



Viridian Sustainability Covenant

About this sustainability covenant

This sustainability covenant is a voluntary agreement between the Environment Protection Authority (EPA Victoria), CSR Building Products Ltd trading as Viridian, Australian Industry Group (Ai Group) and Sustainability Victoria (collectively, 'the Parties') to work together to protect the environment and to contribute to a more sustainable Victoria.

This voluntary SUSTAINABILITY COVENANT is a statutory agreement under section 49AA of the *Environment Protection Act 1970* made on the day of XXXXXXX 2008.

Between:

Environment Protection Authority ('EPA Victoria'), a statutory authority pursuant to the *Environment Protection Act 1970* (Victoria) of 40 City Road, Southbank 3006 in the State of Victoria

-and-

CSR Building Products Limited trading as Viridian, ABN 55 008 631 356 ('Viridian') of 95 Greens Road, Dandenong South 3175 in the State of Victoria

-and-

Australian Industry Group, ABN 76 369 958 788 ('Ai Group'), a registered organisation of employers incorporated under the federal Workplace Relations Act 1996 whose registered branch address in Victoria is 20 Queens Road, Melbourne 3004 in the State of Victoria

-and-

Sustainability Victoria ('Sustainability Victoria'), a statutory authority pursuant to the *Sustainability Victoria Act 2005* (Victoria) of Level 28, Urban Workshop, 50 Lonsdale Street, Melbourne VIC 3000 in the State of Victoria.

In which:

The Parties commit to working together to support Viridian to increase the efficiency with which it uses resources to produce its products and services, and reduce the ecological impact of those products and services. Sustainability principles will be applied in all Viridian's activities, including internal production, operations, marketing, business development, communications and education, professional relationships and the supply chain.

EPA believes that this sustainability covenant is likely to be effective in increasing the resource use efficiency of the glass industry and in reducing its ecological impact, and as such is a signatory to this sustainability covenant.

About the Parties

Viridian

Viridian was formed in 2008 from the acquisition of Pilkington Australia and New Zealand plus DMS Glass. Pilkington established its first Australian office in Melbourne in 1879, an unbroken 129-year relationship. Viridian is part of CSR Building Products Limited, which is a wholly owned subsidiary of CSR Limited ('CSR'). CSR is an Australian-based company, publicly listed on the Australian Stock Exchange. CSR has in excess of 8000 employees and market capitalisation of more than \$3 billion.

Viridian's Vision

'We aim to be a dynamic, market driven, global provider of glass products, judged best in class by our customers, our people and our shareholders.'

Viridian in Victoria

In Australia, Viridian employs 1900 people, more than half of whom are employed in Victoria. Victorian operations include Australia's largest float glass manufacturing plant and mirror, laminating and toughening lines at Dandenong. Six further processing operations are located in Victoria and include toughening plants, custom laminating, screen-printing and Insulating Glass Unit (IGU) manufacture. Viridian's Victorian operations account for 55 per cent of the total Viridian Australia sales revenue. Viridian has a strong culture of caring for its people and the environment, and a commitment to technical leadership through product innovation.

Viridian's values are encapsulated by the 'Goal of zero' – zero injuries and zero waste. Viridian expresses its value for people in its safety policy, which states:

'The business will be characterised by strong leadership, value for people and the organisation, management and individuals behaving safely.'

Viridian and safety

Viridian has the goal of manufacturing high-quality, high-margin glass, delivered on time and made without injury. This is underpinned by the fundamental belief that all injuries can be prevented. With the ultimate goal of zero, the Lost Time Injury Frequency Rate (LTIFR) target (per 200,000 hours) for the 2006–07 year was 0.4; the LTIFR for July 2006 was 0.3.

Viridian and the environment

In Australia, Viridian's three manufacturing sites are certified to ISO 14001. The goal of zero waste enshrines its commitment to continuous improvement in all aspects of environmental performance. As an example of Viridian's leadership in environmental management, its automotive sites were one of the first automotive organisations to achieve a single corporate certification for all 29 automotive sites worldwide.

