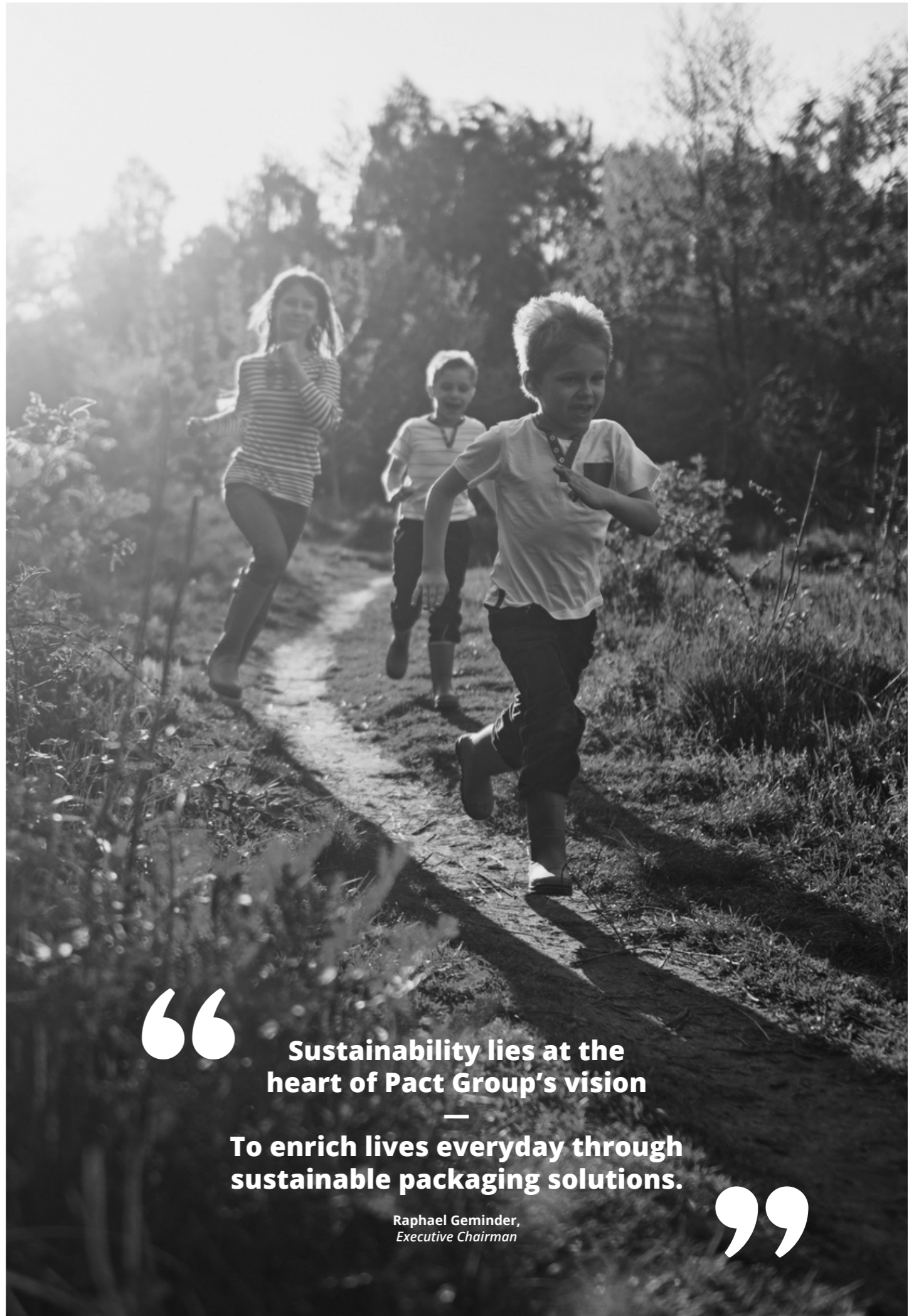




2018 Sustainability Review





“

Sustainability lies at the heart of Pact Group's vision

To enrich lives everyday through sustainable packaging solutions.

Raphael Geminder,
Executive Chairman

”



02-06

A word from our Chairman
Who we are and what we do



07-14

Our stakeholders
Key sustainability issues



15-34

People



35-50

Environment



51-58

Society



59-71

Ethics and governance
About this Report
GRI Index



A word from our Chairman

Our Vision is to enrich lives every day through sustainable packaging solutions. It is this vision that defines our behaviour, shapes our culture and guides the way we do business. It lies at the very core of our growth strategy and I am proud of the progress we have continued to make over the past year.

Our customers are increasingly looking to us to deliver cutting edge solutions that will support their own sustainability credentials. In line with this, developing sustainable solutions is now more of a focus for us than ever before and we are determined to become the number one partner in sustainable choices in the packaging industry.

As a company, we have been focussed on minimising plastic packaging waste for nearly two decades. In 2015 we called a *War on Waste* and now we want to take this to its logical next step; the *End of Waste*.

It is for this reason we have developed the Pact 2025 Promise, a pledge centred on the Group's vision to extend its responsibility to sustainability by delivering on ambitious goals by 2025 to:

1. **Reduce** — eliminate all non-recyclable packaging that we produce
2. **Reuse** — have solutions to reduce, reuse and recycle all single use secondary packaging in supermarkets
3. **Recycle** — offer 30% recycled content across all of our packaging Portfolio



“

As a company, we have been focussed on minimising plastic packaging waste for nearly two decades. In 2015 we called a *War on Waste* and now we want to take this to its logical next step; the *End of Waste*.

”

I'm pleased to report that we are already making strong headway with these aspirational targets, having developed and manufactured a variety of innovative packaging solutions for our customers utilising recycled materials.

Focusing on introducing new products and processes that will eliminate waste from every point in the supply chain addresses the Group's inherent conviction that we must be more than just 'responsible' in the way we tackle waste in its afterlife.

Each year, we provide a transparent account of our performance in relation to the four key areas that are connected to our business: People, Environment, Society, Ethics and Governance.

This FY18 Sustainability Review addresses the challenges and opportunities facing our business in each of these areas. It allows our stakeholders to see how we've addressed our responsibilities and showcases examples of our approach to sustainability in action.

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.

I would like to take this opportunity to thank all our key stakeholders, including our employees, our customers, and the communities in which we operate, for their continued support. I'm excited to continue to work with you as we grow our business whilst achieving the ambitious targets we have set ourselves. It is important that we strive to continue to have a positive impact on the environment and society as a whole.

Raphael Geminder
Executive Chairman

Who we are and what we do

At Pact our Vision is to enrich lives every day through sustainable packaging and manufacturing solutions.

We are a leading provider of specialty packaging solutions in Australasia, with a growing presence in Asia. We deliver products and services to some of the world's biggest and most trusted brands in both the consumer and industrial sectors.

Headquartered in Melbourne, Australia, we are listed on the Australian Stock Exchange and have 105 operating sites across 10 countries, with approximately 5,500 employees, casuals and contractors.

We have been recognised six times by the Australian Financial Review (AFR) as one of Australasia's Most Innovative Companies, with our approach to innovation and superior technology platforms enabling us to deliver leading packaging, contract manufacturing, supply chain and sustainability solutions to our customers.

Catering to a diverse range of industries, including the food, dairy, beverage, chemical, agricultural and industrial sectors, Pact Group is constantly expanding its diverse product portfolio.

Strategy

Our strategy is to deliver long-term value to our stakeholders through focus on three key pillars:



Protect our core and grow organically



Operational excellence and efficiency



Growth through a disciplined approach to M&A



105 OPERATING SITES

10 countries¹

Extensive manufacturing and supply network across Australia, New Zealand and a growing presence in Asia

Our Product Portfolio

- Consumer & Industrial Packaging
- Contract Manufacturing
- Materials Handling
- Sustainability Services

