

reacon



# Sustainability Statement

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We have placed upon us the highest internationally recognised standards in sustainability, welfare and conduct to ensure that we and our customers understand the seriousness of our commitment.

## UN Sustainable Development Goals



Prioritised UN SDGs for 2022–23 focus on efforts of reducing the poverty gap and ensure adequate policies are in place to eradicate modern slavery, sourcing and producing products responsibly and help our customers examine more sustainable forms of consumption

## Governance, Philosophy and Commitment

Reacon Group Pty Ltd ACN 625 934 974 including its subsidiaries, affiliates and agents (collectively known as "Reacon Group" and may be referred here as 'we', 'us', 'our') is a marketing execution company. Over the years we have acquired brands to better serve our customers in achieving their desired marketing outcomes. Each brand within our portfolio has been carefully chosen to complete our service offering and operate seamlessly within our eco-system.

Our vision is to 'help brands find, acquire and retain customers', while contributing positively to the needs of society and the planet. We

currently operate offices with on-the-ground teams in Australia with offices in Sydney, Canberra and Melbourne and operations in the Asia Pacific region, including New Zealand, Malaysia, Philippines and Pakistan. Our affiliate offices are located in Hong Kong and the United Arab Emirates.

We include 50+ deployed staff located globally with revenues Circa \$20+ Million per annum.

### CSR Responsibilities

The Group has a Board of Directors, Executive Committee and a Sourcing & Procurement Committee which meet several times a year. The Executive Committee of which the CEO is the chair, is responsible for setting the Group's CSR Policy for execution by each Business Unit.

The Chief Operating Officer of Reacon Group who is also a member of the Executive Committee, Mr. Stuart Page is directly responsible under the auspices of the Executive Committee to assess, adapt, execute and report in respect to the our CSR Policy and its compliance.

### CSR Code

In addition, Reacon has adopted a Code of Corporate Social Responsibility that draws upon internationally recognized standards to promote social and environmental responsibility in the workplace. Reacon is committed to ensuring that its employees are treated with respect and dignity and that its manufacturing processes are environmentally responsible. Reacon also expects its suppliers to operate in compliance with the laws, rules and regulations in the countries in which they operate and to implement the principles of this Code.

### Commitment to United Nations Sustainability Development Goals ('SDGs')

In 2015, 193 world leaders developed and adopted the 17 United Nations Sustainable Development Goals with the aim of tackling poverty, inequality, and climate change by 2030.

These 17 goals, which are also known as the

Global Goals or SDGs, are highly ambitious. To help businesses achieve their goal targets, each SDG has a blueprint for how to achieve a better and more sustainable future, addressing the global challenges we all face.

We have committed to reviewing our business, suppliers and our customers against the most relevant of these Sustainable Development Goals to our operations.

Over the course of the last year, climate change, and the need for swift action, has become a priority for everyone. Reacon recognises its responsibility to respond with ambitious commitments, relevant to not only our own operations but to the whole of our supply chain. These commitments will be outlined in the next section. As a business that sources materials from around the world, we have placed greater focus this year on ensuring decent working conditions and economic growth for our supply chain in an effort to close the poverty gap and ensure adequate policies are in place to eradicate modern slavery. As a provider to many of the world's largest brands, we will continue to ensure products are sourced and produced responsibly, while also helping our clients to look at more sustainable forms of consumption.

### **Our Prioritised SDGs**

At Reacon we recognise our responsibility in committing to achieve these goals, which not only affects us, but our entire workflow and supply chain. As a business that sources materials from around the world, we have placed greater focus this year on ensuring decent working conditions and economic growth for our supply chain in an effort to close the poverty gap and ensure adequate policies are in place to eradicate modern slavery. As a provider to many of the world's largest brands, we will continue to ensure products are sourced and produced responsibly, while also helping our clients to look at more sustainable forms of consumption. Furthermore, in 2021 our environmental focus will be on conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under

international agreements and promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

## **Sustainability and Responsible Procurement**

### **Sustainability Practices**

We are committed to managing our impact on the environment by working with Australian and international paper mills that implement environmental management systems, and that meet or exceed the standards of internationally recognised accreditation systems.

