

Policy No:	1.12
Effective date:	30 June 2011
Replaces:	1 January 2007
Recommended by:	EGM Corporate Affairs & Company Secretary
Authorised by:	Chief Financial Officer/PaperlinX Board

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## Reporting Improper Conduct

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### Purpose

This policy applies to all PaperlinX businesses worldwide and addresses the controls and procedures for reporting of allegations of suspected improper or unlawful conduct (ie whistleblowing).

In line with good corporate governance practice and its commitment to legal and ethical behaviour, PaperlinX adopts a policy to enable employees and other affected parties (eg contractors, suppliers and customers) to report, have reviewed and ultimately investigated, if applicable, any alleged “improper conduct”.

The aims of the policy are to encourage people to come forward if they have concerns regarding improper conduct and ensure that they have access to a confidential process by which they can report such matters. This will assist in identifying fraud, corrupt practices and unethical conduct within PaperlinX.

It is a fundamental principle that the **PaperlinX 'Speak Up'** programme provides for anonymity and protects employees and affected parties and they are not penalised in any way.

A copy of this *Reporting Improper Conduct* policy is available on the Company's website [www.paperlinx.com](http://www.paperlinx.com) as well as the internal PaperlinX extranet [www.ppxextranet.com](http://www.ppxextranet.com) and a summary is displayed on noticeboards at the Company's workplaces.

The Company can, at any time, amend all or part of this policy, at the discretion of Chief Financial Officer, as approved by the Board.

### Definitions

#### Improper conduct

For the purpose of this policy, improper conduct is defined as:

- corrupt conduct or fraudulent activity
- breach of the law
- a substantial mismanagement of PaperlinX resources
- conduct involving substantial risk to public health and safety
- conduct involving substantial risk to the environment
- conduct involving substantial risk to the health, safety and welfare of PaperlinX employees

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### **Corrupt conduct**

Includes, but is not limited to:

- use of intentional deception to obtain or provide an illegal advantage from or to an employee, a PaperlinX business or a third party
- giving to a customer, or receiving from a supplier, excessive gifts or entertainment which could be construed as a bribe, kick back or pay off
- payments to a government entity or official for the purpose of obtaining or retaining a business opportunity or other advantage
- accepting or providing offers or promises of an illegal advantage by doing or not doing certain functions in the course of an individual's employment
- engagement in outside interests, activities or investments which could constitute a conflict in interest

### **Fraudulent activity**

Includes, but is not limited to:

- theft of assets
- falsification or alteration of accounting or other documents
- suppression or omission of the effects of transactions from records or documents
- recording of transactions without substance
- misuse of private and confidential information for personal gain
- use of Company funds for personal expenditure

### **Breach of the law**

Includes, but is not limited to:

- an act in contravention of fair trading or competition law in the relevant jurisdiction
- breaches of relevant companies laws and regulations, (eg insider trading, false financial reporting)
- non-compliance with other laws affecting PaperlinX businesses

## **Rules**

### **Who is covered by this policy**

All employees and directors of the PaperlinX Group, in any employment capacity (eg full-time, part-time, casual), and wherever located.

Employees are reminded that the terms of their employment include an obligation to act in accordance with the law and Company policy.

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### Other people who may access this policy

This process for reporting allegations of suspected improper or unlawful conduct is also available to employees, principals and/or directors of organisations having a long-term relationship with a PaperlinX business (eg customers, suppliers, agents, advisers, etc) or other persons who become aware of improper conduct or fraudulent activity within the company.

### Policy exclusions

It is an important principle of the *Reporting Improper Conduct* policy that it cannot be used:

- for the purpose of wilfully harming another employee
- to abuse the reporting procedure

### What evidence is required

For PaperlinX employees, your knowledge of the practices and procedures of the applicable business should be sufficient to enable a satisfactory assessment of the allegation of improper conduct.

For other persons, some sort of documentary evidence would be desirable, including details of who is suspected, when it occurred and who was affected.

The more evidence that can be provided, the more thorough will be the review and, if applicable, ultimate investigation.

### How to make concerns known

It is important that any concerns about alleged improper conduct be promptly brought to the Company's attention.

PaperlinX employees are encouraged to discuss concerns with their supervisors or line managers in the first instance, or senior management if they consider it more appropriate to do so. For example, if a person wishes to discuss a matter outside his or her direct reporting lines, the Chief Financial Officer, Group Manager – Risk Management & Internal Audit and Executive General Manager (EGM) Corporate Affairs & Company Secretary are available to discuss matters on a confidential/anonymous basis at any time.

For non-PaperlinX employees, it is recommended that you first make your concerns known to your usual contact person within the PaperlinX Group.

Reporting and investigation mechanisms for specific issues (eg equal opportunity, harassment, occupational health & safety, certain IT issues) are also dealt with in other Company policies and such claims may be dealt with as set out in the appropriate policy.

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Where a person is not fully satisfied with the response from their supervisor or PaperlinX contact person or senior management, or believes that the matter is better dealt with by an external party, the concern can be reported to the independent reporting service appointed by PaperlinX.

