



# Pro-Pac Packaging Limited

## 2020 Modern Slavery Act Statement

### 1 Introduction

This Modern Slavery Statement, is made pursuant to the *Modern Slavery Act 2018* (Cth), and sets out the actions taken to assess and address modern slavery risks in our operations and supply chain for the financial year ended 30 June 2020 (“Reporting Period”) by Pro-Pac Packaging Limited and our subsidiaries that met the reporting threshold, namely, Integrated Packaging Group Pty Ltd, Goodstone International Pty Ltd, Pro-Pac Group Pty Limited, Pro-Pac Industrial Group Pty Limited and Pro-Pac Packaging (Aust) Pty Ltd (referred to as “Reporting Entities”, “Pro-Pac”, “us”, “we” or “our”).

We are committed to integrating responsible corporate behaviour into every aspect of our operations. As one of Asia Pacific’s leading manufacturers, importers, distributors and suppliers of packaging related products and services, we are aware of the responsibility we have to all of our customers to ensure our products are ethically sourced.

As part of our ethos of “Doing the Right Thing”, Pro-Pac is committed to:

- acting in the best interests of our customers, shareholders and fellow colleagues;
- meeting the highest standards of behaviour and appearance;
- complying with the law and with company policies;
- protecting company assets, information and reputation;
- being respectful, friendly and safe;
- conducting business fairly, truthfully and honestly.

The work that we have undertaken to assess, address and mitigate modern slavery risks in our operations and supply aligns with our aim of “Doing the Right Thing” and we are pleased to share our Modern Slavery Statement with the Australian Border Force, our customers, team members, investors and our broader community.

### 2 Our structure, operations and supply chains

#### 2.1 Our structure

Pro-Pac Packaging Limited (ABN ACN 112 971 874 ABN 36 112 971 874) is a public company listed on Australian Securities Exchange (ASX: PPG). Our registered office and principal place of business is located at 83-85 Banbury Road, Reservoir VIC 3073. As noted above, the following subsidiaries met the reporting threshold during the Reporting Period:

- Pro-Pac Group Pty Limited ABN 50 095 393 776
- Pro-Pac Packaging (Aust) Pty Limited ABN 12 059 499 660
- Pro-Pac Industrial Group Pty Limited ABN 32 104 805 361
- Integrated Packaging Group Pty Ltd ABN 89 132 697 664
- Goodstone International Pty Ltd ABN 36 070 661 460

