



# Australian Packaging Covenant

*Smarter Packaging, Less Waste, Cleaner Environment.*



Signatory Name: Smiths Snackfoods Company, The

Status: Completed

The content in this APC Annual Report is hereby endorsed by the Chief Executive Officer, or equivalent officer of the organisation.

Yes

**Industry sector** (please select 1 only):

- Brand Owner / Wholesaler / Retailer
- Packaging Manufacturer
- Waste Management
- Other - Commercial Organisation
- Community Group
- Industry Association
- Government
- Raw Material Supplier
- Other:

**Industry type** (please select 1 only):

- Food & Beverage
- Pharmaceutical / Personal Care / Medical
- Hardware
- Homewares
- Communications / Electronics
- Clothing / Footwear / Fashion
- Chemicals / Agriculture
- Fuel
- Large Retailer
- Tobacco
- Shipping Company
- Airline
- Other:

## PART A – Signatory progress in reaching goals and targets of the Covenant

This section refers to signatory progress against Covenant KPIs. The data from this section will be aggregated across all signatories on an annual basis, and will enable the APC to assess overall progress against Covenant Goals and KPIs, and those of its own Strategic Plan. You can include any particulars relevant to your sector in Part B.

Please indicate your organisation's reporting period:

- Financial Year: 1 July 2010 – 30 June 2011  
 Calendar Year: 1 January 2011 – 31 December 2011

### Goal 1: Design - optimise packaging to use resources efficiently and reduce environmental impact without compromising product quality and safety.

#### KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent

1. Does your company have documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent?

Yes  No

#### Definition of Packaging Type

*Reporting of the proportion of packaging reviewed using the Sustainable Packaging Guidelines, whether existing or new, need not be individual SKU or products. Signatories can review – and report on their review – by grouping their packaging into different types if this is more effective and efficient. Grouping into 'types' can be by individual products (SKU's), or by related packaging / products, e.g. by type of material used (paper/ cardboard, plastic, glass, metals...), by brands, by packaging manufacturer, or by some other category which makes sense in their own design and production processes. Reporting the number or percentage reviewed should be by 'Type' as defined by each signatory's own practices, and each signatory is free to decide how to do this. A manufacturer with a small number of products might review each package independently, with each considered a unique 'type'. A large manufacturer with many products may group them for review by looking at each material type, or may review each brand or range of products in turn, or may have different packaging suppliers and work with each in order. In both cases, the reporting should simply be by the 'types' of packaging that have been reviewed.*

2. Of the types of packaging **existing** at the beginning of the reporting period, what percentage had been reviewed using the Sustainable Packaging Guidelines (SPG) by the **end** of the reporting period?

%

3. Of the **new** types of packaging introduced during the reporting period, what percentage has been reviewed using the Sustainable Packaging Guidelines (SPG) by the **end** of the reporting period?

%

4. Describe (other?) outcomes achieved using the SPG in regard to:

*Please indicate even if you have done nothing in this area*

a) *Avoiding or minimising the use of materials and other resources*

Packaging reviews identified several opportunities to minimise materials and other resources, including:

1. Optimising Multi-pack design, which will yield an estimated 13% reduction in film source material for this group and an 8% reduction in corrugate carton material, as well as a reduction in supply and distribution impacts due to a 20% increase in pallet density.
2. Optimising corrugate carton shipper configuration for one of our products, to achieve a 20% reduction in source material and a 13% improvement in pallet density.
3. Optimising primary pillow bag configuration, which will reduce source material by an estimated 2% for this packaging group

b) *Optimising recyclability and recycled content*

An initiative was identified in 2011 to convert a packaging material from a dual polymer layer material to a single polymer structure. While there are limitations in existing recycling markets for this material due to capabilities to isolate and collate it, the single material format facilitates recyclability in future programs.

c) *Reducing litter impacts*

Specific litter reduction outcomes not quantified in 2011

**Goal 2: Recycling - efficiently collect and recycle packaging.**

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**KPI 3: % signatories applying on-site recovery systems for used packaging**

4. Do you have on-site recovery systems for used packaging?

- Yes at all facilities/ sites  
 Yes at some, but not all facilities/ sites  
 No

6. Describe what types of packaging materials are collected and recycled on-site

Smith's and Sakata have on-site recovery systems for used packaging at all manufacturing sites, with some variation in recycled streams due to differing local collection systems and capabilities of existing waste contractors. Sites have established collection systems to separate at source wherever possible to maximise recovery rates.

Our packaging collection systems cover cardboard and rewind cores, paper, toner cartridges, comingle, plastics, film, strapping, seasoning bags, bulk bags, timber and empty containers (including chemical containers returned to supplier).

