

Introduction

Commencing in 2002, the PVC Stewardship Program (PSP) is an on-going, long-term, voluntary undertaking by the Australian PVC, or vinyl, industry to recognise and progressively address all relevant environmental, health and safety issues along the PVC product life cycle within responsible, deliverable timeframes. It is an approach that enables raw material suppliers, product manufacturers and distributors to be joint stewards of the safe and beneficial production, use and disposal of PVC products in Australia.

Commitments, with auditable measurements and benchmarks, are grouped around five key themes: Best Practice PVC Manufacturing, Safe and Sustainable Use of Additives, Energy Efficiency, Resource Efficiency and Transparency and Engagement.

Vinyl products play a valuable and versatile role in a sustainable world. On account of its durability and flexibility, vinyl is used in a wide range of products in our everyday lives such as building and construction products, packaging, healthcare, wire and cable insulation, vehicles and upholstery.

Full details of how our program works can be found at www.vinyl.org.au/the-program



Summary of commitments

The table below provides a summary of the Program's key commitment areas and the 2020 average compliance rate attained by the Signatories across all commitments in each theme.

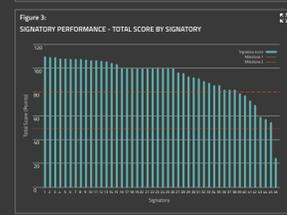
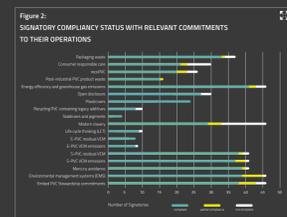
COMMITMENT THEME	COMMITMENTS	BENCHMARKS	2020 Average Full Compliance Rate**
best practice manufacturing	Embed PVC Stewardship commitments in the Signatory company's business Meet or exceed PVC Industry Minimum Acceptable Standard for Environmental Management of manufacturing plants, including measures to minimise the loss of plastic pellets or powder to waterways and the marine environment PVC product sold in Australia is sourced from mercury-free feedstock manufacturing processes Minimise Vinyl Chloride Monomer (VCM) emissions from manufacturing Minimise Residual Vinyl Chloride Monomer in resin Life Cycle Thinking (LCT) considered and addressed in the development or introduction of new PVC products for the Australian market Reasonable efforts have been made to identify and prevent Modern Slavery	Company demonstration of commitment to PVC Stewardship (stewardship) Minimum Standard met for plant environmental management system Confirmed mercury avoidance 4 kilograms of VCM produced per 1,000 tonnes of PVC produced per annum Maximum of 1 ppm in finished resin A Modern Slavery Statement in top 1 supplier supply chain	89%
safe and sustainable use of additives	Avoid use of lead, cadmium and hexavalent chromium additives Recycle responsibly PVC recycles that contain legacy additives Voluntarily phase out use of low molecular weight (LMW) ortho-phthalates in all PVC applications in Australia by the end of 2022 within the constraints of technical and commercial feasibility Avoid the use of any ortho-phthalate plasticisers in PVC foot/contract packaging (not supplied to the Australian market) Open Disclosure: Disclose information on additives used in PVC products to stakeholders upon request	Zero use Evidence of safe handling Zero use by end 2023. Report annually any use and type of LMW ortho-phthalates. Zero use	93%
energy and greenhouse gas management	Comply with the PVC Industry's Charter on Energy Efficiency and Greenhouse Gas Emissions	Improved energy and greenhouse gas emission profile of PVC products	89%
resource efficiency	Minimise post-industrial PVC waste sent to landfill Use recycled PVC in the PVC products supplied to the Australian market Consumer Responsible Care (CRC) system: consumers on how to use and where to recycle/dispose of the product safely at end-of-life Packaging waste: Divert and encourage recyclable packaging materials from landfill Investigate steps to encourage the recycling of packaging materials leaving the Signatory's facility	≤2 percent of the total production of saleable PVC product ≥50kg recopVC used by each converter/retailer Evidence provided Divert from landfill = 70 percent of packaging waste to recycling or reuse options	82%
transparency and engagement	Publicly report the industry's progress in meeting commitments including updates on progress issues and developments related to aspects of the PVC Life Cycle Open Disclosure: Disclose information on additives used in PVC products to stakeholders upon request	Publish a performance report by 30 July every year Publish an evaluation of the Program every five years with the next Review scheduled for 2022	2019 report published in August 2020 Next update

