



# Australian Packaging Covenant

*Smarter packaging, less waste, cleaner environment*

## **Australian Packaging Covenant**

**A commitment by governments and industry to the sustainable design, use and recovery of packaging**

**1 July 2010**

Amended 10 October 2011

## **Australian Packaging Covenant 10 July 2010**

Amended 10 October 2011, following advice from the Environment Protection and Heritage Council (EPHC).

### **1. Amend Section 6 of the Australian Packaging Covenant by**

Removing the words “*by 31 October each year (following the year in which a company becomes a signatory), submit an annual report that includes the information in Schedule 1.*” and

Inserting instead the words “*by 31 March each year (following the year in which a company becomes a signatory), submit an annual report that includes the information in Schedule 1.*”

Note for clarification that the first annual report under the Australian Packaging Covenant is required to be lodged by 31 March 2012.

### **2. Amend Section 5 of the Australian Packaging Covenant by**

Inserting after the words “*Chair rotating annually between senior representatives of jurisdictions, local government and industry*” the words “*unless otherwise agreed by Council and no term of office exceeding two consecutive years.*”

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# 1. Introduction

The Australian Packaging Covenant ('Covenant') is an agreement between companies in the supply chain and all levels of government to reduce the environmental impacts of consumer packaging. This will be achieved by:

- designing packaging that is more resource efficient and more recyclable;
- increasing the recovery and recycling of used packaging from households and away-from-home sources; and
- taking action to reduce the incidence and impacts of litter.

While participation in the Covenant is voluntary, brand owners who choose not to become signatories or who fail to comply with the Covenant requirements will be regulated under the National Environmental Protection (Used Packaging Materials) Measure (NEPM) in each of the states and territories within which the company sells its products. The NEPM is enforced by the relevant regulatory authorities in each of the states and territories.

The Covenant is based on the waste hierarchy: that is, it puts high priority on avoiding and minimising packaging waste, followed by reuse, recycling, recovery and finally, disposal.

Signatories to the Covenant acknowledge that packaging has economic and social benefits, which include the containment, preservation, protection, marketing, distribution and branding of goods. Packaging also has environmental impacts throughout its life cycle which need to be managed.

Signatories agree to work together to implement and promote the principle of product stewardship for packaging. This means that responsibility for managing the environmental impacts of packaging is shared throughout the supply chain (raw material suppliers, packaging manufacturers and suppliers, brand owners and retailers) and by consumers, waste service providers, recyclers and all levels of government - Australian, state, territory and local.

The objective of the Covenant is to minimise the overall environmental impacts of packaging by pursuing these performance goals:

1. **Design:** optimise packaging to use resources efficiently and reduce environmental impact without compromising product quality and safety.
2. **Recycling:** efficiently collect and recycle packaging.
3. **Product Stewardship:** demonstrate commitment by all signatories.

These goals will be achieved through the collaborative efforts of the Covenant Council and the actions of individual signatories. The Covenant Council will assist signatories to meet their Covenant obligations through capacity building.

The Covenant includes the attached schedules.

The Covenant will commence on 1 July 2010.. The Covenant Council will evaluate the Covenant's performance every 5 years and will report the outcomes to EPHC.

## **2. Performance indicators and targets**

Covenant performance will be evaluated by measuring performance against all three goals (see Table 1). The Australian Packaging Covenant Council ('Covenant Council') will publish specific priorities and targets in a strategic plan that will be updated every 5 years (see section 5). Priorities and targets will be based on analysis of industry trends and progress towards achievement of the Covenant's objective and goals.

Performance indicators have also been identified for Covenant signatories (see Schedule 1).

**Table 1: Performance goals, outcomes, key performance indicators and targets**

| Performance goal   | Outcomes  | Key performance indicators   | Targets   |
|--|---|--|---|
| 1. <b>Design</b> - optimise packaging to use resources efficiently and reduce environmental impact without compromising product quality and safety | <p>Packaging designed to:</p> <ul style="list-style-type: none"> <li>• avoid or minimise the use of materials and other resources</li> <li>• optimise its recyclability and recycled content</li> <li>• reduce the impact of litter.</li> </ul> | 1. Proportion of signatories in the supply chain implementing the Sustainable Packaging Guidelines for design or procurement of packaging  | 100% of signatories in the supply chain by 2020 |
| 2. <b>Recycling</b> - efficiently collect and recycle packaging  | Improved recovery of packaging from households and away-from-home sources   | 2. National recycling rate for packaging*<br>3. Proportion of signatories with on-site recovery systems for recycling used packaging   | Continuous improvement in the recycling rate    |
|  | Increased secondary markets for recovered packaging materials   | 4. Proportion of signatories with a policy to buy products made from recycled packaging<br>5. Additional tonnes of material reprocessed in primary and secondary markets as a result of Covenant-funded projects |   |