7. Actual: Describe what progress (since the beginning of the reporting period), if any, has been made in collecting and recycling materials on-site

Initiatives undertaken at our manufacturing sites to improve on-site collection and recycling systems include:

1. Recycling of seasoning bags separated from inner plastic lining and rewind cores, which increased cardboard recycling by 64T at one of our sites in 2011;
2. Successful initiatives at two of our sites to focus on maximising plastic recovery (including strapping and film recovery), recycling an additional 59t in 2011
3. Expansion of re-use and recycling of empty chemical containers by product suppliers at our sites
4. Introduction of systems to separate finished product from packaging, enabling recovery and recycling of the product for stockfeed or composting applications, thereby reducing volume to landfill. While we have not yet identified a local recycling avenue for the packaging, separation of the product facilitates recovery once an avenue becomes available.

These packaging initiatives, together with general waste reduction and recycling programs, contributed to a 20% improvement in our ANZ business Percent Recycled measure in 2011.

**KPI 4: Signatories implement formal policy of buying packaging made from recycled products**

8. Does your company have a formal policy of buying packaging made from recycled products?

Yes  No

**Goal 3: Product Stewardship - demonstrate commitment by all signatories**

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**KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.**

11. Does your company have formal processes in place for collaborating with other companies or organisations on improved packaging designs and/or recycling which aims to reduce or eliminate waste?

Yes  No

12. Briefly describe how your company collaborates with other companies or organisations to improve packaging designs and/or recycling

We have an established, long-standing process to collaborate with a key packaging supplier, with a commitment to continuous improvement projects included in the supply contract. The principal mechanism for collaboration is a minuted quarterly Value Engineering meeting between our R&D departments, which includes sustainability outcomes. Leads are identified from both companies to work on agreed initiatives.

As we roll out each Procurement category strategy, we will be formalising requirements within the tender scope and contract to work collaboratively with our selected suppliers to optimise APC outcomes using the SPG.

13. Briefly describe what progress, if any, has been made to improve packaging designs and/or recycling

We have commenced implementation of the initiatives described in Question 4 to optimise Multi-Pack, selected corrugate carton and primary pillow bag designs, including the necessary trials and production equipment modifications to progress the initiatives.

In the 2011 reporting period, we estimate initial work on these projects achieved a reduction of 7t of film and 134t of corrugated cardboard, and we expect ultimate reductions across the various categories as reported in Question 4:

1. Optimising Multi-pack design will yield an estimated 13% reduction in film source material for this group and an 8% reduction in corrugate carton material, as well as a reduction in supply and distribution impacts due to a 20% increase in pallet density.
2. Optimising corrugate carton shipper configuration for one of our products will achieve a 20% reduction in source material for this product and a 13% improvement in pallet density.
3. Optimising primary pillow bag configuration will reduce source material by an estimated 2% for this packaging group

**KPI 7: % signatories showing other Product Stewardship outcomes**

14. Since the beginning of the reporting period, has your company had any other outcomes related to product stewardship?

Yes  No

15. Briefly describe any other results (not described in previous questions) you have achieved in reducing your packaging impact? (Quantify your answer if possible).

In 2011, we engaged CSIRO to conduct a full Life Cycle Assessment to calculate the carbon and water footprints of a 175g Potato Chip package. The goal of this research was to provide strategic insights into the environmental impacts associated with different stages of production and consumption of Smith's chips in Australia, including the contribution of packaging. This provides a baseline to inform environmental improvement programs

Our key packaging initiatives in 2011 delivered source reduction benefits, as well as a reduction in supply and distribution impacts via increased pallet density, with an associated reduction in transport emissions.

Another initiative reduced the complexity of the packaging manufacturing process for our supplier. The simplified production eliminates the requirements for processing (and transport) at different facilities.

## KPI 8: Reductions in packaging items in the litter stream

16. Briefly describe what measures, if any, have been implemented to reduce litter.

We have commenced a review of disposal information on consumer packaging across our ranges, and have standardised litter information on our packs. Further work is planned to review appropriate recycling information based on the available avenues.

Provision of information to consumers on how to dispose of packaging appropriately has been incorporated into our Stage Gate New Product Development Process, to ensure that litter reduction aims are considered.

### General

17. Please provide details of any special circumstances or additional information that will help us interpret this report (you may include links to your website showing any case studies or relevant information).

