lives and promote wellbeing for all at all ages.

## Pact's Focus

- Providing a safe workplace and supporting our workers' physical and mental wellbeing with various health promotion programs and services.  
- Pages 28-32



**Quality Education**  
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

- Offering various training and upskilling opportunities for all employees, whilst also having an apprentice program that teaches individuals vital technical and vocational skills.  
- Pages 33-34



**Gender Equality**  
Achieve gender equality and empower all women and girls.

- Having dedicated targets for gender equality in the workplace.  
- Page 24



**Affordable and Clean Energy**  
Ensure access to affordable, reliable, sustainable and modern energy for all.

- Maximising energy efficiency, adopting cleaner energy options and investing in generating renewable energy to reduce emissions in Australia and New Zealand by 50% by 2030, from an FY21 baseline.  
- Pages 38-39



**Decent Work and Economic Growth**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- Prioritising the people in our business and ensuring our organisation is an inclusive, fair and equitable workplace across our operations worldwide.  
- Pages 21-34

## Goal



**Industry, Innovation and Infrastructure**

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

## Pact's Focus

- Investing in our Circular Economy strategy so we can continue to provide more sustainable options for industrial processes and resource use.  
- Pages 37-56



**Reduced Inequalities**

Reduce inequality within and among countries.

- Focusing on creating an equal opportunity workspace for our people.  
- Page 24



**Sustainable Cities and Communities**

Make cities and human settlements inclusive, safe, resilient and sustainable.

- Concentrating on opening new recycling sites so we can maximise our recycling capacity and reduce the adverse per capita environmental impact of cities through waste management.  
- Pages 41-49



**Responsible Consumption and Production**

Ensure sustainable consumption and production patterns.

- Leading the Circular Economy through our *End of Waste Targets* and providing sustainable packaging solutions for our customers  
- Pages 40-52



**Climate Action**

Take urgent action to combat climate change and its impacts.

- Measuring, monitoring and minimising our operational emissions footprint in alignment with our 2030 emissions reduction target, whilst identifying opportunities to minimise our environmental impact in relation to waste and water.  
- Pages 37-39 and 52-55



**Peace, Justice and Strong Institutions**

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.

- Enhancing the harmony of society by actively adhering to, and being a signatory of, the UNGC and Global Compact Network Australia.  
- Page 62



**Partnerships for the Goals**

Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

- Harnessing the power of our various partnerships and *Community Giving Program* to provide effective outcomes to increase the sustainability of local and global communities.  
- Page 59



# People Planet Principles

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



# Our employees

Below is the breakdown of our employees in FY22.

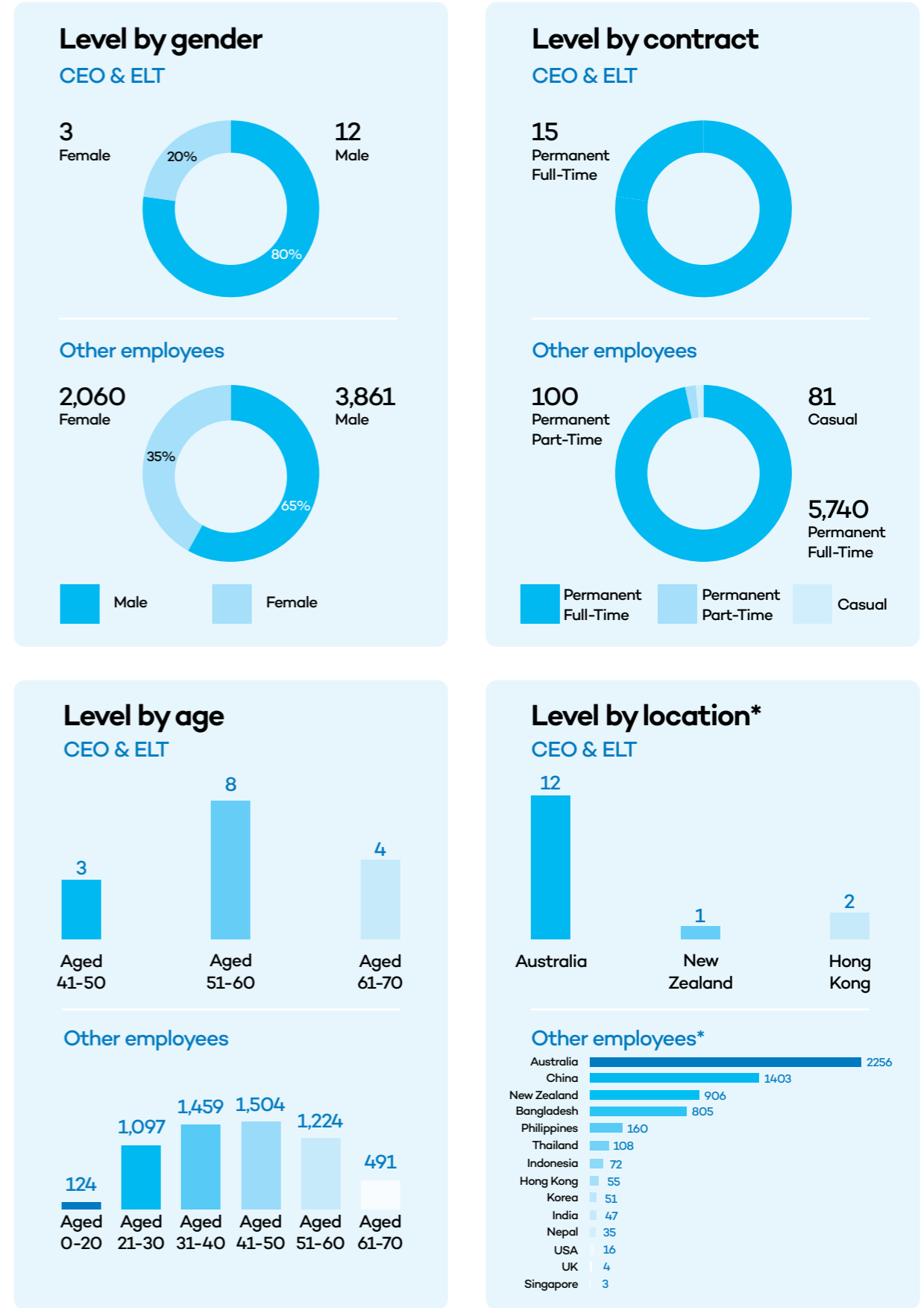
In FY22, 35% of our workforce was female.

Pact Group  
**5,936** employees

	Total	Female	Male
CEO & ELT	15	3	12
Other employees	5,921	2,060	3,861
<b>Total</b>	<b>100%</b>	<b>35%</b>	<b>65%</b>

The above data does not include our Chairman and Non-Executive Directors. Board composition information can be found in our [Annual Report](#).

## Diversity composition across our business



\* While Pact has operations in Sri Lanka, engagements are via a third party.



# Employment

In FY22, Pact hired 471 new employees and the Group's employee turnover rate was 13.7%.

We like to give back to those contributing to the success of our business, so our employees receive many entitlements.

## Salaried Employees

- Flexible working
- Work from home toolkit
- Free onsite car parking
- *Kudos Recognition Program* – employees can earn reward points for living the Group's Values redeemable on a range of items, and make charitable donations
- Novated vehicle leasing and motor vehicle purchasing discounts
- Health insurance discounts
- 18 weeks paid parental leave for primary carers and two weeks for secondary carers
- *Employee Assistance Program (EAP)* – a free confidential and independent counselling service
- *MyLearning* – programs to boost employee development, including leadership courses and online learning modules
- Career opportunities across a global organisation
- *Community Giving Program*
- An opportunity to be part of a purpose-led and Values driven, sustainable organisation that *Leads the Circular Economy*

## Waged Employees

- Flexible working including different roster and shift availability
- Free onsite car parking
- Motor vehicle purchasing discounts
- *Employee Assistance Program (EAP)* – a free confidential and independent counselling service
- *MyLearning* – programs to boost employee development, including leadership courses and online learning modules
- Traineeships – fully-funded Certificate III in Process Manufacturing
- Career opportunities across a global organisation
- *Community Giving Program*
- An opportunity to be part of a purpose-led and Values driven, sustainable organisation that *Leads the Circular Economy*

# Parental leave

Flexible work arrangements are available as needed for those employees returning from parental leave. During FY22, 42 female and 34 male employees accessed parental leave.

All permanent employees, 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 two weeks paid parental leave for secondary care givers.

# 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.

A culture built on a foundation of equality, diversity and inclusion delivers considerable benefits to an organisation. Our *Diversity Policy* describes our zero-tolerance stance on discrimination and outlines our approach to creating working arrangements that cater to all our employees.

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. Our FY22 progress on these targets is below.

Gender Diversity Targets	Commencing	Progressing	Achieving
Have a minimum of one female candidate interviewed as part of the recruitment process for salaried roles.	✓		
Ensure annual salary review outcomes allocate greater or equal overall percentage adjustment for female salaried employees compared to male salaried employees.			✓
Achieve pay equity by gender at each level of the organisation.		✓	
Include specific questions in the next <i>Pact Pulse Employee Engagement Survey</i> to quantify gender as an issue in the workplace across the Group.			✓
Have 30% of females at the executive levels of CEO-1 (ELT) and CEO-2 (SLT) populations.		✓	

Labour market constraints, specifically the lack of candidates applying for jobs, affected Pact's progress against achieving our *Gender Diversity Targets* in FY22. As a result, this affected our ability to attain our female interviewing goal for each role advertised.

In-line with our *Sustainability Linked Loan* (more on page 61), we reduced our pay disparity for salaried roles in Australia and New Zealand (excluding CEO and ELT positions) from 5.4% to 4.9% at the end of our FY22 *Salary Review Program*, and we have a dedicated strategy to continue to reduce this disparity over the coming years. Our waged employees are all paid in accordance with the applicable wage legislation. In many cases we exceed legislative requirements, as many employees are covered by *Enterprise Agreements*.

In our October 2021 *Pact Pulse Employee Engagement Survey* (see more on page 26) we asked employees how they felt about the statement 'Pact Group values diversity and provides a safe and enabling workplace'. Pleasingly, 81% of employees agreed with this statement.

In FY22, 32% of our senior leadership team and 20% of our ELT were female. We are actively working to increase our ELT composition to meet our *Gender Diversity Targets*.

