



GREEN'S FOOD LTD
NATIONAL PACKAGING COVENANT
ANNUAL REPORT: 2005 - 2006

Executive Summary

Green's Foods Ltd. is a publicly listed Australian Company with annual revenue of around \$205 million (GSV).

The head office is based at Glendenning in Western Sydney. This site produces a diverse range of consumer foods including Baking Mixes and other dry blended foods, Peanut Butter, Breakfast Cereals, Popcorn, Water Ice and Vinegar products for both the branded and private label market.

Supercoat Pet Care is based at Inverell, NSW and this site manufactures and markets the Supercoat lifestyle range of pet foods. The pet food division is also a major supplier of private label products and exports to a variety of countries.

The Picton site located just outside Sydney manufactures a range of extruded and blended breakfast cereals and the Nhill site houses an oat mill and also packs oats and muesli blends. These plants supply both the branded and private label sectors of the market place.

Prepack, the West Australian (Perth) plant manufactures and packs a range of packaged goods and dried fruit under the Prepack and House Brands labels. There is also a separate pet food packing section to support the local market.

The Leeton industrial cereals business produces a range of cleaned and further processed cereals and pulses that are supplied as raw materials both to other parts of the Green's business and to third party food manufacturers.

These business units use an extensive range of packaging mediums including flexible packaging, corrugated fibre-board boxes, carton-board cartons, PET and polyethylene containers and bulk bags.

Annual Report Summary

Attached is a summary (Table 1) of the key achievements for the previous year October 2005 to October 2006, which has been one of consolidation for Greens after the acquisition of the Lowan business in mid 2005. A major area of work has been the generation of base line packaging data for IDAS, which has been a big task given the diverse nature of the business. As a consequence of this Greens will be assessing more streamlined ways of generating this data as part of the action plan for the remainder of the current covenant.

In other areas the various manufacturing sites have continued to pursue recycling and waste reduction initiatives as detailed in the report. With regard to the reduction of product packaging it has been a mixed year. The light weighting of PET jars has been achieved. However, this has been offset by major customers requiring fewer consumer units per outer case thus increasing the overall ratio of product to packaging. This has been part of our major customers' drive on supply chain efficiency.

Use of the Environmental Code of Practice for Packaging with regard to the overall packaging process has been reinforced in internal procedures. However, there is further work to do in establishing the use of these principles throughout the business and this will be an objective going forward in the Green's action plan.

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With regard to the new action plan, which Green's will be submitting, the business continues to recognise that the principles of Product Stewardship need to be incorporated in company policies and actioned in all the relevant areas of:

Design
Production
Distribution
Disposal
Research
Market Development
Education
Labelling
Wholesale and Retailing
Recycling and Reprocessing

As signatory to the first covenant and now the second covenant Green's Foods remains committed to the principles behind the National Packaging Covenant. As a business we will be looking to further enhance the way in which we can continue to reduce our waste impact on the environment through better management of waste and selection of packaging mediums.

Yours sincerely,

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Table 1 - Green's Foods Ltd – National Packaging Covenant Report, 2005 to 2006

KPI	Reporting Measure	Results & Discussion
1. Total weight of domestic packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.	<ul style="list-style-type: none"> • Tonnes of packaging by material type by source (local or imported) • Tonnes of packaged product sold. • Ratio of product to packaging by weight 	<p>Initial generation of baseline data is as follows:</p> <ul style="list-style-type: none"> • Local <ul style="list-style-type: none"> ▪ Paper: 86 tonnes ▪ Cardboard Standard: 5,502 tonnes ▪ Plastics – Type 1 (PET): 287 tonnes ▪ Plastics – Type 2 (HDPE): 384 tonnes ▪ Plastics – Type 4 (LDPE): 2,077 ▪ Plastics – Type 5 (PP): 131 tonnes ▪ Plastics – Type 7 (Other): 1,046 tonnes ▪ Steel: 6 tonnes ▪ Composites: 91 tonnes ▪ Other: 72 tonnes • Imported: <ul style="list-style-type: none"> ▪ Composites: 186 tonnes • Net Tonnes of packaged product sold: 101,248 tonnes • Ratio of product to packaging weight = 1:0.097 <p>As part of our new revised action plan to be submitted shortly, Greens will be investigating more streamlined and continuous ways of generating the base line data and using this to help establish further actions to reduce packaging amounts and increase recyclable materials.</p>
3. Improvements in design, manufacture and distribution to minimize environmental impacts of packaging.	<ul style="list-style-type: none"> • Examples of improvements made to packaging and their effect on minimizing the environmental impacts of the packaging. • Quantitative details of substantial improvements should be provided e.g tonnes of packaging 	<ul style="list-style-type: none"> • The company has worked with one of our major packaging suppliers to light weight PET jars. This has resulted in an annual saving of 32 tonnes of PET which is a 10% reduction. • Packaging audits conducted at both the Picton and Nhill sites in conjunction with one of our major packaging suppliers. Outcomes from this will form part of our action plan moving forward. • Green's Foods is represented on the ECR Australasia Board and the ECR Working Group on industry guidelines for Retail Ready Packaging.