** 2020 Average Full Compliance Rate = the average percentage of signatories across all measures in the commitment theme who achieved full compliance.

Industry performance

Figure 2 provides an overview of compliance levels attained by the sector for each of the eighteen commitment areas. Full compliance rates across the eighteen commitment areas varied between 63% and 100% of Signatories, with the vast majority (15) being fully complied with by at least 80% of Signatories. There is room for improvement particularly in relation to modern slavery, open disclosure and consumer responsible care, which will form part of an action plan that the VCA will work through in collaboration with our Signatories.

Figure 3 shows that 38 of the 46 Signatories (83%) achieved a score which qualified them for a Gold or Silver award.



Moving forward

The PSP has been designed to be a dynamic program that meets the needs of our Signatories and our key stakeholders. In doing so we aim to continually lift the bar on industry performance, respond to emerging trends and developments, and streamline the program to improve clarity, transparency and administration. In 2021 this journey will continue with the following developments expected to be implemented:

Alignment of the PVC Best Environmental Practice and PVC Stewardship Programs
Best Practice PVC is a product accreditation standard developed in 2010 by the Green Building Council of Australia in consultation with the Australian PVC industry, including the VCA. Now ten years old, with scores of PVC products independently verified as achieving the stringent criteria in the standard, the scheme is being reviewed, led by the VCA. The VCA is looking at ways that the criteria in the scheme can be aligned with that of the PSP, which has been consistently updated over time. This would drive improved sustainability outcomes and greater marketing impact while also delivering the following benefits:

- Reduced duplication of certification schemes for industry;
- Improved ongoing oversight into PVC industry stewardship;
- Consistent and up-to-date documentation and compliance requirements;

- Streamlined annual reporting and assurance process; and
- Improved governance of the Best Practice PVC scheme. Efforts towards this alignment will continue into 2021.

Low Molecular Weight Phthalate Plasticisers
The voluntary commitment to phase out the use of LMW ortho-phthalates by the end of 2022 is based on our acknowledgment of the health and community concerns about exposure to these ortho-phthalates and the need to reduce all potential exposure to these additives. As noted in the section covering 2020 Program Updates above, our recent survey has captured quantitative data on this target for the first time. In 2021, we expect to further monitor progress towards this voluntary commitment and provide a clear update on advances made.

Modern Slavery
In view of the challenge for many Signatories to whom the legislation does not apply, to finalise voluntarily their Modern Slavery Statements, in 2021, the VCA will develop additional resources to assist Signatories meet the commitment.

Energy Efficiency and Greenhouse Gas Management
As 2020 compliance against this commitment confirms progress continues to be made and indicates nearly half of the Signatories are exceeding the commitment requirements, the VCA will review the commitment to consider establishing a higher benchmark for compliance. This could include, subject to agreement, encouragement towards carbon neutrality, or incentives for progressing towards a renewable energy target.

Consumer Responsible Care
In 2020, the VCA conducted targeted workshops for Signatories in order to support them to achieve improved compliance for this Commitment, which historically has had low compliance levels when compared to other commitments. It is evident that further work is required to assist Signatories to understand the compliance pathways and ensure that those Signatories with a global footprint provide targeted information to their customers and consumers that align with their domestic Australian capabilities.