**In recognition that there are always ways to further improve the management of our People and Culture, the Group has committed to developing a *Reconciliation Action Plan* and a *Diversity and Inclusion Committee* in FY23. These additional measures will help us to support our employees and promote harmony within our workforce.**



# Performance, reward and recognition

## Annual Performance Cycle

To build a high-performance culture, our people have clearly defined goals, understand how their work aligns to the Group's strategy, receive regular feedback and recognition, and are rewarded appropriately as the business performs. Pact's ELT, senior managers and salaried team members have a biannual *Performance Review Cycle* that aligns individual employee goals with the following key pillars: Health, Safety & Environment; Financial; Operational Excellence; People & Engagement and Strategic Imperative.

## Our Values

A Values-led business ensures the Group is a safe and engaging workplace. During FY22 we continued to embed our new Values and engaged all levels of the business (from our ELT to team members on our shop floor) in team-based Values Connect workshops.

During the workshops, each team had the opportunity to discuss and agree upon the behaviours the Group expects and develop a set of local team commitments for living Pact's Values. The team commitments from across the Group were then used to develop a set of behavioural statements that now guide the Group's culture. Setting goals for and demonstrating how we live our Values are key components of our annual performance assessment process at Pact.

The Values we live by everyday

**Safety** 

**Customer** 

**Integrity** 

**Innovation** 

**Respect** 

# Pact Pulse Employee Engagement Survey

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

The *Pact Pulse Employee Engagement Survey* was established in 2020 to better gauge our team members' engagement and gain a deeper understanding of what is important to our employees, what can be improved, and what we are good at.

In FY22, we set an ambitious target to achieve an 80% participation rate and were delighted to achieve an 86% participation rate across 15 countries. Achieving this participation rate ensures we have meaningful insights into our employees' experiences working at Pact.

FY22 *Pact Pulse Employee Engagement Survey* highlights:

- Our overall engagement score increased to 72% (a 4% increase from our previous survey).
- A 72% favourable response (up 8% on the previous survey) to the question "Pact's commitment to social responsibility (eg. community support, sustainability, etc.) is genuine".

The survey also identified that employees valued opportunities for learning and career development, recognition and communication. Local team-based action plans have been developed to address improvement areas.










# Kudos Recognition Program



Pact's Kudos Recognition Program was developed in response to employee feedback received in the Group's 2020 Pact Pulse Employee Engagement Survey. The survey identified that employees wanted more opportunities to celebrate how team members were bringing the Group's Values to life and delivering Pact's Vision.

Since Kudos was implemented in January 2022, more than 4,900 Kudos recognitions have been sent. Each recognition is aligned with one of the Group's Values:

- Safety  - 462
- Customer  - 1,624
- Innovation  - 493
- Integrity  - 768
- Respect  - 1,574

Pact's Kudos Recognition Program is being implemented in phases. All salaried employees currently have access to the online portal and can send recognitions to their colleagues. Each recognition has points attached to it and can be boosted with extra points by other employees. A pilot for our waged frontline team members is currently underway.

## 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.

The first cycle was completed in FY22, with an overall take-up rate of 17% across eligible employees in Australia and New Zealand. Since launching, 173,415 fully paid ordinary shares have been acquired on market and 296,458 shares have been issued under this program.

# Health and Safety

Our number one Value at Pact is Safety. Our Health and Safety Policy and our Health, Safety, Environment and Sustainability (HSES) Strategy are aligned with our commitment to our employees, contractors, labour hire and visitors that the Group will provide a safe, healthy, caring and respectful culture.

Pact's HSES Management System is based on ISO45001:2018 and covers all of Pact's facilities under operational control. The HSES Management System has been developed to clearly identify the key responsibilities and standards expected of the ELT, senior managers, the HSES team and workplace management. The HSES Management Strategy is supported by a set of Group policies and procedures that help drive consistency across our sites. These documents reflect current legislative requirements and industry best practices.

The HSES Strategy is organised into three pillars: People, Process and Plant.



### People

**Drive HSES leadership and culture and unlock engagement by collaboration.**

Our commitments:

- Build a 'safety first' and proactive culture
- Develop HSES skills and knowledge in all our people
- Implement our Care Safe program
- Improve our HSES measurement and reporting by focusing on more lead indicators than lag
- Ensure good governance and prevention of reoccurring incidents and ensure thorough learnings are deployed after serious and potential serious incidents



### Process

**Develop core systems, processes, and procedures to eliminate harm through proactive management of risk.**

Our commitments:

- Continue to establish divisional HSES committees
- Implement significant risk control standards
- Further progress our Transport and Chain of Responsibility management
- Further integrate HSES into major projects
- Identify targeted interventions through data analysis, investigations, and learnings from all incidents



### Plant

**Ensure plant, sites and equipment are safe and fit for purpose.**

Our commitments:

- Implement risk reduction programs
- Prioritise capital spend on HSES initiatives through risk assessment and controls



## Health and safety performance

**In FY22, Pact transitioned from a lost-time injury focus to indicators such as potential and actual serious injury or fatalities.**

Pact defines potential and actual serious injury as any work-related injury that has a high consequence. High consequence refers to incidents where the worker cannot, does not, or is not expected to recover fully to pre-injury health status within three months. The Group continues to document total recordable injuries including first aid, medical and serious injuries as well as incidents that result in restricted work duties. We will be recording and reporting these figures in FY23.

For employees in FY22, Pact recorded 116 total recordable injuries.

For labour hire and contractors in FY22, Pact recorded 39 total recordable injuries.

The main types of injuries at Pact are sprains and strains, cuts, and bruises, often attributed to manual handling.

We recorded no employee, labour hire or contractor fatalities in FY22.

Pact uses an online system, VelocityEHS, to record and manage health and safety hazards, incidents, and actions. All sites are required to record all incidents as soon as practicable after they occur, as per our *Incident Reporting and Investigation Procedure*. All employees have access to VelocityEHS and can use it as frequently as necessary to report work-related hazards and hazardous situations.

Pact conducts Incident Cause Analysis Method (ICAM) investigations for all potential or actual serious injuries and incidents. The findings of these investigations help us understand the root cause of the event and identify safer ways of doing work to prevent these incidents from occurring again.

In FY22, our sites entered more than 13,100 hazards, and 84% of these hazards had their corrective actions closed; just under our 85% target for hazard close-out. We will continue to work towards our target in FY23.

Pact requires all operating sites to conduct safe behaviour observations. These are recorded observations when an individual observes another doing a task. These observations allow individuals to receive recognition for safe behaviour or identify areas to improve worker safety and reduce risk.

In FY22, Pact sites conducted more than 9,800 safe behaviour observations.

On occasion, the Group receives notices from relevant authorities pursuant to local workplace health and safety legislation. The Group takes all notices seriously, conducting a thorough investigation into the underlying causes and ensures it takes every opportunity to continuously improve systems. Pact works with the appropriate authorities to address requirements and proactively manage obligations. All of these notices were resolved within the timeframe given and Pact has taken all practicable controls to minimise the risk of reoccurrence. Pact was not fined or prosecuted for any health and safety matters that occurred in FY22.

In FY22, Pact sites conducted more than

**9,800**

safe behaviour observations.

## COVID-19 pandemic response

Our focus and response to COVID-19 remained a priority throughout FY22. All our sites had strong protocols in place to minimise the spread of COVID-19 and protect the health and safety of our employees and their families. We also ran psychological health awareness webinars on the topic of the pandemic. More than 1,200 workers attended these sessions. The information from these webinars was made available to employees through posters, toolbox sessions and videos. Paid pandemic leave was also offered to encourage safe recovery at home. Additionally, Pact created the *Proud To Be Vaxxed* program, where all Australian and New Zealand Pact employees were eligible for a \$75 incentive payment for becoming fully vaccinated. More than 2,300 employees took part in the program. Sites outside of Australia and New Zealand organised programs to encourage and increase immunisation rates.





## Care Safe Program

At Pact we believe that the mental health and wellbeing of our employees is just as important as their physical wellbeing. In FY22, Pact implemented our *Care Safe Program*. This program involved transitioning from an external to an internal dedicated Wellbeing and Workers Compensation Team. This team focuses solely on health and wellbeing, injury prevention, monitoring and return to work — but most importantly, this team provides compassionate support and valuable resources to assist our employees in their recovery.

The transition to an internal Wellbeing and Workers Compensation Team (WWC Team) enabled the implementation of our new QR code reporting system. Our new reporting system encourages all Pact employees to report if they are feeling any discomfort, whether that be from physical or mental origins, via scanning a QR code so the WWC Team can promptly reach out and provide care. This system was a significant change for Pact and it has been positively received.

Since the Care Safe system went live in March, the WWC Team has helped to resolve 178 reports of discomfort. All information provided through our QR code systems remains strictly confidential. The WWC Team uses *SolvInjury* to manage work and non-work-related injuries. The *SolvInjury* platform is secure with restricted access to ensure our employee's personal health-related information and their participation in any occupational health services does not lead to any favourable or unfavourable treatment.

Preventing feelings of discomfort and promoting health across our workforce is also a core focus for Pact. We have several programs running across our sites to reduce health and safety risks. Examples include our business relationships with various providers that offer services such as dedicated onsite physiotherapy and wellbeing days, manual handling reviews, assessment and intervention and targeted intervention programs for team members based on their personal assessment. The WWC Team has also worked hard to establish relationships with preferred treatment providers to ensure our team members have access to care providers that understand our *Care Safe Program*. To complement our physical, onsite prevention measures, Pact also provides other means of health promotion. A monthly wellbeing information pack is sent to all Pact employees, focusing on a new health and safety topic. Topics this year have included psychological wellbeing, fatigue, heart health, and back, neck and shoulders injury prevention. Pact also offered free flu vaccinations for all Australian employees.

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

## Significant health and safety risk control standards

In FY22, through consultation and data analysis, the HSES Team developed 10 significant risk control standards to address Pact's top health and safety risks. These standards will be deployed to the Group in FY23 and will form the basis of our collaborative gap analyses (previously audits), which will be conducted at sites using a prioritised approach based on risk rating. This is a new standardised focus for the Group. It will guide managers, supervisors and health and safety representatives to address our significant risks, and ensure controls are in place to operate in a matter that maintains health and safety.

An example of one of Pact's new risk control standards is Chemical Storage and Handling. Chemicals are used on our sites and some of them pose a high risk to health and safety. As per our new risk control standard, hazardous chemical use is regulated by our specific *Hazardous Chemical Storage and Handling Procedure* and adherence to other procedures and HSES requirements. Adherence to these are monitored. At Pact, we always aim to phase out harmful chemicals if practicable.