## 2.2 Our operations

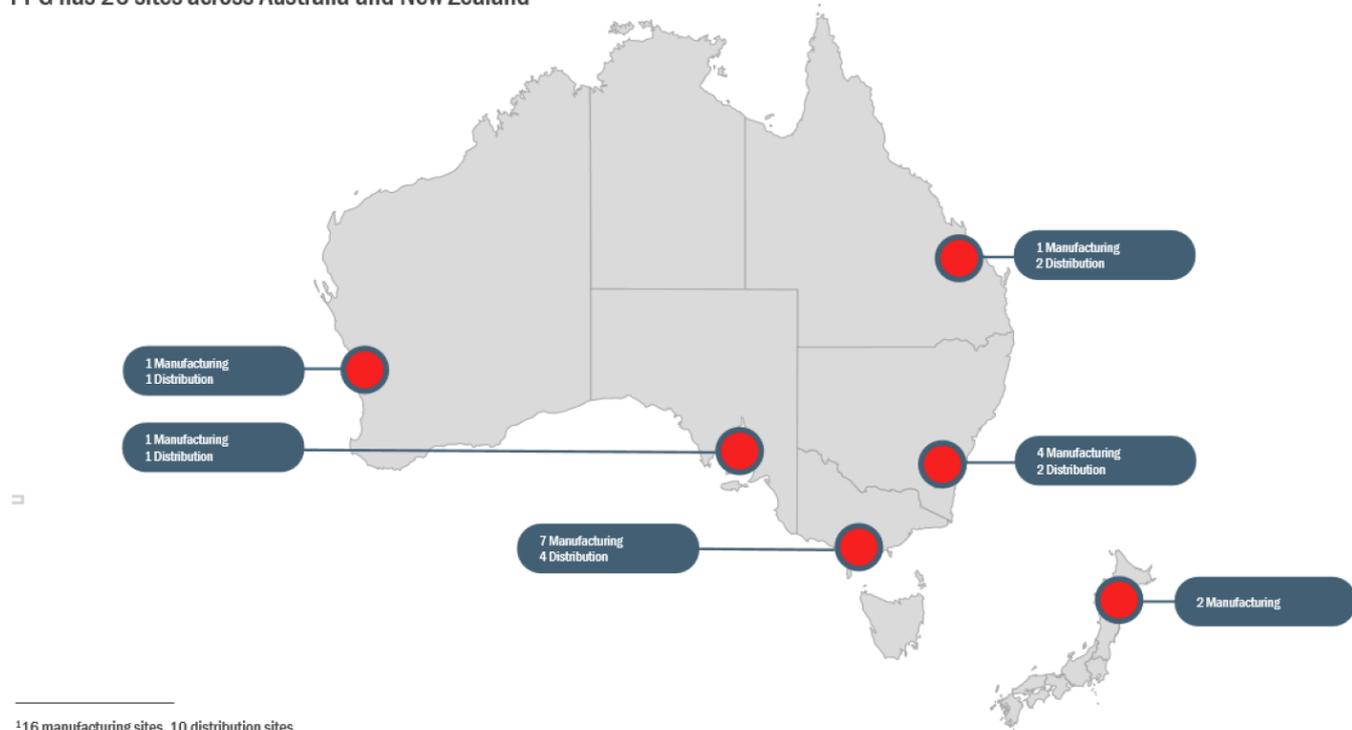
Pro-Pac is a diversified manufacturing and distribution business and is an Australian leading end-to-end solutions provider for rigid, flexible and glass food packaging solutions and general industrial packaging. We provide a combination of product and service solutions for primary packaging, packaging that touches and/or houses the product; secondary packaging, packaging that contains multiples of the product for shipping; and tertiary packaging, packaging that protects and secures the total package(s) during transit. We cater to a broad group of blue-chip and small-to-medium enterprises, delivering packaging solutions with high levels of service and expertise. We supply a wide range of products and services into most industry segments ranging from Primary Produce, Food and Food Processing Industries, Agricultural Markets, Industrial and Commercial Markets, Warehousing and Logistics, to Retail and FMCG Markets.

Our product range is diversified and addresses more than just packaging needs. It includes Corrugated Cartons, Flexible Films, Stretch and Pallet Wrap, Plastic Bottles, Lids and Closures, Food Processing Products, Void Fill Solutions, Packaging Supplies and Consumables, Machinery and Machine Service, Safety and PPE, Gloves, Bags and Liners, Washroom and Janitorial Products, Cleaning Supplies, Labels and Signs.

We are an accredited supplier into Coles, Woolworths, Aldi, Metcash and Costco. Our manufacturing team have over 50 years' experience in design, manufacture and supply.

Our corporate office in Melbourne oversees an international footprint which includes Australia, New Zealand, with warehousing, sales and customer service in all capital cities and major regional areas. For further information on Pro-Pac Packaging visit [www.ppgaustralia.com.au](http://www.ppgaustralia.com.au)

PPG has 26 sites across Australia and New Zealand<sup>1</sup>



In Australia, we operate under three broad divisions-our flexibles, industrial and rigid divisions.