What sustainability means to Viridian

Viridian's Sustainability Vision

'We aim to be a dynamic supplier of choice in providing superior glass solutions as evidenced by enhanced quality of life for our customers, our people and our stakeholders.'

Viridian believes innovative glass products have high societal and environmental values. The use of glass products that increase the insulating properties (reflecting and absorbing heat) of glazing results in the reduced need for heating and air conditioning and the associated energy costs and environmental impacts of these. This has significant benefits to the Victorian and global environment by reducing the demand for electricity in the built environment, associated greenhouse gas emissions and the contribution to climate change.

Viridian is committed to sustainable business growth as its central operating principle. For Viridian, this means producing products that have high societal and environmental values and deliver business growth and long-term profitability.

Viridian has translated this commitment into establishing a non-commodity, high margin stable market position with the business goal of growing the sales of energy efficient glass products to a minimum of 20 per cent of all products by 2015 while continuing to reduce the use of energy in manufacturing processes and implementing other responsible environmental management strategies.

Technical leadership and product innovation

Viridian invests heavily in innovation. Sir Alistair Pilkington invented the 'float' glass process, which revolutionised the ability to manufacture high-volume quality glass. Viridian has been responsible for almost every major advance in glass technology including:

- Energy-saving products such as Viridian K Glass™
- Advanced bending processes for making car windscreens in complex shapes to fine tolerances
- Viridian Pyrostop™ advanced fire-resistant glass
- EZ-KOOL®, Sundym™ and Galaxsee™ solar control glass for cars
- Solar reflective automotive glazing
- Viridian Solar E™, clear solar control glass, preventing heat build-up in buildings
- Viridian Planar™ structural glazing system
- The 3R™ clean air process for reducing nitrogen oxide emissions from glass furnaces
- Viridian Activ™ dual-action self-cleaning glass.

These products provide the following benefits to consumers:

- Thermal protection
- Fire protection
- Safety
- Decoration
- Solar control
- Noise control
- Security
- Self-cleaning

EPA Victoria

EPA Victoria is a statutory body that was established under an Act of the Victorian Parliament in response to community concern about pollution.

The *Environment Protection Act 1970* replaced statutory provisions scattered throughout more than 25 existing Acts, bringing together under one umbrella, symbolised by our logo, control of pollution on land, in water and air, and industrial noise. In particular, it puts the responsibility for sound environmental management on all Victorians – businesses, communities and individuals – where it belongs.

EPA's emphasis is shifting to market mechanisms, collaboration and co-regulation, rather than just the traditional 'command and control' approach to achieve environmental performance.

EPA's vision

'The Victorian community living sustainably.'

A community living sustainably knows the impacts of the decisions it makes and the actions it takes on the environment and:

Efficiently uses and renews resources.

Understands how what is good for the environment is good for the economy and society.

Lives in a healthy environment that provides clean air, water and land.

Meets the needs of today without compromising the ability of future generations to meet their needs.

EPA's purpose is to protect, care for and improve our environment.

EPA's values are collaboration, innovation, integrity and respect.

EPA's objectives are to increase resource efficiency, reduce emissions impact, enhance our reputation and benefit the economy.

Australian Industry Group (Ai Group)

Ai Group is Australia's leading industry organisation representing thousands of employers in manufacturing sectors such as metals finishing, food, paper, printing, packaging, automotive, textiles along with construction, telecommunications, IT, transport, labour hire and other industries. Ai Group's membership operates businesses of all sizes and with an expanding range of sectors. Ai Group provides comprehensive advice and support to help companies run their businesses more effectively and to become more competitive on a domestic and international level. Ai Group currently has approximately 4000 members in Victoria.

Ai Group's Victorian membership is responsible for the single largest employment sector, and have a major role in structuring the way Victorian society and economy functions. By creating employment and improving productivity in industry those companies necessarily must draw on the natural resources available and accordingly have a significant impact on the environment both in ecological and sustainability terms.

Ai Group sees the adoption of innovative environmental practices as a key strategy for protecting our environment while enhancing the competitiveness of Australian industry. By entering into this covenant with Viridian and EPA, Ai Group is demonstrating its leadership and commitment to promote and assist those businesses to achieve more sustainable business growth through new products and services.

