



Signatory Name: The Smiths Snackfoods Company & Sakata Rice

The question numbers in this report refer to the numbers in the report template. Not all questions are displayed in this report.

Status: Complete

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

Yes

5. 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:

6. 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:

7. Please indicate your organisation's reporting period:

- Financial Year: 1 July 2014 – 30 June 2015
- Calendar Year: 1 January 2015 – 31 December 2015

8. Was your action plan extended or updated to cover the APC transitional year (01/07/2015 -30/06/2016)?

- Yes
- No

If yes, what is the period of your extended or updated action plan?

Start Date:

End Date:

Goal 1: Design

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

9. Does your company have documented policies and procedures for evaluating and procuring packaging using the SPGs or equivalent?

Yes No

Provide details of policies and procedures

Smith's and Sakata have embedded the Sustainable Packaging Guidelines into relevant Procurement, Innovation, Product Development, Environmental and Manufacturing business systems. Our Global Sustainable Packaging Policy, available at http://www.pepsico.com/docs/album/policies-doc/pwp/global_pack_policy.pdf?sfvrsn=2 establishes the foundation for our packaging sustainability commitments.

The requirements to evaluate and procure packaging using the SPG or equivalent are incorporated into our Vendor Selection Guidelines, Procurement Tender Template, APC Packaging Review Template, Product & Package Design Brief, Product Development Checklist, Packaging NPD Project List, Pack Size Development Flowchart and Stage Gate template (gated Innovation process). APC requirements are also referenced in our manufacturing Waste Audit and Snapshot Inspection Checklists, to monitor on-site waste and recycling processes and litter.

10. 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?

%

11. Have any new types of packaging been introduced during the reporting period?

Yes No

12. If yes, of the **new types of packaging introduced during the reporting period**, what percentage have been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting

%

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

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	Establish an APC Team to manage company APC obligations and integration into business systems. Terms of reference adopted by Team.	<p>Smith's and Sakata maintained an APC team to manage APC commitments in 2015. New representatives were identified to further enhance the APC programme in 2016 and to continue to strengthen organisational understanding of APC aims.</p> <p>The cross-functional team includes the:</p> <ul style="list-style-type: none"> • Procurement Packaging Manager • National Environment Manager • Environment Coordinator • ANZ Senior Engineer Food Packaging • Marketing Commercialisation Manager <p>as well as new team members:</p> <ul style="list-style-type: none"> • Senior Manager Productivity to align packaging efficiency aims with broader business operational efficiency and waste reduction goals, and • Sales Director Field Sales to strengthen collaboration with customers.

2.	APC Team to meet regularly to discuss action plan implementation. APC Team meetings convened bi-annually; Action tracking schedule maintained.	The APC Team convened once in 2015, with records of meeting and action tracking. The new team structure will support further integration of APC goals into wider business plans and functions.
3.	Review 50% of existing packaging against SPG by 2015. 10% existing packaging reviewed each year	<p>We have reviewed 92% of existing packaging categories, and have limited operational control over the design and procurement of the remaining 2 packaging types.</p> <p>We focussed on flexible film and corrugate packaging category reviews first (completed in 2012 and 2013), as these categories comprised more than 80% of our packaging material tonnage. In 2015 we continued to improve the sustainability of our packaging by incorporating the identified SPG opportunities from these reviews into all new flexible & corrugate packs.</p> <p>In 2015, we also completed the review of fibreboard packaging. As a result of the findings, we will continue to review opportunities for recycled board that meets functional requirements.</p>
4.	Incorporate SPG into packaging checklist, into new product development process. SPG completed for new packaging during new product development process	<p>In 2015, the Packaging development team has maintained reviews of SPG requirements in new product development (NPD) processes, and has documented reviews of all new packaging formats, sizes or materials for commercial and promotional launches.</p> <p>The SPG outcomes were communicated during our gated review process to ensure that they were considered during new product development and launch processes.</p>
5.	Monitor current PepsiCo global research into bio-structures as alternatives to current chip packaging for local implementation. Latest records of bio-structures suitable for local application maintained.	Following successful trials in 2015, we will continue in 2016 to substantiate the application and feasibility of sustainable barrier films.
6.	Research optimising corrugate structures to meet new supply chain requirements.	In 2015 we completed the rollout of the optimised corrugate structure (first introduced in 2013) across all applicable packaging. We will continue to work collaboratively with our supplier to monitor new developments to improve board sustainability while meeting functional characteristics for our product ranges.
7.	Investigate air space end seal reduction as a standard for all chip packaging and implement where relevant as a staged process. Research on end seal reduction completed.	The end seal design requirements are now fully embedded into our packaging and manufacturing specifications - 100% of new bags in 2015 incorporated the optimised end seal design.
8.	Conduct "right sizing" review of all chip packaging bags. Research on right-sizing for chip packaging bags completed, and improvements reported annually.	<p>The pack sizing protocol is embedded into the NPD process, to optimise all new formats in line with manufacturing and marketing requirements. In 2015, we continued to deploy our right sizing methodology across NPD and productivity projects to achieve source material reduction.</p> <p>As a result of our continuous packaging reviews:</p> <ul style="list-style-type: none"> • We optimised the sizes of 2 existing product bags in 2015, delivering 3.3t saving in flexible film and 11.3t in corrugated board; and • We right sized 100% of new bag weights, delivering a usage avoidance of 30.5t of flexible film and 152t of corrugated board in 2015.