### ***Flexibles Division***



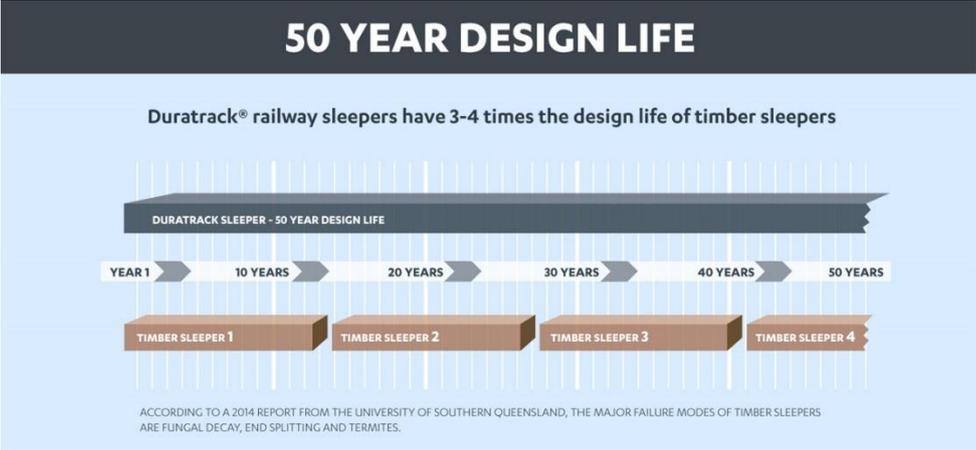
Our Flexibles Division, primarily trading under the banners of Integrated Packaging and Perfection Packaging is a specialist manufacturer and distributor of stretch film, printed films, P.E sacks, PVC food films, crop packaging and associated packaging products.



We also supply and service packaging machines via our business known as Integrated Machinery. Our stretch wrapping machines range from semi and automatic stretch wrapping machines to fully automated lines and individual projects. Our resources fulfill every stretch wrapping, packaging and project requirement, from design through to engineering, installation and commissioning. We also provide ongoing preventative maintenance and repair service to ensure optimal performance from our wrapping machines and specialised equipment



Our business known as Integrated Recycling manufactures the Envire range of composite recycled plastics products at its Mildura factory in north western Victoria. We collect and recover waste plastic, principally local agricultural plastics such as grape vine covers which would otherwise be burnt or disposed of, to make the Envire range from our patented mix that is resistant to termites, rot, water and sun damage, and is easy to work with and more durable than timber or concrete. The Envire range includes landscaping products, bollards, outdoor furniture, boardwalks, retaining walls, fencing and structural products such as railway sleepers, boardwalk sub frames, dunnage and specialty pallets.



Our New Zealand operations are a part of the Flexibles Division, servicing the local market as a specialist manufacturer and distributor of stretch film, P.E sacks, PVC food films, crop packaging and associated packaging products.



**Industrial Division**

Our Industrial division is a supplier and distributor of packaging products, safety and PPE products, and washroom and janitorial products. A large part of this division is the supply of packaging products to the food industry, such as Modified Atmosphere trays which promote the life of poultry products. Included in this Division is the “Source and Sell” business which is a creative product development and sourcing company, designing and sourcing products for its customers who are predominantly mass merchants in the discount segment of the retail market.



## SourceandSell

### **Rigid Division**

Our Rigid Division, under the trading banner PB Packaging is one of Australia's leading suppliers of rigid plastic and glass packaging. Catering to all industries, PB Packaging offer full packaging solutions in almost all sizes with an extensive range of domestic and imported containers, lotion pumps, trigger sprays, closures, and decoration options.



Included in this division is the Bev-cap business which involves the custom design and manufacture of caps and closures to the food & beverage, lubricants and cosmetic industries.

## BEV-CAP PTY LTD

Also included in this division is the Blowcon business which is an extrusion blow moulding manufacturer of plastic bottles, jars and custom products.