## Health, safety, environment and sustainability skill development

In FY22, Pact adopted a safety culture maturity model to further understand where the business is at on its health and safety journey. It has been used as an awareness tool to understand the safety culture and compliance progress that each division and site has made. This approach helps foster a supportive and progressive safety culture, based on consultation and collaboration.

We have introduced more regular HSES webinars in FY22 for our HSES teams, workplace managers and relevant others. Our webinars have covered our updated policies and specific topics such as chemical handling and storage. A mentoring program was also implemented in FY22 for employees studying in HSES or interested in upskilling in HSES. Initial formal ICAM training was conducted for relevant employees and a refresher course was also provided for employees who had previously undertaken the training.

In FY22, the Group piloted *Lead Safety, Lead Safely Program* in one division and this will be further developed and implemented in FY23 and beyond. We also piloted *Lead Safety Conversations* (an alternative to safety behaviour observations) in one division, and this will be further developed to be rolled out in FY23.



# Learning, training and career development

At Pact we strive to help all employees reach their full potential. We provide various forms of learning and training to help develop our employees' skillset and further their career.

In FY22, all salaried Pact employees had access to our online *Learning Management System* (LMS). Pact's LMS has more than 200 courses available, covering topics like wellbeing, health and safety, interpersonal skills, leadership, and technical training.

In addition to our LMS, Pact also offered other tailored and specialised training programs. For example:

- The *Lead Performance Program* is targeted at plant and functional leaders to provide them with the knowledge and tools to enhance employees' leadership capabilities and foster increased performance of their teams. In FY22, 57 employees completed this program over a six-month period.
- The *Sales Excellence Program* is designed to build high-performance sales capability. In FY22, 30 sales team members participated in this training.
- *Project Management Professional* training was undertaken by 90 employees across Pact globally.

Our waged employees also had access to various types of training in FY22. Given the nature of their roles, training for these employees was either held onsite by senior leaders or online in group sessions. HSES webinars were regularly held for site managers and HSES representatives to upskill them in relevant areas such as machine safety and manual handling.

All salaried Pact employees are required to complete mandatory Information Technology (IT) training. This is to ensure employees know how to protect their data and how to react if information becomes compromised. This is vital as cyber security is a growing risk, as identified in our *Annual Report*.

Pact's IT Department runs various types of training, such as:

- Mandatory online modules, covering topics such as working from home, privacy, cyber security and device usage. As all our online IT modules are mandatory, 100% of the 5,061 training modules assigned to Pact employees in FY22 were completed.
- Phishing simulations are sent to employees from our IT Department, and employee responses are monitored. Should any employee fail the simulation, additional training is provided. Pact believes phishing attacks are one of our greatest cyber risks, and, consequently, is a significant focus for the business.

# 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 accurately understand how well a candidate's values align with 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 FY22, Pact's internal Talent Acquisition Team continued to focus on early careers, internal career opportunities and enhancing the selection process.

## Early careers

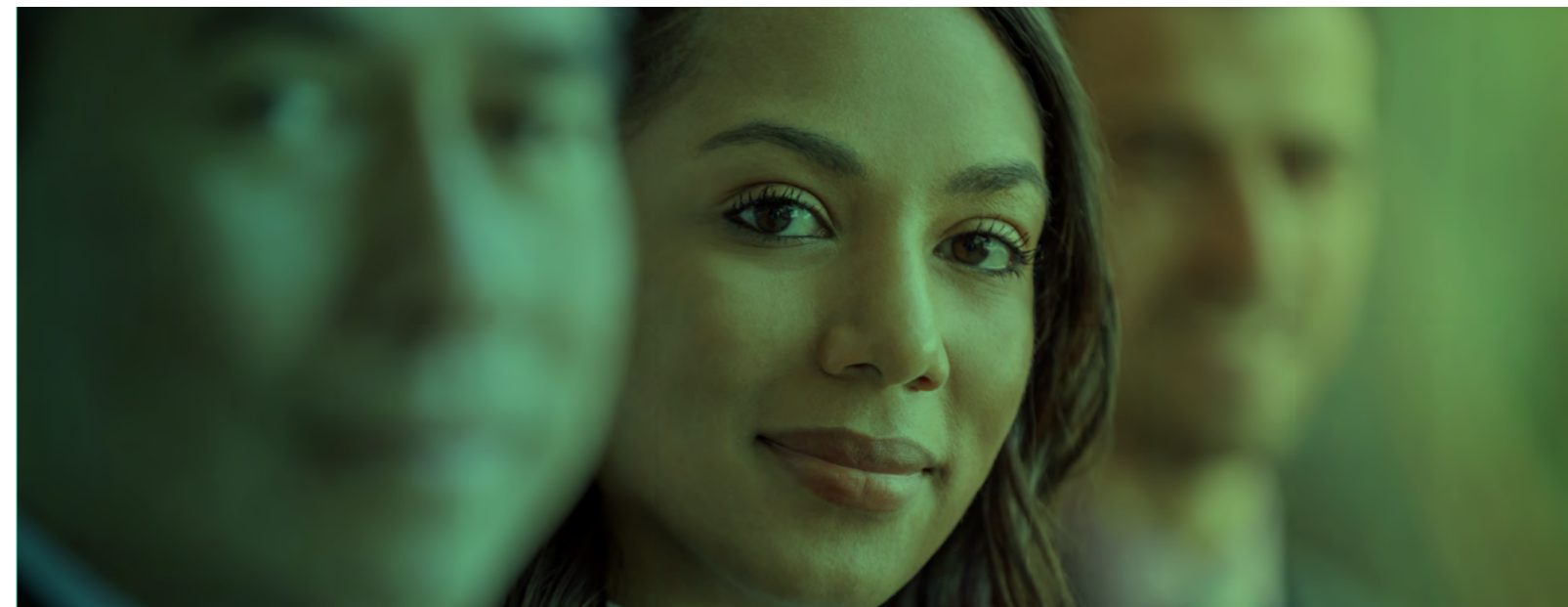
In FY21, Pact launched a centralised apprenticeship program to help individuals enter the workplace. In FY22, Pact supported 11 apprentices across our sites.

## Internal careers

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 in FY21 including tips and resources on navigating the recruitment process, updating CVs, and interview preparation tips. In FY22, 70 internal applications were made by 52 Pact employees for jobs advertised.

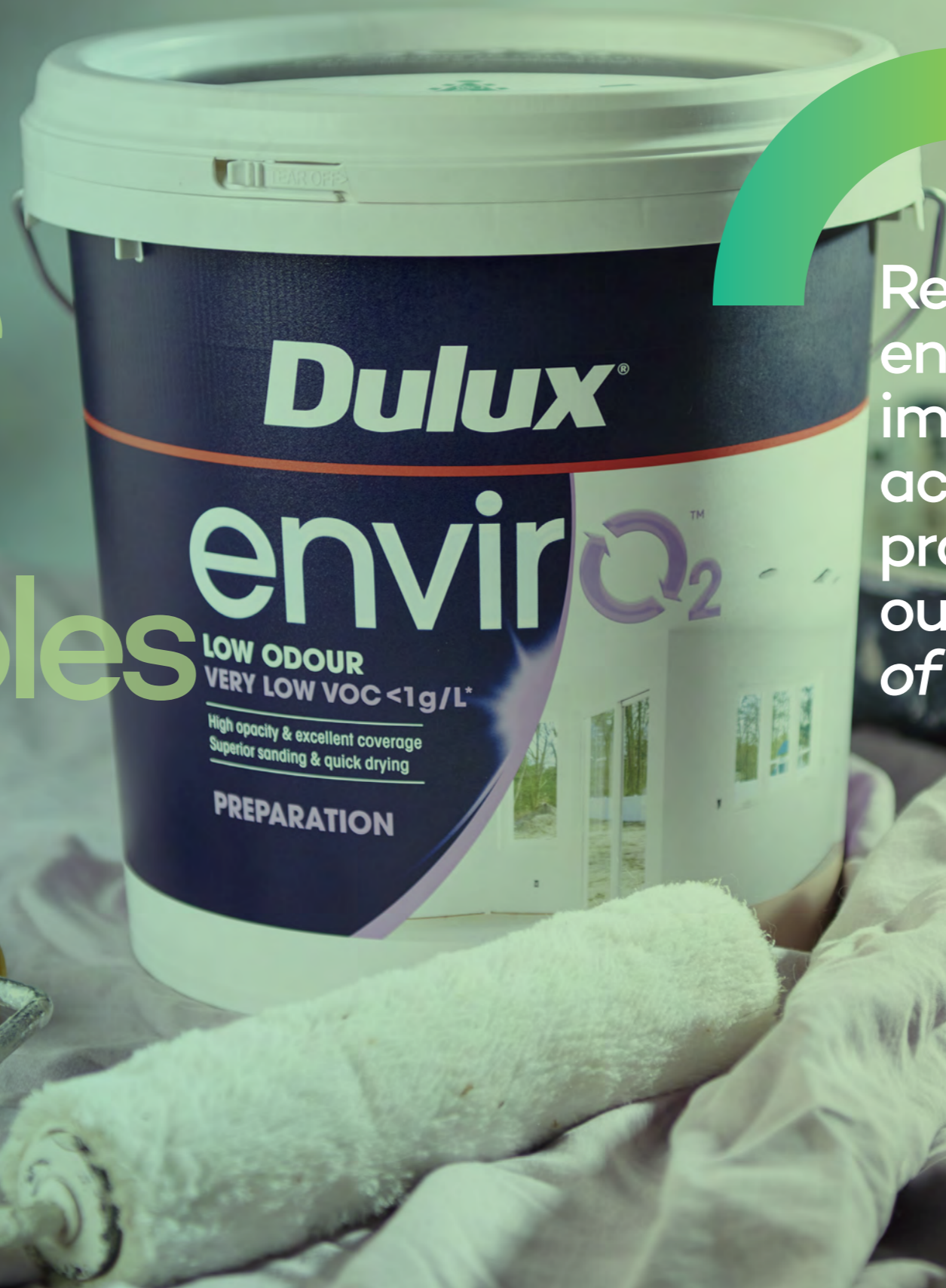
## Enhanced selection process

In FY21, our in-house Talent Acquisition team introduced pre-screening prior to the hiring manager interviews to identify key skills, improve shortlists and ensure we have a mix of candidates progressing through to the interview stage. In FY22 we continued this process to support an unbiased approach to recruitment.





# People Planet Principles



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

\*Excluding handle



# 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 emissions and energy use through the National Greenhouse and Energy Reporting Scheme. This report is externally reviewed and assured to ensure the accuracy and completeness of data. In FY22 Pact Group consumed 1,855,672 gigajoules (GJ) of energy and emitted 276,733 tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e).