| Performance goal  | Outcomes  | Key performance indicators  | Targets   |
|---|---|---|---|
| 3. Product Stewardship - demonstrate commitment of all signatories. | Signatories in the supply chain working with others to improve packaging design and recycling | 6. Proportion of signatories that have formal processes for working with others to improve packaging design and recycling.<br><br>7. Proportion of signatories demonstrating other product stewardship outcomes for packaging | 100% of signatories by 2020                                     |
|   | Reduction in litter.  | 8. Reduction in the number of packaging items in litter   | Continuous reduction in the number of packaging items in litter |

\* It is recognised that while the Covenant will contribute to the recycling rate, there are many other drivers and barriers. These include the strong and continuing commitment by local government to kerbside collection of used packaging, and the sustained demand for commodities in local and export markets.

### 3. Sustainable Packaging Guidelines

Packaging design will be a critical element in achieving the Covenant's objective. Ideally, companies will aim to reduce packaging waste at the design stage by minimising materials used, optimising recyclability and reducing the potential for litter.

The Sustainable Packaging Guidelines (Schedule 2) aim to assist in designing and manufacturing packaging that meets the sometimes conflicting demands of the market, consumer protection and the environment.

Schedule 2 outlines a process companies can use to review their packaging and clearly demonstrate that it has been optimised for resource efficiency and reduced environmental impact.

Signatories that choose an alternative set of guidelines and assessment processes will need to clearly demonstrate, in their first action plan under this Covenant, that these will achieve equivalent outcomes to the Sustainable Packaging Guidelines.

In their action plans, signatories will be required to incorporate their specific measures for implementing the Sustainable Packaging Guidelines or equivalent. They will also be required to report annually on progress and achievements against these commitments.

The Covenant Council will oversee an independent audit program of the adoption and implementation of the Sustainable Packaging Guidelines. Corrective action may be required where companies are unable to demonstrate to auditors that they have implemented the Sustainable Packaging Guidelines. Companies that fail to implement the guidelines (or equivalent), or who fail to demonstrate satisfactory commitment and performance through their action plans and annual reports may be deemed non-compliant with the processes described in Section 6.

A complaints process will enable anyone to report items of packaging that appear to be contrary to the Sustainable Packaging Guidelines.

## **4. Roles and undertakings**

Organisations that become a signatory to the Covenant will be required to:

1. Within 3 months of becoming a signatory, submit an action plan that meets the obligations in Schedule 1 and sets out what the signatory proposes to do to contribute to the Covenant's objective and goals;
2. By 31 March each year (following the year in which a company becomes a signatory), submit an annual report that meets the reporting obligations in Schedule 1 and outlines performance against all of the action plan commitments;
3. Allow independent audits of annual reports and the implementation of action plans (including allowing access to relevant supporting information);
4. Publish the organisation's action plan and annual reports on its web site in a prominent and readily identifiable way;
5. Make annual financial contributions to the Covenant Fund;
6. Implement design and procurement processes that drive sustainable design of packaging, consistent with the Sustainable Packaging Guidelines (Schedule 2);
7. Implement policies or procedures to buy products made from recycled materials;
8. Establish collection and recycling programs for used packaging materials generated on-site;
9. Take action, where appropriate, to reduce litter; and
10. Assist the Covenant Council to respond to complaints from the public about the design and use of packaging materials.

Brand owners that sign and implement the requirements of the Australian Packaging Covenant will not be subject to the regulatory instruments that give effect to the NEPM in each of the states and territories. Brand owners who do not meet the requirements of the Covenant will be required to comply with the law in each state and territory in which their products are distributed and sold.

A register of organisations that are signatories and compliant with the requirements of the Australian Packaging Covenant will be published and maintained.

## 5. Governance

The Covenant Council is responsible for policy and strategy matters. It reports to the EPHC. Covenant Council membership is drawn from signatories representing government, industry and the community. The Council meets at least four times each year, with the Chair rotating annually between senior representatives of jurisdictions, local government and industry, unless otherwise agreed by Council and no term exceeding two consecutive years. The Covenant Council operates by consensus.

A Covenant Management Committee of representatives from jurisdictions and industry, who serve on the Covenant Council, will be responsible for services that support the Covenant.

The Covenant's operational activities will be delivered via a service agreement between jurisdictions and the National Packaging Covenant Industry Association (NPCIA). Through an agreement (individual or collective) with the jurisdictions, the NPCIA will provide services to support the Covenant.

