



**2017  
SUSTAINABILITY**  
*Report*

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# A WORD

## From our CEO

Sustainability lies at the heart of Pact Group's vision — to enrich lives everyday through sustainable packaging solutions. We are committed to living this vision, by creating long-term sustainable value for everyone connected to our business and the communities we serve.

We accept our role as a responsible employer and remain committed to supporting the United Nations Global Compact and advancing its principles through our actions.

To this end, our *FY17 Sustainability Report* outlines how we've addressed these responsibilities with our stakeholders and the communities in which we operate. Our strategy focuses on four key areas that are connected to our business: People, Environment, Society, Ethics and Governance.

### People and safety

Providing an honest, safe and respectful workplace with highly motivated and engaged staff is essential to the success of Pact Group. We are committed to creating a high performance workplace culture by focusing on equality of opportunity, diversity, talent management and, health and safety.

The safety, health and wellbeing of our employees is always our number one priority. Our *Towards Zero Harm* strategy is part of our relentless drive to improve workplace health and safety and, environmental performance across our business with the ultimate goal of achieving zero harm to people and the planet. FY17 has seen the continued implementation of our integrated Workplace Health, Safety and Environmental Management System (WHSE) across Pact Group. The integrated WHSE System enables greater management of each of these critical risk areas and will play an important role in the Group achieving our aspirational goal of *Towards Zero Harm – Incident and Injury Free Workplace 2020* over the next three years.

The benefits derived from a diverse workforce are also a key priority for Pact. We have zero tolerance for discrimination and believe in actively providing working arrangements that cater to the needs of our employees. This year we have continued to focus on driving diversity in the workplace with an emphasis on engagement opportunities for women. FY17 has seen a significant improvement in relation to the perception of gender being viewed as a barrier to success in the business. Our FY17 *Employee Engagement Survey*, in which we received an above average response rate, also supports the progress we are making in this area, with a 17% increase in employees reporting that their workplace is free from discrimination. We will not rest on these results and will continue to focus on diversity as a priority in FY18 to promote a culture of performance, inclusion and respect.

In FY17 we also continued to drive a culture of empowerment and innovation through several engagement and professional development programs. Our award winning *Applause* program, which places innovation in the hands of all employees by allowing them to submit ideas for grants to work on new business ideas, underwent another iteration. We introduced month-long *Innovation Missions*, which encourage employees from across the business to get together to tackle broad areas of strategic focus for the Group. Out of these initiatives have come several ideas that have strong commercial potential. This is why we have been named as one of Australia's Most Innovative Companies for the fourth consecutive year by the *Australian Financial Review (AFR)*.



## Environment

As I've mentioned, Pact's *Toward Zero Harm Strategy* encompasses our commitment to our environment too. Across our operations we are focused on conserving energy, minimising waste, and preventing pollution to protect our planet for future generations.

This year we ran *Small Acts; Big Impacts*, an energy awareness program to shine a spotlight on energy efficiency and identify simple actions that sites and employees could take to reduce our collective consumption. The results of the campaign will continue to have a positive impact in the coming year.

## Society

Having a positive impact on communities in which we operate is central to the way Pact operates and guides our investment in community programs.

In FY17 Pact Group continued to support many of our long-term community initiatives, including Ronald McDonald House Charities in both Australia and New Zealand. In addition to the financial support we provide, many of our employees also donated their time to community and charitable programs such as *White Ribbon Day* and the *Mothers Day Classic* event and I couldn't be more proud of our people for their ongoing efforts.

## Ethics and governance

Pact has adopted the ASX Corporate Governance Principles and Recommendations (3rd edition) and is committed to high standards of business ethics and conducting our business responsibly and with integrity.

In FY17, for the second consecutive year, we published a *Tax Transparency Report* that outlines to our stakeholders our approach and paying position for FY15.

## Looking to the future

Sustainability isn't an initiative for us — it lies at the core of our business strategy and I am proud of the progress we have continued to make over the past year.

Pact Group will continue to proactively work with our customers to drive our sustainability efforts and in doing so, grow our business, our corporate values and meet the expectations of all of our stakeholders as we continue on our journey towards a more sustainable future.

**MalcolM Bundy**

Managing Director and Chief Executive Officer

# WHO WE ARE

and what we do

>70  
operating sites

Pact Group is the largest manufacturer of rigid plastic packaging products in Australasia, serving some of the world's largest and most trusted brands. Our vision is to enrich lives every day through sustainable packaging and manufacturing solutions.

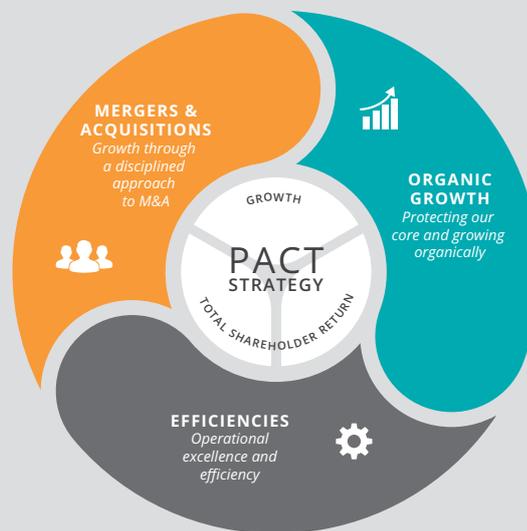
Headquartered in Melbourne, Australia, we have more than 70 operating sites across seven countries<sup>1</sup> and an operational workforce of approximately 4,500 employees.

Named one of Australia's Most Innovative Companies<sup>2</sup>, our innovation and cutting-edge technology platforms allows us to deliver superior packaging, contract manufacturing, supply chain and sustainability solutions to our customers.

Our full breadth of products and services includes consumer and industrial packaging, contract manufacturing, materials handling and sustainability services. We cater to a diverse range of industry sectors, including the food, dairy, beverage, chemical, agricultural, industrial sectors and many more.

Pact Group is constantly expanding its diverse product portfolio across a variety of packaging and product substrates. Our growth strategy focuses on three core areas: organic growth, operational excellence and efficiency and a disciplined approach to mergers and acquisitions to deliver long-term value to our stakeholders.

## Business Growth Strategy



7



>4,000



ASX



Countries

A market leader

in Australia and New Zealand in rigid plastics packaging

Employees

Large, diversified customer base of >6,000

Listed on the ASX on 17 December 2013

Operating in more than 100 market segments across 22,000 product variants

<sup>1</sup> 7 countries = Australia, New Zealand, China, Philippines, Thailand (50/50 joint venture with Weener Plastics), Indonesia, Singapore

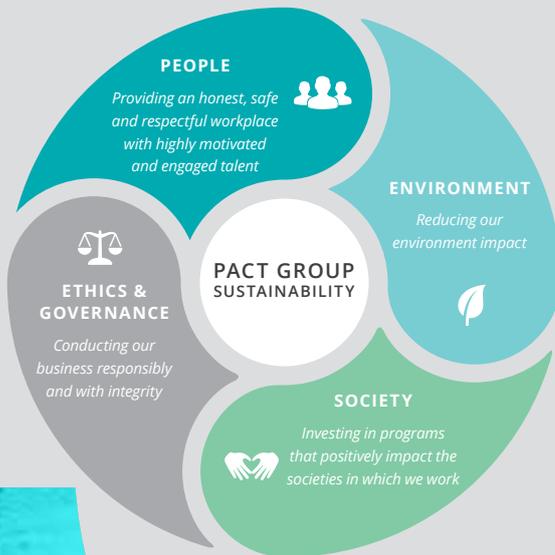
<sup>2</sup> Australian Financial Review Most Innovative Companies List 2013, 2014, 2015, 2016

# KEY SUSTAINABILITY *issues*

Sustainability is fundamental to our strategic direction and vision; to enrich lives every day through sustainable packaging and manufacturing solutions.

In pursuit of our vision, Pact Group recognises that our business activities have a direct impact on a wide range of stakeholders including employees, shareholders, customers, suppliers and the communities in which we operate.

### Sustainability Strategy



Material issues are those that reflect an organisation's significant economic, environmental and social impacts. We have worked with our stakeholders to identify and assess all material issues across the Group. The material issues addressed in this report directly reflect priorities identified for Pact Group and its stakeholders, in line with Global Reporting Initiative (GRI) G4 requirements.

### Our materiality process

A combination of internal and external factors were used to determine whether an issue is material to the Group, including our vision and values, interest and concerns expressed directly by stakeholders and the global community, as well as the influence on upstream (such as supply chain) and downstream (such as customers) entities.

We prioritised the issues we consider most material to our business through a weighting process.

Our key materiality issues are listed on pages 4 and 5.



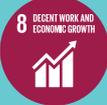
# KEY SUSTAINABILITY

## issues

The material issues have been categorised into the following sections, which form the structure for this report.

### United Nations' sustainable development goals

During FY17 we again mapped our material issues to the United Nations' (UN's) Sustainable Development Goals (SDGs) to align our activities with these globally strategic priorities. Where appropriate the SDG logo features on the relevant section of the report to indicate this linkage. We continue to monitor external trends and priorities and address these where appropriate.

	Key issues	Key initiatives for FY17	UN SDGs	
PEOPLE	 Health and safety	<ul style="list-style-type: none"> <li>Employee health, safety and wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Integrated WHS and EMS Group Audits</li> <li>Established three year aspirational safety strategy: <i>Towards Zero Harm — Incident Free Workplace 2020</i></li> <li>Implemented programs to promote Health and Wellbeing</li> </ul>    	
	 Talent management	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Talent management</li> <li>Employee reward and recognition</li> </ul>	<ul style="list-style-type: none"> <li><i>Employee Engagement Survey</i> completed</li> <li><i>Diversity and Inclusion Policy</i> training</li> <li>Online learning opportunities</li> <li>Performance appraisals completed for all salaried staff (including Asian sites for the first time)</li> <li><i>Applause</i> – reward and recognition program</li> </ul>	 
	 Equality and diversity	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Fair and equitable labour relations</li> </ul>	<ul style="list-style-type: none"> <li>Continued progress towards reaching Board approved gender diversity targets</li> <li>WGEA Compliance</li> <li>Pac♀ Women's Network expanded</li> <li>Flexible work practices</li> </ul>	
ENVIRONMENT	 Energy and emissions	<ul style="list-style-type: none"> <li>Greenhouse gas emissions</li> <li>Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance reporting including National Greenhouse and Energy Reporting (NGER), and National Pollutant Inventory (NPI) in Australia</li> <li>Energy Efficiency awareness campaign — <i>Small Acts; Big Impacts</i></li> <li>Continued to roll out LED light replacement plan</li> </ul>  	
	 Waste	<ul style="list-style-type: none"> <li>Materials usage</li> <li>Waste to landfill</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence – Lean program rollout to 22 sites</li> <li>Product design projects</li> </ul>  	

SOCIETY

Key issues

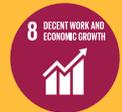
Key initiatives for FY17

UN SDGs



- Investing in community initiatives and activities
- Human rights

- *Community Giving Program*
- Continued signatory status of United Nations' Compact
- Site based SEDEX memberships



- Sustainable packaging design
- Recycling and reconditioning of products
- Responsible supply chain

- Product life-cycle assessments
- Product light weighting
- Innovation model
- Customer and industry collection and recycling program



ETHICS AND GOVERNANCE



- Ethical conduct
- Taxation transparency
- Corporate governance

- *Tax Transparency Report* published



# OUR *stakeholders*

We value open and collaborative dialogue with our stakeholders as we continually strive to improve our sustainability performance.