Environmental concerns are an increasingly important part of the services we offer and the manufacturing practices we and our suppliers adopt. We embrace the need for sustainable practices.

Some of our environmental assurance practices for our manufacturing processes include:

- No volatile organic compounds
- No petroleum-based inks
- No press-cleaning chemicals
- No film/plate making chemicals
- No metal plates
- No synthetic proofing materials
- Low wattage LED lighting throughout the premises
- Recycling of paper and consumables

### **Thousand Tree Program**

As early adopters of this initiative we strive to ensure our manufacturing processes are a part of sustainable foresting for environmentally friendly paper milling.

Clients are encouraged to participate in the program whereby an optional 1% additional charge can be made which would be used by 10 Thousand Trees to plant, manage and harvest trees as environmentally friendly paper, then reinvest accrued funds into planting forests for the future.

### **Environmental Management Course 'Truely Green'**

We were amongst the first to participate in The Graphic Arts Services Association of Australia's (GASAA) flagship Environmental Management Course Truly Green course which trains providers to implement cost and waste effective environmental management systems that are compliant with international standards (ISO14001) and participated in their Carbon Footprint Scheme which rates providers' environmental footprint similarly to the white goods energy rating scheme. We also work to ISO 14001 International Environmental standard and FSC (Forest Stewardship Council) accreditation.

### **Responsible Procurement**

We ensure products are sourced and produced responsibly, while also helping our clients to look at more sustainable forms of consumption and are committed to responsible consumption and production by reducing the material footprint of the products we purchase and supply. Since 2018, 75% of our suppliers use FSC® and PEFC™ certifications annually to guarantee paper used in client communications is responsibly sourced and over 50% have an ISO14001 certification.

### **Supplier Code of Conduct**

Our Supplier Code of Conduct (SCOC) clearly sets out the standards that we expect from our suppliers. It is linked to the UN Sustainable Development Goals to make sure we're all working towards the same goals for a better world by 2030.

Since launch, we have made it mandatory that all new suppliers sign the SCOC within the procurement process, including compliance to the policy within supply agreements and new supplier forms. We have also included several new clauses in our standard template agreements. We are committed to ensure that all our existing suppliers are signatories to this SCOC by the end of 2021 and compliance assessments will commence from 2022, with a zero-tolerance compliance framework built

around ensuring that we maintain suppliers that are looking for continuous sustainability and social improvement which are aligned with our goals.

### **Supplier Risk Assessment Programme**

We regularly assess the risk in our supply chain, taking into account a number of factors such as the environmental and human rights risk in each country we operate in. Paper still makes up our largest purchasing category, and we use the Forest Mapper tool from Canopy, an environmental non-governmental organisation (ENGO), to assess the risk to ancient and endangered forests in our supply chain. As members of Sedex, our high-risk suppliers are audited by a third party, using standards laid down in the Sedex Members Ethical Trade Audit (SMETA).

## **Monitoring and assessing our approach**

### **Continuous Improvement with Ecovadis**

In 2020 we committed to continuous improvement in respect to sustainability performance and are currently undergoing assessments by the rating agency Ecovadis with a goal to achieve a Gold rating in 2021.

### **Reporting and Internal Audits**

Social, environmental and societal indicators have been selected to measure the effectiveness of our CSR activities. A CSR reporting framework and self-assessment checklist was approved in 2019 and implemented in 2020. The framework will be rolled out 2020 so Group data can be consolidated from 2021. We measure our social footprint annually (workforce, employment, temporary staff, absenteeism, workplace accidents, training, industrial relations, discrimination, remuneration and dividends) so this information can be passed on to stakeholders.

All entities are given an annual internal audit. As

part of our internal audit process, we have identified key metrics and indicators that will better enable our ability to identify our progress in achieving the desired CSR goals.

