

Ethical Sourcing Policy



Pro-Pac Packaging Limited
ABN: 36112971874

ETHICAL SOURCING POLICY

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Ethical Sourcing Policy

1. Introduction

Ethical sourcing is a commitment to the purchase of goods and services that are manufactured and provided in a way that does not involve exploitation, or represent a danger to health, safety or the environment. Pro-Pac Packaging Limited and its subsidiaries (PPG and PPG Companies) consider non-compliance by a supplier with specific requirements, such as the use of forced/ bonded labour, to be unacceptable and will cease to deal with a supplier until improvements are made. We are committed to integrating responsible corporate behaviour into every aspect of our operations.

2. Purpose

- Transparency and governance in sourcing, engaging and on-going interaction with manufacturers and suppliers (Suppliers) of products, finished, assembled or in raw state and sold by PPG Companies
- Ensuring and sustaining high standards of ethical conduct by working with our Suppliers in line with the corporate culture of PPG

3. Application

- This policy is to be followed by each PPG Company to ensure that products and services are sourced in a responsible and consistent manner
- This policy will guide PPG Companies' efforts to help Suppliers understand and apply the Ethical Sourcing Code (set out below) and achieve sustainable change to improve their social, ethical and environmental practices

4. Responsibilities

- PPG's Company Secretary and General Counsel – PPG Modern Slavery Statement for Board approval
- Chief Executive Officer – Ethical Sourcing Reports
- General Manager responsible for sourcing and purchasing – internal working procedures for deployment of the Ethical Sourcing Code through the supply chain
- Manager responsible for supplier governance and compliance – systems to ensure compliance by Suppliers of the Ethical Sourcing Code principles including monitoring, audits, training and communications

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5. Policy

- 5.1 Each PPG Company must adopt, monitor and regularly review, policies and procedures to ensure that its Suppliers, no matter where such Suppliers are located and operate within the world, are:
 - a. required to take all reasonable steps to comply with the Minimum Standards set out in the Ethical Sourcing Code (the Code), contractually (either by way of written assurances and/or inclusion of this obligation in Supplier contracts;
 - b. encouraged to exceed the minimum standards, and aspire to best practice standards in the Code;
 - c. monitored for compliance with the Code minimum standards through Supplier assessment processes, which may include:
 - I. use of appointment of third party auditors
 - II. receipt of independent certification of the Supplier to equivalent standards; and/or
 - III. use of PPG Company staff trained to undertake this task; and
 - d. motivated to introduce policies and procedures to achieve Code compliance, including the introduction by PPG Companies into contracts with the Supplier of termination rights in the event the supplier is unable or unwilling to work towards full compliance with the minimum standards.
- 5.2 It is recognised that sustainable change may involve PPG Companies adopting a gradual roll-out of Code compliance with established Suppliers. PPG Companies are encouraged to strategically prioritise high-volume and high-risk Suppliers based on country and product risk factors
- 5.3 PPG Companies' procurement policies and procedures shall include a requirement that due diligence on new Suppliers is conducted against the minimum standards set out in the Code
- 5.4 Each PPG Company must:
 - a. monitor and regularly review the effectiveness of the policies and procedures referred to above, taking into account their suitability, adequacy and effectiveness
 - b. report annually to PPG on:
 - I. the role of supply chains in their Company's operations
 - II. activities undertaken to promote Code compliance, including their success in achieving adoption by Suppliers of the Code
 - III. how they monitor Supplier compliance and assess any modern slavery risks, including due diligence
 - IV. identification of potential modern slavery risks and other social, ethical and environmental risks in their supply chain and actions taken to address such risks, including Supplier training and remediation
 - V. how they assess the effectiveness of their actions and any improvements to their compliance and monitoring policies and procedures which may promote greater Code compliance
 - VI. training available to its employees on ethical sourcing

6. Compliance

- All key suppliers are required to complete a Supplier Self- Assessment form (which may be online using a third-party collaborative platform) within 30 days of receipt.