## Stakeholder engagement

Pact Group has interdependent relationships with several groups of stakeholders including employees, shareholders, customers, suppliers, government and the communities in which we operate.

We identified these groups as people who impact and/or are impacted by the economic, environmental and social impacts of our operations, as well as the culture, performance and long-term strategy of the Group.

Engagement with our stakeholders is continuous and takes several forms to help us better understand the issues that are important to them and what they expect of us.

Our stakeholders and our methods of engagement with them are outlined below.

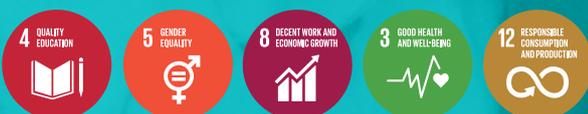
Stakeholder	Methods of engagement
<p><b>Employees and contractors</b></p> <p>Our people are spread across seven countries with an operational workforce of approximately 4,500 across Australia, New Zealand and Asia.</p>	<ul style="list-style-type: none"> <li>• <i>Employee Engagement Survey</i></li> <li>• Performance appraisals</li> <li>• Company intranet and websites</li> <li>• Site noticeboards and toolbox talks</li> <li>• Site and corporate induction</li> <li>• Yammer</li> </ul>
<p><b>Customers</b></p> <p>Our customers are organisations that provide consumers with a range of consumer, industrial / agricultural and materials handling components for whom we provide a portion of their end product.</p>	<ul style="list-style-type: none"> <li>• Customer presentations</li> <li>• Newsletters and other communications</li> <li>• Customer lead audits and assessments</li> <li>• Regular customer business review meetings</li> <li>• Conferences and trade shows</li> </ul>
<p><b>Consumers</b></p> <p>Through our customers, we try to stay in touch with the end-users of our products wherever feasible.</p>	<ul style="list-style-type: none"> <li>• Website and external communications</li> <li>• Market research</li> </ul>
<p><b>Shareholders</b></p> <p>Our investment community comprises institutional investors, individuals and retail shareholders.</p>	<ul style="list-style-type: none"> <li>• Website and external ASX communications</li> <li>• Mailed communications</li> <li>• Face-to-face meetings</li> <li>• Annual General Meeting (AGM)</li> <li>• Investor presentations</li> </ul>
<p><b>Suppliers and business partners</b></p> <p>We engage with a broad range of suppliers, joint ventures and other business partners across the world.</p>	<ul style="list-style-type: none"> <li>• Supplier assessments</li> <li>• Newsletters and other communications</li> <li>• Regular review meetings</li> </ul>
<p><b>Government and regulators</b></p> <p>As required, we engage with Local, State and Federal Governments, primarily regarding regulatory compliance.</p>	<ul style="list-style-type: none"> <li>• Selective participation in policy debate</li> <li>• Collaboration with regulators</li> </ul>
<p><b>Community groups</b></p> <p>We engage with non-profit groups, program partners and communities local to our site operations to address operational impacts, employment opportunities, donations and sponsorship opportunities.</p>	<ul style="list-style-type: none"> <li>• Active support for key events</li> <li>• <i>Community Giving Program</i></li> <li>• Face-to-face meetings</li> </ul>
<p><b>Third party employee organisations</b></p> <p>We respect freedom of association and work collaboratively with employees and their representatives.</p>	<ul style="list-style-type: none"> <li>• Enterprise bargaining negotiation processes</li> <li>• Employee representation matters</li> <li>• Resolution of employee grievances and concerns</li> </ul>

# PEOPLE

PROVIDING AN HONEST, SAFE AND RESPECTFUL WORKPLACE WITH HIGHLY MOTIVATED AND ENGAGED TALENT

We are committed to creating a high performance workplace culture by focusing on equality and diversity, talent management and health and safety.

### UN SDGs



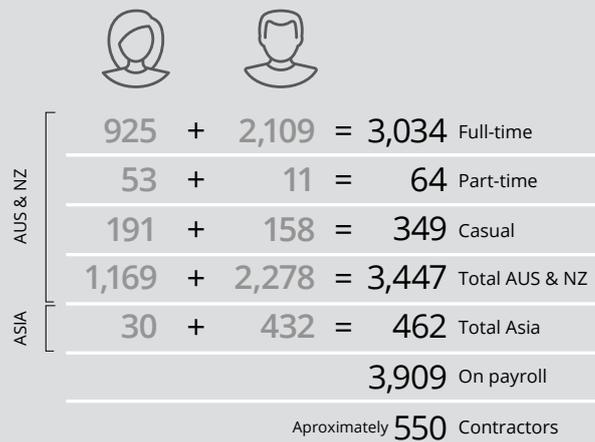
# EQUALITY *and diversity*

## Workforce profile

We believe in recruiting, sustaining, and empowering a diverse and talented workforce. In FY17, women made up 34% of our workforce in Australia and New Zealand, and 30% of our workforce including Asia. More than 92% of our people were employed on a permanent basis. There has been no significant change to employee numbers in FY17.

## Employee engagement, development and recognition

We believe that people perform at their best when they feel engaged, supported and valued. This is particularly important during challenging economic times when sustainable employment opportunities are in focus. In line with this, Pact is proud to invest in the training and development of our people and offer a sophisticated reward and recognition program called *Applause* (refer to page 15).



## ENCOURAGING DIVERSITY TO ENHANCE SUCCESS

### Diversity and inclusion

Diversity is highly valued at Pact and the benefits derived from a diverse workforce ensure that we have a range of employees with skills, experiences and competencies that can be utilised to maximise shareholder value.

Our *Diversity Policy* states that we have zero tolerance for discrimination and outlines how we are actively focused on providing working arrangements that cater to the needs of our employees.

As we value the benefits a diverse workforce can bring to our organisation, our priority for FY18 is to intensify our focus on inclusion in the workplace with an emphasis on engagement opportunities for women.

This priority aims to positively increase female representation in the workplace, with particular focus on management level roles.

During FY17 our Executive Sub-committee continued to provide greater focus and structure in relation to how to achieve our diversity targets.

### Diversity targets

The gender diversity measurable objectives that have been set by the Board are:

1. All salaried recruitment assignments are required to interview at least one female candidate.
2. Monitor the annual salary review outcomes for salaried employees to ensure females receive, on average, not less than the same percentage increase in their remuneration as males across the Group.
3. Ensure that we continue to ask, and review specific questions in the next *Employee Engagement Survey* to quantify gender as an issue in the workplace across the Group.

Our focus on gender diversity has enabled several key appointments of professional females into operational and managerial leadership positions.

Since setting the measurable objectives in April 2014, significant progress towards reaching our goals has been made as follows:

- External recruiters have been directed to source female applicants for all salaried staff vacancies.
- Pact's *Human Resources Information System* (HRIS) recruitment module, implemented in FY17, enables us to capture a diverse pipeline of candidates to support us to aim for one female candidate to proceed to our selection process for every role.
- The annual salary review now includes gender detail to enable the identification of any gender pay equity imbalance, with a view to minimising any such imbalance as part of the final approval process with the CEO.
- The Group continues to lodge its annual public report with the Workplace Gender Equality Agency (WGEA), which includes details of salaries by gender. WGEA has confirmed we have achieved compliance status.
- The FY17 *Employee Engagement Survey* asked a range of questions regarding diversity. The most significant improvement related to whether or not gender is viewed as a barrier to success in the business. Overall favourable responses increased +4%.

In FY17, we have been able to achieve the following against our diversity targets:



↑ 7%

The number of monthly staff recruitment assignments meeting the objective has increased by 7%



↑ 4%

Female appointments externally have increased by 4%

# DIVERSITY COMPOSITION

*across our business*

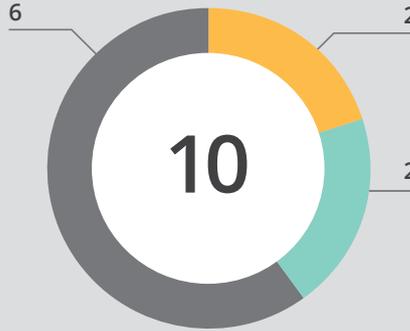
## Diversity composition across our business (workforce and governance bodies)

We are committed to providing a range of diverse employment opportunities for both men and women, across a variety of age groups. The graphs below display the diverse composition of both our governance body and workforce.

Board

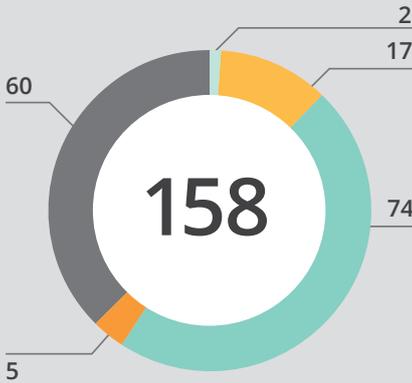


CEO and EGMs

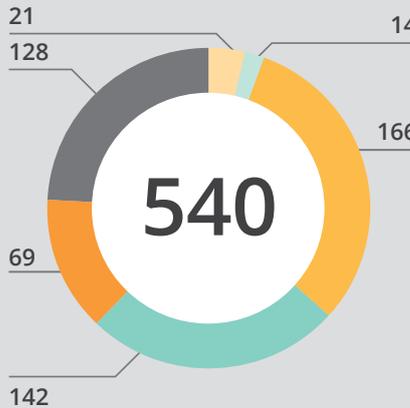


Under 30 Female  
30 to 50 Female  
Over 50 Female

Managers / Supervisors

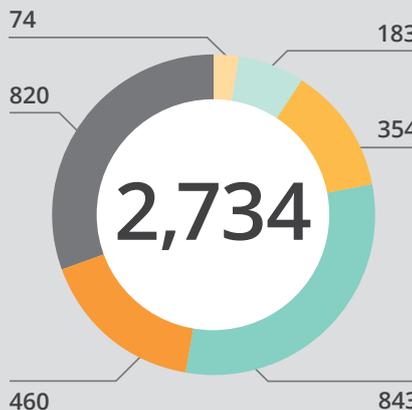


Professionals, Sales and Admin



Under 30 Male  
30 to 50 Male  
Over 50 Male

Operations



	F	M	Total
Under 30	95	199	294
30-50	539	1,061	1,600
Over 50	535	1,018	1,553
<b>Total</b>			<b>3,447</b>

## CASE STUDY

## Pac♀ Women's Network participate in Mother's Day Classic

In recognition that one in eight women will be diagnosed with breast cancer in their lifetime, in FY17, Pac♀ Women's Network participated in *Mother's Day Classic*.