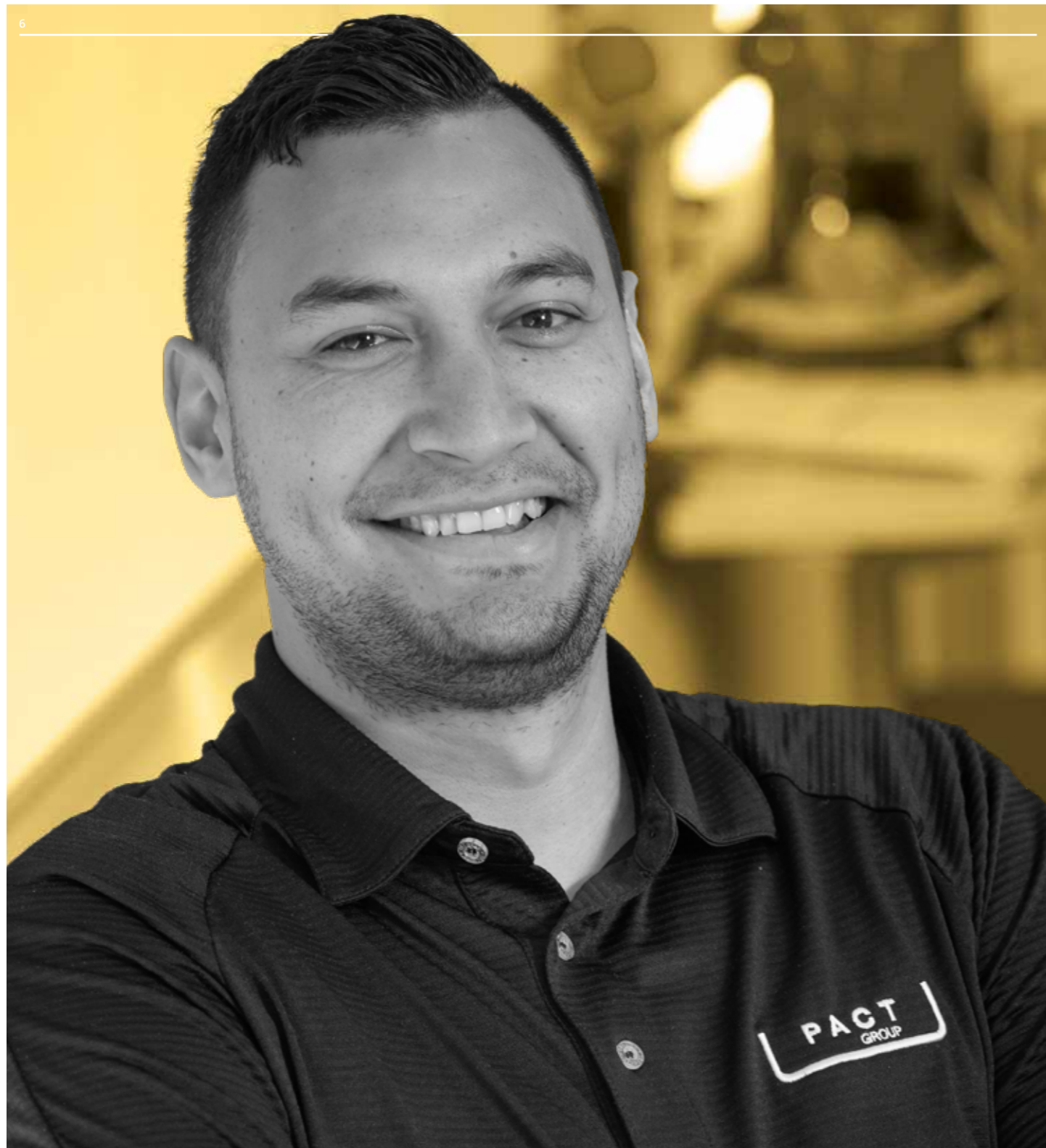
~ 5,500 employees, casuals and contractors

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

6 years recognised as one of Australasia's Most Innovative Companies²

— FINANCIAL REVIEW —
LISTS 2018
MOST INNOVATIVE COMPANIES

¹ 10 countries = Australia, China, India, Indonesia, Nepal, New Zealand, Philippines, Singapore, South Korea, Thailand.
² Australian Financial Review Most Innovative Companies List 2013, 2014, 2015, 2016, 2017, 2018.



“

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

”

OUR STAKEHOLDERS



We interact with a wide range of stakeholders, including employees, shareholders, customers, suppliers, government bodies and the broader communities in which we operate.

“

As our stakeholders grow increasingly invested in issues relating to sustainability; engagement with them facilitates open, collaborative dialogue.

”



Our stakeholders

Pact's approach to sustainability is vital to the long-term value we create for all our stakeholders. As such we actively seek input from key stakeholder groups.

We interact with a wide range of stakeholders, including employees, shareholders, customers, suppliers, government bodies and the broader communities in which we operate.

Our methods of communicating to, and with our stakeholders are diverse, as summarised below:

Stakeholder	How we engage
<p><i>Directly affected</i></p> <p>Customers We service customers in the food, dairy, beverage, chemical, pharmaceutical, retail, agricultural, industrial and other sectors.</p>	<ul style="list-style-type: none"> • Customer-led audits and assessments • Regular customer business review meetings • Newsletters, websites and other communications • Customer presentations • Conferences and trade shows
<p>Consumers The end-users of our products.</p>	<ul style="list-style-type: none"> • Websites and external communication channels such as social media • Focus groups and consumer immersions
<p>Employees and contractors Spread across 10 countries with approximately 4,500 employees and 1,000 casuals and contractors across Australia, New Zealand and Asia.</p>	<ul style="list-style-type: none"> • <i>Employee Engagement Survey</i> (every two years) • Regular performance appraisals • Company intranet and websites • Workplace noticeboards and <i>Toolbox Talks</i> • Site and corporate inductions • Organisational social networking through Yammer
<p>Shareholders Comprises institutional investors, individuals and retail shareholders.</p>	<ul style="list-style-type: none"> • Websites, press releases and ASX releases • <i>Annual Report</i> • <i>Sustainability Review</i> • Mailed communication • Face-to-face meetings • Annual General Meeting (AGM) • Investor presentations and webcasts • Social media channels
<p>Suppliers and business partners We engage with a wide range of suppliers and business partners across the world.</p>	<ul style="list-style-type: none"> • Supplier assessments • Newsletters and other written communications • Regular review meetings • Contract documents
<p><i>Actively interested</i></p> <p>Government and regulators As required, we engage with Local, State and Federal Governments, primarily regarding regulatory compliance.</p>	<ul style="list-style-type: none"> • Face-to-face meetings • Reports, licensing and <i>Performance Statements</i>
<p>Community groups Non-profit groups, program partners and communities local to our site operations. Broadly, the focus is on our operational impacts, employment opportunities, donations and sponsorship opportunities.</p>	<ul style="list-style-type: none"> • Community engagement/support plans • <i>Community Giving Program</i> • Face-to-face community meetings • Local media
<p>Third party employee organisations We respect freedom of association and work collaboratively with employees and their representatives.</p>	<ul style="list-style-type: none"> • Enterprise bargaining negotiation processes • Face-to-face meetings • Employee representation matters • Resolution of employee grievances and concerns

Determining our material issues

At Pact, our Vision and Values define our behaviour, shape our culture and guide the way we do business. Sustainability is a central part of our vision; to enrich lives every day through sustainable packaging solutions.

The material issues addressed in this report reflect priorities identified for Pact Group and its stakeholders, in-line with Global Reporting Initiative (GRI) G4 requirements. They inform our *Sustainability Strategy*, as pictured below.

The process of identifying and responding to material sustainability issues allows us to create value for stakeholders and the broader global community.

Our key materiality issues are listed on pages 12 and 13.

Materiality analysis

We routinely engage with our internal and external stakeholders to properly understand the issues that are important to them and our business.

A number of factors are considered when determining our material issues, including our Vision and Values, areas of concern and interest expressed by our stakeholders and the global community, as well as the influence on upstream (such as supply chain) and downstream entities (such as customers).

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



We recognise that our business operations impact many people, including our employees, customers, shareholders, suppliers and the broader communities in which we operate.



Key sustainability issues

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

United Nations' Sustainable Development Goals

During FY18 we again mapped our material issues against 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 the linkage. We continue to monitor external trends and priorities and address these where appropriate.

PEOPLE



Health and safety



Talent management



Equality and diversity

Key issues

- Employee health, safety and wellbeing
- Employee engagement
- Talent management
- Employee reward and recognition
- Diversity and inclusion
- Fair and equitable labour relations

Key initiatives for FY18

- Implemented programs to promote Health & Wellbeing
- *Speak Up About Safety "Ussie"* campaign
- Workplace Health, Safety and Environment (WHSE) Audit
- *Diversity and Inclusion Policy* training
- Online learning opportunities
- Performance appraisals completed for all salaried staff
- *Applause* — reward and recognition program
- Onboarding and Exit Surveys
- Continued progress towards reaching our Board approved gender diversity targets
- Workplace Gender Equality Agency (WGEA) Compliance
- Pac♀ Women's Network
- Flexible work practices

UN SDGs



ENVIRONMENT



Energy and emissions



Waste



Product stewardship

SOCIETY



Community

ETHICS AND GOVERNANCE



Governance

Key issues

- Greenhouse gas emissions
- Materials usage
- Waste to landfill
- Sustainable packaging design
- Recycling and reconditioning of products
- Investing in community initiatives and activities
- Human rights
- Supply chain
- Ethical conduct
- Taxation transparency
- Corporate governance

Key initiatives for FY18

- Regulatory compliance reporting including *National Greenhouse and Energy Reporting (NGER)*, and *National Pollutant Inventory (NPI) in Australia*
- Ongoing roll out of *Operational Excellence Program*
- Product design projects
- Product life cycle assessments
- Product lightweighting
- Use of recycled content
- Innovation model
- Customer and industry collection and recycling programs
- *Community Giving Program*
- Continued signatory status of United Nation's Compact
- Site-based SEDEX memberships
- Responsible procurement
- *Tax Transparency Report* published
- Risk Register and program

UN SDGs





2025 PROMISE

END OF WASTE

We have made a promise to become the number one partner of sustainable choices for our customers.