PSP Reporting Revamp
At the time of writing, the VCA is working closely with the TSG and Signatories to introduce a revamped reporting regime in time for the 2021 PSP Annual Survey. If adopted, the revised

framework will streamline reporting and ensure that Signatories focus on reporting their progress for those commitments in which they did not achieve full compliance in the previous reporting year and those Commitment areas that require year to year progress updates. Signatories' reports will continue to be independently verified on rotation as currently occurs.

- Simplify the annual reporting requirements for Signatories;
- Reduce the time and input required to complete the PSP survey; and
- Establish a stronger focus and drive for continual improvement



PVC is commonly used in window and door frames as an energy efficient and environmentally friendly material.

PVC STEWARDSHIP PROGRAM ANNUAL PROGRESS REPORT 2020

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Message from the Chair



As Chair of the Technical Steering Group of the PVC Stewardship Program, I am pleased to make public the 2020 achievements of the Signatories to the Program. It goes without saying that 2020 was an extremely challenging year, both economically and operationally, for many of our members as they adjusted to the impact of the COVID-19 pandemic. Its spread has left national economies and businesses counting the costs as companies, including our Members, adapted to new and growing lockdown measures and disruption to supply chains.

We are firm in our belief that a focus on product stewardship can play a valuable role in the global and national economic recovery process, and one that will deliver greater circularity than has been seen in the past. It is therefore extremely pleasing to see the Federal Government investing heavily to stimulate action through the National Product

Stewardship Investment Fund, the creation of the Product Stewardship Centre of Excellence and working closely with State Governments to roll out the Recycling Modernisation Fund. These developments will play an important role in sowing the seeds for a more sustainable economy going into the future.

Despite the current challenges and the turbulent climate in which we operate, we are pleased to report that Signatories remained firm in their commitment to our stewardship program. This is evidenced by new Signatories joining the program and reporting under its framework and the overall outcomes collectively achieved and delivered.

Specifically, I am pleased to report that 83% of Signatories attained 80% compliance or better, thereby reaching either Gold or Silver status, and ensuring that one of our key program milestones was met. In 2020, over half of the reporting Signatories (24) achieved full compliance (Gold status), exceeding the record we set last year.

Since the introduction of a commitment in 2015 to drive an increase in the local consumption of PVC recycle, industry has steadily lifted the volumes of PVC recycle consumed. In 2020, over 1,416 tonnes of PVC recycle was retained by Signatories in the local economy, a significant increase from 2019. We continue to explore how we can facilitate and expedite the uptake of recycle in future PVC manufacturing.

We are mindful that at the time of writing this report, we are yet to fully digest the longer-term global, economic and societal impacts from the pandemic. We are convinced, however, that those organisations that adopt product stewardship as part of their approach to business will be better positioned to thrive in the new economy that lies ahead. In highly competitive industries, such as those in which our Signatories operate, a genuine and transparent approach to stewardship will not only provide access to markets but also provide the social license to remain operational.

Finally, I thank the members of the Technical Steering Group for their continued engagement and advice in evolving the Program and examining how collectively, and in collaboration with external stakeholders, we can foster a more circular, sustainable development of the industry.

Peter Byron
Chair, Technical Steering Group
PVC Stewardship Program

Program outcomes



Compared to 2019, the average raw score achieved by Signatories fell from 93% compliance to 83% compliance. This score is an average score attained from all reporting Signatories, including new signatories. A key change in compliance was recorded in relation to the modern slavery prevention commitment, with a change in evidence requirements in 2020 compared to 2019. By the end of 2020, Signatories were required to have completed their due diligence and issued a modern slavery statement that mirrors, in content, the criteria specified by the Commonwealth Modern Slavery Act 2018. This represents an ambitious approach to addressing the risk of modern slavery as a high proportion of

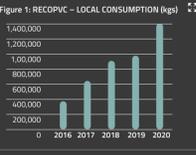
our Signatories are small to medium enterprises for whom the legislation does not apply and compliance represents a significant undertaking. The decline in compliance does not suggest that there is increased evidence of modern slavery incidents in the PVC supply chain, but merely that Signatories are still tailoring their approaches to addressing this risk area.