Established in 1998, the *Mother's Day Classic* initiative has grown into a national event, helping to fund Australia's best research into the prevention and cure for breast cancer. Since 1998, the *Mother's Day Classic* has raised an incredible \$30.4 million and funded more than 30 breast cancer research projects across Australia. Research has made a real impact over the last 20 years with survival rates increasing.

Pact Network entered 21 people across four different locations in two separate states. Team members were provided with pink Pact branded caps and t-shirts. The team raised \$735 that was matched by Pact to total \$1,470 for this worthy cause.

There are plans to grow our involvement in this event in FY18 and beyond to include more women and their families from more states.

#proudtobepact

### Parental leave

To encourage a diverse workplace, we actively seek to create working arrangements that meet the needs of our people and support positive retention figures.

All permanent employees, both male and female, are entitled to take parental leave after completing one year of service with Pact.

During FY17, more than 19,000 hours in parental leave was taken across the business.

The table below shows the return to work and retention rates of employees who took parental leave, by gender:

Australia and New Zealand	Male	Female
Total on Parental leave FY17	7	18
Returned from parental leave	7	5
Hours on parental leave	440	18,703

### Pac♀ Network

Established several years ago, Pac♀ Network is a professional women's networking group, administered across four key locations (Melbourne, Sydney, Brisbane and Auckland).

The Pac♀ Network events continue to provide an opportunity for professional women across the Group to meet, collaborate and, when applicable, hear from successful and influential businesswomen. In FY17, Pac♀ Network attended a Business Chicks breakfast in Sydney where Sophia Amoruso was a guest speaker and our Melbourne group was inspired by Dame Quentin Bryce.

### Awareness campaigns

To promote awareness of diversity related issues, in FY17 we ran campaigns across the Group. These campaigns were successful in generating discussions and displaying Pact's commitment to these important topics:

- *International Women's Day*
- *White Ribbon Day*
- *Harmony Day* (Australia)
- *Race Relations Day* (New Zealand)

# ENSURING FAIR & EQUITABLE

## *Labour relations*

### Industrial relations

At Pact we respect rights to freedom of association and collective bargaining. Across our Australian and New Zealand operations more than 89% of our frontline staff are covered by Enterprise Agreements, and as such, labour relations remain at the forefront of our sense of social responsibility. Responsible wage outcomes are critical for business and to provide employment opportunities for our people.

Employees in corporate support services are protected under a common law contract of employment, which stipulates strict entitlements and conditions of work. All contractual agreements at Pact fulfil statutory minimums in relation to termination and redundancy processes and in some cases exceed these provisions.



- 89% ANZ Employees covered by an EBA
- 11% ANZ Employees not covered by an EBA
- 0% Asia



# TALENT *management*

## Empowering our employees to succeed through engagement and professional development

We recognise that the success of our people is key to achieving the best results for our customers. To that end, we believe in supporting the professional and personal growth of our employees.

As a result we have created a high performance culture where our employees are empowered to succeed through several initiatives focused on employee engagement, recognition and development.

### Employee Engagement Survey

We believe open, honest and respectful dialogue with our employees is essential to creating a high performance culture.

Participation in our voluntary *Employee Engagement Survey* provides Pact Group employees with the opportunity to speak up and have their say on everything from the quality of their workplace culture, their ability to collaborate with colleagues, the company's leadership quality and broader business issues. This feedback helps to inform the programs and initiatives run across the Group, and ultimately improve our workplaces.

The FY17 survey received an above average response rate of 63% (similar sized industrial sector organisations receive an average response rate of 50%). This represents a 4% improvement in participation since FY16 for Pact.

### Employee Engagement Survey response rate



The following KPIs recorded the most favourable / positive differentials in comparison to the external industrial (manufacturing) sector:

↑ 17%

**Discrimination free**  
(Extent to which the work area is free from discrimination)

↑ 13%

**Relationship with colleagues**  
(The strength of teamwork between colleagues)

↑ 12%

**Cost consciousness**  
(How effectively the organisation controls expenses)

↑ 9%

**Communication effectiveness**  
(Satisfaction with the communication between areas of the business)

Five of the 30 KPIs with historical comparisons recorded improvements in FY17. The most impressive gain was recorded in relation to the following:

↑ 2%

**Job security**  
(How secure employees feel in their job)



### CASE STUDY

## Aditi Mamtani

Promotions are an important part of recognising and rewarding the great work our talented people do. Aditi Mamtani has recently been promoted to the role of General Manager, Research and Development (Contract Manufacturing). Aditi was previously in the role of Technical Manager in Personal Care at Jalco and the opportunity for Aditi to now grow as the business grows is a real demonstration of how we provide career opportunities for our employees.

As part of our overall talent strategy in FY17, we introduced an internal and external careers portal that allows our employees to see and apply for the many opportunities across the organisation.

## IN FY17, FOR THE FIRST TIME, PERFORMANCE APPRAISALS WERE COMPLETED BY EMPLOYEES IN THE PHILIPPINES, THAILAND AND INDONESIA.

### Employee development

#### Training and skills development

To support the professional growth of our employees a variety of training options are available across the Group. At site level, managers directly lead Pact's employee training and development to allow for bespoke skills development. At Group level, Pact's online learning portal provides more than 50 programs that are accessible to our employees anytime they need them. The portal provides employees with technical education such as computing and project management as well as training in areas such as customer service and time management.

Head Office manages corporate compliance programs, which cover our obligations to create a workplace that is fair and free from bullying, harassment and discrimination.

#### Diversity and Inclusion Policy training in Australia

In FY17, 75% of our operational staff were trained in Pact Group's policy on *Diversity and Inclusion* and how to resolve issues of bullying, harassment, and discrimination. Face-to-face workshops were held across most of our sites, which provided the opportunity for employees to ask questions and learn more about the Group's expectations. We will develop and deliver programs to complete diversity education across Australia, New Zealand and Asia in the years ahead.

#### Customer service training

In FY17 we launched a specific set of training programs for our customer service team to build the skills of our people who manage our customer relationships on a day-to-day basis. The program is designed to enhance the skills of the team and it will be further developed in the coming year.

#### Performance appraisals

To help our employees realise their career ambitions, all salaried Pact employees are required to complete a performance review twice per year. Together, the employee and manager set their objectives, which are measured formally in mid-year and end-of-year appraisals. In FY17, 97% of our employees completed their end-of-year appraisals and for the first time, performance appraisals were completed by employees in the Philippines, Thailand and Indonesia.



# IN FY17 APPLAUSE INTRODUCED MONTH-LONG INNOVATION MISSIONS TO PROMOTE CREATIVE THINKING AND PROBLEM SOLVING.

## Employee recognition

### Applause reward and recognition program

To create a high-performance culture, where our people feel empowered to succeed, Pact deploys our award-winning reward and recognition program *Applause*. *Applause* places innovation in the hands of all employees and fosters a culture of engagement throughout the organisation.

Having recently moved to an online platform the program motivates employees by rewarding ideas, behaviour and performance that demonstrate innovative thinking, perseverance, and dedication. The program's categories for reward align with Pact Group's corporate values:

- We walk in our customers' shoes to serve them better
- We are committed to sustainability and providing an honest and respectful environment
- We are passionate about driving results
- We pursue opportunities for transformational change
- We act with speed and purpose

*Applause Central* creates a transparent central repository for ideas. It is open to all employees, enables real-time communication updates and places voting in the hands of the entire business to empower innovation through co-creation.

The 2016 *Applause* program received a record number of nominations and awards with a total of 300 submissions. These ideas received more than 600 comments; 2,683 votes and were shared 633 times.

Of the 300 nominations, 129 made it to Silver level and received a cash prize for their submission. There were 15 Gold winners and 11 Platinum finalists. The overall winner for 2016 was Monique Entwisle from Pact's Tecpak brand in New Zealand. Monique's idea was an innovative dosage dispensing closure that has many applications such as laundry powder, infant formula, cup of soups and other powders. For winning the 2016 *Applause* program Monique received cash and prizes to the value of \$37,000 including a \$25,000 luxury cruise for eight people on a 34-metre super lavish catamaran around the Great Barrier Reef for five nights. The cash component totalled \$12,000 and will be awarded when her idea is commercialised.



## Applause introduces Innovation Missions

In FY17 *Applause* introduced month-long *Innovation Missions* to promote creative thinking and problem solving. *Innovation Missions* identify broad areas of strategic focus for the Group and empower employees to work together to create company-wide opportunities for growth.

The two *Innovation Missions* that were completed in FY17 were *One Dose Wonders* and *Fresher for Longer*.

### One Dose Wonders

The *One Dose Wonder Innovation Mission* challenged employees to explore what products Pact could manufacture in soluble film beyond what currently exists in the Australasian marketplace.

### Fresher for Longer

*Fresher for Longer* challenged the business to submit innovative packaging ideas about how to keep products *Fresher for Longer* and eradicate waste by extending shelf life and/or analysing portion size, resealability, dosage and dispensing.

## Recognition of long service

Pact is committed to ensuring that the contributions of employees over a long period of time are recognised and celebrated. Long Certificates of Service are to be presented to employees in recognition of having achieved key milestones like 10, 15, 20, 25, 30 and 35+ years of continuous meritorious service.

# ONGOING FOCUS ON IMPROVING

*safety culture and process*

## Keeping our people safe and healthy

The safety, health and wellbeing of our people is always our priority. Our *Towards Zero Harm* strategy is part of our relentless drive to improve safety across our business, with the ultimate goal of achieving zero harm to people and the planet.

## Managing our safety performance

Pact's safety performance is measured by Lost Time Injury Frequency Rate (LTIFR), which represents the number of lost time injuries recorded for every one million hours worked over a rolling 12 month period. The number of lost time injuries is determined by the total number of workplace injuries that resulted in lost time during the reporting period, irrespective of when the injury occurred.