Our End of Waste Strategy encompasses three aspirational targets to enable ourselves and our customers to meet their sustainability objectives, to benefit the environment and be respectful of the communities in which we operate.

REDUCE

ELIMINATE ALL NON RECYCLABLE PACKAGING THAT WE PRODUCE

REUSE

HAVE SOLUTIONS TO REDUCE, REUSE AND RECYCLE ALL SINGLE USE SECONDARY PACKAGING IN SUPERMARKETS

RECYCLE

OFFER 30% RECYCLED CONTENT ACROSS OUR PACKAGING PORTFOLIO

PEOPLE



Pact's continued growth is directly linked to the success of our people. We recognise that to create a high-performance culture our employees need to feel inspired, engaged and empowered.

“

We value diversity and inclusion and the benefits they bring in achieving our objectives, enhancing our reputation, and attracting, engaging, and retaining talented people.

”



Equality & diversity

At Pact, we define an inclusive work environment as one that enables our employees to realise their full potential, regardless of gender, age, disability, ethnicity, sexual orientation, or any other factor that makes them who they are.

Workforce breakdown

In FY18, we directly employed approximately 4,500 people. Women made up 34% of our total workforce, with 34% women in Australia and New Zealand, and 51% women in Asia. More than 93% of our people were employed on a permanent basis.

Employee engagement, development and recognition

We believe that Pact's continued success is directly linked to the success of our people and their ability to realise their ambitions as individuals. It is for this reason we actively invest in training and developing our people to become the best they can be. We also run a well-established and award-winning reward and recognition program called *Applause*, which helps to foster a culture of engagement (refer to page 25).

	WOMEN	MEN	
AUS & NZ	1,317	2,804	4,121 Full-time
	52	25	77 Part-time
	167	146	313 Casual
	1,144	2,228	3,372 Total AUS & NZ
ASIA	386	753	1,139 Total Asia
TOTAL	1,530	2,981	4,511 1,000 Contractors

Diversity and inclusion

At Pact, we value diversity and inclusion and the benefits they bring in achieving our objectives, enhancing our reputation, and attracting, engaging, and retaining talented people.

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



Diversity targets

Our priority in respect to diversity is to positively increase female representation in the workplace, with immediate focus on management level roles.

To achieve this, the Board has set the following gender diversity measurable objectives:

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 *Employee Engagement Survey* to quantify gender as an issue in the workplace across the Group.

Since setting the measurable objectives in April 2014, our focus on these targets has enabled several key appointments of professional females into operational and managerial leadership positions. We are particularly proud of the increase in female representation at Executive General Manager level, from 18% in FY17 to 27% in FY18.



Female representation at Executive General Manager level has increased from 18% in FY17 to 27% in FY18.

In addition to the above actions, we continue to raise awareness of issues relating to diversity and inclusion. Throughout FY18, Pac♀ Network acknowledged and celebrated the following days, by communicating across a number of internal channels:

- *White Ribbon Day* (25 November 2017) Intranet and poster campaigns to encourage employees to stand up, speak out and act against domestic violence.
- *International Women's Day* (8 March 2018) video campaign to celebrate the social, economic, and cultural achievements of women in leadership positions at Pact.

In FY19 we will be seeking to rollout the diversity program to our newly acquired sites in Asia.

Parental leave

Flexible work arrangements are implemented as needed for those employees returning from parental leave. During FY18 more than 43,000 hours of parental leave was taken across the business.

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

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

	Male	Female	Total
Total on Parental leave FY18	36	52	88
Returned from parental leave	36	26	62
Hours on parental leave	2,173	40,843	43,016

Other significant progress towards reaching our goals has been made as follows:

- We continue to actively source and encourage females to apply for positions at Pact. This includes direction to external recruiters 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. Our objective is to source one female candidate to proceed to our selection process for every role.
- Membership to National Women in Operations (NAWO) and participation at industry events continue to raise the profile of Pact.
- The annual salary review includes gender detail to enable the identification of any gender pay equity imbalance, with a view to minimising any such imbalance as part of the final approval process with the CEO.
- The Group continues to lodge its annual public report with the Australian Workplace Gender Equality Agency (WGEA), which includes details of salaries by gender. WGEA has confirmed we have achieved compliance status.
- The next *Employee Engagement Survey*, scheduled for October 2018 will continue to ask a range of questions regarding diversity.

In FY18 130% more parental leave hours were taken across the Group compared to FY17

Diversity composition across our business



	Total
Under 30	393
30-50	2,502
Over 50	1,616
Total	4,511



Case Study

International Women's Day videos

At Pact we are committed to the global movement challenging bias, supporting women's advancement, and openly celebrating achievement.

In FY18, we acknowledged *International Women's Day* by recognising the talent and experience our strong female leaders bring to our business.

Thirteen women from our leadership teams were invited to share their career journeys, as well as messages for future female leaders, in short videos posted on internal group-wide social networking tool Yammer.

The videos were an opportunity for us to encourage open conversations, and to motivate and unite colleagues to

think, act and be gender inclusive.



Ensuring fair & equitable labour relations

At Pact we believe it's essential that employees are genuinely empowered, and in-line with this we respect rights to freedom of association and collective bargaining.

More than 69% of our frontline employees in Australia, 61% in New Zealand and 7% in Asia are covered by Enterprise Agreements, and as such, labour relations are central to our sense of social responsibility.

Our employee arrangements vary, reflecting the diversity of our workforce.

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

More than 67% of our frontline employees in Australia and New Zealand are covered by Enterprise Agreements



Talent management

Providing the learning and development opportunities that motivate our people to excel.

At Pact we build strategic capability to ensure our people have the right knowledge, skills and attitudes to deliver results. We have developed customised learning and development frameworks and programs that are responsive to our current business needs and focussed on future capability drivers for performance.

Performance appraisals

All monthly salaried staff, including Executive and Senior Managers, participate in bi-annual performance appraisals that rate the achievement of goals against our plan from 1 to 5.

The appraisal process is performed online via our SuccessFactors platform. Completion rates are monitored by the Human Resources department, and reported to the Functional and Divisional EGMs, CEO and the Board.

Objectives are framed within the five Strategic Pillars established by the Pact Executive Leaders, and are designed to ensure alignment of activity to the strategic goals of the organisation. The Strategic Pillars are:

- People
- Operational Excellence
- Customer
- Strategic Mergers & Acquisitions (M&A)
- Financial

The Group performance appraisal will be rolled out to employees from new acquisitions made in FY18 during FY19.

Succession planning

A 9-Box Performance & Potential matrix has been developed and implemented for Executive and Senior Management positions.

All Executives have reviewed the 9-Box for their Division or Function. This process enables succession planning for key roles, as well as identification of high potential performers in the Group.

Succession plans are in place for key and critical roles.



Surveys

We believe open, honest, and respectful dialogue with our employees is essential to creating a high-performance culture. Employees are invited to participate in a number of surveys which aim to identify and understand potential issues and challenges throughout the life of their employment.

An *Onboarding Survey* is provided to new salaried/monthly staff at the end of their third month of employment and aims to gather information on the onboarding and induction experience to help identify potential issues with these processes.

An *Exit Survey* is provided to salaried/monthly staff who are ending their employment with Pact. This survey aims to gather information about why the employee is leaving the Group and to identify any potential issues of concern which may need to be rectified.

All employees have the opportunity to complete an *Engagement Survey*. This survey lets employees 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 administered across the Group, and ultimately improve our workplace.

An *Engagement Survey* was not conducted in FY18. The next survey is planned for October 2018.

SURVEY LIFECYCLE



Case Study

Pac♀ Network attend Women in Manufacturing Leadership Summit

In FY18, three female leaders from Pact attended the *Women in Manufacturing Leadership Summit* in Melbourne. The purpose of the conference was to provide women with tools, network and inspiration to not only excel in a manufacturing environment, but to thrive and encourage other women to join our industry.

Attended by more than 80 women from manufacturing across Australasia, participants heard from inspirational leaders who shared the barriers they had broken through on their journey towards senior level leadership and offered advice and tools needed to

break any type of barrier that can get in the way of a successful career.



Pact's award-winning reward and recognition program, *Applause*, places innovation in the hands of all employees.

Employee development

Training and skills development

At Pact we are committed to supporting the professional growth of our employees so that they can deliver their best possible work and realise their ambitions. In-line with this, many training options are made available to our people.

Employees working on-site are offered development courses and skills training specific to their role. At the Group level, Pact utilises an online platform to facilitate the rollout of more than 50 different training programs, focussed on a wide variety of areas, from project management to cyber-security awareness.

Our corporate compliance programs address our obligations to create a fair workplace, free from discrimination, bullying and harassment.

Leadership Conference

In July 2017, 100 of our Senior Leaders from across the Group gathered for our annual *Leadership Conference* in Melbourne. The theme for FY18 was *Delivering on our Promises*.