The Covenant Council will publish a 5-year strategic plan, a rolling 3-year business plan and annual reports on progress.

The strategic plan will outline how the Council will work to achieve its objective and goals over the next 5 years. The plan (endorsed by EPHC), will include the priorities for Covenant Council programs; strategies and targets for each goal; resourcing requirements; and cost-sharing arrangements between government and industry. It may be updated within the 5-year period, for example in response to a significant change in external conditions.

The business plan will detail the Covenant Council's operational activities, budget and resourcing over 3 years. It will be reviewed and updated annually.

The NPCIA will be accountable for implementing the rolling 3-year business plans.

Schedule 4 has more detail on governance structures and procedures.

## 6. Compliance, accountability and transparency

Compliance with Covenant requirements will be monitored by the Covenant Council.

Signatories will be considered non-compliant if they fail to meet one or more of the 'Covenant requirements'. These requirements are to:

- submit an action plan within 3 months of becoming a signatory that includes the information set out in Schedule 1;
- implement the submitted action plan and the Sustainable Packaging Guidelines;
- by 31 March each year (following the year in which a company becomes a signatory), submit an annual report that includes the information in Schedule 1;
- agree to an independent audit of an annual report and action plan implementation if required;
- pay the required contribution to the Covenant Fund.

- maintain and make available records of the implementation of action plans which can validate the data submitted in annual reports.
- assist the Covenant Council in responding to complaints about action plans or the design and use of packaging.

Non-compliant signatories will be removed from the register of signatories, and organisations that are brand owners will be referred to the states and territories for consideration under the regulations in each jurisdiction. Schedule 3 sets out compliance procedures.

Each signatory must publish their action plan and annual reports on their web site if they have one. The Covenant Council will also publish action plans and annual reports on its web site.

Independent audits will be undertaken of annual reports and the implementation of action plans (including implementation of the Sustainable Packaging Guidelines).

With the agreement of Covenant Council, a confidentiality agreement may be used to protect commercial-in-confidence information.

The Covenant Council will establish and maintain a process for receiving and responding to complaints.

## **7. Funding**

All Covenant signatories agree to contribute to the Covenant Fund (see Schedule 5) as appropriate. The fund will be used for:

- capacity-building activities to assist signatories meet their Covenant obligations;
- projects to increase recovery and recycling of used packaging, and to reduce litter; and
- Covenant administration.

The Covenant's budget, project funding priorities and shared funding arrangements will be determined through the Covenant Council's strategic planning process. For the first 5-year period the supply chain agrees to contribute a minimum of \$3 million per year to be matched by Government.

Local government associations and community groups are not required to contribute to the Covenant Fund.

The Covenant Fund will pay for approved projects and the reasonable costs of administration (as approved annually by the Covenant Management Committee).

Projects will be identified for funding in two ways:

- The Covenant Council will identify strategic projects to support the Covenant's objective, goals and targets. Proposals for these projects will be invited through a competitive tender;
- Compliant signatories may be able to apply for funding against priorities established by the Council. The Covenant Management Committee will establish the project

selection and management process, and will provide for appropriate input from all signatory parties, for example from local government. These projects will be assessed on their ability to deliver the Covenant's objective and goals cost-effectively, in light of established funding priorities.

Project funding priorities and guidelines will be developed and published annually by the Covenant Council.

The Covenant will not exclude valuable project proposals from local governments who are not Covenant signatories, as long as certain conditions are met (see Schedule 5).

## **8. Monitoring and evaluation**

To allow the Covenant Council and government agencies to monitor the performance of the Covenant against its objective and goals the Covenant Council will annually collect and publish data for each of the key performance indicators.

Where necessary, the Covenant Council will seek to develop and improve methodologies for collecting and analysing performance data.

The Covenant Council will undertake a more extensive evaluation of the Covenant's performance every 5 years as part of the strategic planning process and will report the outcomes to the EPHC.

## **9. Amendment and termination**

The Covenant and its schedules may be reviewed and amended by the Covenant Council, subject to the agreement of EPHC. The Covenant may also be terminated by EPHC.

Signatories have the right to withdraw from the Covenant at any time. Signatories wishing to withdraw from the Covenant must do so in writing.

Brand-owner signatories that withdraw from the Covenant should note that they may become subject to regulatory action under state or territory legislation that implements the NEPM. Brand owners with an annual turnover of less than \$5 million are exempt from the NEPM obligations.