### **Extrusion Blow Moulding Specialists**

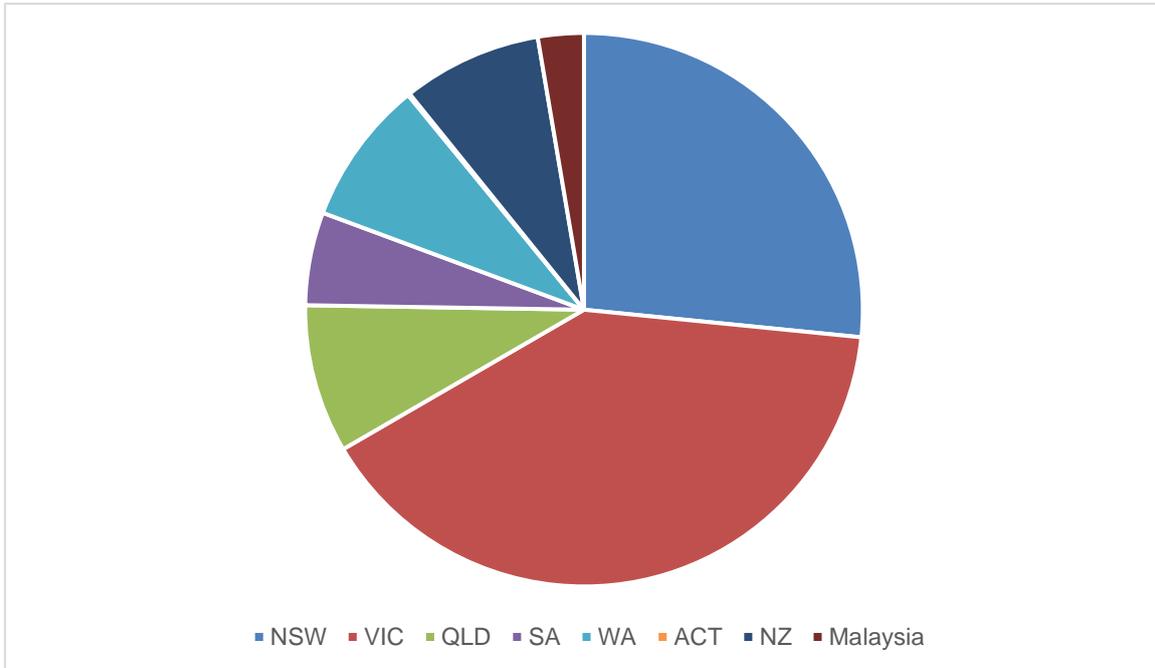
*Plastic Bottles, Jars and Custom Products*



Our operations in Malaysia are focussed on the provision of “back of office” support to the Australian and New Zealand operations, including the operation of some of our finance functions such as accounts payable and accounts receivable, and some administration and procurement support.

### 2.3 Our people

During the Reporting Period, Pro Pac employed just under 900 people across our various locations as depicted in the chart below.



The types of roles performed by our employees include those supporting our factories and warehouses, office functions such as finance and administration, IT, HR, sales, delivery and technicians, and management. During the Reporting Period, 96% of our staff were full and part time permanent employees, 2.5% were casuals and 1.5% were consultants. Factory and labour hire was used to manage peak demand periods in both Australia and New Zealand. The equivalent of 12.2 FTE staff were used on a monthly basis as at the end of the Reporting Period.

There were 6 Enterprise Bargaining Agreements applicable at various sites in our Australian locations. For the employees where EBAs are not applicable, their employment conditions are governed by the relevant awards or where there is no award, individual employment contracts. All employee entitlements are in accordance with the National Employment Standards.

In New Zealand, there are no awards. All staff are paid at market rates, which are over and above minimum prescribed rates. All entitlements given to New Zealand staff are in accordance with local legislation.

In Malaysia, our staff have entitlements and are paid in accordance with local legislation.

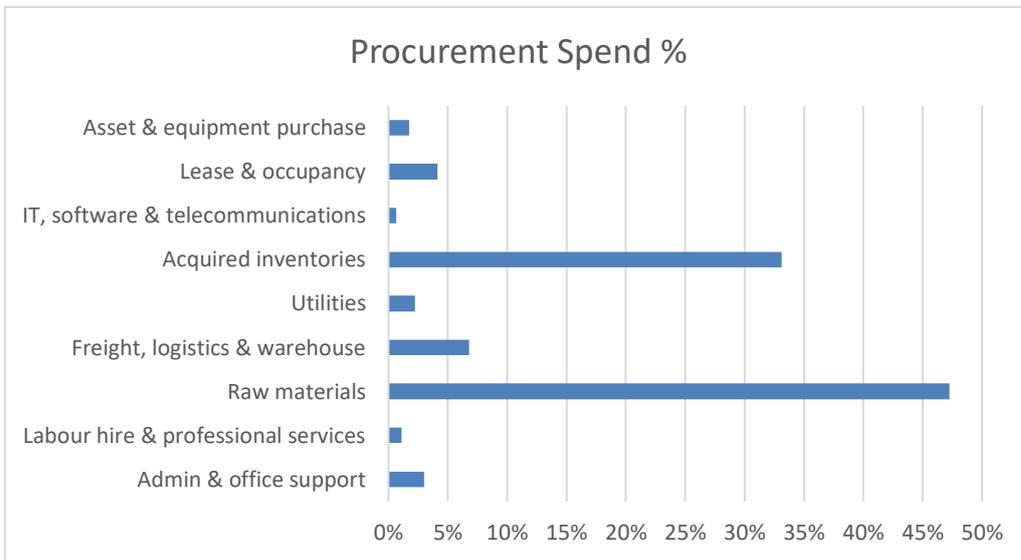
In respect of remuneration, employment roles in Australia and New Zealand are benchmarked based on data from AON. Our employees are remunerated in excess of minimum wage. We conducted a payroll, superannuation and enterprise agreement audit in Australia during the Reporting Period to identify any instances of underpayment or breach of awards and enterprise agreements. We identified a small number of non-systemic issues which were subsequently corrected. This same process is being undertaken in New Zealand and Malaysia during 2021.