Three promises were identified to underpin Pact's *Growth Strategy*:



Our Customer Promise

Delivering our product and services safely, of high quality and on time in full.



Our People Promise

Working in a safe and respectful environment that fosters team engagement; a fair reward system and clear goal expectations.



Our Shareholder Promise

Delivering on our financial performance.

The leaders were also inspired by Western Bulldogs' high-performance coach Graham Lowe who led the team to the 2016 premiership to end a drought dating back to 1954. Graeme challenged the Group to liken leadership to being corporate athletes. He spoke about how consistent, high performance takes effort and focus, and high performing leaders achieve great success if they master their mind, emotions, and take the time to get the best out of themselves and their team.

Employee recognition

Applause reward and recognition program

Pact's award-winning reward and recognition program *Applause*, places innovation in the hands of all employees.

The program fosters engagement and a high-performance culture throughout the organisation where our people feel empowered to succeed.

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, the program's online platform, creates a transparent central repository for ideas, and delivers real-time communication updates. It is open to all employees and places voting in the hands of the entire business to empower innovation through co-creation.

The 2017 *Applause* program received a record number of nominations and awards with a total of 354 submissions. These ideas received more than 496 comments; 3,181 votes and were shared 472 times.

Of the 354 nominations, 119 made it to the Silver level and received a cash prize for their submission. There were 14 Gold winners and six Platinum finalists.

The overall winner for 2017 was Steve Long from Pact's Alto site in Hamilton, New Zealand. Steve's winning idea explored two existing manufacturing processes, delivering efficiency savings across the production of two separate products. As the winner, Steve received cash and prizes to the value of \$31,000, including an 11-night luxury cruise for two people along the Kimberly Coast valued at \$16,000. The cash component was awarded in two stages — half at the awards night and the remaining to be awarded when the idea is commercialised.

Applause Innovation Missions

Following their successful introduction in FY17, employees were challenged with two new month-long *Innovation Missions* encouraging creative thinking and problem solving in FY18.

Weight Watchers

The *Weight Watchers Innovation Mission* was our first site-led *Mission*, challenging sites to look at their products and manufacturing processes to see where material and cost savings could be made.

Pact to The Future

The future-facing *Pact To The Future Innovation Mission* challenged employees to generate ideas that would help Pact get on the front foot and help our customers meet their sustainability objectives.

Case Study

PACT FOR THE FUTURE

Innovation Mission

The *Pact to the Future Innovation Mission* challenged Pact employees to generate ideas that would help Pact get on the front foot and help our customers meet their sustainability objectives. During the six-week mission, employees were given scope, stimulus and segments to focus on including:

- Global best practice
- Improved design for recyclability
- Material Matters — (biodegradable, compostable, edible etc.)
- Afterlife and upcycling

Pact to the Future

received **88** innovative ideas

from **29** sites

making this the most successful *Innovation Mission* we have ever administered.

Pact is committed to ensuring that the contributions of employees over a long period of time are recognised and celebrated.

Recognition of long service

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

In FY18 we automated this formerly manual process using data from HR. A new system was built to check which employees were due to reach a key milestone a month in advance of the date. The system then generates an email to the employee's manager with certificate signed by Pact's Executive Leaders and a reminder to plan a suitable celebration to mark the milestone. On the day of the milestone, managers are prompted to post a photo of the employee receiving the certificate to Pact's enterprise-wide social media platform Yammer.



Ongoing focus on improving safety culture and process

Keeping our people safe and healthy

Pact's *Towards Zero Harm* safety culture is built upon our ability to lead and rethink processes, adopting practices that aim to achieve zero work-related injuries.

We firmly believe that any injury is unacceptable and preventable. In everything we do, the health and safety of our people and communities is always our top priority. The commitment we have to our goal of *Zero Harm* is supported by strong leadership. Our Executive and Senior Managers actively empower our people to maintain safe working environments.

In FY18 we have continued to be guided by our three year safety strategy, *Towards Zero Harm — Incident Free Workplace 2020*, which we launched in FY17. This aspirational strategy has focussed our activities in FY18 and continues to progress our ultimate goal of zero harm to people and planet.

Our safety performance

Pact's safety performance is measured by a number of key injury frequency rates — Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). Our safety statistics cover all incidents that have occurred at our workplaces related to permanent, casual and contracted employees and workers. This includes all acquisitions (regardless of the time since the acquisition) and joint ventures (excluding Spraypac Products NZ Ltd).

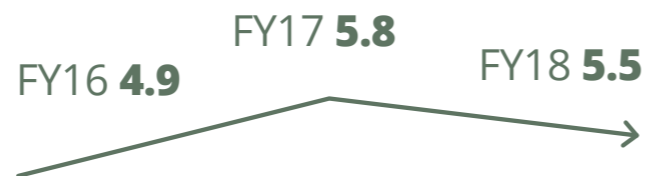
Our data reporting is focussed on our total exposure at sites, therefore we do not break the data down into gender, region or employee type, and do not exclude specific employment groups, such as contractors.



The LTIFR represents the number of lost time injuries recorded for every one million hours worked over a rolling 12 month period. The number is determined by the total number of workplace injuries that resulted in lost time during the reporting period, irrespective of when the injury occurred.

The table below indicates LTIFR performance over the past three years. We are pleased to see an improvement in performance across the Group in FY18. We acknowledge that further work is required to achieve our aspiration of *Incident Free Workplace 2020* and continue our relentless focus on this.

Group Lost Time Injury Frequency Rate:



Case Study

Safety awareness

Ussie, Ussie, Ussie — Oi, Oi, Oi

For Pact to develop an effective and sustainable safety culture, employee involvement in the process is key. To engage all employees in the safety conversation, for the month February 2018, we empowered all employees to participate in our *Speak Up About Safety Ussie* campaign.

In a fun and engaging way, this campaign encouraged employees to focus on Pact's aspirational target to be an incident free workplace by 2020, identify and report all hazards and, perform root cause analysis on all injuries to ensure they do not reoccur.

What is an Ussie?

Firstly — it is pronounced Us-sie (ie. rhymes with 'fussy'). An Ussie is a group selfie shared via social media.

In February 2018 all sites were sent a pack that included:

- An Ussie decal
- Props including megaphones and paddles
- *Speak Out About Safety* Hi-Vis Vests
- *Speak Out About Safety* noticeboard posters

Sites were challenged to:

- Post as many Safety Ussies involving employees with the hashtags #speakupaboutsafety, #incidentfreeworkplace2020 and #proudtobepact to Yammer.
- Have employees sign their name on the decal to signify their ongoing commitment to speaking up about safety

Site prizes were awarded to the site that involved the highest proportion of their employees in Ussies and the site that submitted the most creative Ussie. The Site Manager from each of the winning sites was extended an invitation to the *2018 Applause Awards* to accept a prize on behalf of their site.

Pact's *Speak Up About Safety Ussie* campaign encouraged employees to unite and have fun and more importantly, that their voice is paramount to the safety conversation and culture.



1,926 employees from
85 sites across
6 countries

participated in our *Speak Up About Safety Ussie* campaign.

The TRIFR 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's TRIFR for FY18 is 20.2. There were no fatalities recorded in FY18.

Incidents are reported by sites to the Group in real time via an online system and telephone. Serious incidents are also reported to Executive Management to ensure appropriate action and review.

As we strive to achieve our aspiration of *Injury Free Workplace 2020* we continue to drive a robust process following a reported incident.

All Lost Time, Medical Treated and Serious Incidents are investigated utilising the ICAM process. This process ensures appropriate identification of root cause and structures the investigation findings to produce actionable tasks to prevent recurrence. Approximately 60 employees were trained in ICAM across the Group in FY18.

We track and internally report on WHSE performance on a monthly basis, and externally, along with our financial results, at full and half year. The monthly Scorecard is published on the intranet and site noticeboards to ensure transparency regarding incident management. Further information about our environmental performance is available on pages 38 and 39 of this Review.

Workplace Health, Safety and Environment System

We continually seek to improve our Group wide Work Health, Safety and Environment System (WHSE System), to ensure it defines the minimum standards and provides management of critical risk areas in the most efficient manner for the Group. The System incorporates a manual, policies, procedures and forms applicable to all operations across the Group.

To ensure our System remains relevant, in FY18 we completed a benchmarking exercise with 10 ASX100 companies, to review WHSE standards and processes and to share best practice. We also updated a range of environmental policies, to continue the consolidation of the safety and environmental systems, and ensure that key environmental aspects and impacts are being adequately managed.



Our Group Risk Team has continued an annual audit program which reviews the sites against the requirements of the WHSE System. These audit scores are communicated to sites and management, and published on a monthly scorecard.

Hazard and risk management continues to be a critical component of our WHSE System. During FY18 approximately 300 employees were trained via webinar on Hazard Identification and Risk Management processes. The webinar emphasised: identify, assess, control and review, and provided attendees with a review of the key WHSE System documents and practical activities.