Our safety statistics cover all incidents related to permanent, casual and contracted employees (including all acquisitions and joint ventures excluding Weener Plastop Inc), regardless of the time since the acquisition.

As indicated in the table below, our performance is not where it needs to be and we have established a comprehensive set of lag and lead indicators which have been cascaded as KPI's for all leaders in operations across the group including our Executives.

Our implementation of the Lean operating model is aligned to deliver safety, quality and service across each factory. We believe that a systematic approach to Operational Excellence will help us focus safety activity and remove hazards from our environment.

We also measure Total Recordable Injury Frequency Rate (TRIFR), which represents the number of lost time injuries and medically treated injuries recorded for every one million hours worked over a rolling 12 month period.

Pact Group had no fatalities in FY17. Pact's TRIFR for FY17 is 22.5.

\*Note: as our reporting of data is focused on our total exposure at sites, we do not break our data into gender, region or employee type eg. contractors. We also do not currently collate lost day rate; absentee rate; or occupational disease rate (ODR).

## Risk assessment

As we strive to achieve our strategy of *Towards Zero Harm*, effective risk management continues to be a critical component of our strategy. Workers at our sites are not exposed to occupational activities that have a high incidence or risk of specific diseases.

Any injury is unacceptable at Pact and we have a robust system in place to investigate the cause of any incident and put in place any corrective actions to prevent re-occurrence. Incidents are recorded in our online incident management system, which allows immediate escalation, visibility and management involvement where required.

During FY17 we continued to focus on using technology to enhance the way we present and share information across the business, in the most accessible way. Using Skype, a series of interactive workshops were held to raise awareness of specific hazards and best practice for their control. Workshops included correct use and selection of knives, and improving knowledge of awareness of appropriate safety gloves and safety eyewear for different applications. Case studies were presented from within the business which encouraged sharing of best practice around the Group.

A dedicated campaign was released in November, titled *Don't Cross the Line!*, as a refresher for all staff on the basics of safety and the importance of safe behaviours while working as the end of the year approached. This campaign was received well and re-energized employees before moving into the holiday period.



	FY17	FY16
Group Lost Time Injury Frequency Rate (LTIFR)	5.8	4.9

### Workplace Health, Safety and Environment System

The integrated Work, Health and Safety Environment (WHSE) has enabled greater management of each critical risk area, efficiency at sites, removes duplication, harmonises related business systems, policies and procedures at work.

*Towards Zero Harm* defines the minimum standards and is applicable to all operations across the Group. Along with the manual, procedures and forms, we have also integrated the WHSE and EMS Group and have continued to audit all sites across the Group to enforce the new standard. We will continue to complete the Group WHSE Audit program in FY17.

Incidents are reported by sites to the Group in 'real-time' via telephone and our online incident reporting tool.

Our *Towards Zero Harm and Work, Health and Safety Environment* systems operate under a 3 lines of defence model for risk and control. The audit that occurs at site level are conducted by our Group Risk Team and are validated in a monthly scorecard across the Group. Then each year we engage an independent 3rd party to help prioritise assurance to our reporting.

Each site has a consolidated *Safety and Environment Action Plan* and progress is reported throughout the year as well as monitored at site level. These plans set out to achieve the sites targets, and ultimately achieve our strategic ambition of zero harm to people and the planet.

We track and report on WHSE performance internally on a monthly basis, and externally, along with our financial results, at both half and full year. Transparency is enhanced by posting the monthly scorecard on our intranet and on site notice boards. Further information of the respective safety and environmental performance indicators can be found on pages 16, 20 and 22 of this *Report*.

### Engaging our workers

Discussion and consultation on key safety and environmental issues with workers across all areas of the Group is a priority. We have progressed a requirement to investigate all injuries to root cause and implement corrective actions. This allowed for key hazards in our workplaces to be assessed for risk and appropriate remedial action to be taken.

We continued to deliver awareness campaigns to each site comprising of webinars, posters and Tool Box Talks on dedicated safety and environmental topics. These campaigns support the broader engagement of workers and aim to influence behavioural change.

Our workplace requires consultation arrangements to be in place. These arrangements help workers at all levels to raise questions, make suggestions and contribute to decision-making. Consultation arrangements generally include a site based WHSE Committee, which brings managers and workers together and helps to drive a positive workplace culture.



The safety, health and wellbeing of our employees is central to our high performance culture. We understand that work can impact on all areas of our employees' lives, including the quality of our family life and overall lifestyle. Therefore, Pact has invested in several programs to promote and enhance employee health and wellbeing.

#### Global Corporate Challenge

Since 2015 we have provided our employees with the opportunity to participate in the *Corporate Challenge*, formally *Global Corporate Challenge (GCC)*.

The *Corporate Challenge* is a 100 day virtual challenge that involves more than 300,000 people from around the world competing in teams to improve their physical and psychological health through a range of activities including walking, swimming and biking. As they become more active in the *Challenge*, participants move through different locations around the world. The *Corporate Challenge* also provides participants with an online platform to ensure that awareness, education and motivation continue throughout the 12 month program.

## MAKING THE HEALTH AND WELLBEING OF OUR EMPLOYEES A PRIORITY

In FY17, Pact fielded 60 teams with seven employees in each, to participate with more than 900 companies across 185 countries. Pact delivered a fantastic result, achieving eighth place in the Manufacturing and Operations category for the Asia-Pacific region.

#### The Pact Employee Assistance Program

The *Pact Employee Assistance Program (EAP)* is a service offered to employees across Australia and New Zealand to provide emotional, mental and general psychological support through access to counselling services.

The service aims to provide preventative and proactive intervention for the early detection, identification and / or resolution of problems and concerns that may adversely affect an employee's mental health and wellbeing.

#### Onsite physiotherapy

Our onsite physiotherapists focus on musculoskeletal issues to offer services that combine knowledge of our organisation's work environment, with expert physiotherapy and occupational rehabilitation to prevent and reduce injuries to our employees. An onsite occupational physiotherapy program has been implemented at the following Pact sites: VIP Laverton North, VIP Truganina, VIP Moorabbin, Alto Mulgrave and VIP Brendale.

When an injury occurs at a Pact site, we focus on rehabilitation and safe return to work as soon as possible. For non-work-related injuries, we aim to ensure that the employee does not aggravate their injury at work and is safe to carry out their normal duties.

#### CASE STUDY

## Three Year Safety Strategy

Our aspirational three year safety strategy, *Towards Zero Harm — Incident Free Workplace 2020*, is guided by the following main objectives:



### 1. Leaders defining culture

Build on the existing commitment of business leaders to focus on safety as an integral component of the Group's *Operational Excellence Program* and serious incidents reported and subject to Executive Management review.



### 2. Safety Management Systems

Continue to the site focused implementation of the WHSE system, with a focus of integration of our system within our newly acquired businesses.



### 3. Capability

Continue to develop all employees so that they are fully equipped to manage and resolve safety issues including application of the Group's formalised problem solving process.

# ENVIRONMENT

## REDUCING THE ENVIRONMENTAL IMPACT FROM OUR MANUFACTURING PROCESSES

Pact's *Towards Zero Harm* strategy encompasses our commitment to our planet too.

Across our operations we are specifically focused on conserving energy, minimising waste, preventing pollution and using raw materials wisely, to protect our planet for future generations.

UN SDGs



## Energy and emissions

We use a number of energy sources when manufacturing Pact products, including electricity, natural gas, LPG, diesel and butane.

In Australia we report our Greenhouse Gas (GHG) emissions and energy use through the *National Greenhouse and Energy Reporting (NGER) Scheme*.

In FY17 Pact Group consumed 1,819,904 GJ of energy and emitted 305,406 tCO<sub>2</sub>e GHG emissions.

The breakdown of this result is as follows:

- Scope 1: 18,995 tCO<sub>2</sub>e
- Scope 2: 286,411 tCO<sub>2</sub>e

### Australia/New Zealand Energy and Emission breakdown

	Australia	New Zealand
Total energy consumed (GJ)	1,351,520	327,889
Total GHG emissions (tCO <sub>2</sub> e)	268,559	11,937
<b>Breakdown:</b>		
Scope 1 (tCO <sub>2</sub> e)	16,018	2,936
Scope 2 (tCO <sub>2</sub> e)	252,541	9,001

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

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

\*\*\* New Zealand emission and energy content factors were derived from Guidance for Voluntary Greenhouse Gas Reporting – 2016: Using Data and Methods from the 2014 Calendar Year. Wellington: Ministry for the Environment.

\*\*\*\* Asia emission factors derived from the International Energy Agency 2016.



CASE STUDY

# Small Acts; Big Impacts

## Pact Group Energy Awareness Month June 2017

At Pact, we continually strive to improve energy efficiency across all our operations. To raise awareness amongst all employees, for the month of June 2017, we shone a spotlight on energy efficiency and identified simple actions all employees could take to reduce our collective consumption.

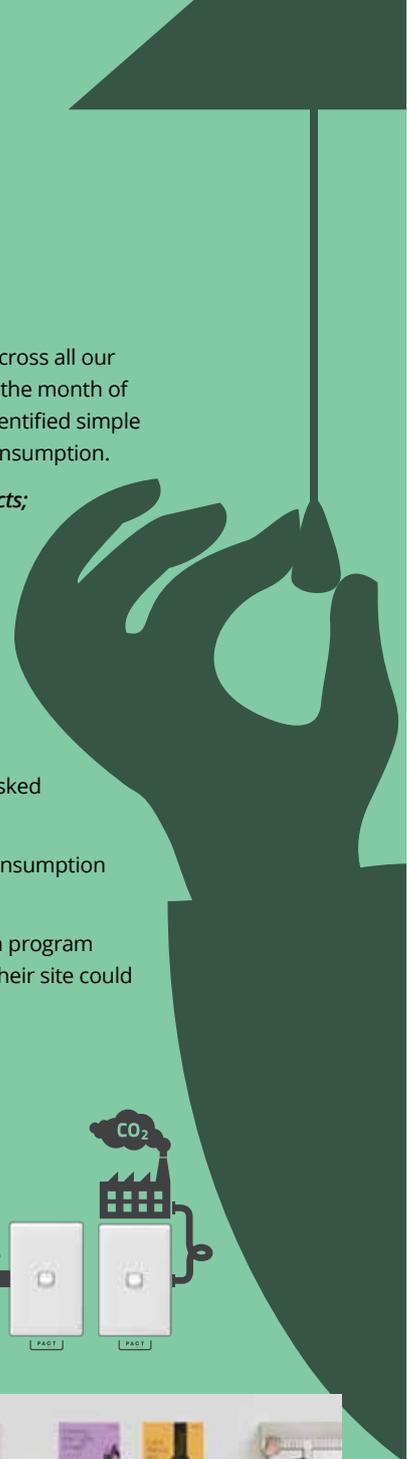
The theme of our energy awareness campaign was **Small Acts; Big Impacts!**

The campaign was launched through Pact's intranet and enterprise wide social networking tool Yammer. Each site also received a pack that included power switch decals, posters and Toolbox Talk summaries.