9.	Investigate options for fully recyclable packaging for chip bags. Research completed on recyclable bag options.	As for bio-structures, our R&D team continues to monitor developments in this field. No feasible fully recyclable materials were identified in 2015 with the necessary performance characteristics to meet quality, and consumer and customer expectations. As noted above, a compostable structure was substantiated in 2015, for further trials in 2016.
10.	Review efficiencies and waste across all packaging machines to drive improvements and minimise waste. Gather baseline data for machines across all states to set target.	<p>We maintain robust processes to routinely measure, report and monitor efficiency of use of packaging by line across all Smith's and Sakata facilities, to drive continual improvement. All Australian sites improved packaging efficiency in 2015 vs 2014 with an average increase of 1.4%, translating to significant reduction in packaging used in the conversion of our finished products.</p> <p>In 2015, we continued to build packaging capability by training and certifying 5 Packaging Site Expert Trainers. We also continued to invest in our structured Lean / Kaizen programmes to improve performance, tracking initiatives and benchmarking through a global shared Productivity platform. In addition to manufacturing and wider business efficiencies, we successfully completed 8 packaging productivity initiatives in 2015.</p> <p>The success of the programme was highlighted when the Australian Lean Six Sigma (LSS) Black Belt based at our Tingalpa facility was awarded the PepsiCo Global LSS All-Star award for excellence in programme implementation. Through ongoing commitment to quality training, Kaizen Workshop development, systems and processes, we continue to build capability and improve the sustainability of our products.</p>
11.	Monitor and report packaging sustainability outcomes achieved using the SPG. Annually report packaging sustainability improvements.	<p>In 2015 we continued to improve packaging sustainability by minimising the use of source materials. Examples include:</p> <ul style="list-style-type: none"> • In 2015 we introduced 10 new bag weights and completed factory trials to optimise bag and carton sizes with regards to materials use and palletising efficiency, delivering a usage avoidance of 30.5t of film and 152t of corrugated board. • We developed and qualified thinner laminate structures for suitable products in partnership with our flexibles supplier, resulting in a PE saving of 21t over 2015. • Further work was undertaken to optimise bag sizes, as reported under the 'right sizing' action, saving 3t in flexible film. • At one of our manufacturing facilities, our Packaging team reduced pallet shrink wrap usage by 50% by reducing film thickness and optimising the wrapping process, reducing shrink wrap usage by approximately 20t annually. <p>In 2015 we also worked with our flexible film suppliers to optimise polymer re-use and recyclability. We developed and qualified a process to re-use PE off-cuts in the base PE resin blend, while maintaining film quality across our range of flexibles. This delivered a 32t saving in PE resin blend in 2015.</p>