These include:

### **Environmental Indicators**

- Consumption of plastic (cups and bottles) in quantity and dollars
- Recycling: weight of paper and plastic recycled in kg
- Consumption of electricity in MWh and dollars
- Consumption of gas in MWh and dollars
- Consumption of water in cubic metres and dollars
- Proportion of certified paper
- Proportion of recycled paper
- Number of Upcycling clients
- Number of Upcycling creations
- Quantity of materials recycled in square metres or kg

### **Social Indicators**

- Gender balance in recruitment
- Proportion of women in management
- Gender pay gap
- Complaints about breaches of human rights or international labour standards
- Job stability: proportion of permanent contracts
- Turnover
- Number of training days
- Number of safety training days
- Number of recreational events
- Proportion of staff satisfied with work
- Proportion of disabled people recruited

### **Societal Indicators**

- Number of certified suppliers (ISO 14001, FSC/PEFC, Imprim'vert, etc.)
- Proportion of CSR charters signed
- Proportion of self-assessment questionnaires filled in
- Number of staff trained in corruption risks
- Number of sponsorship operations
- Equivalent monetary value of sponsorship

operations

- Number of clients made aware of gender stereotypes in advertising

## **Sustainability and Social Initiatives**

We understand as a for profit organisation our ultimate goal is to ensure profitability to our unit holders, however we believe this to be impossible without being a corporate citizen committed to protecting and sustaining the environment and social standards within which we operate.

In so doing, we support many social initiatives within the communities in which we operate either by social work for the disadvantaged, supporting charities and skills sponsorship. We regularly organise internal CSR events in a bid to guarantee staff well-being and reduce their environmental impact.

### **Partnership with Disability Services Australia**

We have partnered with Disability Services Australia (DSA) in order to sub-contract process-oriented activities to persons with disabilities. DSA was chosen using an extensive assessment process, following a site audit guaranteeing the following:

- Industrial equipment (quality and suitability for our needs),
- Eco-friendliness (process and certifications),
- Economic viability and pricing (consistent with market)
- Ethics, compliance with applicable Protected and Disability-Friendly Work Sector rules.

### **Staff Volunteering**

Reacon Group has provided its staff with a direct channel through 'Making Life Better' a volunteering program run by the achieve Group where staff can dedicate their time to assist and care for persons with disabilities, specifically Down Syndrome and Autism. With our

initiative 'Help the Homeless' we have partnered with 'Meals on Wheels' where our staff can volunteer to provide meal support designed to assist senior citizens aged over 65+. They can cook, assist in logistics or help deliver the meals to recipients dedicated a small amount of their time each month.

### **Indigenous Participation Plan (IPP)**

We at Reacon Group believe that acknowledging the true owners of the land is an important aspect to reconcile with the indigenous population in every location we operate. We help through action in the form of ensuring at a minimum of 1.5% indigenous participation in all contracts valued at \$1million or more, which may be satisfied by one or a combination of:

- at least 1.5% of the contract's locally based workforce (FTE) that directly contribute to the contract to be Indigenous employees; or/and
- at least 1.5% of the contract value to be applied to the cost of education, training or capability building for Indigenous staff or businesses directly contributing to the contract. We do this by providing our Indigenous Supplier Network

### **Supply Nation Membership**

As a corporate member of Supply Nation, we have access to exclusive tools and tailored one-on-one support to ensure we can:

- develop a sustainable and effective supplier diversity program, including access to and integration with Supply Stream, which provides us with real-time, accurate data with automated access to Supply Nation supplier data to measure our procurement against the IPP requirements. This means we will receive any change to Indigenous business information as it happens on the Supply Stream which is connected to ASIC Office Holder data.
- provide business mentoring program under Jump Start that links skilled volunteers from Supply Nation member organisations to Indigenous businesses in need of support or guidance.
- Track and measure our spend with Supply

Nations' Indigenous businesses through Spend Tracker.

### **IPP Compliance Arrangements**

Our assurance reporting requires the following to maintain compliance with our IPP:

- We ensure our training organisations are a registered with Supply Nation and maintain a training register.
- Integration of our Management Information System (MIS) and Supply Stream ensures that we are always have up-to-date and accurate information of our indigenous suppliers.
- Our Client Services team constantly measures spend amongst our supplier network per customer and ensures that quarterly IPP targets are met.
- A IPP Compliance Report is provided on a quarterly basis to clients which measures Customer Spend against IPP targets during the period.