A Legionella Risk Management review was also conducted across Australia and New Zealand by Nalco, to determine appropriate controls for this potentially hazardous airborne disease. Workers at our sites are not exposed to occupational activities that have a high incidence or risk of specific diseases.

Safety culture

Culture is an integral part of our approach to safety, and driving a culture where no injury is acceptable is paramount.

To reinforce the importance of this, a dedicated awareness campaign, *Speak up about Safety "Ussies"*, was rolled out during FY18. This campaign was highly successful in engaging employees and in starting safety conversations. Further details of this campaign can be found on page 29.

To ensure our safety aspiration is achievable, additional WHSE resources have been deployed at Divisional levels. These roles will provide further support to the site level resources, which have also been focussed purely on safety and environment management.

Our safety strategy

Our aspirational three year safety strategy, *Towards Zero Harm — Incident Free Workplace 2020*, is guided by the following objectives. A summary of our FY18 activities against each of these objectives is included below.



1. Leaders defining culture

- Continued focus on safety through *Operational Excellence Program*
- Management reporting and reviews



2. Management Systems

- Updated environmental policies
- New investigation process (iCAM)
- Hazard and reviews
- Internal WHSE audit program
- External benchmarking exercise



3. Capability

- Training on procedures and processes
- Additional WHSE resources at Divisional levels
- Elimination of combined roles at Site level
- *Speak Up About Safety Ussie Campaign*



Case Study

Global Corporate Challenge

Over 100 days, 280 workmates from across 25 sites “stepped” their way to better mental and physical health as part of the *Virgin Pulse Global Challenge*.

Throughout the *Challenge*, team members have access to clever online tools to help them understand the benefits of exercise; make better nutritional choices; refresh and refocus their minds; as well as access tips and info to improve sleep.

Teams engaged in some friendly competition along the way, motivating each other to log 10,000 steps per day in a race to the finish line.



280 individuals



40 teams



25 sites



**323,289,620
total steps**



**209,905 KM
total distance covered (equivalent
to five trips around Earth!)**

Workplace health and wellbeing

We value the physical, mental and nutritional health of our employees. That is why we invest in initiatives promoting the importance of a healthy body, mind and lifestyle.

The Pact Employee Assistance Program (EAP)

Our *Employee Assistance Program (EAP)* is for employees and their families in Australia and New Zealand. It offers confidential counselling to provide emotional, mental and general psychological support. Broadly, it is designed to enhance the wellbeing of our people when they need it.

Global Corporate Challenge

Since 2015 we have provided our employees with the opportunity to participate in the *Virgin Pulse Global Challenge*, formerly the *Global Corporate Challenge*.

The *Challenge* is a 100-day virtual contest that involves more than 370,000 people from around the world competing in teams to improve their physical and psychological health.

Participants begin their journey by completing an online health assessment which provides recommendations to support and build their progress. As confidence and habits begin to improve and employees discover how enjoyable and easy change can be, the online platform gets them eating more healthily before helping them to sleep better and develop psychological strategies that ensure they show up for work physically and mentally ready to perform at their best.





“ We value the physical, mental and nutritional health of our employees. That's why we invest in initiatives promoting the importance of a healthy body, mind and lifestyle. ”

ENVIRONMENT



Pact's long-term commitment is to ensure all products, services and activities meet the requirements of stakeholders without compromising the needs of future generations.

“

**Pact is committed to
reducing and eliminating
waste from our operations**

”



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 FY18 Pact Group consumed 2,005,505 GJ of energy and emitted 331,593 tCO₂e GHG emissions.

The breakdown of this result is as follows:

- Scope 1: 21,223 tCO₂e
- Scope 2: 310,370 tCO₂e

Energy and emission breakdown

	Australia	New Zealand	Asia
Total energy	1,383,042	318,396	304,067
Consumed (GJ)			
Total GHG emissions (tCO ₂ e)	267,240	11,670	52,683

Breakdown:

Scope 1 (tCO ₂ e)	17,989	2,669	535
Scope 2 (tCO ₂ e)	249,251	8,971	52,148

* 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 Department for Environment Food and Rural Affairs (DEFRA) 2018



**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 FY18 we consumed approximately 250,000 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 FY18, 7% was recycled resin.

Waste

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

All 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 FY18, 49% was diverted from landfill via recycling.

Case Study

Waste reduction achieved through Pact's *Operational Excellence Program*

For the 12 months ending November 2017, Alto (Albany) required approximately 1,000 additional tonnes of imported roll-stock to support the production of PET protein trays the site supplies to a major New Zealand retailer. This additional roll-stock required carried a cost impact of \$800,000 per annum.

Through the implementation of Pact's *Operational Excellence Program*, it was identified that the additional requirement was driven by two root causes:

1. Inefficiencies off the OMV extrusion machine
 - Inconsistent hourly volume outputs
 - Inconsistent quality
2. High reject rates of the PET trays off the formers (approximately 21%)

It was observed that the temperature of the factory during summer was causing condensation to form on the chilled roll-stock triggering the machine to shut down. To overcome this, the machine was enclosed and an air conditioner installed. Almost immediately, the data logger showed a change in the atmosphere within the basic enclosure. The temperature, dew point and humidity all collectively dropped and stabilised.

This solved the OMV's output issue as it created a constant environment for the chilled roll stock resulting in the OMV performing at 85% plus OEE daily. The speed of the OMV extrusion machine increased to 600kg/hr and has been maintained ever since.

In the six months to June 2018, waste reduced to approximately 6-8% of the two PET formers from 21%. This reduced the need for rework and no more imported roll stock has been order since December 2017. The FY19 target is to further reduce waste to 2%.



Product stewardship

Pact is involved in the conception, design and manufacture of packaging for many products used by consumers.

This means recognising that packaging has a life after the contents are consumed and it can be repurposed, reconditioned, or recycled.

Pact is a signatory to the Australian Packaging Covenant (APC). The APC brings government, industry and community groups together to fund projects that address packaging sustainability issues. Pact has an Action Plan in place which sets out intended activities for 2018-2021. An *Annual Report* with the APC is completed for the reporting period.

Sustainable packaging design

At Pact we provide a range of sustainability, recycling and environmental services to help our customers reduce the environmental impact of their product packaging and related processes. 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 challenge in the future.



“

Pact Group is the largest recycler of post-industrial plastic packaging in Australasia.

”

Reduce

Sustainable packaging design

Pact's global design network considers the entire life cycle impact of a package including the choice of raw materials, energy, transportation configurations through to end-of-life. We use Life Cycle Assessment (LCA) and the Packaging Impact Quick Evaluation Tool (PIQET) to perform rapid comparative environmental impact assessment of alternative designs at all stages of the design process.

Lightweighting

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

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

Reuse

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

Recycle

At Pact, we make sure that what we manufacture is suitable for existing recycling systems, collection programs and kerbside recycling. In doing this we select the most appropriate materials and focus on eliminating harmful substances. We also label our products with clear end-of-life disposal information.

Plastic recycling and conversion to recycled resin

Pact Group is the largest recycler of post-industrial plastic packaging in Australasia and last year processed more than 30,000 tonnes of (scrap/waste) plastic. From this more than 28,000 tonnes was converted into recycled resin pellets or products made from recycled material. The recycled resin replaces virgin resin in manufacturing process within Pact and other plastic manufacturers throughout Australasia.



Case Study:

Reduce

Smart Cube

In FY18, Pact developed and patented a new 20 litre Smart Cube for the agricultural chemicals market. Pact is the only Australian manufacturer with the ability to supply co-extruded multiple layer 20 litre containers to meet our customers barrier requirements. The Cube has been light-weighted by 11% on the former design and to maximise freight efficiencies; it has been designed to fit 20 to a layer on the pallet.

Lightweighting the Smart Cube by 11% has the potential to save

>105 tonnes

of virgin HDPE per annum



Case Study:

Reuse

Essano's 100% rPET shampoo and conditioner bottles

In FY18, Pact launched a new 300ml shampoo and conditioner bottle range made from 100% recycled polyethylene terephthalate (rPET) for Mix Limited's Essano brand.

The new 100% rPET bottle is 20% lighter than the former HDPE bottle effectively repurposing more than

56 tonnes

of pre-used plastic



Case Study:

Reuse

OMO EcoActive washing detergent

Pact manufactures Unilever's OMO EcoActive washing detergent bottle range from 25% Australian sourced post-consumer recycled High Density Polyethylene (rHDPE). Substituting to rHDPE saves 25.8t of CO₂ emissions per year and is the equivalent to planting 39 trees per year. The 169.1kL of water savings is the equivalent daily water use of more than 1,000 people in Melbourne.

The use of rHDPE saves more than

23 tonnes

of virgin HDPE per annum



Case Study:

Reuse

Lewis Road's
100% rPET milk
bottle range

Pact has launched new 750ml and 1.5 litre milk bottles made from 100% recycled polyethylene terephthalate (rPET) for New Zealand's iconic dairy brand Lewis Road.