## **10. Schedules to the Covenant**

The Covenant has 6 Schedules that provide more detail about its operation:

Schedule 1: Action plans, annual reports and performance indicators

Schedule 2: Sustainable Packaging Guidelines

Schedule 3: Compliance procedures

Schedule 4: Governance arrangements

Schedule 5: Covenant Fund

Schedule 6: Definitions.

# Schedule 1: Action plans, annual reports and performance indicators

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## **Introduction**

This Schedule sets out the minimum requirements for action plans and annual reports. Action plans and annual reports will be made public by the Covenant Council and individual signatories.

## **Action plans**

### **Purpose and timing**

An action plan sets out how a signatory intends to implement the commitments it makes under the Covenant, and how it intends to measure and report on progress.

The first action plan must be submitted within 3 months of becoming a signatory.

Action plans must reflect the priorities set out in the strategic plan prepared and published by the Covenant Council.

Action plans can be set for a maximum of 5 years and may be updated as required. Any updated action plan must be submitted to the Covenant Council before the previous plan can cease.

### **Content**

Action plans must, as a minimum, include the following information:

1. The name of the organisation and its subsidiaries
2. The nature of the organisation (what it does, its size or turnover)
3. Brands owned by the organisation
4. The place of the organisation in the supply chain
5. Packaging materials and formats used by the organisation
6. The period covered by the plan
7. Contact details for the person responsible for implementing the plan (Covenant contact officer)
8. The specific actions for implementing the commitments under the Covenant and supporting the achievement of the Covenant's objective and goals:

- a. Goal 1: Packaging optimised to achieve resource efficiency and reduced environmental impact without compromising product quality and safety. If the organisation is in the supply chain, there must be specific actions about how it intends to use the Sustainable Packaging Guidelines for design and procurement (Schedule 2)
- b. Goal 2: The efficient collection and recycling of packaging
- c. Goal 3: Demonstrated commitment to product stewardship.

The actions must reflect the relevant priorities set out in the strategic plan prepared by the Covenant Council.

Each action must be linked to the performance indicators and targets set out in the Covenant.

9. Baseline data for all performance indicators.
10. Formal commitment by the Chief Executive Officer or equivalent, to implement the action plan.

Action plans will be reviewed by the Covenant Council to ensure they contain the minimum information outlined above. Action plan templates and advice will be provided to assist signatories. There may be some variation in the expectations of signatories in the supply and recovery chains, local government, community organisations and jurisdictions.

## **Annual reports**

### **Purpose and timing**

An annual report demonstrates progress in implementing the specific elements of its action plan, and shows the organisation's contribution to achieving the objective, goals and targets set out in the Covenant.

Annual reports must be submitted by 31 March each year, following the year in which an organisation becomes a signatory.

### **Content**

Annual reports must include the following information:

1. The name of the organisation and its subsidiaries
2. The nature of the organisation (what it does, its size or turnover)
3. Brands owned by the organisation
4. The period covered by the report
5. Outcomes achieved during the reporting period for each of the actions set out in the action plan
6. A report on performance against each of the Covenant's three goals (reporting obligations are outlined in Table 2)

7. A description of any challenges faced by the organisation in implementing its action plan and any issues that will need to be considered in its revision
8. Details of the Covenant contact officer
9. Formal endorsement by the Chief Executive Officer or equivalent, of the content of the report.

## **Auditing action plans and annual reports**

Independent audits of annual reports and the implementation of action plans will determine the level of commitment and progress made by Covenant signatories in achieving the Covenant's objective and goals.

The Covenant Council will monitor an annual audit program that sufficiently samples the range of organisations that are Covenant signatories to ensure that there is satisfactory progress toward the Covenant's objective and goals.

Signatories are required to maintain and make available records relating to the implementation of action plans and the validation of data submitted in their annual reports.

If a signatory is found to be non-compliant, the compliance procedures set out in Schedule 3 will apply.

## **Performance indicators**

All signatories to the Covenant are required to report annually against each of the Covenant's three goals by providing the data outlined in Table 2.

In addition, signatories are encouraged to develop performance goals and performance indicators relevant and beneficial to their own business.