12.	Communicate APC and SPG requirements to all functions, and implement training programme to raise awareness of APC objectives. Documented annual communication and function-specific training.	<p>APC awareness is included in Induction and General Environmental Awareness Training materials. Annually, we also communicate APC information in our PepsiCo Leadership Journals for Sales and Operations.</p> <p>To build on this, we have developed Sales-specific Training for roll out to teams in 2016, to further strengthen awareness of APC and SPG requirements, and to support collaboration with our customer base.</p>
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14. Describe any constraints or opportunities that affected performance under this KPI

We have successfully established processes to ensure that packaging reviews are completed for all new formats, and we continue to build identified opportunities into design and procurement processes for new and existing packaging. We have reported several examples of initiatives that have improved our packaging sustainability outcomes, tracked through formal Productivity programmes.

We recognise the opportunity to continue to embed packaging sustainability into broader business efficiency programmes, as an integral element of our continual improvement focus. Our global Productivity database provides a robust platform for innovation, monitoring progress and sharing information. To build organisational capability, we extend LSS / Kaizen training to all business functions. As an example, the Procurement Packaging Manager successfully completed LSS training and delivered 7 packaging efficiency projects in 2015.

Customer and consumer requirements are key considerations in the design of our packaging, and ratio of packaging material to product can be impacted by factors such as:

- Changing consumer preference for portion controlled multi-packs
- Design to meet customer specifications for on-shelf configurations

Within these considerations, we continue to innovate to reduce source material where possible, and to improve efficiencies in manufacturing to optimise sustainability outcomes.

Goal 2: Recycling

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

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

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

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

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<p>Improve existing on-site waste and recovery systems to achieve a zero waste to landfill target by 2015. All sites have recycling facilities.</p>	<p>We continue to work towards an ambitious goal of zero waste to landfill. In 2015 we achieved a recycling rate of 92.3%, continuing high performance while completing major construction projects at two of our facilities. In 2015, waste to landfill was also impacted by changes in internal quality requirements and, at one of our larger facilities, a temporary increase in landfill due to refurbishment of waste handling equipment.</p> <p>All Smith's and Sakata manufacturing locations have mature on site collection and waste recovery systems. We recycle used packaging, including cardboard and rewind cores, paper, toner cartridges, comingle, plastics, film, strapping, seasoning bags, reusable potato crates, timber and empty containers. We also maintain strong waste reduction and recycling systems for non-packaging waste, including food waste, starch, scrap metal, oils and compostable wastewater treatment organics.</p> <p>In addition to manufacturing and warehouse recycling, the business maintains recycling systems in administrative locations for recycling of paper, comingle waste, printer cartridges and e-waste.</p> <p>In 2015, improvement initiatives included:</p> <ul style="list-style-type: none"> • Packed waste separation trials to increase food waste recovery and to utilise film waste for fuel, continuing in 2016 • Investment in capital equipment to improve starch recovery • External consultant review of waste management practices at a key site, including preliminary assessment of the feasibility for a site-based Anaerobic Digestion plant, not yet viable • Improved signage and bin colour coding on site to improve segregation