	<p>avoided, increased recyclability etc.</p>	<p>Initiatives already in place:</p> <ul style="list-style-type: none"> • Glendenning Site: <ul style="list-style-type: none"> ▪ Bulk Bags used to store work-in-process are used once and then on sold to a recycler who cleans, re-conditions and re-sells them. Approximately 14,500 bulker bags used per annum, which represents around 32 tonnes of material that would otherwise have been sent to landfill. ▪ Liquid raw materials are stored in bulk tanks or re-useable palletcons. ▪ Minor work-in-process components are stored in re-usable boxes. ▪ Currently sending for recycling 3 to 4.5 tonnes of cardboard/paper waste every week, which includes waste paper from offices. ▪ Currently sending for recycling approximately 350 to 450kg of plastic waste every week. ▪ Around 75% of plastic drums used to supply liquid ingredients and chemicals collected for recycling. ▪ Office paper recycled via a system of yellow bins or contractor for confidential shredding and recycling. ▪ Peanut husks from the peanut butter plant now sold for extraction of protein content instead of going to landfill. ▪ All food waste material is sent for use as animal stock feed. Currently sending 4 to 6 tonnes per week that would have previously been sent to landfill. • Inverell Site: <ul style="list-style-type: none"> ▪ Full separation of cardboard / paper and plastics for recycling from general waste. ▪ Continuous improvement in process packaging waste levels has resulted in a reduction from 6.3% waste in 2001 to 2% in 2005 – 2006. ▪ Additionally 90% of extrusion waste, which previously went to landfill, is now recycled back in the process. • Perth
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<p>4. Changes to protection, safety, hygiene and shelf life or supply chain considerations affecting amount and types of packaging used.</p>	<ul style="list-style-type: none"> • Changes to protection, safety, hygiene, shelf life or supply chain considerations affecting amount and type of packaging used with examples and their associated impact on the amounts and types of packaging used. • Quantitative details of changes to be provided e.g. additional tonnes of packaging required, changes to materials used. 	<ul style="list-style-type: none"> • The continuous improvement in supply chain efficiency by major customers has led to the introduction of shelf ready and shelf friendly outer packaging. The introduction of shelf ready outer packaging requires stronger corrugated board grades, which have less recycled material content. This can result in a 15% reduction in recycled material content. • In conjunction with the move to shelf ready packaging, in many instances major customers require less product units per outer e.g. from 8 units to 4 units. This inevitably leads to an increase in the ratio of packaging to net product sold. As an example (using one of our standard lines) moving from 8 units to 4 units per outer the ratio changes from 1:0.12 to 1:0.15. • Further work is required in this area to enable the business to have the systems in place to track and fully quantify this information and to discuss the implications with our customers. This will form part of our action plan moving forward.
<p>6. Total weight, by type, of "non recyclable" consumer packaging sold per annum into the Australian market.</p>	<ul style="list-style-type: none"> • Tonnage of "non recyclable" packaging sold by material by type. • Total "non recyclable" packaging as a % of total packaging sold. 	<ul style="list-style-type: none"> • Initial data is as follows: <ul style="list-style-type: none"> ▪ Plastics – Type 4 (LDPE): 2,077 ▪ Plastics – Type 5 (PP): 131 tonnes ▪ Plastics – Type 7 (Other): 1,046 tonnes ▪ Composites – 277 tonnes ▪ Total non recyclable packaging = 3,531 tonnes