**Table 2: Signatory planning and reporting obligations**

| Covenant goals, outcomes and KPIs  |   |   | Signatory planning and reporting obligations   |  |
|--|---|---|--|--|
| Performance goal   | Outcomes  | Key performance indicators  | Action plan requirements   | Annual report requirements   |
| <p><b>1. Design</b>—optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety.</p> | <p>Packaging designed to:</p> <ul style="list-style-type: none"> <li>• avoid or minimise the use of materials and other resources</li> <li>• optimise recyclability and recycled content</li> <li>• reduce litter impacts.</li> </ul> | <p>1. Proportion of signatories in the supply chain implementing the Sustainable Packaging Guidelines for design or procurement of packaging.</p> | <p>The plan must indicate how the Sustainable Packaging Guidelines will be used for the design or procurement of all new packaging. It will also need to show a timetable for reviewing existing packaging.</p> <p><i>NB: If a company intends to use an alternative set of guidelines or processes for the review of packaging then it must outline how these are equivalent to the Sustainable Packaging Guidelines.</i></p> | <p>The report must describe progress during the reporting period in implementing the Sustainable Packaging Guidelines for design or procurement of packaging through formal, documented processes.</p> <p>It is recommended that the report describes how the following outcomes have been achieved through the use of the Sustainable Packaging Guideline:</p> <ul style="list-style-type: none"> <li>• avoiding or minimising the use of materials and other resources</li> <li>• optimising recyclability and recycled content</li> <li>• reducing litter impacts.</li> </ul> |

| Covenant goals, outcomes and KPIs   |  |  | Signatory planning and reporting obligations   |   |
|---|--|--|--|---|
| Performance goal  | Outcomes   | Key performance indicators   | Action plan requirements   | Annual report requirements  |
| <b>2. Recycling</b> - The efficient collection and recycling of packaging | A contribution to improved recovery of packaging from households and away-from-home sources. | <p>2. <b>National recycling rate for packaging</b>*</p> <p>3. Proportion of signatories with on-site recovery systems for recycling used packaging</p> | The plan must indicate whether there is a recovery system in place. If not, it must outline the timetable for establishment of a recovery system for used packaging. | The report must include information on the recovery system established (including which packaging materials are collected), or progress achieved during the reporting period. |

| Covenant goals, outcomes and KPIs |  |  | Signatory planning and reporting obligations  |  |
|-----------------------------------|--|--|---|--|
| Performance goal                  | Outcomes   | Key performance indicators   | Action plan requirements  | Annual report requirements   |
|                                   | Increased secondary markets for recovered packaging materials. | <p>4. Proportion of signatories with a policy to buy products made from recycled packaging.</p> <p>5. <b>Additional tonnes of material reprocessed in primary and secondary markets as a result of Covenant-funded projects. *</b></p> | The plan must indicate whether there is an existing policy or procedure (such as a Buy Recycled policy). If not, it must outline the timetable for establishing such a policy or procedure. | The report must describe progress in implementing a Buy Recycled policy or equivalent. |

| Covenant goals, outcomes and KPIs   |  |  | Signatory planning and reporting obligations   |  |
|---|--|--|--|--|
| Performance goal  | Outcomes   | Key performance indicators   | Action plan requirements   | Annual report requirements   |
| <p><b>3. Product Stewardship</b> - a demonstrated commitment to product stewardship by the supply chain and other signatories</p> | <p>Signatories in the supply chain working with others to improve design and recycling of packaging.</p> | <p>6. Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging.</p> <p>7. Proportion of signatories demonstrating other product stewardship outcomes.</p> | <p>The plan must include actions to improve packaging design and increase the recycling of used packaging. For example:</p> <ul style="list-style-type: none"> <li>• a documented policy to review all packaging against the Sustainable Packaging Guidelines (KPI 1);</li> <li>• supply contracts that require take-back and recycling of packaging;</li> <li>• waste management contracts that require collecting and recycling packaging.</li> </ul> <p>The plan must outline any other product stewardship actions that the signatory will take to support the Covenant's objective and goals.</p> | <p>The report must describe the progress in establishing formal processes to improve packaging design and increase recycling of used packaging.</p> <p>The report must provide examples of what was achieved during the reporting period as a result of these product stewardship actions.</p> |

| Covenant goals, outcomes and KPIs |                      |   | Signatory planning and reporting obligations                                 |  |
|-----------------------------------|----------------------|---|--|--|
| Performance goal                  | Outcomes             | Key performance indicators  | Action plan requirements   | Annual report requirements   |
|                                   | Reduction in litter. | 8. Reduction in the number of packaging items in the litter stream. | The plan must outline actions that the signatory will take to reduce litter. | The report must describe the actions taken and outcomes achieved in trying to reduce litter. |

***\* Individual signatories are not required to report against these Key performance indicators.***

## Schedule 2: Sustainable Packaging Guidelines

***“Humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.”***

World Commission on Environment and Development, 1987, *Our Common Future*

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#### Appendix A: Application of the guidelines under the Australian Packaging Covenant

- Example 1: a small importer of packaged vases and other fragile goods

- Example 2: a major Australian manufacturer and brand owner with hundreds of SKUs

#### Appendix B: Template for reporting [example]

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## 1.0 Introduction

The Sustainable Packaging Guidelines ('the guidelines') assist Covenant signatories and others to review and optimise consumer packaging to make efficient use of resources and reduce environmental impact without compromising product quality and safety.