2.	<p>Develop and provide education to all staff regarding company recycling and waste disposal practices to maximise recycling rates. Two educational pieces produced and distributed annually.</p>	<p>All manufacturing sites routinely monitor waste generation and waste recycling, and performance is regularly communicated to employees to maintain awareness (minimum monthly).</p> <p>Training throughout 2015 included Waste Management Training for Sales personnel in March; Focus on Recycling during site wide Team Briefs in November; and Clean up Australia Day events with a focus on recycling and litter. Site training also included Waste Management elements of General Environmental Awareness and online Induction, as well as specific waste stream management training for frontline teams.</p> <p>Waste management information was provided in the company wide 2015 PepsiCo ANZ Leadership Journals for Sales and for Operations, included in the monthly topics and Checklists for waste, recycling and litter.</p>
3.	<p>Conduct waste audits at all sites to review waste data quality and conformance with company EMS standards for on-site waste management. Company site EMS standard for waste management used to document potential improvement areas for waste management.</p>	<p>We maintain documented annual waste audits to evaluate compliance with the requirements of ISO14001 and global PepsiCo waste standards, and to promote continual improvement in performance.</p> <p>In 2015, all Smith's and Sakata manufacturing facilities improved audit scores vs 2014 in the globally benchmarked PepsiCo Waste Diagnostic. Across Australia, the average improvement was 8%, with 1 facility achieving a rating of World Class performance, and 3 facilities rated as Accomplished.</p> <p>As part of the PepsiCo global multi-site certification to ISO14001, OHSAS18001 and assurance to PepsiCo GEHSMS standards, one of our manufacturing facilities received a 3rd party certification audit in 2015, achieving an externally validated score of 95% for waste management.</p> <p>Waste management practices are also included in routine monthly inspections, and findings are communicated to production teams to address any identified concerns on a continuous basis.</p>
4.	<p>Develop reporting system to report on weight and percentages of segregated and recycled packaging material (paper, glass and aluminium etc) from all sites. Waste and recycling statistics reported annually.</p>	<p>All Smith's and Sakata manufacturing sites have well developed reporting systems to monitor weight and percentages of individual waste streams, in accordance with global PepsiCo sustainability data management standards. Waste generation and recycling rates are core environmental KPIs for the business and results for all facilities are reported on a monthly basis to the global corporate group, with robust annual data verification processes to ensure data integrity for PepsiCo external reporting.</p> <p>Major packaging materials recovered are cardboard and paper (655t recovered for recycling in 2015, a 5% decrease from 2014) and plastics (97t recovered for recycling in 2015, a 47% increase from 2014). Plastic recycling was improved in 2015 by identifying recycling avenues for obsolete film waste, and engaging a new contractor able to accept a wider range of plastics.</p>

5.	<p>From the waste audit results develop an educational approach to transfer learning's so that all sites are maintaining preferred waste management practices. Company waste management standards documented, achieved and maintained at all sites.</p>	<p>Waste management standards are established in the PepsiCo Global EHS Management System Technical Standards. Associated local procedures are documented and implemented at all Smith's and Sakata manufacturing sites.</p> <p>Outcomes of the PepsiCo waste diagnostic were benchmarked and communicated across ANZ in 2015 to facilitate best practice sharing. This approach transferred learnings and supported the maintenance of aligned company standards across the business, resulting in improved audit scores for all manufacturing facilities in 2015.</p>
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17. Describe any constraints or opportunities that affected performance under this KPI

A key constraint for our business nationally is limited recycling options for flexible film waste. While we have solutions at some of our facilities for clean film, food-contaminated film recycling options are more limited. In 2015, we worked with a waste contractor to trial packed waste separation, with the goal of recovering food waste for animal feeds, and segregating non-organic waste for use as fuel. The trials delivered promising results and the project is continuing into 2016.

In 2015 we also partnered with NSW OEH Sustainability Advantage to seek new solutions to improve waste management and resource recovery, including options for flexible film recycling. Through this partnership, a consultant completed a review of waste management practices at one of our major manufacturing facilities. This included preliminary assessment of the feasibility for a site-based Anaerobic Digestion plant for converting waste organics into gas, however the business case for this opportunity was not feasible. There is an opportunity to apply learnings from this assessment to other facilities in the future.

In 2016 we have commenced a tender for waste management services nationally. An integral requirement is collaboration to improve recycling and resource recovery, providing an opportunity to comprehensively review our waste management practices.

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

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

- Yes No

Provide details of policies and procedures (including names of policies/ procedures)

Our business maintains a corporate Sustainable Packaging Policy applicable to our Snackfood operations globally, published in our APC Action Plan and available on our corporate website:
http://www.pepsico.com/docs/album/policies-doc/pwp/global_pack_policy.pdf?sfvrsn=2

The Policy includes a commitment to increase the use of recycled content or materials from renewable resources. It has been formally incorporated into our Packaging Procurement processes and tender development documentation, as evidenced by the Tender conducted in 2015 for the Corrugates category.

The application of the policy is monitored through periodic requirements for our suppliers to report recycled content and stewardship credentials for material supplied. Consistent with the Policy, recycled content or materials from renewable sources are favoured where quality, hygiene standards, performance and value criteria are met.