## **Protecting Human Rights and Labour Standards**

Our employees and those of our suppliers are the basis of our success. Protecting their human rights is our paramount responsibility.

### **Reacon Workspace Portal**

Since 2020, Reacon staff have access to an intranet site 'Reacon Workspace' that provides Employee Self Service, Policies, Procedures, Forms and News & Events. Our Employee Policies & Procedures Handbook provides the key principles, the responsibilities of managers, our rights and obligations, the "cornerstones of best practice", and our commitments (fighting discrimination and harassment, preventing conflicts of interest, recruiting fairly). Staff can also access information on managerial best practice, an induction manual, a presentation on collaborative tools and useful links.

## **Industrial Relations**

In Australia, the majority of our staff are covered by the National Employment Standards ("NES") which govern the majority of employees commenced on 1 January 2010. The NES are minimum entitlements which are intended to apply to all private sector employees regardless of whether they are covered by a modern award, agreement or contract. The 10 matters covered by the NES include:

- maximum weekly hours of work
- requests for flexible working arrangements
- parental leave
- annual leave
- personal/carer's leave and compassionate leave
- community service leave
- long service leave
- public holidays
- notice of termination or redundancy pay; and
- the provision of a Fair Work Information Statement to employees.
- Personal Data Protection
- Encouraging Diversity

As an Equal Opportunity Employer, we encourage diversity in the workplace with a commitment to employ at least 50% of all new staff from our minority pool of women and indigenous resources.

In-keeping with our commitment to diversity we regularly sub-contract process-oriented activities to persons with disabilities through Disability Services Australia (DSA).

## **Remote Working**

Since 2020, we have adopted a 4+1 (workplace + home) work from home policy and also used this as an opportunity to test 4+1 as a permanent solution for employees who live over 80km from their office or place of work.

## **Staff Self Development and Training**

Reacon Group is committed to enhance the skills, expertise and practices of all its staff. In 2020, we have instituted a staff 'Upskill' program where all new management staff with direct reports will be required to complete the

Certificate IV in Business Management and Leadership through our online certified training institution. 4.1.5.3

We also encourage each employee to complete the Prince2 and Six Sigma Certifications to increase process, quality and project management skills.

## **Workplace Health and Safety**

We comply with the workplace health and safety rules in place for all jurisdictions within which we operate and in every office our staff are situated to ensure they are all afforded a healthy and safe working environment. It is down to individuals to make sure that their behaviour does not put others at risk and to inform their respective managers of any hazards or potential hazards they come across.

Furthermore, we ensure the following for all of our working environments:

- that all staff respect their working environment to prevent its deterioration
- that all staff keep adhere to the principles of tidiness and cleanliness of their working areas to contribute to everyone's comfort
- workplace safety instructions and regulations are displayed in all offices
- fire and first aid safety training courses are run on a regular basis for key staff
- a safety logbook is maintained to monitor mandatory maintenance operations (fire extinguishers, emergency lighting units, lifts etc)
- A compulsory risk assessment is conducted each year and results are recorded and maintained

## **Modern Slavery Statement**

Our supply chain is made up of paper merchants, commercial print suppliers, packaging suppliers, technology services suppliers, transport and logistic suppliers and warehouse suppliers. We have direct relationships with over 42 suppliers across these categories however our contract manufacturers manage the sourcing of many of our raw materials (e.g. Paper).

## **Material risks in our operations and supply chain**

As members of the United Nations (UN) Global Compact, we recognise the commitment we've made to the 10 principles including the UN Guiding Principles on Business and Human Rights. We protect human rights as the foundation of health and happiness and believe we cannot deliver on our mission without first ensuring individuals touched by our business are granted basic rights and fundamental freedoms to which all human beings are entitled. The process of materiality and mapping to the UN Sustainable Development Goals (SDGs) identified Goal 8 – Decent Work and Economic Growth as one of our five focus SDGs that we can have an impact on. Millions of people across the world still face human rights abuses every day and have significant challenges accessing their fundamental freedoms. We also know that human rights abuses exist in the industries and markets in which we operate – and may even at times, in our own supply chain where we do not have full visibility or control. Implementing the UN Guiding Principles on Business and Human Rights, we have a clear responsibility to identify where these risks occur, find any abuses, stop them and prevent any future occurrences.