Based on
Lewis Road's
current volumes,
this equates to saving

**343.4
tonnes**

of virgin PET
per annum



Reconditioning

Pact's reconditioning services extend the life of IBC's and steel drums without compromising quality.

IBCs (Intermediate Bulk Containers)

Supporting our new IBC manufacturing capabilities, Pact also offers reconditioning and laundry services to help extend the life cycle of IBCs without compromising their quality. Our national collection and buying services provide our customers a truly cost-effective and complementary alternative to new packaging.

In FY18, Pact collected more than 160,000 used IBCs for reconditioning.

Drums

Pact also provides compliant collection, reconditioning and drum disposal services for both steel and plastic drums. Reconditioning provides a cost-effective and complementary alternative to new packaging.

In the past 12 months, Pact has collected more than 1 million used drums for reconditioning with 80% of these reconditioned into good-as-new drums for reuse and the remaining 20% sent to steel recyclers.

Customer and industry waste collection and hard recycling services

drumMUSTER

Every year, the Group collects more than 650,000 plastic drums (approximately 650 tonnes of material) as a participant in the national drumMUSTER recycling program. drumMUSTER is a national product stewardship program that is supported by chemical manufacturers and industry stakeholders to collect and recycle eligible containers. Prior to the program, these containers were typically sent to landfill or burned/buried on farms. Since its inception in 1998, drumMUSTER has recycled more than 21 million containers.

These hard to recycle products are either impractical or too expensive to collect via traditional networks. By diverting this waste from landfill and reprocessing it, Pact minimises the loss of valuable resources.



Innovation

One of Australasia's Most Innovative Companies

In 2018 Pact Group was honoured to be recognised as one of Australasia's *Most Innovative Companies* for the sixth consecutive year. The prestigious annual list, published by *The Australian Financial Review (AFR)*, is based on a rigorous assessment process managed by Australia's leading innovation consultancy, Inventium, in conjunction with a panel of industry expert judges.

Pact ranked 26 on the overall list, from more than 1,000 nominated organisations across Australia and New Zealand. Pact is the only packaging company, and one of only three companies, to make the prestigious list for the past six consecutive years.

The assessment measures a top innovation implemented in the past 12 months. The judges specifically look at how valuable the problem is that the innovation is solving, the quality and uniqueness of the solution, and the level of impact that the innovation has had. Internal elements such as innovation culture, strategy, resources and process, which demonstrate a sustainable and repeatable approach to innovation are also assessed.

— FINANCIAL REVIEW —
LISTS 2018
MOST INNOVATIVE
COMPANIES

Pact was thrilled to be recognised for designing and manufacturing an infant formula lid for one of Australasia's most prominent exporters of infant formula that has multiple layers of tamper security for anti-counterfeit. Both layers are self-destructive to ensure any attempt to remove the lid and place it on another package will result in its irreversible destruction to prevent tampering, substitution, or cloning.

Challenging conventional thinking

Inpact Innovation is Pact's internal innovation division and was created as a standalone business in 2013. The team at Inpact is made up of cross-functional employees from industrial designers and engineers, to marketing and sustainability specialists. They come together with the sole purpose of challenging conventional thinking to create innovative packaging and manufacturing solutions.

Inpact's innovation model

01



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 remain the central focus so we can better understand their behaviour and improve their experience. The insights extracted during this process guide our strategic innovation.

02



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.

03



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.

04



Manufacture

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

Case Study:

Recycle

Pact Group received Government funding for innovative recycling solution

The process of recycling challenging plastics such as silage wrap is innovative and hasn't previously been done in New Zealand. Historically the material was deemed too contaminated by the local recycling industry and the materials were forced offshore to be recycled.

In FY18, Pact's Sustainability Services division, Astron Sustainability, received funding from New Zealand's Waste Minimisation Fund (WMF) to expand the Auckland recycling plant with new infrastructure and capacity to convert challenging plastic waste into a wide range of usable products such as slipsheets, dampcourse, plastic plywood and underground cable covers. The overall budget is \$1.5m of which the WMF contributed \$500,000.

One of the products being made from recycled materials is Plasback's Tuffboard plastic plywood used commonly on farms. This is an example of the circular economy in action. Farm waste is collected, processed, and turned into a useful product that can be used again back on the farm.

In 2015, Astron received WMF funding for the first stage *Cleaning and Recycling of 'Hard to Recycle' Soft Plastics* project. The project was successfully completed in December 2016, including the installation of a unique dry-cleaning machine which enabled the successful recycling of previously unable to be recycled plastic. This additional funding means the plant can significantly increase its capability and process up 3,500 tonnes per year.



From Left to right: Joseph Price (Astron Sustainability), Hon Eugenie Sage (Associate Minister for the Environment), Steve Mead (Astron Sustainability)

Case Study:

Recycle — Bespoke Customer Programs

Resene Plastic paint pail recycling program

Leading New Zealand paint producer, Resene, and Pact have collaborated to build a program that closes the loop for plastic paint pails. Resene's customers can bring their unwanted paint and paint containers into their local Resene ColorShop stores where the paint is donated to local community groups and Pact subsidiary businesses wash and granulate the material, re-extrude it and manufacture new pails from the material for Resene.

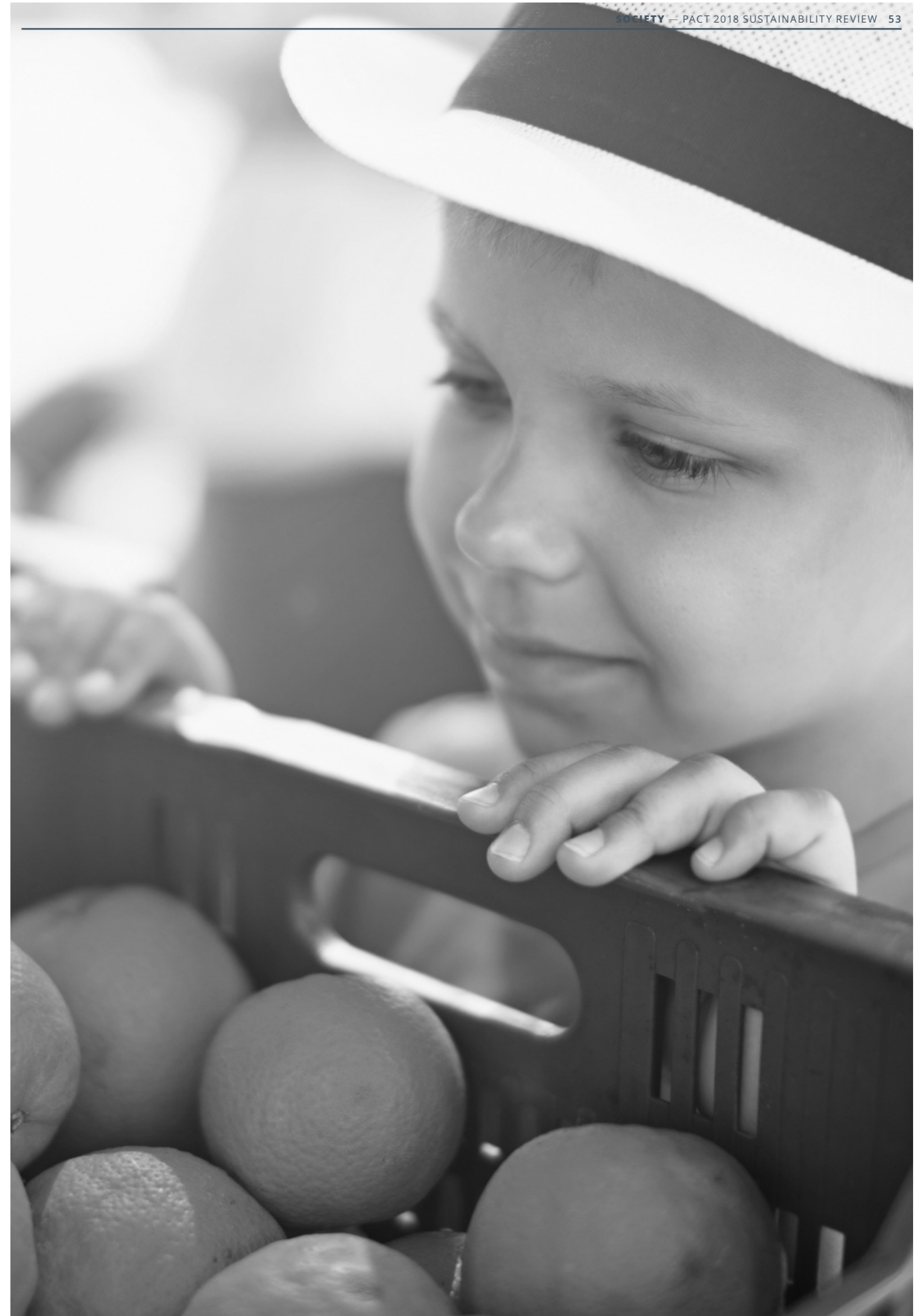
More than 14 tonnes of HDPE has been recycled in the last 12 months of the program



SOCIETY

We encourage a spirit of generosity in our people and actively invest in initiatives that align with our product and service offering, geographic footprint and stakeholder groups.