### How to contact the reporting service

PaperlinX has appointed Deloitte Touche Tohmatsu as the independent reporting service to receive allegations of improper conduct, and, if authorised by the Company in accordance with this policy, to investigate the alleged improper conduct.

**The PaperlinX 'Speak Up' reporting service can be contacted** either online or via email as follows:

**1. Make a report at: [www.paperlinxspeakup.deloitte.com.au](http://www.paperlinxspeakup.deloitte.com.au)**

Use the Username: paperlinx

Use the Password (case sensitive): Speakup1!

**2. Make a report via email: [paperlinx@deloitte.com.au](mailto:paperlinx@deloitte.com.au)**

This information is also available on the Company's website [www.paperlinx.com](http://www.paperlinx.com), the internal PaperlinX extranet [www.ppxextranet.com](http://www.ppxextranet.com) and displayed on site noticeboards.

The EGM & Company Secretary is the primary point of contact between the independent reporting service and PaperlinX (refer *Rules, What is the process of review?*).

### Privacy, anonymity and protection

If an individual contacts the reporting service with allegations of improper conduct, they will be assured of privacy and can do so anonymously, if desired. However, it will obviously assist the company to investigate reported matters if people are prepared to disclose their identity.

The name of the person reporting the improper conduct (*reporter*) will be protected and not disclosed, unless written authority is provided by the reporter, and then, except where necessary or required by law, only disclosed to authorised persons. In the event of a proposed disclosure to an authorised person, the reporter will be advised before the disclosure is made.

The reporter will not be penalised, disciplined or victimised (in any way) for having used the reporting process in good faith. This includes threats, actions or omissions involving reprimand, reprisal, change in work duties or amenities or reporting, damage to career prospects or reputation. Specific protections for reporters are contained in legislation in different countries (for example, the Australian Corporations Act, where disclosures of a breach of that act are concerned).

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Individual employee records will not contain any reference or details of participation in the reporting process or investigation (except where it is subsequently established that the reporter him or herself has intentionally misused or exploited the reporting process for improper purposes).

### What is the process of review

Once the reporting service has received an allegation of improper conduct, it will, subject to legal constraints, usually discuss the matter with EGM Corporate Affairs & Company Secretary together with the appropriate Executive General Manager (unless they are the subject of the complaint). They will decide whether:

- the claim should be characterised as “improper conduct”
- an investigation should proceed
- the investigation should be an internal or external investigation.

EGM Corporate Affairs & Company Secretary will refer the matter to and involve the appropriate Executive General Manager (eg Chief Financial Officer for financial related matters; EGM Human Resources for employee, occupational health & safety, environmental, etc matters).

The reporting service will advise EGM Corporate Affairs & Company Secretary, and Chairman of the Nomination & Governance Committee in the event that a PaperlinX Executive General Manager is the subject of improper conduct, of the complaint and the nature of all information received. The Nomination & Governance Committee will maintain oversight of reports and will receive regular reports regarding allegations that are made to the reporting service, actions taken and status of matters under investigation.

Where it is required to do so by law, the reporting service will refer the matter to the Company's auditors or relevant companies regulators.

### The investigation process

PaperlinX will ensure that the investigator (whether internal or external) has the independence, authority and resources to conduct a thorough investigation. Specialist, independent legal and financial advice will, as appropriate, be made available to the investigator, at the Company's cost.

The investigator will conduct the investigation:

- promptly
  - with a degree of confidentiality consistent with the seriousness of the allegations
  - in a fair and unbiased manner
- and, subject to the appropriate laws and other legal constraints,
- to ensure that anybody affected by the allegation is aware of them

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- to provide that person with the opportunity to put their case (although the timing will be at the discretion of the investigator)

The investigator will provide a written report:

- summarising the conduct of the investigation
- including conclusions on the extent of non-compliance and recommendations for remedial action

to EGM Corporate Affairs & Company Secretary (who will liaise with the appropriate Executive General Manager, Chief Financial Officer and Chief Executive Officer, as appropriate) and the reporting service for review and comment or, if the allegations relate to any of the foregoing, to the Nomination & Governance Committee. Copies of the final report shall be provided to the PaperlinX Executive and the Nomination & Governance Committee.

At the conclusion of the investigation, and where the name of the reporter is known, the reporter will be advised of the outcome of the investigation.

### Regular review

Every 6 months or sooner as required in the circumstances, the reporting service will provide EGM Corporate Affairs & Company Secretary and Chief Financial Officer with a summary of their activities during the preceding period.

EGM Corporate Affairs & Company Secretary will provide a copy of the summary report to the Nomination & Governance Committee.

## References

### Legislative Requirements

- *Australian Corporations Act*
- Relevant legislation or regulations in local jurisdictions

### Related Policies

- *Prevention and Reporting of Fraud*
- Human Resources policy manual
- Occupational Health & Safety policy manual
- Information Technology policies