All signatories to the Australian Packaging Covenant must adopt these guidelines.

Under the Covenant, signatories agree to work together to implement and promote the principle of product stewardship for packaging. This means that responsibility for the environmental impacts of packaging is shared by companies throughout the packaging supply chain (raw material suppliers, packaging manufacturers and suppliers, brand owners and retailers), consumers, waste service providers, recyclers and all levels of government—Australian, state, territory and local.

It is envisaged that signatories along the packaging supply chain will work co-operatively to share specific packaging evaluations to avoid duplication and to minimise the overall cost of evaluations.

The guidelines articulate the definition and principles of 'sustainable packaging' so that all parties in the packaging supply chain work toward the same vision. The guidelines assist the design, manufacture and end-of-life management of packaging, tackling the sometimes conflicting demands of market performance and cost, consumer protection, and the environmental health, while meeting the needs of a sustainable society. The guidelines advise companies about the issues they need to consider when reviewing their packaging to make it more sustainable.

Sustainable packaging is fit-for-purpose, resource-efficient, made from low-impact materials, and reusable or recyclable at the end of its useful life.

These guidelines follow the waste hierarchy—the first step is to ask whether packaging is necessary or can it be avoided?

Signatories are encouraged to move towards this vision through continuous improvement and by embedding the guidelines within their packaging development processes.

The guidelines have been developed with the input of companies within the supply chain. They will be reviewed within 5 years of their release to make sure they remain relevant.

### International context

Consumer packaging is an international issue. Australian brand owners that are exporting products to the European Union are required to meet the Packaging and Packaging Waste Directive [94/62/EC](#) and its Essential Requirements.

The Sustainable Packaging Coalition (SPC) in the USA developed *Design Guidelines for Sustainable Packaging* which build on the core packaging design principles (form, function and cost) and integrate environmental criteria. The US guidelines lead designers to question

‘why’ and ‘why not’ and they are not, and cannot be, prescriptive. The SPC approach and the Essential Requirements have guided the development of these Australian guidelines.

## 1.1 Defining sustainable packaging

Four key principles need to be considered in the design or procurement of packaging to improve its sustainability. Table 3 shows the many strategies that can be pursued to achieve each principle.

The first of these is that packaging needs to be ‘fit for purpose’, that is, designed to meet market and consumer needs at minimal cost. Design issues relating to functionality, cost and market appeal are not specifically covered in the guidelines but it is acknowledged that these will guide the selection of appropriate sustainability design strategies.

**Table 3: Principles and strategies for sustainable packaging**

| Principles  | Potential strategies   |
|---|--|
| <p>1. <b>Fit-for-purpose:</b> Packaging should be designed to meet market and consumer needs, while minimising net impact in a cost-effective way.</p>  | <ul style="list-style-type: none"> <li>• Meet technical performance requirements</li> <li>• Minimise supply chain costs</li> <li>• Meet consumer needs and expectations, including for accessibility.</li> </ul>                   |
| <p>2. <b>Resource efficiency:</b> Packaging should be designed to minimise the use of materials and other resources without compromising product quality and safety.</p>  | <ul style="list-style-type: none"> <li>• Minimise materials</li> <li>• Use recycled materials</li> <li>• Minimise transport impacts</li> <li>• Maximise water and energy efficiency.</li> </ul>                                    |
| <p>3. <b>Low-impact materials:</b> Packaging should be designed to minimise the environmental and social impact of materials and components. Materials should be selected on science and incorporate a whole-of-lifecycle approach.</p> | <ul style="list-style-type: none"> <li>• Minimise risks associated with potentially toxic and hazardous materials</li> <li>• Use renewable or recyclable materials</li> <li>• Use materials from responsible suppliers.</li> </ul> |
| <p>4. <b>Resource recovery:</b> Packaging should be designed to maximise its potential for recovery and recycling and to minimise the environmental and social impacts of its disposal.</p>   | <ul style="list-style-type: none"> <li>• Design for reuse where appropriate</li> <li>• Design for recovery</li> <li>• Design for litter reduction</li> <li>• Inform consumers about appropriate disposal.</li> </ul>               |

## 1.2 How to use these guidelines

The guidelines explain practical steps to help signatory companies to analyse and document their packaging sustainability strategy.