During the reporting period, the initial focus was on developing the underlying processes and documentation to facilitate packaging reviews. Smith's and Sakata engaged an external consultant with APC expertise to facilitate the development of our Action Plan, and the implementation of core processes to achieve objectives. We established a cross-functional team to provide leadership for the management of our APC commitments, operating across packaging-related aspects of our business to support the review of all new and current packaging against the APC Sustainable Packaging Guidelines. A key function of the team is the formalisation of review processes and procedures to ensure a consistent approach across our business and to effectively manage integration into business systems. The team has developed foundational systems to facilitate monitoring and achievement of packaging objectives, including an Action Log and Meeting Register. Having established the framework for packaging review and action, the team is now formally expanding packaging development and procurement procedures that incorporate SPG requirements, to embed the elements into existing business systems.

Our principal Policy encompassing SPG objectives is the PepsiCo Global Sustainable Packaging Policy, which includes commitments to strive for the smallest possible environmental footprint; exemplify Best-in-Class design; increase the use of recycled content or materials from renewable sources and optimize packaging design to use the fewest materials necessary. The policy drove the development of our environmental model for packaging, used to monitor carbon footprint performance over time. While the Policy is applicable to global operations, we are assessing the scope for additional formalised policies at a local level.

In 2011, our preferred approach was to assess selected aspects in various packaging groups, as this provided scope for immediate benefits in materials (source) reduction, which can now be applied across multiple SKUs within each group. We plan to undertake further comprehensive assessment of all SPG strategies within each applicable group, aligning packaging development reviews with the rollout of Procurement category strategies.

To ensure that work we undertake on packaging reviews and improvements is fully reflected in our APC commitments, we intend to review our Action Plan and targets in 2012.

**PART B – Your annual performance**

This section will ask you for additional data on your progress made during this reporting period against the **annual** targets you have set for each of the Covenant KPIs. The data you provide in Part B will be used to determine your performance rating. Here we are looking at your achievements in changes to packaging **outcomes** rather than **processes** (e.g. **15 tonnes** of material diverted from landfill rather than a **process** in place to investigate or actually divert waste from landfill). Please use this section to highlight any particulars that you think are relevant about your industry and sector and we will take this into account in the performance rating.

**Goal 1: Design**

**KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent.**

*Please enter your targets for this year or milestones in your plan and the extent to which they were achieved.*

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 1

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Action: Establish an APC Team to manage company APC obligations and integration into business systems. Target: Terms of reference adopted by team.	Smith's and Sakata have established an APC Team with a documented Charter to provide leadership for the management of our APC commitments. Core APC Team members include the Capability Director, Packaging Development Manager, GM Procurement, National Environment Manager and Marketing Manager.
2.	Action: APC Team to meet regularly to discuss action plan implementation. Target: APC Team meetings convened bi-annually; Action tracking schedule maintained.	APC Team meetings are convened minimum bi-annually. The Team has developed foundational systems to facilitate monitoring and achievement of packaging objectives, including the maintenance of a documented Action Tracking Log.
3.	Action: Compile a full list of company packaging. Target: Comprehensive list of packaging in reference to product created.	A comprehensive list of company packaging has been developed, incorporated into our Packaging Environmental Greenhouse Gas Model.
4.	Action: Group Packaging for further reviews. Target: All packaging grouped for further reviews.	Packaging has been grouped for further reviews.
5.	Action: Develop company specific SPG review template. Target: SPG assessment framework developed to conduct and record future reviews	SPG review template and register has been developed
6.	Action: Review 50% of existing packaging against SPG by 2015. Target: 10% existing packaging reviewed each year	In 2011 we commenced reviews of elements of primary and secondary pillow bag and secondary corrugate formats. Our preferred approach was to assess select features of the SPG across different groups, to develop strategies which can now be applied across the multiple SKUs within each group. Initial action identified design strategies to minimise materials in key groups, providing scope for immediate sustainability benefits in materials (source) reduction, as described in Question 4. We estimate 12 percent of our existing packaging groups has been reviewed, and plan to undertake further comprehensive assessment of all SPG strategies within each applicable group, aligning packaging development reviews with Procurement category strategies.
7.	Action: Monitor current PepsiCo global research into bio-structures as alternatives to current chip packaging for local implementation. Target: Latest records of bio-structures suitable for local application maintained.	Feasibility trials conducted.

## Goal 2: Recycling

### KPI 3: % signatories applying on-site recovery systems for used packaging.

Please enter your targets for this year or milestones in your plan and the extent to which they were achieved.