During the Reporting Period we had one employee, employed via a third party employment management agency, based in China, performing a quality assurance role with one of our suppliers of MAP trays. This employee was paid in excess of applicable local legislation, and all entitlements were in accordance with local legislation. The employee left us in April 2020.

**2.4 Our supply chain**

During the Reporting Period, we had approximately 5,900 direct suppliers of goods or services recorded on our systems. .

Our total annual procurement spend was over \$350,000,000. Top spend categories are set out on the graph below:



Our Top 10 major suppliers across the group were from Australia, USA and China.

The countries of origin of finished products, components and other products were as follows:



Australia, Brazil, China, Finland, France, Germany, Hong Kong, India, Indonesia, Italy, Korea, Malaysia, The Netherlands, New Zealand, Portugal, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, USA, Vietnam.

### **3 Modern slavery risks in our operations and supply chains**

#### **3.1 In our operations**

We consider that our operational modern slavery risk is low in respect of our Australian and New Zealand sites. Australia and New Zealand are considered low risk countries for modern slavery prevalence by the Global Slavery Index (GSI). Our staff have the benefit of contractual and industrial protections that protect their rights.

Malaysia is ranked 42/167 and China is ranked 111/167 on GSI's Prevalence Index Ranking. This data is consistent with our understanding that there are inherently higher risks for modern slavery practices in Malaysia and China than in Australia or New Zealand. Accordingly, we implement periodic audits of our operations in those locations, commensurate with the associated risk profiles. To date, no reports of modern slavery have been raised with the board or management.

Our operations in Malaysia are limited to an office-based finance function which is considered a lower risk industry for modern slavery. Although GSI ranks Malaysia as a higher risk country, we consider that our lower risk operations in Malaysia means that our overall risk profile is lower. Nevertheless, we have measures in place to mitigate risks. For example, as a part of the pre-employment medical checks conducted, age and identity is verified.

Given the relatively high level of skilled labour required for our Q&A employee in China, including the requirement to communicate in English, both verbally and in writing, coupled with the relatively high salary paid, and expenses reimbursed to that employee, and regular management guidance and contact from Australia, we consider the inherent risk of modern slavery to be low.

#### **3.2 In our supply chain**

We recognise that there are increased modern slavery risks associated with the labour hire industry, irrespective of the country risk profile, due to a combination of factors such as the:

- prevalence of outsourcing, which can impact upon operational and supply chain transparency
- reliance on a migrant workforce with limited local language competency and temporary visa arrangements, particularly in the horticultural sector
- multiple sub-contracting arrangements with informal agreements
- low barriers for entry for labour hire providers
- dangerous or substandard working conditions, including:
  - workers are not paid fairly or withheld entitlements
  - workers may be required to work excessive hours
  - workplace safety concerns

By virtue of the global nature of supply chains of entities such as ours, there are inherent risks of causing, contributing or being directly linked to modern slavery. The risks are higher where we procure products manufactured in countries where there are increased modern slavery risks.

Having regard to the increased risks in our supply chain, we continue to assess our supply chain for modern slavery impacts.

The International Labour Organization and the Walk Free Foundation consider the manufacturing sector to hold the third highest percentage of forced labour (15%) with only domestic work (24%) and construction (18%) ahead of it. The modern slavery risks associated with the manufacturing sector includes forced labour, debt bondage, child labour, excessive unpaid overtime and human trafficking. The utilisation of labour hire of low skills labour, particularly in higher risk countries, increases the risk of modern slavery in the manufacturing sector.