Decals were placed on the site's most visible and frequently used light switches such as kitchens, bathrooms and lunchrooms. When decals were displayed, sites were asked to post a photo of it on Yammer.

Sites also received information on how to reduce energy consumption by switching to light emitting diode (LED) lights.

In June we also opened our internal reward and recognition program *Applause*, so employees could nominate ideas about what their site could do to be more energy efficient.



## ACROSS ALL OUR SITES, WE USE INTERNAL RECYCLING PROCESSES AND SYSTEMS.

### Materials and waste

#### Materials

Pact produces and packages a diverse range of products and environmental sustainability is a key consideration for us.

Primary raw materials used to manufacture products are resin for plastics based products, and steel coil and tin plate for steel products. In FY17 we consumed approximately 200,000 tonnes of these materials.

Recycled resin is used in place of virgin resin, where customer requirements can be met and product specifications allow the usage. Of all resin consumed in FY17, 4% was recycled resin.

#### Waste

Pact is committed to reducing and eliminating waste from our operations, which has been a primary focus of the *Operational Excellence Lean Program*. This commitment is assisted by our aim to produce packaging that is 100% recyclable.

All of our sites have implemented internal recycling processes and systems. Our waste management providers work with us to minimise waste and recycle as much as possible. Materials we most commonly recycle include paper, cardboard, steel, plastic, used oil, steel drums and intermediate bulk containers (IBCs).

High Density Polyethylene (HDPE) and Polypropylene (PP) plastics are collected and recycled by our Sustainability Services Division, in Australia and New Zealand.

Any non-recyclable waste is sent to landfill and all hazardous waste is collected via licenced hazardous waste contractors, and processed according to local legislation.

Of all waste generated across the Group in FY17, 57% was diverted from landfill via recycling.

### CASE STUDY

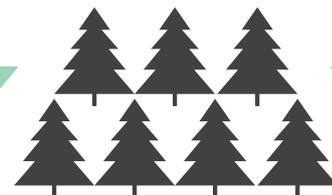
## LED light replacement

In FY17, VIP Packaging (Villawood) undertook a lighting upgrade project. More than 600 of its existing lights, including old metal halide high bay lights used in production and warehouse areas were replaced with modern energy efficient light emitting diode (LED) lights that comply with external certification requirements, are less of a fire risk, and have a five year (30,000 hour) warranty. The upgrade also involved replacing lights in office and external areas and involved installed motion sensors where suitable.

The site utilised of the NSW Government's *Energy Savings Scheme (ESS)*, a program that provides money to businesses investing in technologies to reduce their energy use. For every megawatt hour (MWh) saved, the site received a discount on the lighting they purchase.

To help verify the energy savings, sub-metering of electricity on lighting distribution boards and circuits was commissioned, which measured consumption two weeks before and after the LED lights were installed.

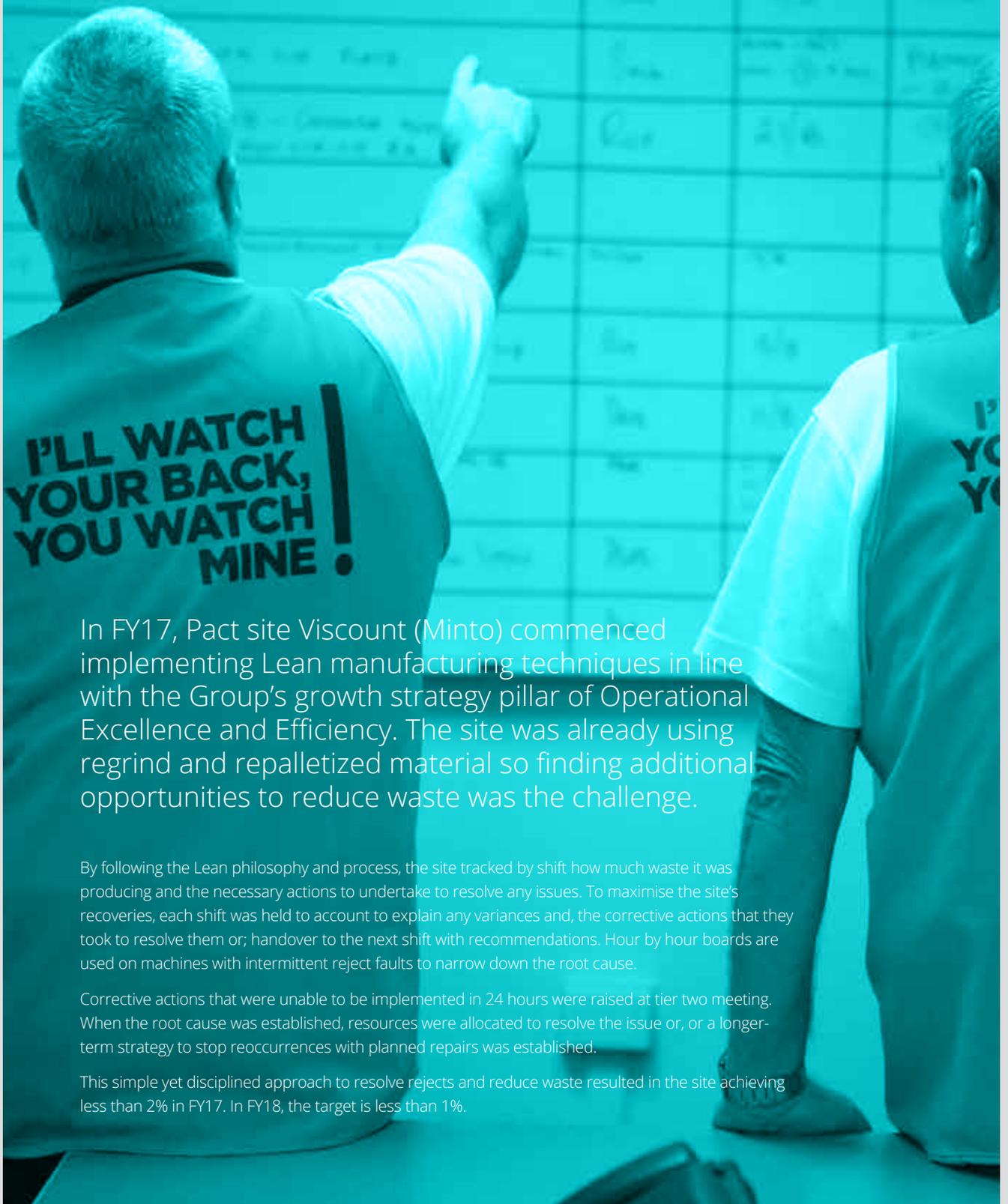
**The metered results show the upgrade to LED lighting will save an estimated 980,000 kWh when extrapolated for the whole year. This is the equivalent of 826t of CO<sub>2</sub>e being emitted to the atmosphere, which could be offset by planting:**



**1,239**  
TREES PER YEAR

## CASE STUDY

# Waste Reduction Through Adopting Lean Manufacturing Techniques



In FY17, Pact site Viscount (Minto) commenced implementing Lean manufacturing techniques in line with the Group's growth strategy pillar of Operational Excellence and Efficiency. The site was already using regrind and repalletized material so finding additional opportunities to reduce waste was the challenge.

By following the Lean philosophy and process, the site tracked by shift how much waste it was producing and the necessary actions to undertake to resolve any issues. To maximise the site's recoveries, each shift was held to account to explain any variances and, the corrective actions that they took to resolve them or; handover to the next shift with recommendations. Hour by hour boards are used on machines with intermittent reject faults to narrow down the root cause.

Corrective actions that were unable to be implemented in 24 hours were raised at tier two meeting. When the root cause was established, resources were allocated to resolve the issue or, or a longer-term strategy to stop reoccurrences with planned repairs was established.

This simple yet disciplined approach to resolve rejects and reduce waste resulted in the site achieving less than 2% in FY17. In FY18, the target is less than 1%.

PACT IS COMMITTED TO REDUCING AND ELIMINATING WASTE FROM OUR OPERATIONS, WHICH HAS BEEN A PRIMARY FOCUS OF THE *OPERATIONAL EXCELLENCE LEAN PROGRAM*



# SOCIETY

## INVESTING IN PROGRAMS THAT POSITIVELY IMPACT THE COMMUNITIES IN WHICH WE WORK

Having a positive impact on the communities in which we operate is central to the way Pact operates. We believe there is a link between a healthy community, a growing economy and the success of our business

### UN SDGs



# INVESTING IN COMMUNITY INITIATIVES *and activities*

We actively participate in our local communities by supporting several community initiatives that align with our product and service offering, geographic footprint and stakeholder groups.

## Community Giving Program

At Pact, we actively encourage a spirit of generosity in our employees. Our *Community Giving Program* enables Pact employees to nominate a chosen charity they feel passionate about to receive one of the following:

- Product donation
- Fundraising contribution
- Monetary donation matching scheme (Pact will match an employee's personal donation to their chosen charity, doubling the contribution made)
- Direct sponsorship

Following are some of the initiatives we have supported in FY17.

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



Ronald  
McDonald  
House®

Ronald McDonald House Charities — Australia and New Zealand

Pact continues to partner with Ronald McDonald House Charities (RMHC) to provide child and family welfare support, following feedback from our annual *Employee Engagement Survey*, that this is a cause close to our employees' hearts.

With 16 locations around Australia and three in New Zealand, Ronald McDonald Houses offer a home-away-from-home, giving families somewhere more comfortable to stay than a waiting room, chair on a ward, or in their car while their seriously ill children are being cared for in hospital.



Australia's  
Biggest  
Morning  
Tea

Cancer Council's 'Australia's Biggest Morning Tea' *Australia's Biggest Morning Tea* is an annual feature of the Pact calendar, providing an opportunity for workmates to come together, share a cup of tea and help those affected by cancer.

We are proud to have raised more than \$77,000 since hosting our first Morning Tea event, nine years ago, helping provide funds for vital cancer research, prevention and support services across Australia. This year we donated more than \$7,000.



Ongoing support to WasteAid

Pact's Sulo brand, is proud to continue its involvement with non-profit organisation WasteAid, which provides basic waste services to disadvantaged areas of Australia, predominantly assisting Aboriginal and Torres Strait Islander populations. Sulo has provided waste bins for various projects and Pact is proud to continue to provide further support to WasteAid as it continues to implement its waste services throughout remote communities.

