



Paper Force (Oceania) Pty Ltd

**United Nations Global Compact (UNGC) Communication on
Progress (COP)**

Period Covered by COP: 3 April 2013 – 3 April 2014





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Statement of Continued Support

17 March 2014

Dear Stakeholders,

I am pleased to confirm that Paper Force (Oceania) Pty Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress (COP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

As a key requirement for participation in the Global Compact, the following COP describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to reporting our progress annually according to the Global Compact COP policy.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Larry Jackson". The signature is written in a cursive style and is positioned above the printed name.

Larry Jackson

Managing Director

Paper Force (Oceania) Pty Ltd



Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

Paper Force is committed to supporting and respecting the protection of internationally proclaimed human rights through upholding our performance and monitoring any potential risks. Our business activities are low risk in relation to direct complicity in human rights violations, being a small Australian business with 15 employees.

It is our policy to ensure that such rights are implemented for employees at all levels by promoting a culture of respect for the law, and respect of all members associated with our business, including employees and stakeholders.

All employees have access to the company's Equal Opportunity Policy, with the purpose of ensuring that they have a fair and transparent process available to them through which their concerns regarding equal opportunity can be promptly and appropriately addressed.

Implementation

Implementation of Paper Force's own human rights risk management is based on our Equal Opportunity Policy which is introduced to all Paper Force employees through our induction process and is fully implemented across the business.

Paper Force's position on equal employment opportunity reflects our desire to enjoy a workplace free of discrimination where each person has the opportunity to progress to the extent of his and her ability.

Our policy acknowledges the needs of women, aboriginal or Torres Strait Islanders, people of non-English speaking background, people with a disability and other groups as deemed necessary, and will work towards ensuring these groups receive an equitable share of employment opportunities.

Personal grievances are treated confidentially, seriously and expeditiously. If a member of staff believes they have not been treated equitably in accordance with this policy, they should fill out a grievance form located in our shared drive. The form, once completed, should be either emailed or given to a direct supervisor and will be followed up on immediately.



The individual also has the right at any time to refer the matter to the Australian Industrial Relations Commission, the Equal Opportunity Commission and/or any other appropriate body for conciliation.

An employee who feels he/she has been treated unfairly or unreasonably should immediately advise their supervisor or manager at Paper Force who will be able to give them information in respect to the grievances process and available options.

Measurement of Outcomes

Paper Force had no reports of investigations, legal cases, rulings, fines or other events related to human rights abuse in the workplace in the last 12 months.

Annually, all staff policies, processes and procedures relating to human rights are revisited and reviewed. We continually review these to ensure they are suitable, relevant and up-to-date to meet the needs of our employees and requirements of the company.



Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Paper Force is committed to upholding the rights of its employees in relation to freedom of association and collective bargaining (Principle 3), and recognises the importance of having a well-balanced team through our policies that support diversity and non-discrimination (Principle 6). The nature of Paper Force's work means that labour related risks referred to in Principles 4 and 5 on forced and compulsory labour, and child labour are not applicable to Paper Force, nor do we engage where there are known risks relating to these areas.

Paper Force acts within the laws of Australia in providing a free and fair workplace for all and has systems in place to monitor and manage labour rights issues within the business.

We create a safe and secure workplace for our employees, with all having access to our Occupational Health and Safety (OH&S) Policy. Each employee has a responsibility to their colleagues and organisation to report and act upon any potential workplace hazard. The policy ensures all employees are aware of the type of hazards that are possible in their workplace.

We support the elimination of employment discrimination as stated in our Equal Opportunity Policy.

Implementation

Paper Force engages both internally and externally on the revisions of policies and other documentation that governs labour practices. Changes are clearly communicated to all employees in a timely manner. Additionally, any changes to legislation that cover employee rights, such as changes to Workers Compensation, are shared through regular team meetings.

Health and safety of our employees is ensured with a report completed after any OH&S incident. This is located in a shared drive and is a very important step as we track the incidents and use the data to make the working environment safer for employees. Accurate documentation and reporting of all details may be able to prevent a similar incident or event from happening again in future.



Paper Force employees undergo health and safety courses, including a first aid course on an annual basis.

Measurement of outcomes

Health and safety of our employees is monitored on an ongoing basis, with incident reporting shared at regular team meetings.

No investigations, legal cases, fines or other relevant events to report in the last 12 months.



Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy and Goals

Paper Force supports the three environmental principles of the UNGC and is committed to the sustainable development of our business. We place environmental and social responsibility at the heart of what we do.

As an exclusive Australian operated and managed business partner of Asia Pulp and Paper (APP), we strongly support APP's Forest Conservation Policy (FCP), which since February 2013 has seen the introduction of a moratorium on all natural forest clearance, pending a series of assessments that would identify which parts of supplier concessions are of High Carbon Stock (HCS) and which contain High Conservation Value (HCV). All HCS and HCV areas will be protected.

It is our environmental responsibility to ensure that the raw materials we use in our products come from sustainably managed sources. This is achieved through the implementation of best practices such as Chain of Custody systems, HCS and HCV assessments and protection, and Sustainable Forest Management certification.