19. Is this policy actively used?

- Yes No

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

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	Review opportunities to buy recycled. Evaluate the potential and set targets.	<p>Recycled content has been established for our packaging categories, and we annually review performance to understand potential to procure packaging with recycled content.</p> <p>In 2015, wood fibre based products - corrugate and board - comprised 84% of our packaging material tonnage. The majority of this material was corrugate, with 98.3% recycled content. The carton board contained no recycled material and presents the main opportunity to increase packaging recycled content (11% of packaging material tonnage). We will work with our supplier in 2016 to identify alternative sources of fibreboard that can maintain the functional requirements to meet production and commercial needs.</p> <p>Flexible film is the next packaging category by volume, comprising 15% of packaging material tonnage. The opportunity to increase recycled content of this category is restricted by quality, performance and food safety requirements. In 2015 we worked with our flexible film suppliers to qualify a process to re-use PE off-cuts in the base PE resin blend. This allowed us to successfully introduce polymer re-use and recyclability while maintaining film quality and integrity.</p>

2.	Report annually on number of recycled content / sustainable products purchased. Uptake of recycled content products reported annually by expenditure and total weight of product purchased, against 2011 baseline.	<p>We annually monitor expenditure, total weight of product purchased and recycled content for our packaging materials. In 2015 we achieved 72% recycled content across our core packaging categories, increased from 68% in 2014.</p> <p>This compares with a 2011 baseline of 76%. The result in 2014 was impacted by the sourcing of a carton board with no recycled content for our multi-packs, due to the closure in 2013 of a local recycled paper mill. We confirmed that the new source mill is FSC certified, consistent with our Policy to only purchase responsibly-sourced wood fibre products. In addition, to reduce the environmental impact, the board weight was reduced to minimise source virgin fibre material.</p> <p>In 2016 we will collaborate with our supplier to identify if there are recycled boards available from alternative mills with the necessary functional characteristics for our production process.</p>
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21. Describe any constraints or opportunities that affected performance under this KPI

The key opportunity to increase the recycled content of our packaging is improvement in recycled content of wood fibre products, and we are working with our fibreboard supplier in 2016 to identify suitable alternatives.

Post-consumer recycled content in our flexible packaging is not currently feasible due to food safety and quality requirements. In 2015, we were able to successfully re-use clean PE off-cuts in the PE resin layer of our laminated films to improve polymer re-use and recyclability, and we will continue to actively collaborate with our supplier to monitor further opportunities.

We also recognise the opportunity to introduce recycled content across a broader range of procured items, beyond packaging, in our manufacturing and office facilities.

Goal 3: Product Stewardship

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

22. 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

Provide details of policies and procedures (including names of policies/ procedures)

Processes in place to collaborate with our key packaging suppliers include a statement of commitment to continuous improvement in supply contracts and expectations for collaboration documented in our Procurement Request for Tender document, with specific reference to the APC and SPG. As we roll out each packaging Procurement category strategy, we formalise requirements within the tender scope and contract to work collaboratively with our selected suppliers to optimise APC outcomes using the SPG, as evidenced in 2015 by the Corrugates tender. Regular business review meetings also provide an opportunity to discuss new packaging requirements and solutions.

The principal mechanism for technical collaboration to improve design of packaging is through Value Engineering meetings between our R&D departments, considering sustainability outcomes within project discussions.

In terms of collaboration to improve recycling and reduce / eliminate waste, our Waste Tender and Contract documentation formally includes requirements to collaborate with our sites to monitor and improve waste performance and resource recovery.

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

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	Update supply contracts to include the requirement of take-back schemes for used packaging (as per findings of above action). Supplier packaging take-back opportunities identified, implemented and monitored.	In 2015 we maintained supplier take back schemes for re-usable potato crates, returnable pallets through Loscam accounts and chemical containers (IBCs). The opportunity to embed packaging take-back schemes into supply contracts is assessed as contracts are due for renewal. The Procurement Category Review process identifies categories requiring Environment Manager consultation during procurement tender and contract development processes. This establishes the framework for sustainability opportunities to be considered on an ongoing basis.