## CASE STUDY

## Ronald McDonald House Welcome Care Packs

In FY16, Pact Group announced its partnership with Ronald McDonald House Charities (RMHC). RMHC is an independent charity that provides a 'home away from home' for families of seriously ill children being treated at nearby hospitals. There are 16 Ronald McDonald Houses in Australia.

When families arrive at RMH, they have often left their homes urgently and don't have many of the essentials for living for an extended period away from their home. To help ease their transition, in FY16, Pact Group through its contract manufacturing subsidiary Jalco, provided more than 6,000 personalised care packs consisting of a shampoo, conditioner, and body wash to families upon their arrival.

The picture on the front of the bottles was drawn by Ester (age 10) to represent the families staying at the house. Ester recently stayed at of RMHC's Parkville House while receiving treatment at The Royal Children Hospital.



Ronald  
McDonald  
House®



### Australian Marine Conservation Society

Pact has supported the Australian Marine Conservation Society (AMCS) for a number of years as it is Australia's only national charity dedicated exclusively to protecting ocean wildlife. A key component AMCS campaigns is to give our oceans the best chance of resilience against climate change impacts. If we can keep our oceans in the healthiest and most natural state, without pressures from overfishing and pollution, then they will have increased ability to cope with these changes.

### Sustainable Coastlines

In FY17, Pact is proud to have forged a new partnership with multi-award winning New Zealand charity Sustainable Coastlines that dedicates its time to keeping coastlines and waterways clean.

Sustainable Coastlines co-ordinates and supports large-scale coastal clean-up events, educational programs, public awareness campaigns and riparian planting projects.



### Harman Foundation

Pact's Power Plastics brand commenced a partnership with the Harman Foundation in FY17. The vision of Harman Foundation is to provide assistance to members of the community who are subject to emotional trauma, anxiety, stress and suffering caused through unforeseen circumstances due to loss of a family member. Since its inception, the Foundation has continued to evolve into a web of cost-free community support services, delivered by a committed group of volunteers, to address a range of individual and group needs, issues and concerns.



### Royal Flying Doctor Service's Outback Car Trek

For the last six years, Pact has sponsored and participated in The *Outback Car Trek*. The *Trek* is an annual motoring event organised to raise money for Australia's Royal Flying Doctor Service (RFDS), which delivers primary health care and emergency services to those who live and work in remote and rural Australia.

Sponsoring the *Trek* entry of our customer Lion, we contributed significantly to help fund the purchase of medical equipment and the rollout of the RFDS *TOOTH* program, which delivers dental services to regional communities. Our Salient site also provides part-sponsorship of customer PAX's entry in the event.

# PRODUCT *stewardship*

## Product stewardship

Pact conceives, designs and manufactures packaging for many products in the average home, allowing us to store, transport, consume and preserve a diverse range of products at our convenience.

Our vision is to enrich lives every day through sustainable packaging solutions and this philosophy underpins everything we do when designing our packaging.

Pact is a signatory to the Australian Packaging Covenant (APC). The APC is a sustainable packaging initiative between government and industry, which aims to change the culture of business to design more sustainable packaging, increase recycling rates and reduce packaging litter. As a signatory, Pact lodges an *Annual Report* with the APC, which is completed for the reporting period.

## Sustainable packaging design

At Pact we focus on the entire life cycle of our packaging, with the objective of providing a complete and returnable packaging solution, generating efficiencies for our customers and reducing environmental impact. This means recognising that packaging has a life after the contents are consumed and it can be repurposed, reconditioned or recycled.

Although packaging can be 'single use' in terms of its primary purpose, smart design and manufacturing helps us ensure it can be repurposed and continue onto the next phase of its life cycle without negatively impacting upon the environment. We try to design our packaging not only to suit the product, but to ensure that its end-of-life management suits existing recycling systems, collection programs and kerbside recycling. We utilise the most appropriate materials, eliminating harmful substances wherever possible, and label our products with advice for appropriate end-of-life disposal so they do not become an environmental concern in the future.

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

## Life cycle assessments

A life cycle assessment (LCA) is an internationally recognised approach to assessing the environmental impacts of a product, process or activity through its life cycle; from the extraction of raw materials through to processing, transport, use and disposal.

Pact measures the environmental impact of each stage of the package life cycle with a range of evaluations including Sustainable Packaging Guidelines' assessments, PIQET® assessments, and LCAs to ensure sustainability remains at the core of our packaging philosophy and supply chain.



PACT IS PROUD TO BE ONE OF THE LARGEST RECYCLERS OF RESIN IN AUSTRALIA AND NEW ZEALAND. RECYCLING PLASTIC MAKES SENSE ECOLOGICALLY AND ECONOMICALLY — FOR OUR CUSTOMERS, OURSELVES AND OUR COMMUNITY. IT REDUCES WASTE AND SAVES COSTS.

#### Recycling resin

We collect and clean industrial plastic scrap in Australia and in New Zealand, break it down, granulate and extrude it. Once processed, we return the reprocessed plastic to the original source (tolling); sell it as graded plastic resin; or convert it into second generation products including underground cable covers, piping and slip sheets.

We commonly recycle high density polyethylene (HDPE) and polypropylene (PP), and we also handle other grades of plastic.

#### Drum reconditioning

Pact is one of the leading drum reconditioners in Australia and New Zealand, supplying and collecting both steel and plastic drums for reconditioning. Both open head and closed head drums are collected, cleaned, reshaped and repainted into reconditioned drums that have the same functional characteristics of most new drums. Reconditioning drums in this manner replaces the need to manufacture new drums (which are made from new steel and plastic), which greatly reduces the overall impact on the environment.

In the past 12 months, Pact has collected more than one million used steel drums for reconditioning with 80% of these reconditioned into good-as-new drums for reuse and the remaining 20% sent to steel recyclers.

#### Intermediate bulk container (IBCs)

Pact is also a leading IBC service provider in Australia and New Zealand. IBCs are collected and cleaned using specially designed equipment, and as a result, are able to be used multiple times. In some circumstances where the inner bottle cannot be cleaned, it can be removed from the steel cage and replaced with a new bottle.

In FY17 Pact has collected more than 120,000 used IBCs for reconditioning.

#### drumMUSTER

*drumMUSTER* is a national product stewardship program, supported by chemical manufacturers and industry stakeholders, to collect and recycle hard-to-recycle chemical containers.

Prior to the program, these containers were typically sent to landfill or burned/buried on farms. Since its inception in 1998, *drumMUSTER* has recycled more than 20 million containers.

As a participant in the *drumMUSTER* program, Pact collects more than 400,000 plastic drums (approximately 410 tonnes of material) every year. By diverting this waste from landfill and reprocessing it, Pact is helping minimise damage to the environment.



# PROUD TO BE NAMED ONE OF AUSTRALIA'S MOST INNOVATIVE COMPANIES

In FY17, for the fourth consecutive year, Pact Group has been named one of Australia's most innovative companies on the *AFR Most Innovative Companies List*.



## Innovation is at the heart of Pact

Inpact Innovation is Pact's internal innovation division and was created as a standalone business within the Group, designed to help Pact customers win in their categories. The cross-functional team includes industrial designers and engineers, inventors, marketing and other specialists to challenge conventional thinking and identify new opportunities through insight-led innovation.

Our unique combination of proprietary technology, state-of-the-art manufacturing, leading intellectual property (IP), innovative design know-how and engineering capability enables Pact to deliver superior, sustainable packaging solutions, making Pact the supplier of choice.

## Inpact's Innovation Model

### CREATE

The creative process starts with category mapping to gain an insight into the competitive environments in which our customers operate. We identify the key influences of brand, product, packaging design and retail navigation. Throughout the process, consumers remains the central focus so we can better understand their behaviour and improve their experience. The insights extracted during this process guide our strategic innovation.

### SOURCE

Pact searches the world to find and secure the latest technological innovations so we can deliver world-class packaging solutions and designs. Our innovation and technical teams work collaboratively to ensure each design challenge is considered from all angles. If we do not already hold the solution, we will find a way to make it happen.

### ENGINEER

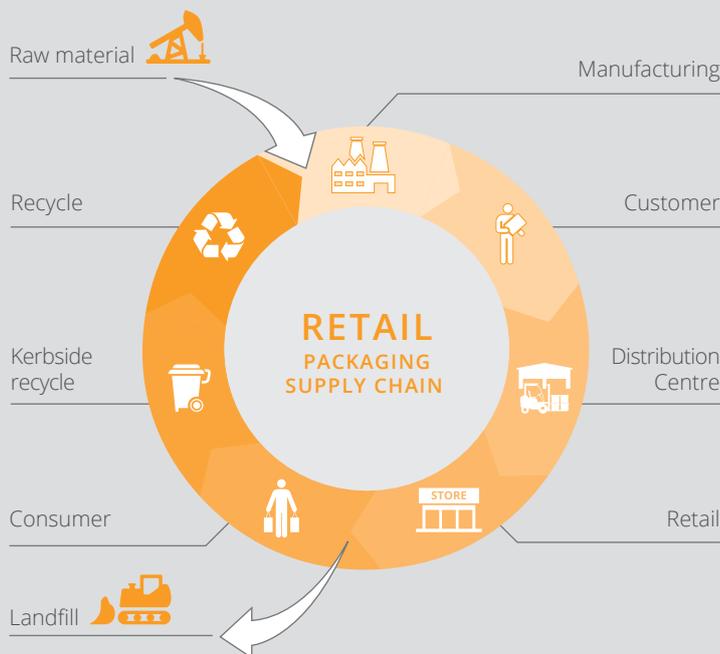
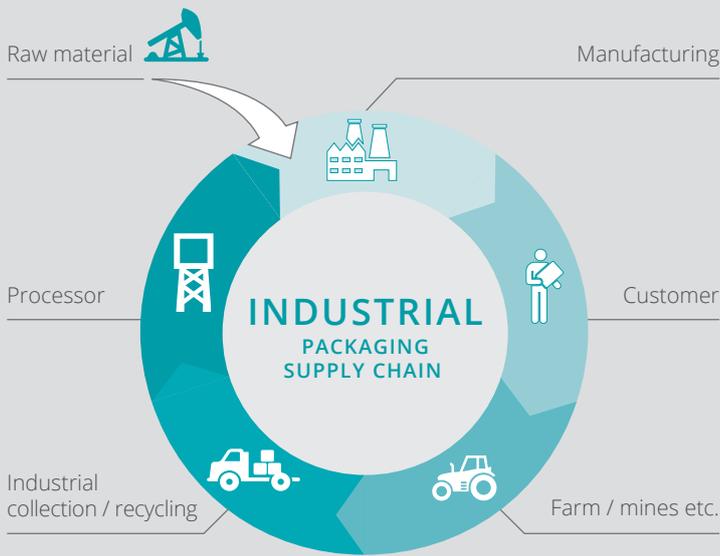
Concepts are transitioned from sketched illustrations on a page to full 3D rendering and tool design. Our engineers manage each step of the process, taking the project from the conceptual phase through to implementation. All aspects of making the concept more environmentally sustainable are considered from lightweighting via material reduction, material switching and use of recycled content.