Paper Force has PEFC Chain of Custody (CoC) certification. PEFC is the world's largest forest certification system and ensures 100% of the raw material in our products is either PEFC certified or non-controversial under PEFC guidelines.

We have a social responsibility to the various communities in which we operate. In Melbourne, we provide support to the Rotary Club of Beaumaris Inc. The club has contributed to some incredible projects on Sabu Island in Indonesia, including the building of water wells and supporting student hostels in Kupang and Seba.

We are committed to the ongoing measurement and monitoring of environmental initiatives within the business.

Implementation

As an environmentally conscious business, we educate and encourage staff to adopt environmentally friendly practices during the induction process and on an ongoing basis.



Since the announcement of APP's FCP in February 2013, we have made it a priority to update both staff and customers on the progress being made in implementing this policy. We have done this by hosting two events in the last 12 months, the first with our sales team and the second with all employees and customers. We have also held one-on-one meetings with customers and potential customers sharing significant FCP developments. Quarterly updates have also been sent to staff and customers detailing the key milestones achieved.

As a way for customers and other stakeholders to monitor FCP progress, APP unveiled an online monitoring dashboard. We invited Paper Force staff and customers to use the dashboard which gives access to up-to-date technical information relating to the implementation of the FCP. The dashboard, built by The Forest Trust using its SURE technology, enables stakeholders to review current progress on the ground and to see moratorium boundary maps, HCV/HCS progress, grievance and verification reports and FCP protocols. APP has consulted with stakeholders on the format and content of the dashboard and version 2.0 is now available.

As a signatory to the UNGC, Paper Force understands that to achieve social, economic and environment progress, commitment and action is required from citizens across all sectors of society, from government to business, to the leaders of the next generation.

Paper Force is proud to support the Rotary Club of Beaumaris and the work it does to improve the wellbeing and livelihoods of the Sabunese people. The club has provided moulds used in making concrete rings for water wells, providing clean water for the people of Sabu Island.

Another project the club has been involved with is supporting hostels in Seba (Sabu Island) and Kupang (West Timor). The club has provided funding to the hostels for mosquito nets and improving sanitation. The maintaining and growth of this programme ensures that Sabunese people are given the opportunity of higher education so they can return to the island as teachers, nurses, tradesmen, agri-advisers and administrators.

Paper Force CEO Larry Jackson attended a high level roundtable luncheon hosted by leader of the United Nations Development Programme, Helen Clark, along with guests from the likes of KPMG, ANZ, Allens, Accenture and Westpac.

During the roundtable the significant issues facing developing countries were discussed along with how the United Nations is working to improve lives and how private partnerships and business can play a leading role in affecting change.

Measurement of Outcomes

Following a grievance raised by an NGO in May 2013, APP released a report regarding 70 hectares of natural forest that had been cleared, breaching its moratorium. This clearance took place, honouring a local agreement from two years previously. The FCP Implementation Team incorrectly concluded that the area could be cleared.



As a result of this incident, APP carried out an audit of all concessions to determine whether there were any similar cases, where previous commitments with communities had been made. The audit brought to APP's attention two more breaches sending a monitoring group, The Forest Trust, to investigate.

As a result of these cases, new procedures have now been introduced by APP to prevent any such issues from occurring again. Not only is APP now addressing these issues, but we are also using the findings to improve the way the FCP is implemented.

In January 2014, international environment organisation, the Rainforest Alliance, agreed to conduct an external evaluation of the progress APP has made in implementing its FCP commitments through an independent audit. This was in response to calls from NGOs to seek an external evaluation of the FCP. Indicators are yet to be made publicly available, as well as other details of the evaluation.

The above has been reported to Paper Force staff and customers as part of our quarterly updates.

No investigation, legal cases, fines or other relevant events to report.



Anti-Corruption Principles

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

Assessment, Policy and Goals

Paper Force considers the risk of corruption within our business as low, however we expect all Paper Force employees to achieve a high standard of personal, ethical and professional conduct. This is clearly explained in our company's Code of Conduct.

As a signatory to the UNGC, we support the UN Convention Against Corruption and are committed to ensuring we are not involved in any corruption, extortion or bribery in our business dealings.

Implementation

Initiatives in place to combat corruption and extortion have included staff training and starting a whistle blower line.

Paper Force has held regular training sessions with its employees and professional services firms, looking at our Competition Policy and Legal Compliance. The training helps identify where more education and understanding of the Competition and Consumer Act is required.

In the short time Paper Force has had the whistle blower line there has been one incident reported. Reports of whistle blowers are kept confidential and secure.

Paper Force's Code of Conduct is fully implemented within the business and included in both our staff induction and annual performance review. This ensures employees maintain ethical and professional standards within business. Specific responsibility for monitoring the conduct of staff formally lies with senior management and informally will all at Paper Force.

Measurement of outcomes

A confidential line through to senior management is taken with any whistle blower incidents. These are then reported to an independent body where the incident will be investigated and verified.

Internal and external audits ensure consistency with our anti-corruption commitment, including periodic review by senior management.

Other than the one reported whistle blower incident, there have been no investigations, legal cases, rulings, fines or other relevant events related to corruption and bribery in the last 12 months.