2.	Continue to implement sustainable supply chain schemes via the local supplier's packaging outreach program and the global Sedex program. Packaging outreach program and Sedex maintained, all suppliers need to comply with the local or global program.	<p>In 2015 we continued our membership of Supplier Ethical Data Exchange (SEDEX), a collaborative platform that allows a secure exchange of data relating to CSR performance. We utilise SEDEX to drive transparency and social accountability in our supply chain and annually review status of suppliers. All suppliers of our major packaging categories, representing 99% of our packaging volume in 2015 (corrugates, carton board and flexible film) are SEDEX members.</p> <p>The PepsiCo global Supplier Code of Conduct (SCoC) establishes our expectations in areas of labour practices, Health & Safety, environmental management and business integrity. Refer to: http://www.pepsico.com/docs/album/responsible-sourcing/ENGLISH_SCOG_2013.pdf?sfvrsn=2</p> <p>Under the PepsiCo Global Procurement Contract Management Policy, all suppliers are required to adhere to the SCoC. The SCoC has been formally established in contracts with 100% of our local packaging suppliers to ensure they remain accountable to its principles.</p> <p>To support engagement and understanding of the SCoC, on-line supplier training is provided: http://www.pepsico.com/Assets/Supplier_Code_of_Conduct_v1.3/story.html</p>
3.	Investigate supplier contract renewal dates against the potential for the integration of criteria for sustainable packaging opportunities. All renewed contracts incorporate SPG and allowance for exploring opportunities for more sustainable packaging.	SPG criteria are included in our Request for Tender templates, and packaging sustainability requirements are integrated into contracts on renewal. In 2015 we issued one tender for Packaging - Corrugates. This included requirements to work collaboratively to improve packaging sustainability in line with the SPG.
4.	Review waste management contracts to ensure resource recovery is promoted and measured by contractors. All waste contracts incorporate requirements for accurate reporting of waste data and continual improvement in resource recovery.	Waste contracts incorporate data reporting requirements and expectations to improve recycling and waste management. To build on this, in 2015, we partnered with OEH Sustainability Advantage to improve sustainability outcomes. In addition to a waste audit at one of our manufacturing sites, the collaboration extended to specialist support for waste contracting. A national waste tender is underway, incorporating requirements for reporting and continual improvement. All contracts will be updated at the conclusion of the tender to formalise collaboration to achieve continual improvement in waste reduction and recycling.

24. Describe any constraints or opportunities that affected performance under this KPI

In 2015 we attended APC forums to network with peers and identify opportunities to improve performance, including hosting a Workshop for new signatories at our Chatswood Head Office.

Our Packaging development and Procurement teams routinely collaborate with packaging suppliers to monitor improvement opportunities. In 2015 we communicated with a customer regarding mutual APC goals, and recognised that we have an opportunity to more proactively engage with our customers, to work collaboratively on packaging sustainability, beyond design considerations to meet technical specifications. We are working to improve internal capability and understanding of APC requirements, which includes rolling out training for our Sales team in 2016.

We also collaborated with NSW OEH Sustainability Advantage on waste and recycling systems in 2015, and will continue to seek opportunities for external partnerships to build capability and improve sustainability outcomes.

KPI 7: % signatories showing other Product Stewardship outcomes.