### MANUFACTURE

Pact has the manufacturing capabilities and technological know-how to take Inpact's creative concepts to the commercial world.



# OUR SUPPLY chain



This diagram visually represents our industrial and retail packaging supply chains.

## OUR FOCUS ON SUSTAINABILITY CARRIES THROUGH TO THE 5,000 SUPPLIERS WE WORK WITH AROUND THE GLOBE

### Responsible procurement

Our supply chain is relatively streamlined and as a result represents low risk, due to the nature of our business and the fact our key raw materials make up approximately 50% of our total manufacturing costs.

However, as a global business, and in-line with the supply chain requirements of our customers, and our commitment to conduct our business responsibly with integrity, our *Quality Policy* ensures we consistently meet and surpass international standards across all our operations.

We also assess the suitability of new suppliers based on their ability to meet our *Supplier Code of Conduct*, to ensure our suppliers uphold strict ethical, social and environmental principles. Retrospective assessments of existing suppliers are also regularly carried out.

Both our *Quality Policy* and *Supplier Code of Conduct* can be found on the Pact website: [www.pactgroup.com.au/sustainability](http://www.pactgroup.com.au/sustainability).

## PRODUCT LIGHTWEIGHTING CASE STUDY

## Shampoo and conditioner bottles

In FY17 Pact reduced the weight of four variants of a major customers' HDPE shampoo and conditioner bottles by an average of 22% from the former bottles. This represents a saving of 56 tonnes of HDPE per year.

The environmental savings generated by this initiative are equivalent to the weight of:

34  
CARS



## CASE STUDY

## Pact's RPET Moisturelock Meat tray wins 2017 Sustainable Packaging & Processing Award

Pact Group's recycled polyethylene terephthalate (rPET) Moisturelock meat tray won the *Sustainable Packaging & Processing Award* at the 2017 Australian Institute of Packaging's Innovation and Design Awards (PIDA's). The PIDA's recognise companies designing innovative packaging and processing materials and solutions within the food, beverage, health, beauty & wellness and domestic and household markets.

The *Sustainable Packaging & Processing Design Awards* are designed to recognise companies that have developed innovative packaging or processing solutions that incorporate sustainability considerations. Elements include social, material, source reduction, energy and recovery.

Pact's rPET Moisturelock meat tray comprises 50% recycled material and is accepted by every kerbside recycling scheme. It is made from clear plastic, not black, so it can be easily separated in the recycling centres. The real innovation however lies in the tray's ability to capture fluid in the base. The little 'dimples' in the bottom of the tray hold the fluid even when it is tilted or turned upside down.



## PRODUCT LIGHTWEIGHTING CASE STUDY

## Dairy closures

In FY17, Pact lightweighted a 38mm dairy closure from 2.9 grams to 1.7 grams. This represents a weight reduction of 41% from the former closure and a saving of 276 tonnes of HDPE per annum.

Annual environmental savings generated by this initiative are equivalent to water usage of:

9.8 OLYMPIC SIZED SWIMMING POOLS



# ETHICS AND GOVERNANCE

## CONDUCTING OUR BUSINESS RESPONSIBLY, WITH INTEGRITY

Pact is committed to high standards of business ethics, which centre on the premise of acting responsibly and conducting our business with integrity.

As signatories to the United Nations Global Compact we continuously work to align our operations and business strategy to its 10 principles and dedicate ourselves to leading the way in corporate governance best practice.

### UN SDGs



# ETHICAL *conduct*

OUR GROUP CODE OF CONDUCT DEMONSTRATES OUR COMMITMENT TO CORPORATE RESPONSIBILITY AND OPERATING WITH INTEGRITY.

## Ethical conduct

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

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

Supporting the *Code of Conduct* is a range of Group policies designed to ensure compliance with Laws and Regulations.

### Environmental Policy

Our *Environmental Policy* sets out our commitment to continuously improve the environmental performance of our operations and services.

### Quality Policy

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

### Work health and safety policy

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

### 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.

### Whistleblower Policy

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

### Supplier Code of Conduct

Conducting our business ethically and with integrity includes looking at our supply chain. Our suppliers must comply with all local laws and legislation and must declare all instances where the manufacture of our goods is outsourced.

### Privacy Policy

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

The *Code* and Group policies are available on the Pact website: [www.pactgroup.com.au/sustainability](http://www.pactgroup.com.au/sustainability).





### Anti-bribery and Corruption Policy

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

During the reporting period, we have not had any incidents in which employees or contracts with business partners have been investigated or terminated due to corruption.

The *Anti-bribery and Corruption Policy* is available on the Pact website: [www.pactgroup.com.au/investor/corporate-governance/policies-and-standards](http://www.pactgroup.com.au/investor/corporate-governance/policies-and-standards).

### Competition and Consumer Act Compliance Policy

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

All of our Executives, Senior Managers, sales team and other relevant employees have completed online Self-Administered Legal Training (SALT) and refresher training is delivered every year.

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

## Financial transparency

### Tax transparency

Pact Group's approach to tax is governed by the following three principles:

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

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

A *Report* outlining our approach to taxation and providing details about the taxes we paid in FY15 was published during FY17 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 *FY15 Tax Transparency Report* can be found on the website here: [www.pactgroup.com.au/wp-content/uploads/2017/06/Pact-Tax-Transparency-Report-2015\\_V2.pdf](http://www.pactgroup.com.au/wp-content/uploads/2017/06/Pact-Tax-Transparency-Report-2015_V2.pdf).

### 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.

# CORPORATE GOVERNANCE & RISK *management*

## Board

The Board of Directors are 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, four independent non-Executive Directors, and an Executive Director.

Board members have extensive experience in a range of relevant industries, including manufacturing, finance, information technology, operations and public company experience.

Further information and biographies of the Group's Board members are available in the *Annual Report*, which is located on the Pact website: [www.pactgroup.com.au/investor/leadership/board-of-directors](http://www.pactgroup.com.au/investor/leadership/board-of-directors).

The Board has delegated specific responsibilities to two governance sub-committees, which are chaired by independent Directors.

The Nomination and Remuneration Committee and the Audit, Business Risk and Compliance Committee have defined responsibilities detailed in their respective charters. These charters can be viewed on the Pact website: [www.pactgroup.com.au/investor/corporate-governance/board-and-committee-charters](http://www.pactgroup.com.au/investor/corporate-governance/board-and-committee-charters).

## Risk management

Pact promotes best practice risk management across our business, covering a variety of risks, including but not limited to: operational; environmental; sustainability; compliance; strategic; ethical conduct; reputation or brand; technological product or service quality; human capital; financial reporting and market related risks.

Pact's *Risk Management Policy* sets out our commitment to managing all risks in a proactive and effective manner. The *Policy* is complemented by our *Risk Management Framework*, which requires the identification and mitigation of risks to ensure business continuity, protect the Group's reputation, inform management decisions and drive competitive advantage. The *Framework* is based on ISO31000 Risk Management Principles. The *Risk Management Policy* is available on the website. [www.pactgroup.com.au/investor/corporate-governance/policies-and-standards](http://www.pactgroup.com.au/investor/corporate-governance/policies-and-standards).

Further information on our corporate governance practices can be found in the Corporate Governance Statement on the website. [www.pactgroup.com.au/investor/corporate-governance/policies-and-standards](http://www.pactgroup.com.au/investor/corporate-governance/policies-and-standards).

## Human rights

### United Nations Global Compact

The *United Nations Global Compact (UNGC)* is a strategic policy initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

As a signatory to the *UNGC*, Pact Group upholds the principles of universal human rights, including accessibility, non-discrimination and labour rights across all of our operations. This is demonstrated 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.

It is also supported in our *Equal Opportunity, Harassment and Bullying Policy*, mentioned earlier, in which Pact is committed to being an equal opportunity employer and to ensuring our workplace is free of unlawful discrimination, harassment and bullying.

We note that there has been one incident of discrimination during the reporting period. There have been no grievances about human rights impacts filed through formal grievance mechanisms during the reporting period.

Our corporate induction, which all new salaried employees complete, covers our expectations with regards to the Group and employees upholding the principles of universal human rights.

We lodged our annual *UNGC Communications on Progress* in December 2016 which can be downloaded from the UNGC website: [www.unglobalcompact.org](http://www.unglobalcompact.org).

### Child and forced labour

As a signatory to the *UNGC* we are committed to supporting the abolishment of child labour and forced labour worldwide.

As a business, our *Code of Conduct* and other Group policies condemn and resolutely prohibit child and forced labour. There have been no incidents of child or forced labour within the Group that we are aware of during the reporting period.

### Supplier Ethical Database Exchange (Sedex)

Sedex is a secure online database that allows members to store, share and report on four key areas including labour standards, health and safety, the environment and business ethics.

It is a simple and effective way of managing ethical and responsible practices across the supply chain. A number of our sites have completed a Sedex Members Ethical Trade Audit (SMETA).

Sedex is currently a tender requirement for some of our customers, and enables Pact to display our sustainability credentials within their supply chain.

# ABOUT *This Report*

**This Sustainability Report for Pact Group Holdings Ltd has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4 version). This Report is in accordance with “core” GRI guidelines and no information is restated and no changes have been identified.**

The information contained in this Report relates to sites wholly owned and operated by Pact Group Holdings Ltd (“Pact” or “the Company”) and its wholly owned subsidiaries (“the Group”). All data relates to the 12 month period or the status as at 30 June 2017 (FY17), unless otherwise stated.

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

## Information integrity and verification

Pact’s Executive and Senior Management are responsible for the preparation and integrity of the information in this Report. We believe this Report fairly represents our sustainability performance during FY17.

## Further information

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

- [www.pactgroup.com.au](http://www.pactgroup.com.au)
- The *Annual Report*
- The Annual General Meeting
- Disclosures to the Australian Securities Exchange (ASX), company code (PGH).

Previous *Sustainability* and *Annual Reports* can be downloaded from the Investor section of our website: [www.pactgroup.com.au/sustainability](http://www.pactgroup.com.au/sustainability).