		<ul style="list-style-type: none"> • Non recyclable packaging = 35.8% of total packaging sold.
16. Percentage of signatories providing recycling collection facilities for post consumer packaging generated on site.	<ul style="list-style-type: none"> • Whether on site recycling facilities are provided or not. If yes provide details. 	<ul style="list-style-type: none"> • All offices at the Glendenning Head Office have paper recycling boxes for non confidential waste paper. This is collected and fed into the site waste paper recycling stream. • Confidential waste paper at Glendenning is collected by a contractor for secure disposal and recycling. • Further feasibility studies need to be conducted to ascertain whether further recycling of materials from on site canteens and rest rooms can be achieved. <p>These further studies will be incorporated into the new action plan.</p>
21. Estimated tonnage of consumer packaging sent (a) for recycling and (b) to landfill from on-site collection facilities.	<p>Amounts of consumer packaging from on-site collection which is:</p> <ul style="list-style-type: none"> • Sent for recycling (tonnes and % of total waste) • Sent to landfill (tonnes and % total waste) 	<p>An estimate of this information is as follows:</p> <ul style="list-style-type: none"> • Amount of packaging material sent for recycling is around 540 tonnes per annum. This represents about 11% of total waste generated by the various sites. • Amount of packaging material sent to landfill is around 1,814 tonnes per annum. This represents around 38% of total waste generated by the various sites. <p>A better system of collating waste data together with further continuous improvement programmes on waste minimisation will continue to form part of the new action plan.</p>
22. Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.	<ul style="list-style-type: none"> • Has ECoPP been formally adopted. • Actions and commitments that demonstrate that ECoPP has been implemented. 	<ul style="list-style-type: none"> • Product Design and Development and Packaging Development Procedures now incorporate an ECoPP check list. • To date ECoPP principles not incorporated in Purchasing Supply Agreements or Vendor Audit Forms. This will form part of the action plan moving forward. • Product Development and Packaging Development staff educated with regard to ECoPP principles. Further education of other relevant staff still required. This will form part of the action plan moving forward.

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<p>26. Implementation of Buy Recycled purchasing policy or practices.</p>	<ul style="list-style-type: none"> • Whether the signatory has implemented a Buy Recycled purchasing policy or practices. • Provide details and quantitative data. 	<ul style="list-style-type: none"> • All folding carton board used for Green's branded products is manufactured from 100% recycled material. A few products manufactured for specific customers use other board grades that have either 30% or 80% recycled content. This represents only 4.5% of the total carton board usage and only 0.9% of total cardboard usage. • All corrugated board used for Green's branded products is manufactured from material that contains a recycled content. This can vary depending on the application and board strength required. Some board used is from 100% recycled content but on average the recycled content is around 85%. • Around 87% of total cardboard usage (5,502 tonnes) is manufactured from recycled material. • As part of our new action plan Green's will be investigating what can be done to increase the recycled content of other packaging types.
<p>27. Establishment of baseline performance data.</p>	<ul style="list-style-type: none"> • Report established baseline data on an annual basis. 	<ul style="list-style-type: none"> • All baseline data entered into IDAS database. • Moving forward as part of our action plan we will be assessing how best to generate this data in a more streamlined way, as currently this is proving to be a very manual and time consuming task for the business.
<p>28. Annual Reporting against action plan.</p>	<ul style="list-style-type: none"> • Report to be lodged by 31st October each year commencing 2006 and outlining progress against baseline data, action plan commitments, targets and timelines. 	<ul style="list-style-type: none"> • Report lodged 17/11/06.
<p>29. Demonstrated improvements and achievements against individual targets and milestones.</p>	<ul style="list-style-type: none"> • Annual report to clearly demonstrate continuous improvement against targets and timelines in action plan. 	<ul style="list-style-type: none"> • Quarterly management reviews have been established. The most recent meeting convened to discuss action plans for the remainder of the current National Packaging Covenant. • New action plan to be lodged with NPCIA December 2006.