
Visy Communication on Progress

18th August 2015

Statement of Support by the Chief Executive Officer

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

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

We also commit to share this information with our stakeholders using our primary channels of communication.

Brian McPheely
Chief Executive Officer

Human Rights

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

Assessment, Policy and Goals

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

Visy believes in a workforce that is diverse and free from harassment, bullying, victimisation or unlawful discriminatory practises and behaviour. Our company values, obligations and expected standards of behaviour towards each other, as well as customers and suppliers, are outlined in our range of Human Resources, Legal and Health and Safety policies and our Code of Conduct and Supplier Code of Conduct. These include human rights issues including not using child labour, not engaging in discrimination, vilification, or occupational violence, and maintaining ethical trading and business dealings.

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

Implementation

As a global employer and purchaser of services and goods, Visy has an important role to play in the issues surrounding human rights. As Visy continues to expand our operations across Asia we will implement in our new operations our Visy Values based on the belief that leadership provides the cornerstone for practices and behaviour within our workplaces.

Visy vests responsibility for implementation of our principles and obligations against child and forced labour with management at Visy's Australian and International facilities. Across our international supply chain our Procurement and Sourcing division is responsible for ensuring suppliers and contractors comply with these principles.

In addition, Visy espouses 'With the Community, For a Better World' and actively reaches out to the community to seek causes to get behind. For example, through the Pratt Foundation, Visy's Matching Gifts program can match dollar for dollar donations by Visy employees to recognised charities. Visy also supports a number of human rights causes through the Pratt Foundation. For example, Visy financially supports Hagar Australia which operates front-line services internationally including in Cambodia and Vietnam for recovery and employment services for the victims of trafficking, slavery and other forms of human rights abuse.

Visy's range of Human Resources and Legal policies includes standards of behaviour to underpin our Visy Values as well as procedures for complaints about breaches of Visy's Code of Conduct. These policies are reviewed annually to ensure all our employees across our expanding and diversifying operations are treated with fairness and respect.

All humans have a right to safety and Visy believe it's our duty to provide a safe and healthy work environment. Visy's Safety Policy outlines our aims and actions in place to ensure our employees, contractors and visitors are not exposed to harm as part of our operations. Visy puts its commitment to health and safety into practice through the effective implementation of our Standards and Codes of Practice.

Measurement of outcomes

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

Labour

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

Assessment, Policy and Goals

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

Our company values, obligations and expected standards of behaviour towards each other, as well as customers and suppliers, are outlined in our range of Human Resources, Legal and Health and Safety policies and our Code of Conduct and Supplier Code of Conduct. These include labour rights issues including not using forced labour, compliance with applicable wage laws, equal opportunity employment, employee rights for worker organisations, not discriminating against an individual or group.

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

As we continue to expand our operations, particularly across Asia, we take with us our core value of treating all people with dignity and respect. To reflect our new ventures in new places, our policies that define our values and expectation with regard to human rights issues and labour will also expand and be updated.

During 2015 we will continue to apply our supply chain management principles including code of conduct and minimum standards with regards to new suppliers and new operations across Asia.

Implementation

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

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

With our high standards and achievements for our Australian workforce, Visy's goal is to ensure this is translated into our expanding Asian operations. To achieve this, we will continue during 2015 to implement our values and expectations through embedding them into the management systems of our new operations and supply chains.

Measurement of outcomes

In 2014 Visy employed nearly 4,700 employees. Nearly 94% of our Australian workforce are employed on a full time basis, while less than 3.2% are employed on a casual basis.

Visy believe a strength of our Health Safety and Environment (HSE) System is our internal audit program to review compliance, conformance to the system, management of key hazards and housekeeping. We also endeavour to minimise any personal, social and economic consequences of workplace incidents through our Return to Work process. Visy recognise and celebrate health and safety achievements through various awards earned on measurable performance. For example, in 2015 Visy Packaging Thailand received an award for achieving 1000 Recordable Injury Free Days. Visy noted that the achievement was a reflection of the management team's leadership and drive to create a safe manufacturing experience and environment.

Environment

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

Assessment, Policy and Goals

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

Our Environmental Sustainability Objective is to maximise energy efficiency, maximise recycling, minimise water use, and minimise waste to landfill. Visy sees waste as an opportunity and espouses 'We make it, We take it' which underpins our closed loop manufacturing business model.

Visy owns and operates a range of businesses around the world which operate in many different cultural environments and regulatory frameworks. Visy's Health Safety and Environment Management System is designed to transcend these operating environments to ensure that the health and safety of our workers, and the environment, is paramount wherever we operate. Our Environmental Policy confirms our commitment to sustainable development, environmental improvement and minimising our impacts on the environment.