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- 'High-risk' suppliers are also required to undertake a compliance audit to PPG's Ethical Sourcing Code. It is the supplier's responsibility to organise the audit. Alternatively, the supplier may provide evidence of compliance from a PPG recognised audit.
- 'High Risk' Suppliers are those located in developing countries which excludes North America, Europe, Australia, New Zealand, Japan, and any other OECD member country.
- In addition, PPG may request a supplier operating in non high-risk regions (i.e. Australia and other OECD member countries) to undergo a third-party ethical audit if an ethical issue has been identified.
- As a general proposition, PPG reserves the right not to do business with suppliers that, in PPG's view, do not share and demonstrate a commitment to the Minimum Standards in the Code.

7. Ethical Sourcing Code

The Ethical Sourcing Code is attached to this Policy, and covers:

- A. Slavery Practices
 - B. Labour Standards
 - C. Health & Safety
 - D. Discrimination
 - E. Environmental Practices
 - F. Business Ethics
- The Ethical Sourcing Code applies to all PPG Companies
 - PPG Companies select Suppliers that demonstrate a commitment to implementing policies and practices consistent with our own. Suppliers who conduct their operations in accordance with the standards in this Code are preferred Suppliers.
 - PPG Companies will, in accordance with this Policy, adopt their own policies and procedures to promote the understanding, adoption and active implementation of the Code by their Suppliers.
 - PPG recognises that a gradual implementation of the Code is more likely to lead to real and sustainable change, especially for Suppliers whose operations initially indicate modern slavery risks.
 - PPG Companies are encouraged to promote their Suppliers' achievement of the Code standards (from minimum level to best practice) through a staged compliance plan, such as:
 - Bronze:
 - A. Slavery Practices
 - B. Labour Standards
 - Silver:
 - C. Health and Safety
 - D. Discrimination

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Gold:

E. Environmental

F. Business Ethics

- Risk assessment of first tier Suppliers alone cannot give full visibility over the supply chain in its entirety but is a natural place to start in order to target next steps. Once first tier Suppliers are compliant they should be encouraged to promote compliance with the Code of their sub-contractors, business partners and second tier Suppliers.

8. Policy Amendment

This policy cannot be materially changed or amended without approval of the Pro-Pac Packaging Limited Board. The Board will review this policy regularly to ensure it continues to evolve and reflect community expectations.

9. Questions

Any questions in relation to this policy should be directed to PPG's Company Secretary and General Counsel.

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Ethical Sourcing Code

- The Ethical Sourcing Code applies to all PPG Companies.
- PPG Companies select Suppliers that demonstrate a commitment to implementing policies and practices consistent with our own.
- Suppliers who conduct their operations in accordance with the standards in this Code are preferred Suppliers.
- This Code should be openly communicated to the Supplier's workers.

Standard	Ethical practices include	Unethical practices include
<p>A. <u>Slavery Practices</u></p> <p>No use of 'slave' labour, being labour which is:</p> <ul style="list-style-type: none"> • Forced or compulsory • subject to a bonding arrangement • Indentured or otherwise involuntary 	<ul style="list-style-type: none"> • Fair and humane treatment of workers • Freedom of workers to leave at the end of their shifts, or their employment after giving reasonable notice • Transparent record keeping of workers' details, hours and wages • Documenting verification of the age of workers and their right to work 	<ul style="list-style-type: none"> • Exercising any 'ownership' type powers over workers (no sale or trafficking) • Using child labour (i.e. employing children under the local legal age for completing compulsory education or otherwise below the minimum legal working age set locally or the International Labour Organisation Convention being 15 (or 13 for light work) or 18 (for hazardous work)) • the use of force, coercion, fraud or abuse of power to recruit or retain labour • Confiscation of identity/travel documents or requiring money deposits, bonds or recruitment fees for work • Cruel, inhuman, degrading treatment or placing workers in danger or fear of harm to