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 3

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	<p>Action: Improve existing on-site waste and recovery systems to achieve a zero waste to landfill target by 2015. Target: All sites have recycling facilities</p>	<p>Smith's and Sakata have on-site recovery systems for used packaging at all manufacturing sites, with some variation in recycled streams due to differing local collection systems and contractor capabilities. Sites have established collection systems to separate at source wherever possible to maximise recovery rates. Recycling rates for each site are tracked and reported nationally and globally and, in 2011, packaging waste and recycling initiatives, in combination with other waste strategies, contributed to a 20% improvement in our ANZ business Percent Recycled measure. To progress our corporate objective of zero waste to landfill, in 2011 we commenced a program to source a preferred national waste provider to work with us to minimise environmental impacts, optimise resource recovery and recycling and streamline performance reporting across our business.</p>
2.	<p>Action: Develop and provide education to all staff regarding company recycling and waste disposal practices to maximise recycling rates. Target: Two educational pieces produced and distributed annually</p>	<p>Site-specific education and communication was provided to staff via the PepsiCo RECON framework and team meetings, as well as programs including waste handling and training in segregation and use of equipment such as compactors. Each manufacturing site delivered a minimum of 2 educational pieces in the reporting period, with the following exceptions: Laverton North delivered 1, and employed an Environmental Resource in Q3 2011 to facilitate ongoing programs; Thornleigh is a small facility and waste disposal is well communicated via signage and induction training. Further formal communication is planned following implementation of the new national waste contract.</p>
3.	<p>Action: Develop reporting system to report on weight and percentages of segregated and recycled packaging material (paper, glass and aluminium etc) from all sites. Target: Waste and recycling statistics reported annually</p>	<p>Sites have developed reporting systems by waste stream, to monitor weight and percentage of applicable recycled packaging and other materials. Site waste and recycling performance is reported monthly to the corporate group. The selection of a preferred national provider in 2012 will further streamline the national reporting framework.</p>

**KPI 4: Signatories implement formal policy of buying packaging made from recycled products.**

Please enter your targets for this year or milestones in your plan and the extent to which they were achieved.

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 4

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Action: Review opportunities to buy recycled. Target: Evaluate the potential and set targets	The potential and targets have not yet been finalised across our packaging groups (note that we already purchase 95% recycled material in our highest volume category, and it is currently not viable to incorporate post-consumer recycled material in our other main category due to quality and food safety concerns). Opportunities to buy recycled products will be assessed as we roll out each Procurement category strategy, aligned with packaging development reviews, as we believe this will be the most efficient and effective way to achieve this objective.
2.	Action: Report annually on number of recycled content / sustainable products purchased. Target: Uptake of recycled content products reported annually by expenditure and total weight of product purchased, against 2011 baseline	We have developed a 2011 baseline for recycled content of purchases by category, to enable us to monitor and report annually on uptake. In 2011, recycled content across our core packaging categories was 76%

**Goal 3: Product Stewardship****KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.**

Please enter your targets for this year or milestones in your plan and the extent to which they were achieved.

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 6

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Action: Continue to implement sustainable supply chain schemes via the local supplier's packaging outreach program and the global Sedex program. Target: Packaging outreach program and Sedex maintained; Baseline: Currently all suppliers need to comply with the local or global program	Of our 6 packaging suppliers, 2 key suppliers provide 94% of our purchased tonnage. Both are registered members of Sedex and they declare by way of on-line audit / surveys their responses to environmental questions, including packaging. As we progress category strategies, we will assess the applicability of these requirements for other suppliers.
2.	Action: Investigate supplier contract renewal dates against the potential for the integration of criteria for sustainable packaging opportunities. Target: All renewed contracts incorporate SPG and allowance for exploring opportunities for more sustainable packaging, beginning Q3 2011.	No key packaging contracts were renewed post Q3 in the 2011 reporting period. Tender documents are currently in the design phase for release in 2012 and will include provisions relating to SPG requirements.



**KPI 7: % signatories showing other Product Stewardship outcomes.**

*Please enter your targets for this year or milestones in your plan and the extent to which they were achieved.*

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 7

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Action: Work with CSIRO on the completion of product life cycle analysis (LCA) studies for two packaging types used. Target: LCA studies complete for two products by Q4 2012	In 2011, we completed 2 full Life Cycle Assessment studies (undertaken by CSIRO), to calculate the carbon and water footprints of a 175g Potato Chip package. The goal of this research was to provide strategic insights into the environmental impacts associated with different stages of production and consumption of Smith's chips in Australia, including the contribution of packaging.

**KPI 8: Reductions in packaging items in the litter stream.**

*Please enter your targets for this year or milestones in your plan and the extent to which they were achieved.*

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 8

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	No Action Plan targets set for completion in 2011	No Action Plan targets set for completion in 2011

**PART C – Your Experiences**

Please use the fields below to share with us any achievements, good new stories or areas of difficulty in making progress against your plan and the Covenant Goals and KPIs. Provide as much detail as you feel is appropriate.

24. Key achievements or good news stories.

25. Areas of difficulty in making progress against Covenant KPIs.

26. Any other comments.

We intend to review our Action Plan commitments in 2012 to ensure that our packaging improvement activities remain closely aligned with the objectives of the APC.