Questions provided can be used to guide the research and analysis of design options for each of the sustainable packaging principles. Lists are not intended to be exhaustive but instead show the types of issues that may assist the review.

It is acknowledged that the design of packaging is a complex challenge, balancing a range of needs and opportunities. Signatories are encouraged to select the strategies that are most appropriate to each individual product and market. As a principle-based document, the guidelines are not prescriptive.

Signatories need to review their packaging using the guidelines and document their review process so it can be audited, if required. The Australian Packaging Covenant Council ('Covenant Council') will undertake random audits of signatories to assess whether or not the guidelines have been adequately applied in the review process. In their annual reports to the Covenant Council, signatories will also need to document the adoption and use of the guidelines.

A reporting template is included in Appendix B.

Some signatories may have their own assessment process that they believe will achieve the same outcomes as these guidelines. The first action plan for using this assessment process in lieu of the guidelines will need to justify their choice. Signatories could also use other evaluation tools such as Life Cycle Assessment software or Packaging Impact Quick Evaluation Tool (PIQET) to demonstrate that they have considered the guidelines' sustainability principles and strategies in the design or procurement of packaging.

The Covenant Council will support the implementation of the guidelines through capacity-building, education and information programs.

## 2.0 Adoption and implementation of the guidelines

Signatories to the Australian Packaging Covenant must:

- apply the Sustainable Packaging Guidelines to all new packaging; and
- commit to review all existing consumer packaging within a reasonable timeframe in accordance with the guidelines.

Implementation is by self-assessment. The Covenant Council will undertake random audits of a sufficient number of signatories to ensure a high level of compliance.

The application of the guidelines will vary depending on the nature of signatories' operations. All signatories are required to clearly document their review process and the initiatives they undertake to make their packaging more sustainable. Failure to provide documented evidence of compliance to an auditor would result in a show-cause letter to the signatory.

Implementation of procedures to meet sustainable packaging targets should follow a general risk-management approach, incorporating the following steps:

- Define the review mechanism or framework;
- Identify the opportunities, risks and barriers;
- Assess the factors within the control of the organisation;
- Ensure those factors that are identified within the control are enacted and are functional and effective; and
- Report on the process.

While the outcome is important, the Covenant focuses on the process and follow-up actions taken to review the packaging to make it more sustainable. Sometimes the adoption of one design strategy over another may result in trade-offs—for example, using recycled content in a package may require thicker material to compensate for loss of strength; or lighter-weight packaging may be less recyclable. Given the potential for trade-offs, the critical issue is documenting the decision-making process.

All Covenant signatories must document how each of the strategies in the guidelines have been considered during their design or procurement processes. The documentation must describe the improvements implemented, or reasons why a particular opportunity could not be pursued at the current time.

It is recognised that some companies—particularly small importers—may have limited ability to influence the design of the packaging. These companies need to demonstrate that they have reviewed their packaging based on the questions in the guidelines, and have taken all reasonable efforts to work with their suppliers to improve its sustainability.

## **2.1 Step-by-step guide**

A review means considering and applying the principles and strategies in the guidelines to the packaging type, category or stock-keeping unit (SKU) in question.

All new packaging initiatives must be reviewed against the guidelines' strategies to ensure that the most sustainable alternatives are considered. All decisions must be documented.

All existing packaging must be reviewed in accordance with the individual signatory company's schedule.

An effective packaging review involves the following 10 steps:

1. Undertake background research on sustainable packaging and the opportunities that might be available for your packaging type.
2. Identify staff members who are able to conduct the review, or engage suitably qualified consultants instead.
3. Develop a suitable documentation and filing system (or use the template provided in Appendix B).

4. Compile a list all different types and formats of packaging used by the signatory company. Document the packaging range by logical (product or packaging material) groupings—such as dry goods in laminate bags; carbonated drinks in PET bottles; dry goods in blister packs with cardboard backing; and other categories such as roll-on deodorants. The range might also be assessed by SKU in those companies with limited numbers of SKUs.
5. Develop the most appropriate method and schedule for reviewing new and existing packaging.
6. For each logical grouping or review stage, identify people within the signatory company (or outside as appropriate) who have the range of relevant skills and responsibilities. This could include:
  - packaging technologist
  - product and or consumer specialist
  - marketing representative
  - distribution representative
  - packaging supplier
  - packaging engineer
  - environment manager
  - packaging supplier or manufacturer.
7. Identify helpful information sources. There is a considerable amount of publicly available and non-confidential information available (see Appendix C). Investigate best-practice sustainable design in the packaging category.
8. Undertake the review. The review requires the team to work through the strategies in the guidelines to determine what (if any) opportunities exist to move to more sustainable practices
9. The review process must be documented. Decisions, discussion and the underlying evidence for those decisions must be retained on file for independent auditing and continuing sustainability improvement.
10. The decisions that lead to current or future action would form the basis of the signatory company's action plan and annual report.