If you have any questions or feedback, please email: [info@pactgroup.com.au](mailto:info@pactgroup.com.au)

# GLOBAL REPORTING INITIATIVE

## SUMMARY INDEX

Pact's 2017 Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4 version). The following table summarises Pact's performance against "core" GRI guidelines.

### General Standard Disclosures

Standard Disclosure	Description	Reporting status	Report heading	Page
<b>Strategy and Analysis</b>				
G4-1	Statement from the most senior decision-maker in the organisation	Fully	A word from our CEO	1
G4-2	Impacts and Risks summary	Fully	Key sustainability issues, Corporate Governance & Risk Management	4, 36
<b>Organisational profile</b>				
G4-3	Organisation name	Fully	About this report	37
G4-4	Primary products, services	Fully	Who we are and what we do	2
G4-5	Head office location	Fully	Who we are and what we do	2
G4-6	Countries of operation	Fully	Who we are and what we do	2
G4-7	Ownership and legal form	Fully	About this report	37
G4-8	Markets served	Fully	Who we are and what we do	2
G4-9	Scale of organisation	Fully	Who we are and what we do	2
G4-10	Employee structure / breakdown	Fully	Diversity	10
G4-11	Employees covered by bargaining power	Fully	Industrial relations	12
G4-12	Supply chain description	Fully	Responsible Procurement	31
G4-13	Significant changes to organisation	Fully	About this report	37
G4-14	Overall approach to managing operational risk	Fully	Corporate Governance & Risk Management	36
G4-15	External charters, principles, initiatives subscribed to	Fully	Human rights, product stewardship	36, 28
G4-16	Active in external memberships	Fully	Human rights, product stewardship	36, 28
<b>Identified material aspects and boundaries</b>				
G4-17	Who is covered by this report	Fully	About this report	37
G4-18	Boundaries of this report	Fully	About this report	37
G4-19	Material aspects identified	Fully	GRI Index - Specific Standard Disclosures	38
G4-20	Aspect boundaries - relevancy to entities inside organisation	Fully	Key Sustainability issues	3
G4-21	Aspect boundaries - relevancy to entities outside organisation	Fully	Key Sustainability issues	3
G4-22	Any restatements of previously reported information	Fully	About this report	37
G4-23	Any significant changes since last report	Fully	About this report	37
<b>Stakeholder engagement</b>				
G4-24	List of stakeholders	Fully	Stakeholders	6
G4-25	Reason stakeholders chosen	Fully	Stakeholders	6
G4-26	Approach to stakeholder engagement	Fully	Stakeholders	6
G4-27	Issues raised by stakeholder groups	Fully	Key sustainability issues	4, 5
<b>Report profile</b>				
G4-28	Reporting period	Fully	About this report	37
G4-29	Date of previous report (if any)	Fully	About this report	37
G4-30	Reporting cycle (such as annual, biennial)	Fully	About this report	37
G4-31	Contact for any questions regarding this report	Fully	About this report	37
G4-32	In accordance with	Fully	About this report	37
G4-33	Approach to external assurance	Fully	About this report	37
<b>Governance</b>				
G4-34	Governance structure	Fully	Corporate governance & Risk Management	36
G4-35	Process for delegating authority - economic, environmental & social topics	Fully	Corporate governance & Risk Management	36
<b>Ethics and integrity</b>				
G4-56	Organisation's values, principles and standards e.g. code of conduct	Fully	Ethical conduct	

### Specific Standard Disclosures

Standard Disclosure	Description	Reporting status	Report heading	Page
<b>Category: Economic</b>				
<b>Material Aspect: Economic performance</b>				
G4-DMA	Why economic performance is material	Fully	Our Materiality Process	3
G4-EC1	Local economic value - revenue, employees, community	Fully	2017 Annual Report	
<b>Category: Environmental</b>				
<b>Material Aspect: Materials</b>				
G4-DMA	Materials policy	Partially	Materials and waste	22
G4-EN1	Materials used by weight - non-renewable, renewable	Partially	Materials and waste	22
<b>Material Aspect: Energy</b>				
G4-DMA	Energy policy	Partially	Energy and emissions	20
G4-EN3	Energy consumption within organisation	Partially	Energy and emissions	20
<b>Material Aspect: Emissions</b>				
G4-DMA	Emissions policy	Fully	Energy and emissions	20
G4-EN15	Scope 1 Direct GHG emissions	Partially	Energy and emissions	20
G4-EN16	Scope 2 Indirect GHG emissions	Partially	Energy and emissions	20

# GLOBAL REPORTING INITIATIVE

## SUMMARY INDEX

### Specific Standard Disclosures (continued)

Standard Disclosure	Description	Reporting status	Report heading	Page
Material Aspect: Effluents and Waste				
G4-DMA	Effluents and waste policy	Fully	Materials and waste	22
G4-EN23	Total weight of waste by type and disposal method	Partially	Materials and waste	22
Material Aspect: Products and Services				
G4-DMA	Environmental impacts policy from product & services	Fully	Product stewardship	28
G4-EN27	Impacts and mitigation of impacts from product & services	Partially	Product stewardship	28
Material Aspect: Environmental grievance mechanisms				
Category: Social				
Sub-category: Labour practices and decent work				
Material Aspect: Employment				
G4-DMA	Workforce & labour practices and policies	Fully	Workforce breakdown	8
G4-LA3	Return to work after parental leave and retention rates	Partially	Parental leave	11
Material Aspect: Labour/Management relations				
G4-DMA	Labour / management relations policy	Fully	Industrial relations	12
Material Aspect: Occupational Health & Safety				
G4-DMA	OHS policy	Fully	Safety, Health, and wellbeing	16
G4-LA6	Injuries, rates, days lost	Fully	Safety, Health, and wellbeing	16
G4-LA7	Workers with high risk jobs	Fully	Safety, Health, and wellbeing	16
Material Aspect: Diversity and Equal opportunity				
G4-DMA	Diversity & equal opportunity policy	Fully	Diversity	9
G4-LA12	Governance and workforce breakdown	Fully	Diversity	9
Material Aspect: Equal remuneration				
G4-DMA	Equal remuneration policy	Fully	Diversity	9
G4-LA13	Gender remuneration breakdown by job category	Partially	Diversity	9
Material Aspect: Labour practices grievance mechanisms				
Sub-category: Human Rights				
Material Aspect: Investment				
G4-DMA	Human rights policy	Fully	Human rights	36
G4-HR2	Percentage and number of hours employees trained in human rights	Partially	Human rights	36
Material Aspect: Non-discrimination				
G4-DMA	Non-discrimination policy	Fully	Human rights	36
G4-HR3	Number of discrimination incidents, resolutions	Fully	Human rights	36
Material Aspect: Freedom of association and Collective bargaining				
G4-DMA	Freedom of association & collective bargaining policy	Fully	Industrial relations	12
G4-HR4	Operations and suppliers violating this right	Partially	Industrial relations	12
Material Aspect: Child labour				
G4-DMA	Child labour policy	Fully	Human rights	36
G4-HR5	Operations and suppliers with incidents of child labour	Partially	Human rights	36
Material Aspect: Forced or Compulsory labour				
G4-DMA	Forced or compulsory labour policy	Fully	Human rights	36
G4-HR6	Operations and suppliers with incidents of forced labour	Partially	Human rights	36
Material Aspect: Supplier human rights grievance mechanisms				
G4-DMA	Policy for human rights grievance mechanism	Fully	Human rights	36
G4-HR12	Percentage and number of supplier human rights grievances	Partially	Human rights	36
Sub-category: Society				
Material Aspect: Local communities				
G4-DMA	Community investment and engagement policy	Fully	Community	26
G4-SO1	Percentage operations with community engagement & development	Partially	Human rights	36
Material Aspect: Anti-corruption				
G4-DMA	Anti-corruption policy	Fully	Ethical conduct	34
G4-SO4	Communication and training on anti-corruption	Fully	Ethical conduct	34
G4-SO5	Confirmed incidents of corruption, resolution	Fully	Ethical conduct	34
Material Aspect: Public policy				
G4-DMA	Political contribution policy	Fully	Financial Transparency	35
G4-SO6	Value of political contributions, broken down	Fully	Ethical conduct	35
Material Aspect: Anti-competitive behaviour				
G4-DMA	Anti-competitive behaviour policy	Fully	Ethical conduct	35
G4-SO7	Number of legal actions from anti-competitive behaviour	Fully	Ethical conduct	35
Material Aspect: Compliance				
G4-SO8	Value of fines from non-compliance	Fully	Ethical conduct	35



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

### Our Conclusion:

We were engaged by Pact Group to undertake limited assurance (here after referred to as a 'review') over selected safety and environment performance metrics included in its 2017 Sustainability Report for the year ended 30 June 2017. Based on the work we performed, nothing came to our attention that caused us to believe that the selected safety and environment performance 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 a selection of safety metrics for Pact Group and a selection of environment performance metrics for Pact Group's Australian and New Zealand operations included in its 2017 Sustainability Report, as shown in the table below:

	Performance metric	Report page
Safety	Lost time injury frequency rate (LTIFR)	16
	Total recordable injury frequency rate (TRIFR)	16
	Fatalities	16
Environment	Total scope 1 and scope 2 emissions (tCO <sub>2</sub> -e)	20
	Total energy consumption (GJ)	20

The subject matter did not include:

- ▶ Data sets, statements, information, systems or approaches other than the Selected Performance Data and related disclosures
- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data.

### Criteria applied by Pact Group

In preparing the selected safety and environment performance metrics, Pact Group applied:

- ▶ The World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol Revised Edition
- ▶ National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2016 (No. 1)
- ▶ Climate Change (Stationary Energy and Industrial Processes) Regulations 2009
- ▶ Climate Change (Liquid Fossil Fuels) Regulations 2008
- ▶ Climate Change (Unique Emissions Factor) Regulations 2009
- ▶ Pact Group's publicly disclosed criteria.

### Key responsibilities

#### EY's responsibility and independence

Our responsibility was to express a conclusion on the select safety and environment performance metrics based on our review.

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

#### Pact Group's responsibility

Pact Group's management ("management") was responsible for selecting the Criteria, and preparing and fairly presenting the selected safety and environment performance 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 Federation of Accountants' *International Standard 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 Group on 13 June 2017.

### Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the selected safety and environment performance metrics and related information, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our procedures included:

- ▶ Conducted interviews with personnel to understand the business and reporting process
- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Selected Performance Data during the reporting period
- ▶ Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Undertook analytical review procedures to support the reasonableness of the data
- ▶ Identified and tested assumptions supporting calculations
- ▶ Tested, on a sample basis, underlying source information to check the accuracy of the data.

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

Ernst & Young  
Melbourne, Australia  
15 September 2017

### 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 Group, 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.





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