A number of the products we acquire originate from jurisdictions assessed to be high risk for modern slavery, such as:

- chemicals eg, paints
- cotton as a raw material
- rubber products
- plastics
- glass

Note that we do not have a supply relationship with the grape growers whose grape covers are recycled and used to produce our Envire range of products in our Integrated Recycling business. We collect the bags ourselves.

We understand that each of our suppliers, have their own suppliers, which in turn may expose us to modern slavery risk. For example, rubber plantations are a known risk for forced labour and child labour due to the operations in higher risk countries where there are typically less regulation. The cultivation of rubber is also a labour intensive process which can heighten the risk of modern slavery. Other raw materials have a lower exposure to modern slavery where they are manufactured in factories as opposed to cultivated in an agricultural context. However, the utilisation of a low skilled and vulnerable workers in these factories can lead to modern slavery practices irrespective of the country location.

The manufacturing risks apply equally in the PPE manufacturing industries where there have been reports of modern slavery in some parts of Asia which have become heightened during the COVID-19 pandemic.

## **4 Actions taken to assess and address modern slavery risks**

### **4.1 In our operations**

During the Reporting Period, our Audit Business Risks and Compliance Committee received regular compliance reports from management covering compliance with legislative obligations. That report now specifically refers to any instances of modern slavery.

During the Reporting Period an online training module on modern slavery was provided to our employees. The course covers what modern slavery is, its prevalence in supply chains, and how its use can most effectively be prevented by organisations. The course contains practical scenarios relating to issues affecting organisations with modern slavery in their supply chains. These scenarios equip staff to identify and take steps to prevent modern slavery from occurring.

Our Code of Conduct was in place during the Reporting Period, committing us all to:

- acting in the best interests of our customers, shareholders and fellow colleagues;
- meeting the highest standards of behaviour and appearance;
- complying with the law and with company policies;
- protecting company assets, information and reputation;
- being respectful, friendly and safe;
- conducting business fairly, truthfully and honestly.

Our Whistleblower policy was in place during the Reporting Period. The policy includes unethical conduct, breaches of laws, and a breach of the Code of Conduct as reportable matters, allows anonymous reporting, and is operated by an independent third party provide to further protect the anonymity of the whistleblower . This would cover any instances of modern slavery if one was to be reported.

We conducted a payroll, superannuation and enterprise agreement audit in Australia during the Reporting Period to identify any instances of underpayment or breach of awards and enterprise agreements. We identified a small number of non-systemic issues which were subsequently corrected.

#### 4.2 Impact of COVID-19

The global health pandemic slowed down the implementation of our modern slavery project overall. However, we continued our supplier review processes, albeit in the absence of physical attendances to verify and audit required over and above those performed by third parties such as BSCI and Sedex. The importance of this became acute when media reports of modern slavery being used in the factories in parts of Asia supplying PPE came to light during 2020. Our supplier of PPE products in Malaysia cleared our supplier review processes to our satisfaction.

#### 4.3 In our supply chain

Our on-boarding process for major tenders includes selection criteria to assess the competencies of suppliers and their alignment to our values including the sustainability of their activities and their impact on the environment. We have templates developed specifically for this purpose and these are regularly being used. Our Ethical Sourcing Code forms part of our tender materials.

We also have a process requiring our suppliers to comply with our Ethical Sourcing Policy and our Supplier Conduct of Conduct incorporated therein. Our Ethical Sourcing Policy makes it clear that “[we] 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.” As part of this process, all key suppliers are required to complete a Supplier Self-Assessment form within 30 days of receipt.

High risk suppliers are also required to undertake a compliance audit. All suppliers, irrespective of location, are required to take all reasonable steps to comply with the minimum standards set out in our Ethical Sourcing Code which covers slavery, labour standards, health and safety, discrimination, environmental practices and business ethics.

We promote our suppliers' achievement of the Ethical Sourcing Code standards through a staged compliance program. Once first tier suppliers are compliant, they are encouraged to promote compliance with the Ethical Sourcing Code to their subcontractors, business partners and second tier suppliers. A part of the programme design is that those suppliers capable of demonstrating high levels of compliance with the Ethical Sourcing Code may be awarded with "preferred supplier status" and providing first-to-quote opportunities for new business.