The breakdown of this result is as follows:

**Scope 1: 19,629**      **Scope 2: 257,104**

Energy and emissions breakdown:	Australia	New Zealand	Australia & New Zealand (Total)	Asia & Other
Total energy consumed (GJ)	1,163,583	349,406	1,512,989	342,683
Total emissions (tCO <sub>2</sub> e)	204,609	13,001	217,610	59,123
Scope 1	15,860	3,220	19,080	549
Scope 2	188,749	9,781	198,530	58,574

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 (Measurement) Determination 2008* as amended for 2021–2022.
- New Zealand emission and energy content factors were derived from the Ministry for the Environment's *Measuring Emissions: A Guide for Organisations. 2022 Detailed Guide*.
- Emissions factors for the rest of the world were obtained from various sources.

As part of measuring the impacts of our operation across our supply chain, we have committed to calculating our Scope 3 emissions for FY23.

# Our Emissions Reduction Target

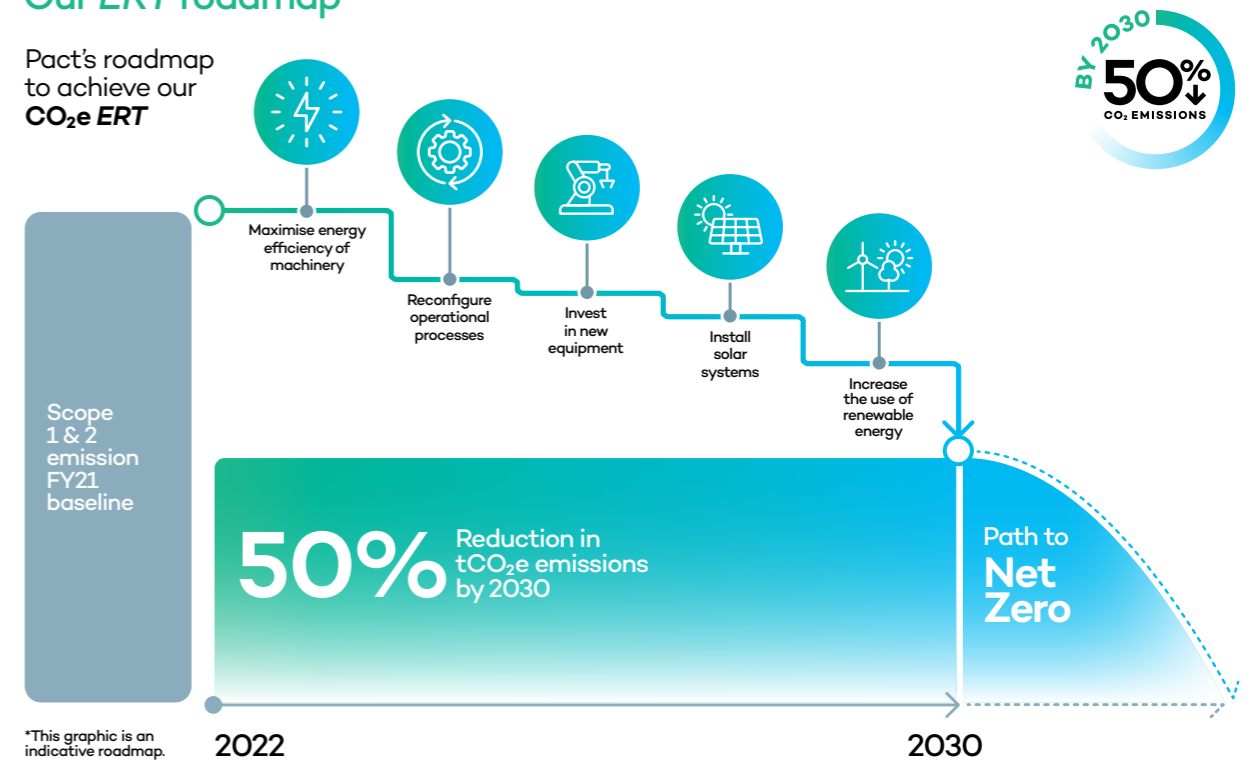
In FY22, the Group unveiled our *Emission Reduction Target (ERT)* to reduce our Scope 1 and 2 emissions by 50% in Australia and New Zealand by 2030, from an FY21 baseline. We are initially focusing on Australia and New Zealand because 79% of our emissions come from our operations in these countries. We intend to expand our *ERT* to the rest of our worldwide operations in future.

Our *ERT* uses FY21 as the baseline. This has been recalculated to account for structural changes that have occurred such as acquisitions, divestments, or site closures. In FY22, the Group acquired one site and another was opened. All future changes to our *ERT* baseline will be declared.

There was little variance between Pact's FY22 emissions and the adjusted FY21 baseline. As we committed to our *ERT* in June, the remainder of FY22 was spent planning our emission reduction initiatives for FY23. The details and benefits of some of these initiatives are outlined below and on the next page.

## Our ERT roadmap\*

Pact's roadmap to achieve our CO<sub>2</sub>e ERT



\*This graphic is an indicative roadmap.



## FY22 initiatives to reduce emissions

Pact has planned many initiatives to reduce emissions across our sites.

Commencing in early 2022, the Group entered a partnership with General Property Trust (GPT), the landlord for various Pact sites, for the further rollout of solar systems across the portfolio.

Under the partnership, two projects have been signed off and are expected to be operational by the end of FY23. The first is a 200kW system with an estimated annual solar generation of 275,125 kWh in Altona North (Victoria). The second is a 1,419kW system in Villawood (New South Wales), with an estimated annual solar generation of 1,779,900 kWh.

Plans have commenced on the installation of solar systems on two additional GPT properties tenanted by Pact. When the four systems are operational, they will be able to generate more than 2.5 million kWh of renewable solar energy per year. This will reduce Pact's indirect emissions to air by more than 2,000 tonnes per year\* and highlights our commitment to achieving sustainability and circularity in all facets of our operations.

Sites are also taking individual action to reduce emissions, through LED lighting replacement and equipment upgrades as well as transitioning to electric forklifts.

Not only is Pact working to reduce emissions on existing sites, but we are also proactively working to reduce emissions and increase the sustainability of the new sites we are building. It is now a requirement that all new Pact sites have solar panels installed.

In FY22, Pact signed a contract to build a new crate washing site in Auckland with Goodman Property. This new site will be 5-star Green Star rated and will feature solar panels, rainwater tanks, and electric vehicle chargers.

For solar projects expected to be operational in FY23, Pact will be able to generate more than

# 2,500,000 kWh

of clean renewable energy an annum.

\*Based on estimated system generation from our solar contracts with GPT and state emission factors from the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as amended for 2021–2022.

## Our operations

Pact is a leading provider of specialty packaging solutions, servicing consumer and industrial sectors. Pact specialises in the manufacture and supply of rigid plastic and steel packaging, reuse solutions, contract manufacturing services and recycling and sustainability services.

As Pact manufactures and packages a diverse range of products on behalf of our customers, sustainability is a key consideration for us. This section of the Report focuses on our core business divisions of Packaging, Reuse and Recycling. Our Contract Manufacturing Division is considered non-core and an overview of these operations is not provided. However, the data from this division is included in all the figures and commitments presented in this report.

Our packaging divisions services the following market segments: dairy and beverage; fresh food; processed food; health and personal care; household and industrial; and bulk packaging. We also provide a range of services to help our customers reduce their environmental impact.





# Plastic

Reducing (Pages 42-45)

Reusing (Page 46)

Recycling (Page 47-48)

Pact uses many resins in our operations, including:

- PET: Polyethylene Terephthalate
- HDPE: High-Density Polyethylene
- LDPE: Low-Density Polyethylene
- PP: Polypropylene
- PS: Polystyrene
- PVC: Polyvinyl Chloride

*A lowercase r before any of these acronyms denotes that the resin is recycled.*

# Reducing

For our plastic packaging division, resin is the primary material used. In FY22, Pact consumed more than 184,260 tonnes of resin and by the end of FY22, the average amount of recycled content within our plastics portfolio was approximately 10%.

As part of our 2025 End of Waste Targets (see more on page 52), Pact has set a target to eliminate all problematic packaging we produce and offer 30% average recycled content across our plastics portfolio. With new recycling facilities opening soon (see pages 47-48 for more details) and significant ongoing investment in this area, Pact is pushing hard to achieve these ambitious targets.

An ongoing focus for Pact is to reduce virgin resin consumption and increase the use of recycled resin across our portfolio. This can be challenging as recycled resin has different properties to virgin resin and some customer requirements do not accommodate the use of recycled content. To overcome this challenge, the Group has committed to invest \$75 million over three years to install new technology and equipment with the capability to increase the recycled content in products including milk bottles, food packaging, mobile garbage bins and industrial packaging across our Australian network.

Investment in upgrading our equipment to be able to use more recycled resin means Pact can *Lead the Circular Economy* through partnerships like our recently announced collaboration with Woolworths. Pact is working to establish a strategic partnership with Woolworths that will see the Group use an additional ~18,000 tonnes of recycled content each year to manufacture and supply Woolworths' own brand range packaging, including milk bottles, meat trays, fruit and vegetable punnets, and beverage bottles.

Recycled resin is also much harder to source than virgin resin. Most of the recycled resin consumed by the Group in FY22 was purchased internally from our seven recycling sites. Pact has two additional joint venture recycling sites that will be operational by 2024, which will improve our access to recycled resin.

Despite the challenges associated with recycled resin use, we worked with our customers to convert a significant amount of virgin resin contracts to now include either full or partial recycled content. In FY22, we were fortunate to receive a number of industry awards for use of recycled resins (refer to 44).

The amount of recycled resin the Group will consume will grow in the future with our recent acquisition of Synergy Packaging, a plastics packaging business that specialises in the manufacturing of PET and 100% rPET packaging tailored to the beauty, cosmetics, nutraceutical, and food segments.



# Plant-based resins

To reduce our consumption of traditional fossil-fuel derived virgin resins, Pact also works with plant-based resins.

Plant-based plastics are produced from renewable feedstock sources, such as starch, cellulose, vegetable oils and vegetable fats. Replacing fossil-fuel feedstock with renewable feedstock significantly reduces the greenhouse gas emissions of the plastics value chain.

Pact is using plant-based HDPE resin, made from sustainably sourced sugarcane, to produce Fonterra's Anchor Blue 2L milk bottle. In FY22 we manufactured more than 1,047,000 of these bottles, which are recyclable through kerbside recycling programs just like bottles made from fossil-fuel derived HDPE.