2020's results also saw:

- An 83% increase in domestic recopVC consumption over 2019 levels (see also Figure 7). In 2020, Signatories reported 1,416,351 kilograms of PVC recycle used in the local manufacture of new products, predominantly

in profiles and piping. In total 3,926,063 kilograms of recopVC was consumed in locally and overseas-made products distributed by Signatories in the Australian market.

- Full compliance with the Safe and Sustainable Use of Additives including avoidance of the use of lead, cadmium and hexavalent chrome.
- A total of four Signatories reported the use of 2,892 tonnes of Low Molecular Weight phthalates (principally di-ethyl hexyl phthalate, DEHP). All four are planning and implementing the phase out of their use. However two may not meet the target date of end 2022.



Program updates

The key purpose of the program is to drive continuous improvement of the PVC industry by addressing the emerging needs of society and the economy. In 2020, the following changes were implemented in pursuit of this objective:

- Modern Slavery** - Signatories must now develop a statement that describes the risks of modern slavery in their operations and supply chains and indicate how they intend to address these in a proactive manner.
- Plasticisers** - In 2018, Signatories using Low Molecular Weight (LMW) Ortho-Phthalate plasticisers voluntarily committed to phasing out their use by the end of 2022. Signatories still using LMW Ortho-Phthalates in 2020 are now required to report quantities used and report on expected phase out dates.
- Packaging Waste** - Signatories can now address additional criteria under this commitment to demonstrate their adherence with legal obligations.

Key developments / emerging issues

Each year, we seek to raise the performance bar of the PSP, look to address new and emerging trends and issues as well as shape improvements to the programs. Key amongst developments in 2020 were the following:

recopVC and the circular economy
In Australia, there has for too long been a tendency to ship significant quantities of recyclable material offshore for reprocessing into newly manufactured goods. As has now been widely recognised, this manifested in an underdeveloped capacity and capability to recycle plastics here in Australia. Whilst PVC is only a small contributor to waste arising and an even smaller contributor to wastes sent offshore, in 2015 the VCA determined to address this trend. We introduced a commitment to encourage the use of recovered PVC waste (recopVC) in new, locally made products. By stimulating an end-market demand for recopVC, it is hoped it will encourage



greater collection, separation and recycling of PVC. Under the recopVC commitment, local manufacturing Signatories must use and report on their consumption of recopVC. This has seen a fourfold increase in domestic PVC recycle use since 2018. The commitment was agreed with a view, once base data was established, to establish a long-term improvement target. In 2021 we will commence these next steps.

Doing so will also complement the work we are currently undertaking in conjunction with Good Environmental Choice Australia to develop a transparent and auditable standard for authenticating recycled PVC content claims.

TexBack stewardship scheme
In late 2020, the VCA in partnership with the Specialised Textiles Association was successful in securing a \$349,850 grant from the Federal Government under its National Product Stewardship Investment Fund (NPSIF) for 'TexBack'. This project aims to design a new stewardship scheme for end-of-life PVC coated polyester (PES) textile products, which currently are not being recycled for retention in the circular economy. About 20 million square metres a year of almost entirely imported PVC-PES materials are used in applications such as grain covers, tarpaulins, advertising banners, tents and marquees, roofing and ground sheets, truck tarps, marine fabrics, swimming pool liners and upholstery fabrics. The funding will enable us to

- Develop the business case, including stocks and flows analysis of PVC coated PES textile products in the domestic economy, to inform industry and investors on market potential and technological and system's needs.
- pilot the introduction of innovative PVC Separation™ technology which will generate PVC and PES recycle/feestock for domestic markets.
- Design a viable and self-sustaining national scheme which meets the needs of stakeholders and fulfils agreed targets.