In our contracts with suppliers, we seek to include an ethical sourcing clause requiring suppliers to confirm to our Ethical Sourcing Code, or alternatively provide a commitment to an equivalent code or policy.

During the Reporting Period, the processes set out above were implemented in respect of some, but not all suppliers.

*Case study: On 14 May 2020, a human rights audit of one of our largest suppliers in China was conducted by BSCI. This particular supplier was in the plastics industry providing food storage, bottles and plastic canisters. The audit revealed that some workers worked more than 36 hours of overtime hours per month in the factory. No other issues were identified by the auditor. The findings were discussed with the management and notice for a remediation plan was given.*

We also use Sedex and BSCI membership as a basis for certification which our major customers such as Aldi use for visibility in relation to their supply chain. BSCI is an independent organisation which issues certificates after the successful completion of a certified audit. The audit report is valid for one year from the date of the audit. Each audited location receives a unique identifying number which can be searched on the BSCI platform. We can search for our suppliers on the platform and link them to our business as one of our suppliers. Aldi, for example, can log then log onto the BSCI platform and see the certification of our suppliers and see the links between suppliers in common and our business. When an audit report for a supplier within Aldi's supply chain via our business draws close to the expiry date, Aldi has the ability to send us reminder notifications to update the records. We typically contact suppliers one month prior to expiry to arrange re-audit of their facility and operations.

In our first Reporting Period, we conducted a supplier risk assessment by reference to the country risk of our suppliers, annualised spend (as a percentage of volume), type of goods suppliers, whether the suppliers are branded and control evaluation looking at the number of years as a supplier, current contract, site visits per year and policies in place.

We started the process of ensuring suppliers were then required to complete a Self-Audit Check List, Declaration of compliance with our Ethical Sourcing Code and a Supplier Self-Assessment Form. The information provided by the suppliers were then assessed in accordance with our supplier risk assessment process and allocated a bronze, silver or gold compliance standard. Where this process was implemented we kept a record of whether remediation was required, whether the declaration was completed and any key non-compliance issues.

While no modern slavery was identified through the risk assessment process, we have not yet completed this process in respect of all material suppliers.

We are committed to working with our suppliers to address issues so as to prevent and remedy any actual instances of modern slavery.

## 5 Assessing the effectiveness of our actions

In the first year of reporting, we have focussed on updating our procurement policies and procedures to address the risk of modern slavery practices in our supply chains. In our second year and beyond, we will seek to:

- Complete the process outlined in section 4.3 in respect of all material suppliers (expenditure over \$1m per annum)
- gain a better understanding of our second and later tiers of our supply chain in relation to the supply of our major raw material, resin;
- incorporate a modern slavery clause into our labour hire contracts;
- consider the modern slavery statements submitted by our existing key suppliers and potential suppliers in order to better understand the modern slavery risks in our supply chain and to inform our purchasing decisions going forward;
- evaluate the adequacy of our supplier risk assessment processes as part of our commitment to continuous improvement;
- revise our code of conduct to specifically refer to human rights or modern slavery; and
- monitor any reports made via our reporting channels in relation to human rights impacts.

We will assess the effectiveness of our actions by reference to the above goals set for our second reporting period.

## 6 Other information

Pro Pac is an ISO:9001 2015 and Codex HACCP Accredited company.



We are also an A/B member to Sedex. Sedex, the Supplier Ethical Data Exchange, is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

We also collaborate with our customers relation to addressing modern slavery risks including by responding to relevant questionnaires and undertaking audits.

## 7 Consultation & Approval

The Reporting Entities all have one director, Tim Welsh, who is also the CEO and Managing Director and is therefore on the board of the parent entity. Kathleen Forbes is the Company Secretary of all of the Reporting Entities and has taken an active role in the preparation of this Modern Slavery Statement and ensuring that there has been knowledge sharing and collaboration between the management of the Reporting Entities.

This Statement was approved by the Board of Pro-Pac Packaging Limited on 24 March 2021.

Signed,



Tim Welsh

Chief Executive Officer

24 March 2021