# Light-weighting

Pact also works with customers to light-weight their plastic products. 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 packaging that offers the same or improved technical performance whilst simultaneously reducing our environmental impact.

# Phasing out problematic resins

Pact has robust targets in place to phase out problematic resins (PS and PVC) in-line with Australia's 2025 National Packaging Targets. In FY22, Pact reduced its production of PS and PVC packaging by 34% and 51% respectively, compared to FY21. Pact is committed to achieving a complete phase out of these materials by 2025 (see page 52 for more details) and has a dedicated team that works with our PS and PVC product customers to convert products to less problematic plastics. In FY22, we ceased production of expanded polystyrene trays ahead of the Group's internal ambitions and mandated government timelines.



# Awards and industry recognition

At Pact, one of our core Values is that we win when our customers win. This helps build strong partnerships, to benefit us now and in the future.

In FY22, the Group, and our customers have achieved numerous awards and industry recognition for *Leading the Circular Economy* through integrating recycled content into our products.

### The Australian Financial Review (AFR) Boss Magazine Most Innovative Companies List

For the ninth consecutive year, Pact was honoured to be recognised as one of Australia and New Zealand's Most Innovative Companies. The initiative we were recognised for was our world first innovative freeway noise walls made from up to 75% recycled plastic. Situated along Mordialloc Freeway, the walls transform approximately 570 tonnes of hard-to-recycle plastic materials into panels spanning 32,000 square metres.

### 2022 WorldStar Packaging Awards

In FY22, Pact won two prestigious *WorldStar Packaging Awards* for packaging made from locally-sourced recycled resin.

### 2022 Australasian Packaging Innovation & Design Awards (PIDA)

The *PIDA Awards* recognise companies that are making a significant difference in their field across Australia and New Zealand. In FY22, Pact won three out of the four awards on offer in the sustainable packaging design category for the use of locally recycled resin.





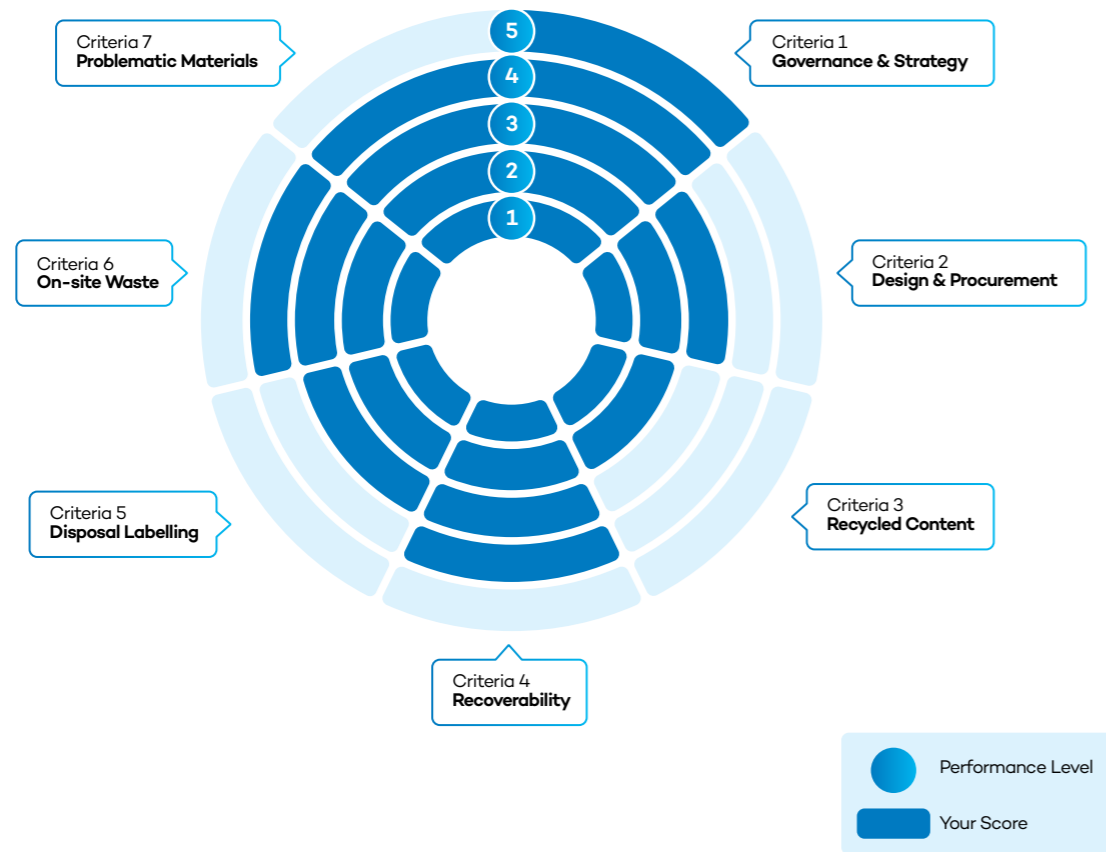
# Australian Packaging Covenant Organisation

We understand that packaging has a life after its contents have been consumed and that, where possible, it is vital it can be repurposed, reconditioned, or recycled. Pact is a signatory to the 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. As a member of APCO, we are continually working to improve the sustainability of our packaging through better collaboration, improved design, and the use of recycled content.

In FY22 we once again completed our annual APCO reporting requirements, achieving an overall *Advanced Performance* level across the seven mandatory Core Criteria. An *Advanced Performance* level identifies Pact as a company that has made tangible action on our packaging sustainability journey in the 12-month reporting period.

We achieved Level 5 (Beyond Best Practice) in the Governance and Strategy criteria for our work on integrating packaging sustainability into our business strategies, and Level 4 (Leading) in the Recoverability, Problematic Materials and Onsite Waste criteria for the significant progress we have made on our packaging sustainability journey.

To view Pact's 2021 APCO Report and Action Plan, [click here](#).



# Reusing

**In addition to manufacturing plastic packaging and products, Pact also provides commercial ways to recycle and reuse plastic material. This means significant quantities of plastic are diverted from landfill.**

Pact's returnable produce crate pooling business has replaced millions of single-use boxes with reusable plastic crates. Our reusable crates are designed to be used more than 140 times before being replaced, lasting 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. As we service two of Australia's largest supermarket retailers and Australia's fresh produce growers, Pact was able to issue more than 81,947,000 crates in FY22 (a 4% increase on FY21). Each time one of these crates are used, we replace the use of one corrugate cardboard box. Therefore, in FY22 our pooling solutions have eliminated 40,400<sup>1</sup> tonnes of single-use cardboard from the fresh produce supply chain. Under our new proposed partnership, Woolworths plans to scale up its use of Pact's reusable plastic produce crates over the next three years from 50 million to 80 million per year.

Pact Retail Accessories is a provider of innovative and sustainable closed-loop garment hanger and accessories reuse services. Pact Retail Accessories solutions supports leading international retailers to attain their environmental and sustainability goals. In FY22, Pact Retail Accessories collected millions of plastic garment hangers and security tags for reuse from our retail partners across USA, Europe, Australia and New Zealand. In FY22, Pact Retail Accessories reused more than 706,339,000 hangers and 138,580,000 security tags and, as a result, has diverted approximately 14,900 tonnes<sup>2</sup> of waste from landfill by keeping these in circulation. In FY22, the reuse rate of hangers was 56% and 86% for security tags. Pact Retail Accessories continues to work with customers to maximise the level of reuse.

Pact offers reconditioning and laundry services to help extend the life span of intermediate bulk containers (IBCs) and plastic drums without compromising their quality. In FY22, Pact collected more than 194,600 used IBCs and 17,000 plastic drums for reconditioning. Our national collection and buying services provide our customers a cost-effective and sustainable solution to transition away from purchasing and relying on single-use packaging.

<sup>1</sup> Based on an estimate of one corrugate cardboard box weighing approximately 493 grams.

<sup>2</sup> Waste diversion tonnage is calculated using actual product average weights.





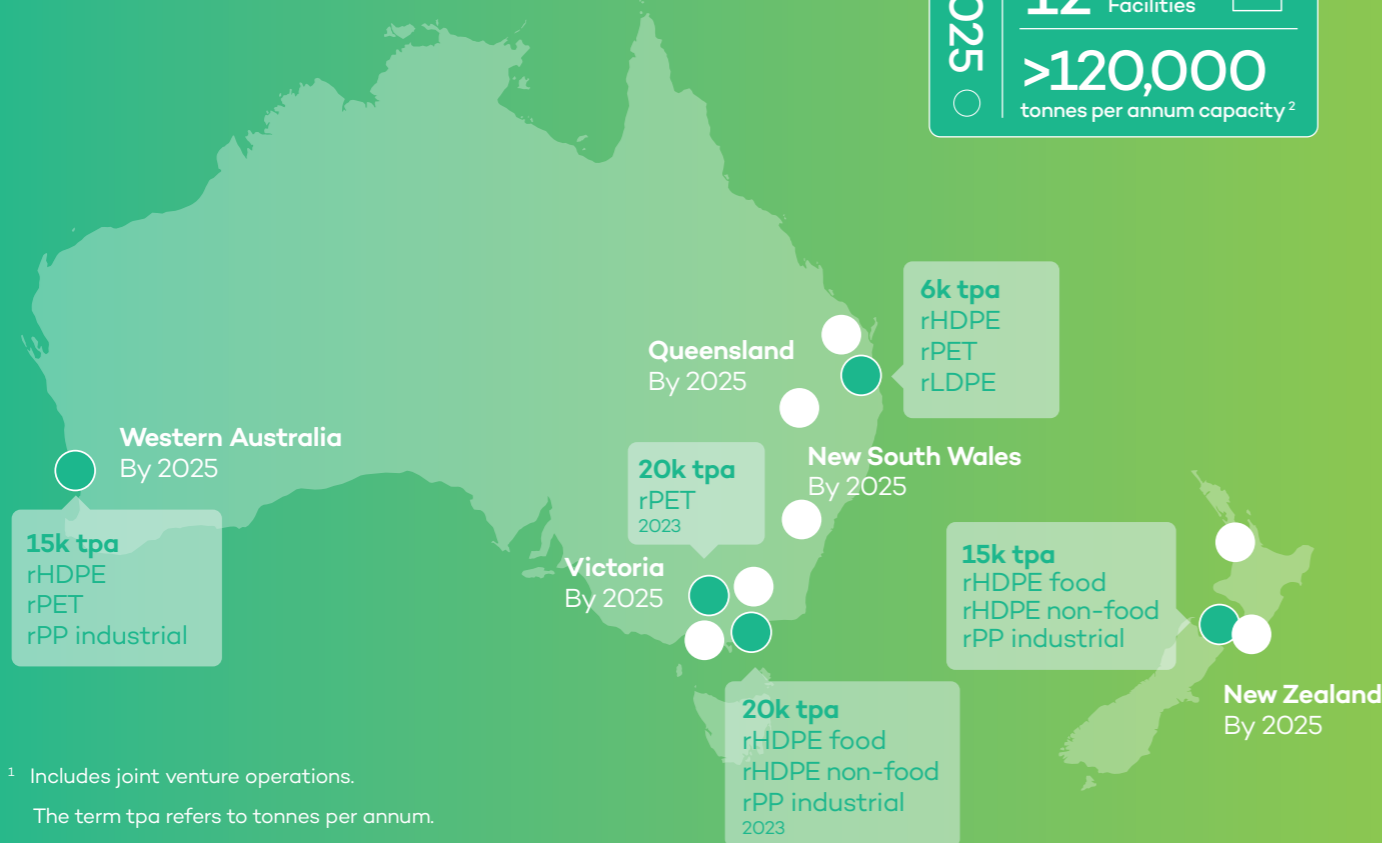
# Recycling

Pact Group is one of the largest plastics recyclers in Australasia. In FY22 our recycling facilities\* produced more than 38,000 tonnes of recycled material, which was then utilised internally or sold. This is an increase from last financial year of approximately 14%.