Our sourcing is often niche and predominantly looks to source locally for local markets in-keeping with our 'Act Local. Think Global' sourcing model. We implement a pragmatic approach to supplier compliance in respect to modern anti-slavery requirements, usually commensurate of the location from where the sourcing originates. In locations such as Australia, New Zealand and Singapore where labour laws are more robust and actively enforced our vigilance in respect to the application of these principles are not as pronounced and periods of compliance review are usually longer (e.g. Annual). Whereas locations where labour laws are not of the standards as required by the UN Compact we maintain a more vigilant approach and shorten compliance review periods.

We engage our stakeholders annually as part of our materiality process, including interviews with internal and external stakeholders as well as

through surveys and communications throughout the year. We also include desktop reviews on industry sustainability risks and research led insights from organisations such as The Sustainability Consortium of which we are a participant. Our 2021 materiality assessment refresh highlighted the importance of modern slavery to our stakeholders with labour rights and modern slavery, supply chain governance, and ethics, integrity and trust all landing in the top quadrant of our materiality matrix demonstrating the importance to both our internal and external stakeholders, as well as the significance of impact of these topics. Our Executive Committee under the auspices of the Board have ultimate responsibility for the risk management framework and are taken through our materiality process, provide feedback or further areas for exploration and validate our final set of material topics.

### **The SCOC**

Our standards and expectations have been laid out in our Supplier Code of Conduct (SCOC) that we launched in 2020 and has a three phase roll out plan with existing suppliers up until the end of 2022. The policy applies to all direct suppliers, including upstream supply chain, raw material suppliers, manufacturing and packaging suppliers. It stipulates that it is the responsibility of direct suppliers to disseminate to their supply base, to educate and exercise due diligence in implementing requirements equivalent or similar to those within our SCOC. Since launch, we have made it mandatory that all new suppliers sign the SCOC within the procurement process, including compliance to the policy within supply agreements and new supplier forms. We have also included several new clauses in our standard template agreements.

### **B Corp Journey**

Our aspirations are to become B Corp certified, in-keeping with these efforts we have adopted guidance on benchmarks, standards and practices from the workers and community sections related to supply chains of the B Corporation Impact Assessment inline with our commitment to become a B Corp by 2024. The

assessment covers topics such as freedom of association, collective bargaining, child labor, forced labor, migrant workers, wages, health and safety and diversity and inclusion as well as other environmental, social and governance practices.

### **Whistle-blower System**

Our independently managed whistle blowing and grievance mechanism 'Loud' has been on offer to both internals and externals as a channel for raising concerns confidentially since the beginning of 2020. We have promoted our 'Loud' channel with supply partners to ensure individuals touched by our business including those working for our contractors and suppliers have a channel to freely raise concerns regarding actual or suspected unethical, unlawful or undesirable conduct. In 2020 we began publicly disclosing the number of cases raised through the 'Loud' channel and will continue to transparently share with our stakeholders any cases of suspected or actual breaches of either our internal or external policies and standards in future Sustainability Reports.

### **Statement Updates**

This Statement is reviewed and updated once every two (2) years, the next review will be conducted in 2023 and will be available on our website.

### **Contact Enquiries**

If you have any queries or questions about our Sustainability Statement or require any supporting documents please contact us at:

Attention: Corporate Responsibility Officer  
Reacon Group Pty Ltd  
S1102, 201 Miller Street  
North Sydney, NSW 2060  
AUSTRALIA

Like to get in touch? Call or email us now.

**Phone: +61 2 9122 6803**

**Email: [info@Reacon Group Ltd.com](mailto:info@Reacon Group Ltd.com)**