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Standard	Ethical practices include	Unethical practices include
		themselves or others <ul style="list-style-type: none"> • Deceptive recruiting for labour or using employment agencies or labour brokers which engage in the unethical practices listed above • Benefitting directly or indirectly from or contributing to modern slavery
<p>B. <u>Labour Standards</u></p> <p>Compliance with local laws (or collective bargain agreements) regulating:</p> <ul style="list-style-type: none"> • Wages, overtime entitlements and legally mandated benefits • The length of the working day, work breaks and maximum work hours • Mandatory days off work each week • Immigration law compliance including employment only of workers with a legal right to work 	<ul style="list-style-type: none"> • Treating workers with dignity and respect • Providing workers with written and understandable information about their wages, conditions and other terms upon recruitment • Wages to be paid on time and in full • Keeping records of any disciplinary action and having fair and open grievance mechanisms in place 	<ul style="list-style-type: none"> • Deduction from wages for disciplinary measures or other deductions not provided for by law or freely consented to • Mandatory or uncompensated overtime • Physical, verbal or other forms of harassment, bullying or abuse
<p>C. <u>Health and Safety</u></p> <p>Working conditions (and any supplied worker's accommodation) shall meet or exceed local legislative or ILO standards for health and</p>	<ul style="list-style-type: none"> • Incorporating safety measures relevant to the industry and conditions to promote incident prevention, fire protection and 	

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Standard	Ethical practices include	Unethical practices include
safety.	<p>health preservation</p> <ul style="list-style-type: none"> • Use of machinery safeguards and personal protective equipment • Meeting minimum conditions of appropriate heating, ventilation, lighting and noise levels • Access to adequately stocked first aid equipment • Adequate and regular training for workers to perform their jobs safely • Identifying, assessing and minimising the impact of emergency situations by implementing emergency plans and response procedures • Exercising extreme care with dangerous materials or hazardous substances and ensuring the availability of medical care • Implementing a certified health and safety management system <p>Hygienic conditions without risk to health, including access to clean drinking water, proper sanitation of premises, appropriate facilities for food storage and separate accommodation by gender</p>	

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Standard	Ethical practices include	Unethical practices include
<p>D. <u>Discrimination</u></p> <p>Conditions of employment must be based on an individual's ability to do the job, as determined objectively and not decided on the basis of personal characteristics or traits</p>	<ul style="list-style-type: none"> • No discriminatory practice with regards to recruitment, compensation, access to training, promotion, termination of the employment agreement or retirement, based on race, gender, nationality, religion, age, physical or mental disability (if irrelevant to the requirements of the job), marital status, sexual orientation and/or union membership or political affiliation • The rights of workers to lawfully associate or not in groups of their choosing shall be respected, including their right to join or form trade unions and participate and benefit in collective bargaining or like arrangements 	

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<p>E. <u>Environmental Practices</u></p>	<p>Sound environmental management best practices include:</p> <ul style="list-style-type: none">• Compliance with relevant local and national environmental protection laws• Taking preventative measures to minimise the environmental impacts of the Supplier's business• Maintaining procedures for notifying local authorities in the event of an environmental accident resulting from the Supplier's operations• Compliance with relevant international or applicable local laws affecting processes used to manufacture products, such as:<ul style="list-style-type: none">○ Waste management○ Appropriate management of hazardous materials or restricted substances○ Minimisation of harmful emissions• Conservation and protection of scarce resources including:<ul style="list-style-type: none">○ Efficient use of resources, including energy and water use○ Recycling	
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Standard	Ethical practices include	Unethical practices include
	<ul style="list-style-type: none"> Developing an environmental management system to minimise environmental impacts and improve environmental sustainability 	
<p>F. <u>Business Ethics</u></p> <p>Business ethics involves ensuring honesty, transparency, accountability, integrity and respect in business relationships.</p>	<p>In their commercial dealings with PPG Companies, Suppliers are required to:</p> <ul style="list-style-type: none"> preserve the confidentiality of information they may receive, store it securely (physically and in accordance with best practice IT standards), not disclose it to third parties and use it only to fulfil the PPG Company's contract or business refrain from assigning or sub-contracting fulfilment of PPG Company contracts, unless with the prior consent of the PPG Company refrain from any unauthorised use of the intellectual property of PPG Companies 	<ul style="list-style-type: none"> Bribes, favours, benefits or other similar unlawful or improper payments in cash or in kind Extortion or corruption whether to obtain business or otherwise