Our recycling sites are very diverse. Feedstock sources vary between sites, from kerbside collections to pre-consumer and post-industrial scrap. Most of our sites convert the feedstock received into recycled resin and flake. This recycled resin replaces virgin resin in the manufacturing process for Pact and other plastic manufacturers throughout Australasia. Our sites also manufacture finished goods from recycled resin. In FY22, our recycling sites produced thousands of tonnes of finished goods with 100% recycled content, such as underground cable cover, and many more tonnes of finished goods with partial recycled content, such as meat trays.

## Growing Pact's recycling footprint

Consumers and brand owners are increasingly demanding locally sourced and verified recycled material. To supply this material at scale, we are investing in world class sorting, washing and processing technologies to produce the highest quality, locally sourced recycled resins.



<sup>1</sup> Includes joint venture operations.

The term tpa refers to tonnes per annum.

<sup>2</sup> Recycling capacity refers to the amount of feedstock material that can be processed by our facilities over a full year. The actual amount of finished recycled material output by our facilities is dependent on the availability and quality of feedstock received.

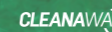
# Circular Plastics Australia



Pact is leading the way in the construction of a national network of recycling infrastructure, alongside our industry and government partners, creating food grade recycled resins for use in packaging.



CREATED BY



Circular Plastics Australia (PET) is a joint venture between Pact Group, Cleanaway, Asahi Beverages and Coca-Cola Europacific Partners.

The first facility, in Albury, New South Wales, commenced operations in December 2021. A second facility is under construction in Altona North, Victoria and is scheduled to be operational in 2023.

The used plastic feedstock (PET bottles and containers) recycled by the plants will be collected through Cleanaway's Material Recovery Facilities and Container Deposit Schemes.

The food-grade rPET produced by these facilities will be used to produce new beverage bottles for Asahi Beverages and Coca-Cola Europacific Partners, and new food and beverage packaging for Pact Group's customers.



CREATED BY



Circular Plastics Australia (PE) is a joint venture between Pact Group and Cleanaway.

Located in Laverton, Victoria, this state-of-the-art facility will have an annual capacity to process up to 20,000 tonnes of plastic material. Of this, approximately 15,000 tonnes will be food grade rHDPE and 5,000 tonnes will be non-food grade rPP.

The plastic feedstock and containers recycled by the plant will be collected from household recycling bins through Cleanaway's material recovery facilities network. The recycled resins will replace local and imported virgin resin in the manufacturing of new packaging for Pact's food, beverage and personal care customers.



# Product stewardship programs



Pact is a long-time member of the national *drumMUSTER* program. *drumMUSTER* is an Australian product stewardship program that is supported by chemical manufacturers and the agricultural industry to collect and recycle eligible plastic and steel containers. In FY22, Pact collected more than 381,000 drums as a participant in this recycling program. The plastic containers the Group collects are washed and granulated into recycled plastic flake. The recycled resin flake is used to manufacture industrial plastic products such as kerbside rubbish bins. The steel containers Pact collects are washed, shredded and recycled into other steel products. Our efforts with *drumMUSTER* in FY22 have diverted an estimated 330 tonnes\* of material from landfill.

In FY22, our efforts with *drumMUSTER* has diverted an estimated

**330** tonnes  
of material from landfill.

\*Based on the average estimated weight of plastic and steel drums collected in FY22.

## Steel

Pact has seven steel manufacturing sites. Aside from producing steel packaging and products, Pact also provides services to recondition them allowing for their reuse, which helps us promote a Circular Economy and reduce waste across Australia.



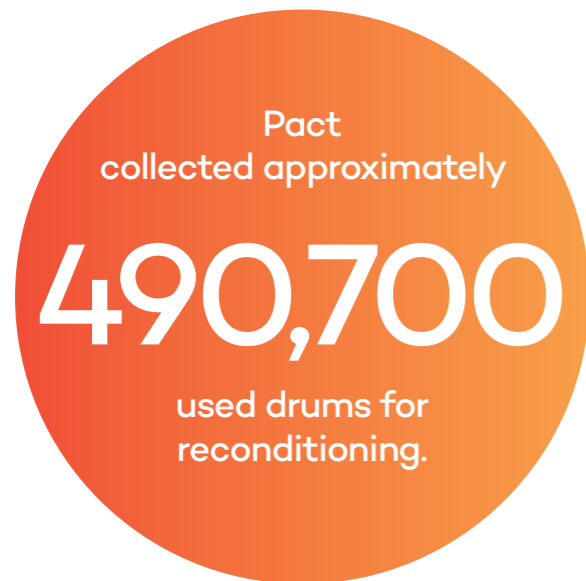
# Steel

In FY22, Pact consumed approximately 26,300 tonnes of steel to produce more than 855,000 steel drums varying in size from 60 litres to 205 litres. The average recycled content in the raw materials used in Australia for the manufacture of the bodies, ends and lids for these products is 17%.

## Reuse and recycling

Pact provides compliant collection and reconditioning services for steel drums. Reconditioning drums allows Pact to increase the lifespan of the product and assist in the circularity of the steel industry.

In FY22, Pact collected approximately 490,700 used drums for reconditioning, with 80% of these being fit for reconditioning into good as-new drums for reuse. The remaining 20%, which are damaged beyond repair, are shredded and then sent to steel recyclers to be used for other applications.



# Waste



In building a local Circular Economy, Pact recognises that reducing waste is a crucial component. It will take a whole-of-society approach, with input from a coalition of problem solvers across: industry; government; manufacturers; brand owners; retailers; the waste management sector; recyclers; and consumers. Most importantly, it requires a bold, ambitious vision. That is why in FY18, to do our part as a Leader of the Circular Economy, we established our 2025 End Of Waste Targets, outlining our three goals to reduce, reuse and recycle.

## Our 2025 Targets

### Reduce

Eliminate all problematic packaging that we produce.

### Reuse

Have solutions to reduce, reuse and recycle all single-use secondary packaging in retailers.

### Recycle

Average 30% recycled content across our plastics portfolio.

### Our FY22 progress<sup>1</sup>

#### Reduce

Decreased consumption of PS by 34% or more than 1,500 tonnes.

Decreased consumption of PVC by 51% or more than 290 tonnes.

Ceased all production of Expanded Polystyrene.

<sup>1</sup> compared to FY21.

#### Reuse

Grown the use of RPCs by 4.0%. This equates to eliminating approximately 1,567 tonnes<sup>2</sup> of single-use corrugate cardboard.

<sup>2</sup> Based on an estimate of one corrugate cardboard box weighing approximately 493 grams.

#### Recycle

Increased the amount of recycled plastic we produced by 14% or more than 4,500 tonnes annually.

By end of FY22, the average amount of recycled content across our plastics portfolio was approximately 10%.

### Our progress since FY18

#### Reduce

Decreased consumption of problematic resins by 64% or approximately 5,600 tonnes.

#### Reuse

Grown the use of RPCs by 58%.

#### Recycle

Increased the amount of recycled plastic we produced to more than 38,000 tonnes annually.



## Waste audits

In FY22 we engaged Cleanaway to complete waste audits at our Australian sites. In the reporting period, 29 of our sites were audited, giving us a 67% completion rate. We are aiming to have 100% of eligible site audits in Australia completed by the end of FY23.

Waste audits identify areas of improvement on site, such as maximising bin usage and introducing waste segregation streams. Cleanaway also works with each site to try and find recycle and reuse solutions for as many waste streams as possible. With sites in Australia across five states, Cleanaway's expertise, and ability to visit each site individually has been extremely beneficial in increasing our diversion from landfill.

## Other waste initiatives

Many of our sites have implemented their own bespoke waste programs.

Pact Retail Accessories currently supplies hangers to vendors in China. Previously, these hangers were typically delivered in single-use corrugate cardboard boxes. To reduce waste, Pact Retail Accessories has now introduced the use of reusable PP boxes to deliver hangers, which when empty, are returned for reuse. As a result, less boxes are needed in rotation and less cardboard waste is generated.

In Pact Packaging New Zealand, our Hamilton site has taken the initiative to set up a recycling program for its Personal Protective Equipment (PPE). The site has collaborated with NZ-based businesses PrimePac and FuturePost, to become a part of their program which transforms used PPE, usually destined for landfill, into plastic posts and garden boxes. Pact is proud to be part of this program and is looking into the feasibility of rolling this recycling program out across other sites in New Zealand.

Due to the diversity of our sites' operations, and hence waste output, Pact is continuing to work on an accurate system to record waste generated across our business. Given the complexities of geographical location and the multitude of sites we operate, we aim to have a methodology in place by the end of FY23.

# Water

Water is consumed within the production process of our operations, in particular, when our Reuse Division reconditions products, and when our Recycling Division washes plastic material. As our business activities continue to increase within these divisions, so does our water consumption. Hence, the Group's water usage has been identified as a material topic in this year's materiality analysis. For this reason, Pact has committed to record and report water usage for these sites in the *FY23 Sustainability Report*.



# Environment and biodiversity

The impact of loose resin has been identified by the plastics industry as a significant environmental risk. Pact is committed to ensuring all of our plastics sites in Australia are compliant with *Operation Clean Sweep*® by the end of FY23.