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

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	Implement printing controls policy for the business to reduce office paper waste.	<p>In 2015 we rolled out a sustainable printing initiative in our offices across Australia to optimise our printer management and reduce printing waste. We consolidated our printing equipment, removing individual low use devices and legacy equipment, and replacing these with efficient multi-function devices. Secure printing was introduced to provide confidentiality and to reduce abandoned printouts. All printers and computers have been set to print double sided and black and white. The project was also supported by internal communications to 'think digital' and promote discussion rather than printing materials. These communications emphasised the importance of eliminating unnecessary printouts, printing in black and white where possible and printing double sided. To date we have reduced our black and white printout volume by 11% and colour printout volume by 20% from pre-installation baseline volumes.</p>
2.	Annually participate in Planet Ark office clean out and increase participation year on year.	<p>Conducted Planet Ark 'Friday Fling' event in November for Chatswood head office, encouraging employees to remove all obsolete documentation from their desks to be recycled. In the lead up to the activity, employees were given educational materials detailing the importance of reducing paper use where possible, and returning paper that is no longer used to the resource stream through recycling opportunities.</p> <p>Approximately 3 x 240L bins were filled and recycled appropriately. Employees were also encouraged to consider their future paper use and improve their routine recycling practices. Intention is to roll out activity to manufacturing facilities in 2016.</p>
3.	Investigate Energy from Waste opportunities by Q4 2016.	<p>In 2015 we partnered with NSW OEH Sustainability Advantage to seek new solutions to improve waste management, including waste to resource options. This included a preliminary assessment of the feasibility for a site-based Anaerobic Digestion plant for converting waste organics into gas, however the business case for this opportunity was not feasible.</p> <p>In 2015 we also worked with a waste contractor to trial packed waste separation, with the goal of recovering the food waste for animal feeds and segregating the non-organic waste for use as a fuel. The trials delivered promising results and the project will continue in 2016.</p>

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

Yes

No

If yes, please give examples of other product stewardship outcomes

In 2015 Smith's and Sakata progressed a range of product stewardship initiatives across our business and value chain.

We completed major projects in 2015 to optimise our Supply Chain model to improve efficiency, including investment in one of the most advanced automated logistics systems in Australia at our Regency Park manufacturing and distribution centre. This project received the Supply Chain Management Award and the Storage & Materials Handling Award at the 2015 Australian Supply Chain and Logistics Awards. Product is transferred from automatic case packers in manufacturing to the warehouse, for automated palletising and labelling, before being transported to either our new automated warehouse or direct to the shipping dock, for direct delivery to our customers central warehouses.

As reported in previous years, we worked with CSIRO to complete 2 full Life Cycle Assessment studies in 2011, to calculate the carbon and water footprints of a 175g Potato Chip package, and collaborated further in 2014 on a project to understand the potential impacts of climate change in the agrifood sector. The research provided us with strategic insights into the environmental impacts associated with our products, including the contribution of packaging, and highlighted the major contribution of agricultural inputs to our overall product footprint. To reduce environmental impacts, we have now rolled out the PepsiCo global Sustainable Farming Initiative to 44 growers across Australia and New Zealand, to work collaboratively with farmers on sustainability outcomes in areas such as irrigation, fertilisation and waste minimisation.

Globally, a key area of sustainability focus across our product lifecycle is water conservation. Within our direct operational control, PepsiCo globally set a target for manufacturing facilities to reduce water usage per unit of production by 20% by 2015 relative to the base year of 2006. Smith's and Sakata achieved a 38% reduction.

In 2015, we also maintained RSPO certification covering 100% of our palm oil purchases to support our responsible sourcing goals, in line with PepsiCo's global commitments since 2015 to use only 100% certified sustainable palm oil.

27. Describe any constraints or opportunities that affected performance under this KPI

In 2015 we continued to make good progress towards reducing the environmental footprint of our manufactured products: Through environmental sustainability and manufacturing efficiency improvements, maintaining an ISO14001 and OHSAS18001 certified EHS Management System, Palm Oil RSPO certification and optimising our Supply Chain model.

A key area of opportunity under this KPI is flexible film sustainability - adopting a product stewardship model to encourage recovery of post-consumer flexible film packaging.