Sustainability Victoria

Sustainability Victoria is dedicated to showing the way to a sustainable future through more efficient energy, materials and water use, to reduce our everyday environmental impacts. By making it easier to take action to adopt sustainable practices, Sustainability Victoria is stimulating innovation and changing the behaviour of all Victorians to live within our sustainable limits.

Sustainability Victoria's partnerships with business and industry are critical to driving innovation and providing access to sustainability information and assistance. By thinking differently about the way we use resources, and developing sustainable technologies and practices, we can create opportunities for both the environment and the economy.

Sustainability Victoria's vision

Victorians demonstrating sustainable resource use to support a thriving community and economy.

Objectives and focus of the sustainability covenant

The overall objectives of this covenant are to:

- support product innovation to deliver greater resource efficiency from the life-cycle benefits of coated glass
- build and develop a partnership between EPA, Viridian, Ai Group and Sustainability Victoria that takes the relationship beyond site-based issues to incorporate consideration of environmental impacts across the life cycle, product innovation and the business opportunities this presents
- demonstrate the business opportunities and benefits – including increased profitability, productivity and growth – from establishing sustainability as a framework for business both for Viridian and as a model for Victorian industry.

First phase of the covenant

The first phase of the Covenant, with a duration of two years, will focus on the following activities.

1. Ensuring the environmental and societal benefits of product innovation in glass coating technologies are realised in the marketplace by way of:
 - educating stakeholders in the building supply chain through a variety of mechanisms
 - facilitating the incorporation of information on energy-efficient glass products in information on environmentally preferred products
 - facilitating government leadership in the application of innovative glass products to deliver energy-efficient outcomes
 - influencing voluntary and regulatory building standards and rating systems where appropriate, to reflect the potential of innovative glass products to deliver energy efficiency outcomes and other environmental and societal benefits.

2. Capturing the benefits of incorporating sustainability into core business as a model to apply to Viridian's other product lines and Viridian's business strategy in the second phase of the covenant. This will include life cycle assessment, CAPEX processes, the ongoing 'goal of zero' and product innovation across the entire business.

During this phase, Viridian will continue to apply due diligence and continuous improvement to its manufacturing-based environmental impacts.

Second phase of the covenant

The second phase of the covenant, with a duration of two years, will focus on the following activities.

1. Embedding sustainability as a framework for Viridian's business strategy.
2. Reviewing Viridian's environmental initiatives across all Victorian sites to:
 - focus efforts on initiatives with the greatest environmental gain across the life cycle of Viridian's products and services
 - explore opportunities to reduce Viridian's regulatory burden associated with compliance with environmental legislation.
3. Promoting the financial, environmental and societal benefits of this business model.

During this phase, Viridian will continue to apply due diligence and continuous improvement to its manufacturing-based environmental impacts.

Management of the sustainability covenant

A steering committee will be established to manage the sustainability covenant's implementation. The steering committee is responsible for the development and ongoing refinement of the commitments made in this covenant. The steering committee will comprise the following representatives:

Viridian	EPA Victoria	Ai Group	Sustainability Victoria
Executive General Manager National Manufacturing Manager Marketing & Business Development Manager Environment, Health & Safety Manager	Director Sustainable Development Manager South Metropolitan Region Manager Life Cycle Sustainability Covenant Project Manager	Director – Victorian Branch Group Manager – Sustainability	General Manager – Business Innovation and Technology Manager – Sustainable Business

Implementation of this covenant will also be written into a senior manager's position description in each organisation to ensure a formal periodic senior review of the covenant, and sustainability initiatives in general.

Reviewing and reporting

The progress of actions under the covenant will be reviewed by the steering committee quarterly. This will involve the activities of the Parties being reviewed and assessed for their effectiveness. Prior to the steering committee meeting the parties will brief each other on progress to date.

Public reporting on the progress of the covenant and outcomes achieved will occur annually via the website of the Parties.

At least three months prior to the completion of the first phase of the covenant signatories will begin a process to develop the actions for the second phase of the covenant, which will incorporate a major review of the first phase of the covenant.