The Plastics Industry Association (PLASTICS) introduced the *Operation Clean Sweep*® program to the USA in 1992. Since then, it has also been successfully implemented in more than 22 jurisdictions including Europe, New Zealand and Canada. The message is simple: resin pellets should be contained, reclaimed and/or disposed of properly. The program has now been introduced to Australia to follow the USA industry goal of zero pellet loss.

Pact is rolling out an updated Group-wide *Resin Handling, Storage and Spill Procedure* to implement and maintain high standards in resin handling across our operations.

## Flora and fauna projects

Various flora and fauna projects were undertaken in FY22 across the Group. Our Gempack Asia site held a *Big Cleaning Day*. The day was dedicated to all litter being removed from the site, especially from open areas where rubbish has congregated from external sources due to wind. Such dedication to keeping rubbish at bay has a significant impact on wildlife health.

Our Plastop site in Indonesia had a *Planting Day* which included planting a 37 square metre long grass space and 31 trees along the site's perimeter to foster wildlife in the area.



# Environmental compliance

On occasion, the Group receives notices from relevant authorities pursuant to local environmental legislation and in relation to the Group's environmental licences and consents. The Group takes all notices seriously, conducting a thorough investigation into the underlying causes and ensures it takes every opportunity to continuously improve systems. Pact works with the appropriate authorities to address requirements and proactively manage obligations. All notices were resolved within the timeframe given and Pact has taken all practicable controls to ensure these events will not occur again.

**In FY22,**  
Pact was not fined or prosecuted for any environmental matters.



# People Planet Principles

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



# Community giving: 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.

The following organisations and charities were supported by Pact in FY22.

- Red Cross Disaster Response and Recovery
- Cancer Council Australia
- Cancer Society of New Zealand
- The Black Dog Institute
- Ronald McDonald House Charities, Australia and New Zealand
- Keep Australia Beautiful
- Keep NZ Beautiful
- Victoria State Emergency Service Moorabbin Unit (VICSES)
- Fareshare
- Royal Children's Hospital Good Friday Appeal Ltd
- Waste Aid
- Eco Barge Clean Seas Inc.
- Orange Sky Australia
- Plan International

# 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

- UNGC
- APCO
- ANZPAC Plastics Pact
- UK Plastics Pact
- New Zealand Packaging Products
- Stewardship Scheme (NZPPSS)
- International and Australian/New Zealand Standards 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



# Sustainable financing

Pact Group has converted \$420 million of existing loan facilities into SLLs, in what is a first for an Australian-based manufacturing company. Sustainability is a major consideration in all of Pact's business decisions and converting a substantial portion of existing loans to SLLs demonstrates Pact's commitment to its people and the environment. Under the SLL arrangement, Pact will receive loan margin benefits if annual sustainability performance targets are achieved, and a margin penalty if it underperforms. The sustainability performance targets are:

- An increase in the percentage of recycled content across Pact's plastics portfolio.
- Increasing the amount of recycled material processed and distributed to the external market.
- Reducing scope 1 and 2 greenhouse gas emissions.
- Reducing the gender pay gap.

# Sustainable procurement

As a *Leader of the Circular Economy*, we aim to achieve sustainability in all facets of our operations, including our supply chain. Sustainable procurement has been an increasing focus for Pact in FY22 and we will maintain this momentum.

In FY22, Pact implemented a screening program for all suppliers. The system screens suppliers for social and environmental criteria and enhances Pact's capacity to only engage with suppliers who meet our standards.

The first phase of this program, screening for social criteria, has been in place since May 2022. This requires all new suppliers to declare that they will abide by our *Supplier Code of Conduct*, *Modern Slavery Policy* and *Anti-Bribery and Corruption Policy* and partake in our *Modern Slavery Survey*, which allows us to identify the modern slavery risk associated with the supplier's operations. New suppliers who do not abide by the requirements will not be approved by Pact. Since this program has gone live, 100% of new suppliers have been screened using social criteria.

Creating the process for screening suppliers for environmental criteria (such as emissions, water and waste) is underway. Due to the vast number of suppliers Pact engages with across 15 countries, assessing and requesting environmental information from all suppliers is a significant task. However, we hope this process will be implemented during FY23.

In FY22, Pact also implemented an *Integrity and Ethical Sourcing Committee*. This group of individuals, who hold various positions within Pact, meet quarterly to discuss and review various supply chain topics and issues, including sustainable procurement.



# Human rights

## United Nations Global Compact

The 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 requirement;
- *Equal Opportunity, Harassment and Bullying Policy*, in which Pact is committed to being an equal opportunity employer and ensuring our workplace is free of unlawful discrimination, harassment and bullying;
- *Modern Slavery Policy*, which prohibits employees from engaging in any activity that would constitute modern slavery or could result in modern slavery practices;
- *Supplier Code of Conduct*, which ensures our suppliers adhere to the same high standards we hold ourselves to; and
- Supplier Screening Process (more on page 61), which ensures we contribute to the elimination of all forms of child, forced or compulsory labour and other forms of modern slavery.

We lodged our annual UNGC Communications on Progress in November 2021 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, Pact is committed to taking decisive action in the event that it identifies modern slavery in its operations or supply chain and has established an Integrity and Ethical Sourcing Committee to ensure that modern slavery risks are identified, evaluated and addressed appropriately.

Pact released its second *Modern Slavery Statement* in December 2021 in accordance with the reporting requirements under the *Modern Slavery Act 2018* (Cth). A copy of Pact's *Modern Slavery Statement* is available on the Pact website: [Click here](#).



# Ethical conduct

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

Our *Code of Conduct (Code)* 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.

All Group employees, Directors, officers, authorised representatives, contractors, consultants and agents must comply with the *Code*. We have also established a *Supplier Code of Conduct (Supplier Code)* which sets out the Group's expectations of its suppliers of goods and services, contractors, consultants, and trading and business partners. The *Code* and *Supplier Code* encourages the reporting of unethical behaviour and breaches of policy or Company Values. We are committed to ensuring that those who do so are not disadvantaged or discriminated against when making reports in good faith and this commitment is supported by our *Whistleblower Policy*.

The *Code* is supported by a range of Board and 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 either in person or via our online learning management system. Further information regarding the *Code* and Group policies is available in our *Corporate Governance Statement* and via our website: [Click here](#).

### Anti-Bribery and Corruption Policy

Our *Anti-Bribery and Corruption Policy (ABC Policy)* outlines the standard of appropriate behaviours and business conduct in respect to ABC matters. Training on the policy and applicable laws is provided to relevant ELT and senior managers. The *ABC Policy* provides that all material breaches of the policy will be reported to the Board immediately. We continue to focus on developing and enhancing tools and procedures to identify and mitigate ABC.

### 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)*. The policy is underpinned by an established *Protocol for Dealings with Competitors* that provides practical guidance to employees to facilitate compliance with competition law obligations. Pact places great importance on compliance with this key area as it impacts how we deal with our competitors, suppliers and customers.

Executives, senior managers, sales teams 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 and there have been no significant fines or nonmonetary 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 Targets*, 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 our 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 of Pact's 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 complies with the appropriate *Corporate Governance Principles and Recommendations (fourth edition)* released by the ASX Corporate Governance Council (ASX Recommendations). These measures also focus on monitoring our progress in the achievement of gender diversity targets and efforts in achieving gender pay equity across the organisation.

The Board's FY22 Gender Diversity Objectives are outlined in the *Sustainability Report* on page 24 and in the Company's 2022 *Corporate Governance Statement*.

Active management of salary reviews with a "lens on gender" has helped Pact identify and take steps to reduce pay equity imbalance.

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 Pact achieved compliance status.

### Health and Safety Policy

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

### Privacy Policy

Protecting the privacy of our stakeholders is important to us and this policy explains how we manage personal information.

### Quality Policy

Our *Quality Policy* outlines our commitment to operate our business in a manner that meets customer 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 are outsourced. The *Supplier Code* is aligned with other Group policies including the *Modern Slavery Policy* and includes reference to: ethical standards; labour and human rights; health and safety; environmental management; application and monitoring; and reporting concerns and breaches.

### Whistleblower Policy

Pact's *Whistleblower Policy* supports the Group's *Code of Conduct* and is designed to promote and reinforce our 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. We have also established an externally facilitated hotline to enable employees and other stakeholders to report any concerns.

### Tax Transparency

Our approach to tax is governed by the following key principles:

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* ensuring Board review and approval of significant tax decisions, and a tax risk management framework that guides management in the day-to-day administration of tax matters.

A *Tax Transparency Report* outlining our approach to taxation and providing details about the taxes we paid in FY21 was published during FY22 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 *Tax Transparency Reports* can be found on our 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 are not limited to) the giving or receiving of gifts, financial interests or personal relationships. Directors and employees are required to declare conflicts of interest. Pact's process relating to conflicts of interest is outlined in a number of Group policies including our *Code of Conduct*, *Board Charter* and *Policy for Dealing in Securities* (including in relation to inside information).

The Board is conscious of related party dealings between the Group and interests associated with the Company's Chairman, Mr Geminder. These related party transactions are disclosed in our financial statements in relevant years. A *Related Party Protocol* is in place to monitor and govern these transactions and to ensure compliance with the *Corporations Act 2001*.

Controls adopted by Pact to manage conflicts of interest may include:

- ensuring a transaction is conducted at arm's length;
- removal of conflicted Directors, employees or teams from a transaction or decision; and
- avoiding a transaction.

We are committed to maintaining a Register of Related Party Transactions and Register of Notification of Interests to facilitate effective management and reporting.

### Disclosure and Reporting Integrity

The Company's *Continuous Disclosure Policy* and *Communications Strategy* are designed to ensure the timely release of material price sensitive information to the market as well as ensuring that stakeholders are kept informed of major developments affecting Pact and its business.

The Company is also committed to establishing and maintaining processes that ensure the integrity of its corporate reporting. Specifically, Pact has implemented review and approval processes for information released to market which is not audited or reviewed by an external auditor. The verification process followed is specific to the nature of the relevant announcement or report. It includes a review by division and function subject matter experts in the Company, as well as a review against source documentation and relevant regulations.