“ **As a multinational company, we recognise the importance of community engagement at a local level, and invest in areas we believe contribute to meaningful change.** ”



Investing in community initiatives and activities

As a global company operating in 10 countries, we are committed to implementing initiatives that develop and reinforce positive connections between our employees, customers and the communities in which we live.

Community Giving program

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

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

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



Ronald McDonald House Charities — Australia and New Zealand

Pact is proud to continue its partnership with Ronald McDonald House Charities (RMHC) in Australia and New Zealand. With 16 locations around Australia and three in New Zealand, Ronald McDonald Houses are attached to major women's or children's hospitals and provide a home-away-from-home for seriously ill children and their families.

To support the incredible work of RMHC in FY18, we provided direct financial support and essential resources to help make the day-to-day lives of those most in need easier and more comfortable.



Australia's Biggest Morning Tea

Australia's Biggest Morning Tea is Cancer Council's most popular fundraising event and the largest, most successful event of its kind in Australia. The idea is simple, just get your friends, colleagues or community together over some tea and treats, and help to raise vital funds that go towards vital cancer research, support services, prevention programs, and advocacy.

The event is an annual feature of the Pact calendar and we are proud to have hosted morning teas across our sites for the last decade.



Royal Flying Doctor Service

For the past seven years, Pact has been a proud supporter of the Royal Flying Doctor Service (RFDS). Delivered by a dedicated team of professionals, using the latest in aviation, medical and communications technology, the RFDS provides extensive primary health care and 24-hour emergency service to people over an area of 7.69 million square kilometres. It is a vital service for those that live, work and travel in rural and remote Australia.



Keep it clean

In FY18, Pact, for the first time, became a member of Keep New Zealand Beautiful, and a supporter of Keep Australia Beautiful.

The two iconic not-for-profit organisations deliver sustainability education programs; waste minimisation and recycling initiatives; and are dedicated to keeping our communities clean, safe and beautiful. We're eager to start working with these two established groups in FY19 and beyond.



Ongoing support to WasteAid

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

Case Study

A slice of cake and a cup of gratitude

For the last 10 years, Pact has been a passionate supporter of *Australia's Biggest Morning Tea*. The annual event provides an opportunity for workmates to come together, share a cup of tea and help raise funds that go towards vital cancer research, support services, prevention programs, and advocacy.

In FY18, nine Pact sites filled their kettles, baked cakes and came together and raised more than

\$3,000, with the *Pact Community Giving Program* adding

a further \$10,000 to the total.

This year's contribution takes our overall donation total to more than

\$90,000 since hosting our first *Morning Tea* ten years ago.



Our supply chain

We understand we have the opportunity and responsibility to minimise the environmental and social impacts of our products throughout our supply chain.

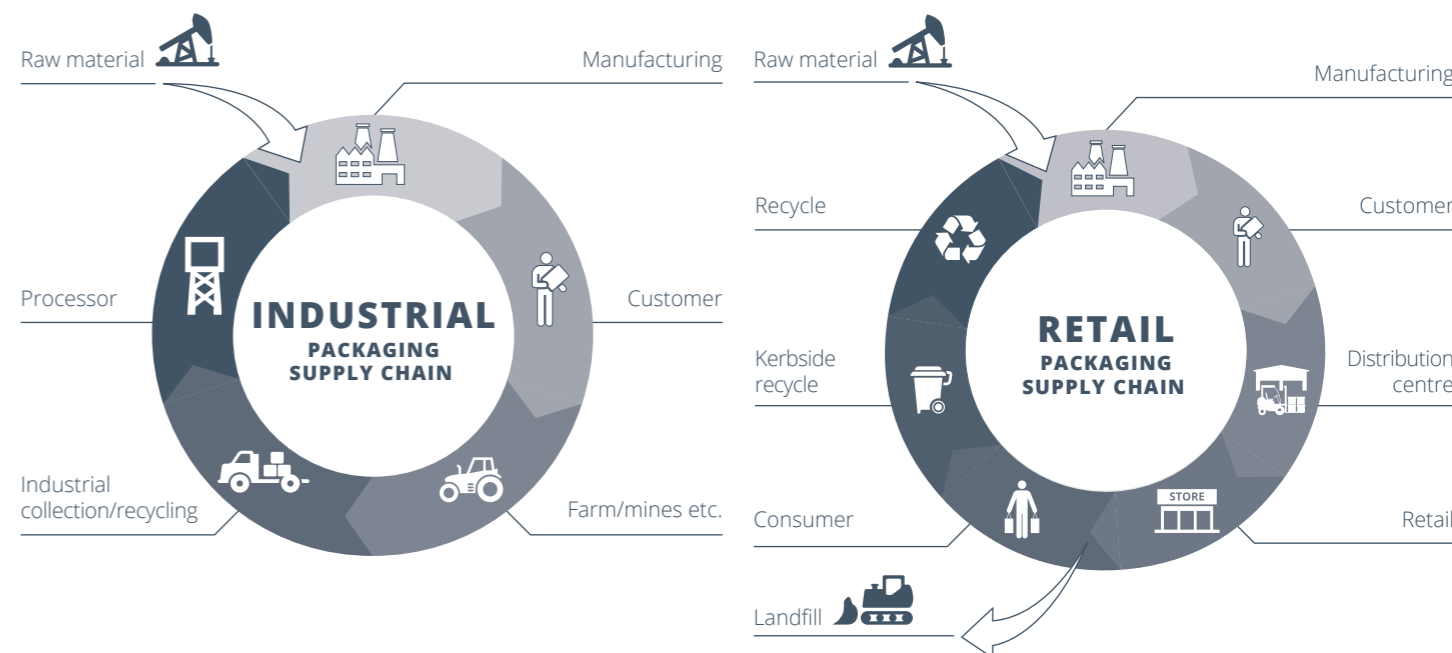
Responsible procurement

Due to the nature of our business and the fact our key raw materials make up approximately 50% of our total manufacturing costs, our supply chain is relatively streamlined and therefore presents a low risk overall.

In-line with the supply chain requirements of our customers and our commitment to operate responsibly, we have a *Quality Policy* in place to ensure we continue to surpass international standards.

New suppliers are assessed on their ability to meet our *Supplier Code of Conduct*, which outlines stringent ethical, social and environmental requirements. Assessments of existing suppliers are also routinely carried out.

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



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



ETHICS AND GOVERNANCE



Pact is committed to high standards of business ethics, ensuring we operate with appropriate compliance in all applicable policies and regulations and are properly managed to protect and enhance stakeholder interests.

“

Our *Code of Conduct* outlines how we expect our representatives to behave in the workplace. It includes legal compliance, guidelines on appropriate ethical standards and, provides a benchmark for professional behaviour.

”



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

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.

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.

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 FY17 was published during FY18 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 FY17 *Tax Transparency Report* can be found on the Pact website: 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 is responsible for the overall corporate governance of Pact Group. The Board's role is to ensure that the Group is properly managed, to protect and enhance shareholder interests, and to ensure the Group operates in an appropriate environment of control and corporate governance.

The Board is comprised of a non-Executive Chairman, 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.

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.

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, protection of the Group's reputation and informed management decisions. It also drives competitive advantage. The Framework is based on ISO31000 Risk Management Principles. The *Risk Management Policy* is available on the Pact website: 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 Pact website: 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.

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 2017 which can be downloaded From the *UNGC* website: 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 chains.

“

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

”



About this Report

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

The information contained in this *Review* 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 2018 (FY18), unless otherwise stated.

All monetary amounts in the *Review* 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 *Review*. We believe this *Review* fairly represents our sustainability performance during FY18.

Further information

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

- www.pactgroup.com.au
- *The Annual Report*
- The Annual General Meeting (AGM)
- Disclosures to the Australian Securities Exchange (ASX), Company code (PGH).

Previous *Sustainability* and *Annual Reports* can be downloaded from the investor section of our website: www.pactgroup.com.au/sustainability.

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



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 total combined scope 1 and scope 2 greenhouse gas (GHG) emissions (t.CO2-e) for Pact Group’s Australia and New Zealand operations included in its 2018 Sustainability Report for the year ended 30 June 2018. Based on the work we performed, nothing came to our attention that caused us to believe that the total combined scope 1 and scope 2 GHG emissions for Pact Group’s Australia and New Zealand operations have not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

What our review covered

We reviewed the total combined scope 1 and scope 2 greenhouse gas (GHG) emissions (t.CO2-e) for Pact Group’s Australia and New Zealand operations included in its 2018 Sustainability Report.

The subject matter did not include:

- ▶ Data sets, statements, information, systems or approaches other than the underpinning performance data
- ▶ Management’s forward looking statements
- ▶ Any comparisons made against historical data.