Life of the covenant

The life of this sustainability covenant will be four years from the date of signing.

Commitments made by the Parties

Viridian, EPA, Ai Group and Sustainability Victoria make the following commitments to achieve the objectives of the first phase of the covenant.

Commitments	Specific Actions
Promote energy-efficient glazing systems and glass products (coated glass, double glazing, glass for solar energy applications panels) to generate market growth to a minimum of 20% of Viridian sales NOTE: This is the application referred to as 'above the line' strategies as shared in the Paul Tebo, EPA-sponsored Business Transformer work shops Viridian participated in over 2005–06.	<ul style="list-style-type: none"> • Support the establishment of a Victorian centre for innovation and excellence in the development of glass solutions. • Engage and work with stakeholders to understand and address the barriers and capture opportunities associated with the adoption of energy-efficient glazing products. Key stakeholders include: Standards Australia; government building authorities; the Housing Institute of Australia; architects; fabricators; and end-users. • Explore initiatives for people to use energy-efficient glass products (rebates, linkages with other sustainable building products and systems etc). • EPA and Sustainability Victoria will use their formal and informal networks and forums to promote the benefits of energy-efficient buildings and products.
Introduce technology that allows Viridian to produce energy-efficient glazing systems and glass products that have high environmental and societal value. Products include, for example, coated glass, double glazing and solar energy applications.	<ul style="list-style-type: none"> • Support and promote the best practice installation of the coater facility and furnace upgrade proposed for the Dandenong site to best practice in terms of energy efficiency, air emissions, other materials use and waste production. • Maintain a 'goal of zero' business target around waste and inefficiencies. • Explore opportunities for reducing Viridian's regulatory burden associated with compliance with environmental legislation associated with the plant installation.
Quantify the societal and environmental value of energy-efficient glazing systems.	<ul style="list-style-type: none"> • Quantify the environmental, economic and social benefits of coated glass (and other products) in buildings through life cycle assessment and other tools. • Communicate the findings and outcomes of studies through newsletters, conferences, workshops, formal and informal networks and other forums.
Capture and promote the benefits of incorporating sustainability into core business as a model to apply to Viridian's other product lines and Viridian's business strategy.	<ul style="list-style-type: none"> • EPA will support Viridian to quantify the environmental and business benefits through relationships with finance institutions and the accounting profession. • Viridian will work with EPA and Sustainability Victoria to develop the business case for sustainability, including establishing a baseline to measure success against. • EPA and Sustainability Victoria will promote the business value of sustainability and Viridian's leadership in sustainability to relevant networks and contacts, including Government, industry and the general community, through newsletters, workshops, conferences and other forums.
Promote the role of glass products in helping to deliver the Victorian Government's policy objectives and commitments outlined in <i>Our Environment, Our Future</i> – Sustainability Action Statement 2006 and Energy for Victoria.	<ul style="list-style-type: none"> • Raise the profile of glass solutions as a viable, sustainable alternative for reducing pressure on Victoria's electricity supplies during high-use summer periods. • Raise the profile of glass solutions to assist the Victorian Government to lead by example through initiatives to increase energy efficiency in government buildings and meet mandatory environmental ratings for new government offices. • Raise the profile of glass integrated with solar cells for solar energy production as a potential renewable energy source for buildings and homes.
Continue to pursue the goal of zero waste at Viridian sites through identification and implementation of both incremental and step change improvements in the reduction of waste.	<ul style="list-style-type: none"> • Measure, monitor and reduce the use of materials and fuels, including electricity, gas, water, compressed air and timber. • Increase the use of recycled glass. • Increase the level of recycling of glass.