This project represents an exciting opportunity for our industry to build on our ambitions for a more sustainable and circular economy.

PVC Recycling in Hospitals Program
Our award-winning PVC Recycling in Hospitals Program continued to expand during 2020. The program, which the VCA launched in 2013, is now operating in more than 250 hospitals and healthcare facilities across Australia and New Zealand. In 2020, we witnessed a 14% increase in hospital and facilities joining the program, however this was tempered by an 11% reduction in volumes collected for recycling, largely due to the COVID-19 pandemic which resulted in a drop off in elective surgery. The 129 tonnes collected is equivalent to 6.45 million IV bags recycled. The Program target is to recycle the equivalent of 50 million IV bags in total over five years to the end of 2025.

Building partnerships and fostering international collaboration
During 2020, the VCA was pleased to enter into a Memorandum of Understanding (MOU) with our North American counterparts, the Vinyl Sustainability Council (VSC), an initiative of the Vinyl Institute. The purpose of this partnership is to support each other's endeavors through the sharing of information about our respective programs and by exploring areas of program reciprocity where feasible. This vision is consistent with our long-held belief that harmonisation of vinyl sustainability programs and accreditations schemes will assist many companies operating in the global market, with cross-recognition in other markets in which they distribute their products.

Advocating for a sustainable and thriving PVC industry in Australia
The VCA's core purpose is to enhance the industry's opportunities for sustainable growth. In keeping with this we serve as the collective voice for the PVC sector in Australia, engaging with a wide range of stakeholders to support the success and sustainability of the industry. In 2020, the VCA was active in making comment, providing input and constructively engaging on a wide range of State and Federal developments that help shape the future and the environment in which we operate.

Industry performance

Moving forward

Benchmarks

Verification

Glossary

2020 Signatory Benchmarking
All Signatories and their respective performance award levels are detailed in Figure 4 below.

2020 Signatory Benchmarking

All Signatories and their respective performance award levels are detailed in Figure 4 below.

Look for the logo!
Signatories identified as meeting all relevant Program commitments, relevant to their business, are recognised as achieving Excellence in the PVC Stewardship Program. They are entitled to use the 'Excellence' logo in the year following reporting. Signatories that are compliant with at least 50% of relevant commitments are entitled to use the standard Program logo, recognising their involvement and plans to meet relevant Program commitments. Look for either of these logos when specifying PVC products in Australia as a sign that these product suppliers are implementing sound product stewardship practices.

2020 Verification Audit Statement by EY



Acronym	Definition
BEP (PVC)	Best Environmental Practice PVC
Converter	Manufacturer of PVC resins/compounds into a finished product
COVID-19	Corona Virus Disease 19
E-PVC	Emulsion PVC
EMS	Environmental Management System
GBCA	Green Buildings Council of Australia
GHG Emissions	Greenhouse Gas emissions
LMW	Low molecular weight - refers to phthalate plasticisers with 3 to 6 carbon atoms in their backbone
MOU	Memorandum of Understanding
NPSIF	National Product Stewardship Investment Fund
PES	Polyester
Plasticisers	Chemical substances used to soften PVC and provide flexibility to end products.
The Program	The PVC Stewardship Program signed by members of the Australian PVC industry
PSP	Product Stewardship Program (alternatively The Program)
PVC (Vinyl)	Polyvinyl chloride
recopVC	PVC recycle
Signatories	The members of the Australian PVC industry who have signed the Program as an indication of their commitment to product stewardship.
S-PVC	Suspension PVC
Stabiliser	A compound used to improve the PVC thermal stability during processing and the weathering and/or UV stability of the end-use product.
Stakeholders	The PVC industry, its employees, suppliers and customers, the local and wider communities, consumers, government and regulators, and any other groups significantly impacted by the industry.
TSG	Technical Steering Group
VCA	Vinyl Council of Australia
VSC	Vinyl Sustainability Council (North America)