All our sites have an environmental management system based on the structure of the International EMS standard ISO14001 that forms part of our HSE Management System and all sites are audited annually. Visy's major sites and pulp and paper mills are certified to ISO14001.

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

In Australia, where we have some 100 operations sites, Visy reports to the National Pollution Inventory (NPI), National Greenhouse and Energy Reporting Act (NGERS), The Australian Packaging Covenant (APC), and Energy Efficiency Opportunities Act (EEO). Visy's energy committee sets targets and performance indices for a range of energy and waste factors across the company's manufacturing divisions and sites. These include energy consumption for electricity and gas, landfill waste volume, avoided landfill volume via energy recovery at the company's three energy-from-waste plants, and carbon emissions.

Visy promotes awareness of the value and importance of recycling to businesses, schools and the community through a number of programs. Visy's Project R operates at five centres across Australia. Aimed at primary school students, Project R is an educational program based on the National School Curriculum that can also be tailored to suit other groups.

In addition to supporting sustainable forest management, Visy also supports sustainable agribusiness by contributing innovations across the supply chain. Visy's chairman addressed Australia's Global Food Forum 2015 on the theme of promoting and protecting the well-deserved reputation of Australian food and ramping up our export market presence. He also noted the relevance of some key Visy innovations towards this goal, for example Visy's new 32g 50% recycled HDPE milk bottle which is a best in class globally in its current formation and Visy's Thermotrac™ system that optimises temperature control within the fruit and produce supply chain. These innovations contribute to sustainable agribusiness by reducing fresh food waste and also increase the use of recycled content in Visy's food packaging.

Implementation

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

Visy's business is built on finding innovative ways to turn waste into something valuable. 'We Make It, We Take It' is a motto we implement which underpins our closed loop manufacturing business model. Some examples of this for 2014 include collecting and processing 1,637,525 tonnes of paper and cardboard and making 767,936 tonnes recycled paper as well as similar amounts of kraft and board containing variable content of recycled fibre; and collecting and processing 27,953 tonnes of PET and HDPE plastics combined.

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

Visy's Tumut kraft mill, located in New South Wales (NSW), operating since 2001, adopted sustainability objectives in all parts of its design and operation. Our total investment in this mill of almost \$1 billion (AUD) highlights our serious commitment to sustainability. The mill is among the lowest users of water of any similar mill in Australia and has near-zero levels of effluent leaving the site. A significant proportion of the energy used in the mill is energy generated on-site using renewable bio-mass fuels such as bark and sawmill residues from the mill's operations.

Visy's investment in clean energy also includes an energy from waste plant opened in 2011 that uses previously landfilled waste from our paper recycling process as fuel to generate thermal and electrical energy to help power two of our recycled paper mills.

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

Measurement of outcomes

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

Visy has consistently increased the amount of energy from renewable sources (including wood waste, black liquor from kraft paper production, biomass-paper waste, and bio-gas and bio-fuels derived from production processes) over the past five years. In 2013-14 Visy produced approx. 50% of its energy needs from renewable sources.

Since 2008-09 Visy has reduced its greenhouse gas emissions per energy consumed by 16%.

Visy uses a number of alternative water sources i.e. desalination and also recycled water. These alternative water sources have increased from 3.7% of total water consumption in FY09 to 17.5% of total water consumption in FY14.

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

Compliance is a key aspect of Visy's Environmental Policy and we conduct risk assessments at all sites to identify risks and actions to maintain compliance in all circumstances. Where an issue arises we proactively inform and work with state and local governments to resolve it promptly. In 2014 Visy received five penalty notices in relation to two spills, one odour control, one litter control and one failure to comply with administrative requirement.

Visy's energy committee tracks energy and waste performance indices across the company's manufacturing divisions and sites on a monthly and rolling annual basis. These include energy consumption for electricity and gas, landfill waste volume, avoided landfill volume via energy recovery at the company's three energy-from-waste plants, and carbon emissions.

Anti-Corruption

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

Assessment, Policy and Goals

Visy supports the UN Convention against Corruption.

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

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

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

Implementation

- Complaints Procedure

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

- Competition & Consumer Training

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

- External Whistleblower Service

Managed by an external service provider to all of Visy's businesses (global). Disclosures can also be made securely through email, fax or postal mail. Protocols have been established to receive and protect information of these documents for privacy purposes

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

- Internal Complaints Handling Line

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

Measurement of outcomes

- Record Keeping and Reporting

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

There have been no incidences of direct bribery or corruption cases for the period 2014/2015.

- Face to Face Compliance Training

Externally facing staff are required to attend Face to Face Compliance Training as well as successfully completing a SALT online course. For 2013/2014 a total of 476 staff completed the Face to Face Compliance Training and 346 staff completed the SALT online course.