Criteria applied by Pact Group

In preparing the total combined scope 1 and scope 2 GHG emissions, Pact Group applied:

- ▶ The World Business Council for Sustainable Development and World Resources Institute’s Greenhouse Gas Protocol Revised Edition
- ▶ Australian National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2017 (No. 1)
- ▶ New Zealand Climate Change (Stationary Energy and Industrial Processes) Regulations 2009
- ▶ New Zealand Climate Change (Liquid Fossil Fuels) Regulations 2008
- ▶ New Zealand Climate Change (Unique Emissions Factor) Regulations 2009

Key responsibilities

EY’s responsibility and independence

Our responsibility was to express a conclusion on the total combined scope 1 and scope 2 GHG emissions for Pact Group’s Australia and New Zealand operations 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 total combined scope 1 and scope 2 GHG emissions or its Australia and New Zealand operations in accordance with the 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.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the total combined scope 1 and scope 2 GHG emissions for Pact Group’s Australia and New Zealand operations and related information, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 Subject Matter 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

Ernst & Young
Melbourne, Australia
1 November 2018

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.

Global Reporting Initiative

Summary Index

Pact's 2018 Sustainability Review has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reviewing 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/s
Strategy and Analysis				
G4-1	Statement from the most senior decision-maker in the organisation	Fully	A word from our CEO	2-3
G4-2	Impacts and Risks summary	Fully	Key sustainability issues, Corporate Governance & Risk Management	11, 12, 65
Organisational profile				
G4-3	Organisation name	Fully	About this report	68
G4-4	Primary products, services	Fully	Who we are and what we do	4, 5
G4-5	Head office location	Fully	Who we are and what we do	4, 5
G4-6	Countries of operation	Fully	Who we are and what we do	4, 5
G4-7	Ownership and legal form	Fully	About this report	68
G4-8	Markets served	Fully	Who we are and what we do	4, 5
G4-9	Scale of organisation	Fully	Who we are and what we do	4, 5
G4-10	Employee structure / breakdown	Fully	Diversity	18
G4-11	Employees covered by bargaining power	Fully	Industrial relations	22
G4-12	Supply chain description	Fully	Responsible Procurement	57
G4-13	Significant changes to organisation	Fully	About this report	68
G4-14	Overall approach to managing operational risk	Fully	Corporate Governance & Risk Management	65
G4-15	External charters, principles, initiatives subscribed to	Fully	Human rights, product stewardship	66
G4-16	Active in external memberships	Fully	Human rights, product stewardship	66
Identified material aspects and boundaries				
G4-17	Who is covered by this report	Fully	About this report	68
G4-18	Boundaries of this report	Fully	About this report	68
G4-19	Material aspects identified	Fully	GRI Index — Specific Standard Disclosures	70
G4-20	Aspect boundaries — relevancy to entities inside organisation	Fully	Key Sustainability issues	11, 12
G4-21	Aspect boundaries — relevancy to entities outside organisation	Fully	Key Sustainability issues	11, 12
G4-22	Any restatements of previously reported information	Fully	About this report	68
G4-23	Any significant changes since last report	Fully	About this report	68
Stakeholder engagement				
G4-24	List of stakeholders	Fully	Stakeholders	10
G4-25	Reason stakeholders chosen	Fully	Stakeholders	10
G4-26	Approach to stakeholder engagement	Fully	Stakeholders	10
G4-27	Issues raised by stakeholder groups	Fully	Key sustainability issues	11, 12
Report profile				
G4-28	Reporting period	Fully	About this report	68
G4-29	Date of previous report (if any)	Fully	About this report	68
G4-30	Reporting cycle (such as annual, biennial)	Fully	About this report	68
G4-31	Contact for any questions regarding this report	Fully	About this report	68
G4-32	In accordance with	Fully	About this report	68
G4-33	Approach to external assurance	Fully	About this report	68
Governance				
G4-34	Governance structure	Fully	Corporate governance & Risk Management	65
G4-35	Process for delegating authority - economic, environmental & social topics	Fully	Corporate governance & Risk Management	65
Ethics and integrity				
G4-56	Organisation's values, principles and standards e.g. code of conduct	Fully	Ethical conduct	62-64

Specific Standard Disclosures

Standard Disclosure	Description	Reporting status	Report heading	Page
Category: Economic				
Material Aspect: Economic performance				
G4-DMA	Why economic performance is material	Fully	Our Materiality Process	11
G4-EC1	Local economic value — revenue, employees, community	Fully	2017 Annual Report	-
Category: Environmental				
Material Aspect: Materials				
G4-DMA	Materials policy	Partially	Materials and waste	39
G4-EN1	Materials used by weight — non-renewable, renewable	Partially	Materials and waste	39
Material Aspect: Energy				
G4-DMA	Energy policy	Partially	Energy and emissions	38
G4-EN3	Energy consumption within organisation	Partially	Energy and emissions	38
Material Aspect: Emissions				
G4-DMA	Emissions policy	Fully	Energy and emissions	38
G4-EN15	Scope 1 Direct GHG emissions	Partially	Energy and emissions	38
G4-EN16	Scope 2 Indirect GHG emissions	Partially	Energy and emissions	38

Global Reporting Initiative

Summary Index

Specific Standard Disclosures (continued)

Standard Disclosure	Description	Reporting status	Report heading	Page/s
Material Aspect: Effluents and Waste				
G4-DMA	Effluents and waste policy	Fully	Materials and waste	39
G4-EN23	Total weight of waste by type and disposal method	Partially	Materials and waste	39
Material Aspect: Products and Services				
G4-DMA	Environmental impacts policy from product & services	Fully	Product stewardship	41
G4-EN27	Impacts and mitigation of impacts from product & services	Partially	Product stewardship	41
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	20
G4-LA3	Return to work after parental leave and retention rates	Partially	Parental leave	19
Material Aspect: Labour/Management relations				
G4-DMA	Labour / management relations policy	Fully	Industrial relations	22
Material Aspect: Occupational Health & Safety				
G4-DMA	OHS policy	Fully	Safety, Health, and wellbeing	28-31
G4-LA6	Injuries, rates, days lost	Fully	Safety, Health, and wellbeing	28-31
G4-LA7	Workers with high risk jobs	Fully	Safety, Health, and wellbeing	28-31
Material Aspect: Diversity and Equal opportunity				
G4-DMA	Diversity & equal opportunity policy	Fully	Diversity	62
G4-LA12	Governance and workforce breakdown	Fully	Diversity	20
Material Aspect: Equal remuneration				
G4-DMA	Equal remuneration policy	Fully	Diversity	20
G4-LA13	Gender remuneration breakdown by job category	Partially	Diversity	20
Material Aspect: Labour practices grievance mechanisms				
Sub-category: Human Rights				
Material Aspect: Investment				
G4-DMA	Human rights policy	Fully	Human rights	66
G4-HR2	Percentage and number of hours employees trained in human rights	Partially	Human rights	66
Material Aspect: Non-discrimination				
G4-DMA	Non-discrimination policy	Fully	Human rights	66
G4-HR3	Number of discrimination incidents, resolutions	Fully	Human rights	66
Material Aspect: Freedom of association and Collective bargaining				
G4-DMA	Freedom of association & collective bargaining policy	Fully	Industrial relations	66
G4-HR4	Operations and suppliers violating this right	Partially	Industrial relations	66
Material Aspect: Child labour				
G4-DMA	Child labour policy	Fully	Human rights	66
G4-HR5	Operations and suppliers with incidents of child labour	Partially	Human rights	66
Material Aspect: Forced or Compulsory labour				
G4-DMA	Forced or compulsory labour policy	Fully	Human rights	66
G4-HR6	Operations and suppliers with incidents of forced labour	Partially	Human rights	66
Material Aspect: Supplier human rights grievance mechanisms				
G4-DMA	Policy for human rights grievance mechanism	Fully	Human rights	66
G4-HR12	Percentage and number of supplier human rights grievances	Partially	Human rights	66
Sub-category: Society				
Material Aspect: Local communities				
G4-DMA	Community investment and engagement policy	Fully	Community	54-55
G4-SO1	Percentage operations with community engagement & development	Partially	Community	54-55
Material Aspect: Anti-corruption				
G4-DMA	Anti-corruption policy	Fully	Ethical conduct	63
G4-SO4	Communication and training on anti-corruption	Fully	Ethical conduct	63
G4-SO5	Confirmed incidents of corruption, resolution	Fully	Ethical conduct	63
Material Aspect: Public policy				
G4-DMA	Political contribution policy	Fully	Financial Transparency	64
G4-SO6	Value of political contributions, broken down	Fully	Ethical conduct	64
Material Aspect: Anti-competitive behaviour				
G4-DMA	Anti-competitive behaviour policy	Fully	Ethical conduct	63
G4-SO7	Number of legal actions from anti-competitive behaviour	Fully	Ethical conduct	63
Material Aspect: Compliance				
G4-SO8	Value of fines from non-compliance	Fully	Ethical conduct	63

PACT

GROUP



6/650 Church Street, Richmond VIC 3121 Australia
Telephone +61 3 8825 4100

www.pactgroup.com.au