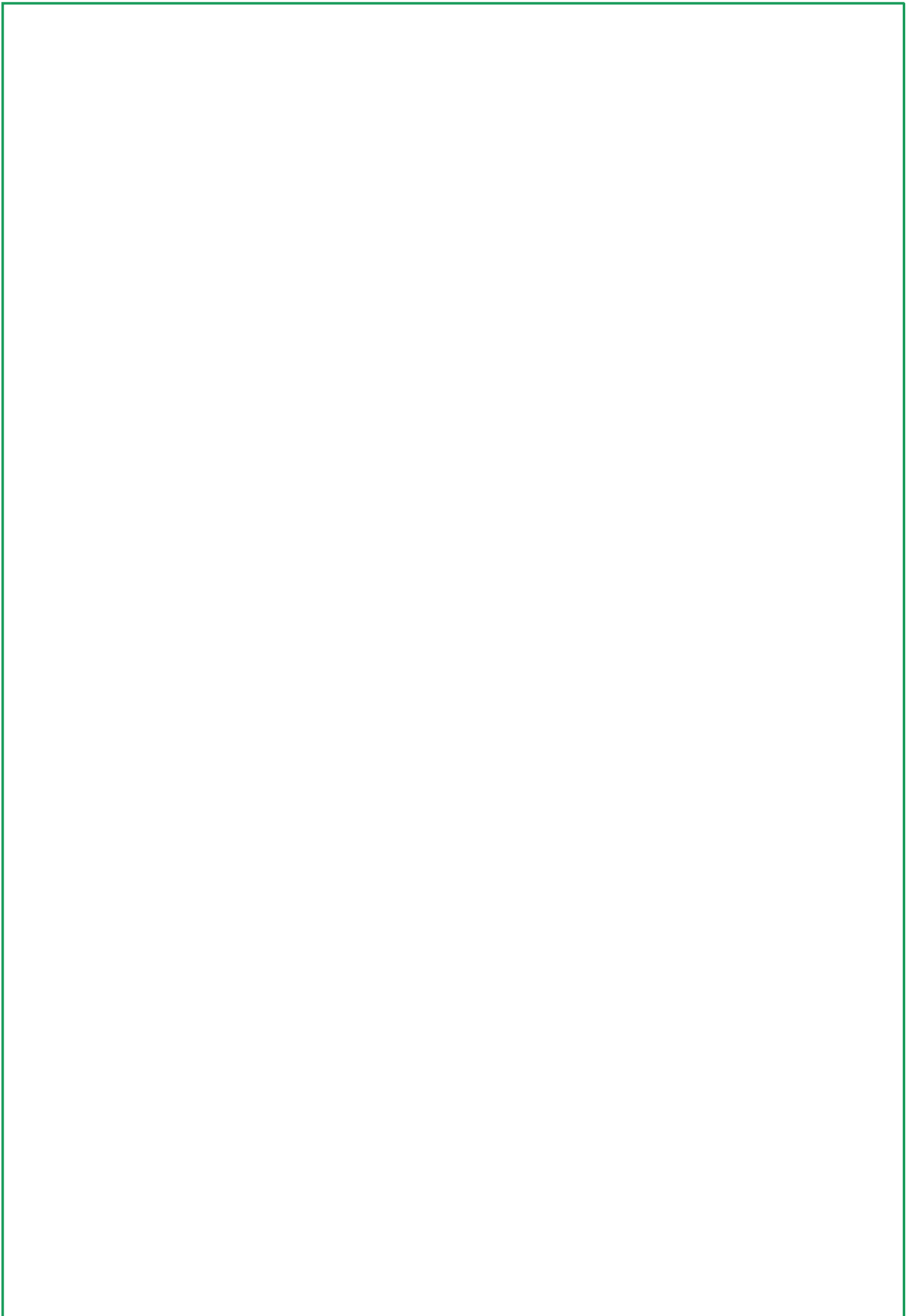
Ai Group makes the following commitments to achieve the objectives of the first phase of the covenant.

Commitment	Specific Actions
Promote and support Viridian's examples of product innovation and environmental leadership across both its national membership group and to other leadership and influence groups.	<ul style="list-style-type: none"> • Include Viridian in Ai Group-sponsored sustainability forums. • Promote and assist Viridian in promoting the use of energy-efficient glass in strategic settings such as building, planning and standards, government and other peak bodies.

Commitments and specific actions for the second phase of the Covenant will be developed in the final three months of the first phase.

Measurement of outcomes

As each commitment of the Covenant is commenced, measures will be put in place to report and understand outcomes in statistical and other business terminology.



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