

# INDEPENDENT ASSURANCE STATEMENT



To the Board and Stakeholders of Australian Vinyls Corporation Pty Ltd:

Australian Vinyls Corporation Pty Ltd (Australian Vinyls) commissioned URS Australia Pty Ltd (URS) to provide independent assurance of the non-financial content of this Australian Vinyls *Sustainability Report 2005-06* (the 'report'). The report presents Australian Vinyls' social and environmental performance over the period 1<sup>st</sup> July 2005 to 30<sup>th</sup> June 2006. Australian Vinyls was responsible for the preparation of the report and this statement represents the auditor's independent opinion. URS' responsibility in performing our assurance activities is to the management of Australian Vinyls alone and in accordance with the terms of reference agreed with them. Any reliance any such third party may place on the Report is entirely at their own risk.

## **Assurance Objective**

The objective of the assurance process is to provide stakeholders of Australian Vinyls with an independent opinion on the materiality, completeness and accuracy of the information presented in the report, and whether Australian Vinyls has responded to stakeholder concerns and adequately communicated those responses within the report. This is confirmed through an audit of the claims made, underlying systems, processes and competencies that support the report, as well as the embeddedness of policies and strategies on sustainability.

## **Assurance Process & Limitations**

Our approach to assurance provision is based on the *AA1000 Assurance Standard*. The assurance engagement was undertaken in October and November 2006. The process involved:

- interviewing management and key selected internal and external stakeholders to ascertain their views on, and responses to, the material social and environmental issues faced by Australian Vinyls, and the communication of these issues;
- a review of Australian Vinyls' key social and environmental strategies, policies, objectives, targets, management systems, measurement/data collection and reporting procedures and background documentation;
- a review of the report for any significant anomalies;
- an overview of the embeddedness of Australian Vinyls' key economic, environmental and social policies;
- a series of interviews with key personnel responsible for collating and writing various parts of the report in order to ensure selected claims were discussed and substantiated;
- the examination of the aggregation and/or derivation of, and underlying evidence for, approximately 40 selected data points and statements made in the report; and
- a review of selected external media sources relating to Australian Vinyls' social and environmental performance.

Our scope of work did not involve verification of the accuracy and robustness of financial data, other than that relating to economic benefit to the community. The Sydney office was not visited as part of this year's assurance engagement. ModWood Technologies Pty Ltd (ModWood), a separate operation that manufactures wood plastic composites is not included in the report, and was therefore not subject to the assurance process.

## **Our Independence and Credentials**

Independence was ensured by selecting an assurance team that had no other involvement with Australian Vinyls during the reporting period that could impair the team's independence or objectivity. URS was not responsible for preparation of any part of this report. URS has not undertaken any commissions for Australian Vinyls in the reporting period concerning reporting or data collection. The audit team comprised of individuals with expertise in the chemicals sector and in environmental and social performance measurement. The audit team has collectively undertaken over fifty assurance engagements in Australia over the past ten years and is also led by a Lead Certified Sustainability Assurance Practitioner (Lead CSAP) accredited by the Independent Register of Certified Auditors (IRCA UK).

## **Our Opinion**

Based on the scope of the assurance process, the following represents URS' opinion:

- The findings of the assurance engagement provide confidence in the reporting processes established. The level of data accuracy was found to be high, but some additional improvements to data management, including recommendations for improvement in data systems are recommended to reduce potential for minor anomalies and to ensure data quality control. Data trails selected were easily identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The statements made in the report appropriately reflect environmental, social and economic performance achieved during the period.

Overall, the auditor is satisfied that the report is an appropriate fair and balanced representation of Australian Vinyls' material environmental and social performance during the reporting period. The auditor is also satisfied of the progress and outcomes achieved in the reporting period as having appropriately reflecting stakeholder expectations. Modwood needs to be incorporated in future reports to ensure completeness. The Sydney office impacts are not sufficiently material to warrant the collection of data, but that should not limit implementing office-based sustainability initiatives.

## **Conclusions and Recommendations**

- **Materiality:** Issues material to stakeholders as identified through our review have been considered and communicated within the report. Material environmental and social aspects of Australian Vinyls' sustainability performance as deemed through a peer review process are also appropriately addressed. Effective use of resources, safety and health, downstream processing of product and local environmental impacts are seen as the key sustainability issues arising through the limited stakeholder engagement process.
- **Completeness:** The report was found to be complete in addressing key environmental and social performance as well as all operations of Australian Vinyls, using stakeholder engagement and the peer review as a guide, but was not complete against the more comprehensive Global Reporting Initiative's *Sustainability Reporting Guidelines 2002*. Notwithstanding, the report is of an appropriate size and is representative of the nature and scale of the business.
- **Responsiveness:** Australian Vinyls has established robust stakeholder engagement mechanisms through the Environment Monitoring Team for local impacts and through the Vinyls Council of Australia for more global impacts as well as community perception issues. Internal engagement is also envisaged. Australian Vinyls is addressing high priority local site issues and have adequately communicated responses within the report. Communication on more global issues is limited. The report is an appropriate tool for stakeholder engagement
- **Recommendations:** URS has provided suggestions for reporting improvement in some areas, including completing the procedures for data management, which are presently under development. These have been outlined in a more detailed report presented to Australian Vinyls management.

On behalf of the audit team  
30<sup>th</sup> November 2006  
Melbourne, Australia

Terence Jeyaretnam  
Principal, URS & Lead CSAP (IRCA UK)