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

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

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	Investigate further opportunities to provide information to consumers on how to dispose of packaging appropriately, including labelling and further information on packaging. Company standard for consumer information finalised - packaging recycling or disposal.	<p>We completed a review of information on consumer packs in 2012 and incorporated standardised Tidyman or recycling logos and messaging, as appropriate, into our artwork approval process. This has since been progressively applied to our range for new and updated designs.</p> <p>In 2015 the new standard was applied to all new product packages, and our existing product range was updated to carry the new disposal guidance and consumer information.</p> <p>Disposal information is clearly identified on-pack for primary and secondary consumer packaging to raise awareness of correct packaging disposal and recycling. A toll-free number is also provided for consumers should they have any enquiries in relation to our products or packaging. Our cardboard cartons are recyclable, with well-established business and kerb-side collection systems available to encourage recovery. We have not yet identified viable avenues for recycling of postconsumer flexible packaging and this is reflected in the use of the standard Tidyman logo and "Please Dispose of Pack Thoughtfully" messaging on-pack.</p>
2.	Participate annually in Clean Up Days to support anti-litter programme. Increase participation in Clean Up Days year on year through effective internal promotion.	<p>Smith's and Sakata continue to annually support Clean Up Australia through the PepsiCo Helping Hands workplace giving programme, with increased participation every year from 2012.</p> <p>In 2015, we held 6 Clean Up events in our communities, engaging with local councils to determine the best locations for litter removal, complemented with bush regeneration activities under the guidance of local BushCare and LandCare groups.</p> <p>69 PepsiCo team members participated in Clean Up days in NSW, QLD, SA, Vic and WA, using company-provided volunteer hours to remove 82 bags of rubbish. Participation in 2015 increased 23% from 2014, and increased 115% relative to 2013.</p> <p>The events were promoted internally via PepsiCo Newsletters, employee Induction and training materials, site Helping Hands Committees and our PepsiCo employee Ambassadors.</p>

3.	Monitor on-site litter and implement solutions as appropriate to limit litter generation. Litter management system in place at all sites and reported against annually.	<p>In 2015, Smith's and Sakata manufacturing sites built upon the litter component of their environmental 'snapshot' inspections introduced in 2014, by conducting litter assessments with baseline litter counts. The intent is to demonstrate measurable improvements year on year. Identified improvement opportunities included cigarette butt litter at one site, addressed by providing new ash trays at approved locations, and an opportunity to improve shrinkwrap management. Housekeeping and litter are also addressed through routine quality inspections.</p> <p>In 2015, we included litter in the environmental section of our PepsiCo ANZ Leadership Journal to maintain awareness, and to encourage supervisors and leaders to engage our teams in conversations about litter, waste and recycling during site safety walks.</p>
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29. Describe any constraints or opportunities that affected performance under this KPI

Our primary flexible film packaging has the highest propensity for littering out of our packaging categories. We continue to monitor published litter studies, noting that the Keep Australia Beautiful National Branded Litter Study 2011-12 identified that Smith's comprised 0.88% of all branded litter and 5.3% of branded snacks wrappers (improved from 1.16% and 6.8% respectively in 2007-08). Sakata products did not register in the 2011-12 survey. Our packaging artwork has been updated with standardised recycling and disposal information to encourage appropriate consumer behaviour.

We are making good progress in our Clean Up Australia support, and will continue to organise and promote activities to engage our employees in litter reduction at work and in the community. On-site, we have further developed routine litter management processes to quantify our baseline and measure improvement. Awareness has increased through litter checks integrated into our Leadership Journal Guides and Snapshot Inspections.

Further work is required to:

1. Adopt a suitable local product stewardship model for our products, to support the collection of post consumer flexible film packaging.
2. Continue to engage with external partners to identify ways to create value from laminated flexible film wastes to encourage recycling

Your Experiences

This section lets you share with us any achievements, good news stories and areas of difficulties in making progress against your plan and the Covenant goals and KPIs.

30. Key achievements or good news stories

In 2015 we continued to embed APC commitments throughout routine business processes, to improve the sustainability of our packaged products across their lifecycle: This included our Sustainable Farming Initiative, Supplier Code of Conduct and responsible sourcing, maintaining palm oil certification, designing packaging in line with SPG, improving manufacturing and packaging conversion efficiencies through our structured LSS / Kaizen programme, waste and resource recovery projects, community Clean Up events, optimising our warehousing and distribution model, and collaborating with partners such as Sustainability Advantage to support our progress. Throughout our report we have quantified packaging innovation benefits, efficiency improvements and capability development.

31. Areas of difficulties in making progress against your plan, Covenant goals or KPIs

While we made excellent progress in several areas of our plan there were some resourcing challenges. The APC team has been renewed for 2016 with new members, and we are planning to progress collaborative packaging product stewardship models to support the development of longer term solutions for flexible films.