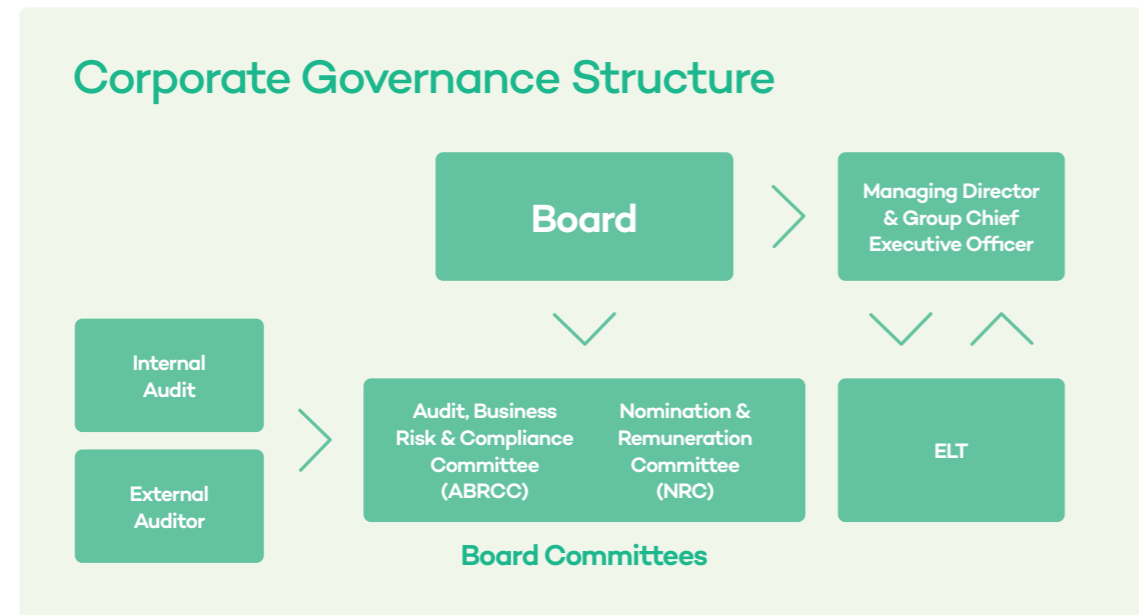
# Corporate governance

Pact recognises the importance of good corporate governance and a governance framework that aligns with the Company's Values as well as stakeholder expectations and supports the Group's strategic objectives.

The Board has adopted a corporate governance framework comprising principles and policies that are consistent with the ASX Corporate Governance Council's ASX Recommendations.

To assist stakeholders in accessing key documents outlining our approach to corporate governance, we maintain a Corporate Governance section on our website and annually publish a *Corporate Governance Statement* which discloses the Group's governance framework, approach to governance and alignment with ASX Recommendations during the applicable reporting period.

We seek to continuously improve the Group's governance framework through periodic review of Board and Group charters, codes and policies; independent reviews such as audits of the company's risk management framework; annual reviews of Board and Committee performance; and listening to stakeholder feedback on Pact's performance and reporting.



# Board and Committees

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 (Group CEO and Managing Director) and four non-Executive Directors (three of whom are independent). The Board is supported by the ELT which is responsible for running the business and formulating business strategy. Tenure of Pact's Directors range from two to 12 years. Board members have extensive experience in a range of relevant industries, including manufacturing, finance, information technology, operations, and public company experience. Further information on the Group's Board members as well as information regarding Director appointment processes, Board evaluation, skills matrix assessment, and independence considerations and status are available in our *Annual Report* and *Corporate Governance Statement*, available on our website.

The Board has delegated specific responsibilities to two governance committees. The Nomination and Remuneration Committee and the Audit, Business Risk and Compliance Committee have defined responsibilities detailed in their respective charters, available on Pact's website: [Click here](#). The Board has also appointed a Disclosure Committee with responsibility for compliance with Pact's continuous disclosure obligations. Further information regarding the Disclosure Committee is included in our *Continuous Disclosure Policy*.

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.

The Group's policies typically provide guidance to employees and other relevant stakeholders on the reporting of an actual or suspected policy breach or concern. Material breaches and concerns are reported to applicable Board Committees and to the Board.



# Risk management

Pact promotes a risk-aware culture in decision-making and is committed to managing 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: people; cyber; consumer demand; volatility of commodity prices, foreign exchange and economic environment; global supply chain disruptions; business continuity; pandemics; and incident management and compliance risk.

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

The Company promotes a positive risk-aware culture and is committed to a systematic and comprehensive approach to the effective management of potential opportunities and adverse effects by achieving best practice in risk management.

The Company embraces intelligent risk-taking and recognises that risks can have positive and negative consequences.

Risk management helps the Company to: achieve objectives; operate effectively and efficiently; protect the Group's people and assets; make informed decisions; and comply with applicable laws and regulations.

The ABRCC has approved the risk management infrastructure which includes the *Risk Management Policy* and *Risk Management Framework (Framework)*, to oversee and manage risk. The overall objectives of our *Framework* are to:

- promote the 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 principles and approach for recognising and managing risk are described in the *Framework* which is comprised of the practical process and tools to support consistent implementation of the *Risk Management Policy*, including roles and responsibilities, and the approach for risk analysis, including identifying, assessing, responding to, and monitoring risks. The *Framework* is aligned with AS ISO 31000: 2018 *Risk Management – Principles and Guidelines*.

The reporting of newly identified risks that may impact the operations of the Group across all areas is encouraged. This reporting includes, but is not limited to, health & safety, reputation, environmental and sustainability, financial, technological, operational, and legal and compliance risks.

Management has developed a process to ensure new risks are identified and existing risks are constantly monitored. All material risks are recorded on the Group Risk Registers which are reviewed regularly by the ABRCC in-line with the *Framework*.

Mitigation plans are reviewed and assessed regularly by management to ensure the processes and internal controls in place remain effective and to ensure identified improvement activities continue to be implemented. Updates are provided to the ABRCC on a regular basis. During the financial year, the ABRCC reviewed the *Risk Management Policy* and *Framework* to satisfy itself that they continue to be sound.





# Global Reporting Initiative Index

Pact Group's FY22 Sustainability Report has been prepared in accordance with the GRI Standards

## GRI Index

GRI Standard	Sub-Part	Page Number/s
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Page 1
	2-2 Entities included in the organization's sustainability reporting	Page 1
	2-3 Reporting period, frequency and contact point	Page 1
	2-4 Restatements of information	Page 1
	2-5 External assurance	Page 71
	2-7 Employees	Pages 21-22
	2-9 Governance structure and composition	Pages 65-66
	2-11 Chair of the highest governance body	Pages 65-66
	2-14 Role of the highest governance body in sustainability reporting	Page 14
	2-15 Conflicts of interest	Page 64
<b>GRI 3: Material Topics 2021</b>	2-22 Statement on sustainable development strategy	Pages 9-10
	2-26 Mechanisms for seeking advice and raising concerns	Pages 63-64
	2-27 Compliance with laws and regulations	Pages 29 and 56
	2-28 Membership associations	Page 60
	2-29 Approach to stakeholder engagement	Pages 11-12
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Pages 13-14
	3-2 List of material topics	Page 16
<b>GRI 205: Anti-corruption 2016</b>	3-3 Management of material topics	Page 16
	205-2 Communication and training about anti-corruption policies and procedures	Page 63
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	Page 64
	207-2 Tax governance, control, and risk management	Page 64
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Pages 42 and 51
	301-2 Recycled input materials used	Pages 42 and 47
	301-3 Reclaimed products and their packaging materials	Pages 46, 49 and 51

GRI Standard	Sub-Part	Page Number/s
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Page 37
	302-4 Reduction of energy consumption	Page 37
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Page 37
	305-2 Energy indirect (Scope 2) GHG emissions	Page 37
	305-5 Reduction of GHG emissions	Page 38
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 37
<b>GRI 306: Waste 2020</b>	306-2 Management of significant waste-related impacts	Pages 52-53
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Page 23
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 23
	401-3 Parental leave	Page 23
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Pages 28-32
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 28-29
	403-3 Occupational health services	Page 31
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 28-32
	403-5 Worker training on occupational health and safety	Pages 28 and 32
	403-6 Promotion of worker health	Page 31
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 28-32
	403-8 Workers covered by an occupational health and safety management system	Page 28
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<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 33 and 34
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 27
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Pages 21-22 and 24
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 61
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 61
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Page 61





## Independent Limited Assurance Statement to the Management and Directors of Pact Group Holdings

### Our Conclusion:

Ernst & Young ('EY', 'we') was engaged by Pact Group Holdings ('Pact') to undertake limited assurance as defined by International Auditing Standards, hereafter referred to as a 'review', over the "Selected Sustainability Metrics" presented in Pact's 2022 Sustainability Report (for Australia and New Zealand operations only) ('the Report') for the year ended 30 June 2022. Based on our review, nothing came to our attention that caused us to believe that the Selected Sustainability Metrics have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

### What our review covered

We reviewed Selected Sustainability Metrics presented in Pact's 2022 Sustainability Report. The Subject Matter included the following Selected Sustainability Metrics for Pact's Australian and New Zealand operations only covering the period 1 July 2021 to 30 June 2022:

Selected Sustainability Metrics	Report page
Total scope 1 and scope 2 Greenhouse Gas (GHG) emissions (TCO2e)	37

### Criteria

In preparing the Selected Sustainability Metrics, Pact applied criteria ('Criteria') as publicly disclosed in the Report.

### Key responsibilities

#### EY's responsibility and independence

Our responsibility was to express a conclusion on the Selected Sustainability Metrics based on our review.

We were also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants* including independence and have the required competencies and experience to conduct this assurance engagement.

#### Pact's responsibility

Pact's management ("management") was responsible for selecting the Criteria and preparing and fairly presenting the Selected Sustainability Metrics in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

### Our approach to conducting the review

We conducted this review in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), and the terms of reference for this engagement as agreed with Pact on 23 August 2022.

### Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Selected Sustainability Metrics and related information, and applying analytical and other review procedures.

Our procedures included:

- ▶ Conducting interviews with personnel to understand the business and reporting process
- ▶ Conducting interviews with key personnel to understand the process for collecting, collating, classifying, and reporting the Selected Sustainability Metrics during the reporting period
- ▶ Checking that the data collection and calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Undertaking analytical review procedures to support the reasonableness of the data
- ▶ Checking the accuracy of calculations performed, and identifying and testing assumptions supporting calculations

- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data
- ▶ Obtaining and reviewing evidence to support key assumptions in calculations and other data or statements
- ▶ Checking whether amounts had been correctly transcribed from corporate systems and/or supporting evidence into the Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

### Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Pact, or for any purpose other than that for which it was prepared.

You may not disclose this assurance report externally without our prior written consent.

*Ernst & Young*  
Ernst & Young



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27 October 2022