### **3.0 Sustainability design strategies**

The decision-making process for each of the principles and strategies mentioned below, at a minimum, must be documented and substantiated. This should demonstrate that the signatory company has reasonably considered an issue and documented the process.

The Sustainable Packaging Guidelines assists in the design, manufacture and end-of-life management of packaging to meet the sometimes conflicting demands of the market for performance and cost, consumer protection and the environment.

Where there are conflicting objectives, signatories should document the steps they have taken to minimise the adverse environmental impacts of their packaging across the packaging and recovery chains without diminishing the ability of their packaging to perform its primary function(s).

### **3.1 Maximise water and energy efficiency**

#### **The strategy**

Where possible, energy and water consumption should be reduced by: minimising the amount of material used for packaging; taking steps to make production and distribution more efficient; and considering the use of renewable energy.

#### **Why is it important?**

Efficiency improvements reduce the environmental impacts of packaging and generate financial savings across the packaging supply chain. Improving energy efficiency is the most cost-effective way to reduce greenhouse gas emissions.

#### **Key questions**

If you answer 'no' to any of the questions below, please provide the reasons for that response.

- Has the amount of material in the packaging been minimised to reduce the amount of water and energy used in production?
- Have you and your suppliers taken steps to optimise the energy efficiency of production processes and distribution?
- Have you and your suppliers taken steps to optimise the water efficiency of production processes?
- Have you considered using renewable energy for manufacturing, for example by purchasing a percentage of GreenPower?

### **3.2 Minimise materials (source reduction)**

#### **The strategy**

Minimise packaging by using the optimal combination of primary, secondary and/or tertiary packaging. This includes eliminating unnecessary materials in packaging design; reducing the size, weight or thickness of packaging; and optimising void space within the design.

#### **Why it is important?**

Source reduction is a simple strategy to reduce the environmental impacts of packaging throughout its life cycle. Reducing the amount of packaging delivers bottom-line cost and productivity benefits, and conserves resources, water and energy.

### **Key questions**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Is the packaging necessary?
- Is the package designed to be fit-for-purpose but not over-packaged?
- Has the package been designed to use the minimum amount of material to suit the required level of functionality?
- Has the package been designed to minimise the number of separate layers of materials or the number of components?
- Could the amount of material used in the package be reduced further? List and consider these options.
- What is the likely impact of these options on functionality, product protection and consumer safety?
- What is the acceptability of these options for the consumer? Describe or comment on this acceptability within the supply chain.
- Does the design of the package allow the product to be completely dispensed, i.e. to avoid product wastage?

## **3.3 Use recycled materials**

### **The strategy**

Packaging should maximise the use of recycled material where it reduces the environmental footprint; is physically possible; is not detrimental to the function of the packaging or packaged product; and would not violate applicable health and safety standards. All material selection should be based on sound science and where possible, a whole-of-lifecycle approach.

### **Why it is important?**

Using recycled materials in packaging helps to create sustainable markets for packaging recovered from households and other sources. Recycled materials generally use less energy and water to manufacture, and generate lower greenhouse-gas emissions than virgin materials of the same type. Some recycled materials also offer cost savings.

### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- What is the amount and percentage of recycled material in the consumer packaging unit? (specify source, that is, pre or post-consumer)
- What is the amount and percentage of recycled material in secondary packaging? (specify source, that is pre- or post-consumer)
- What is the amount and percentage of recycled material in the tertiary packaging unit? (specify source, that is pre or post-consumer)
- Could alternative formats or materials incorporate recycled material or offer a better environmental impact solution? If so, how much, and why were they not selected?
- Is it possible to use more post-consumer recycled material? If not, please explain the rationale.
- Have you determined whether the technical requirements of the packaging can be met using recycled content and if so, how much recycled content is the maximum you can use?
- Have you discussed the use of recycled materials with your marketing department and identified any market concerns?

If a recycled-content claim is made, is the minimum level of recycled content specified in accordance with AS/NZS 14021 (Environmental labels and declarations - Self-declared environmental claims (Type II environmental labelling)).

### **3.4 Use renewable materials**

#### **The strategy**

Packaging should be designed to use renewable and/or recyclable materials wherever possible. All material selection should be based on sound science and a whole-of-lifecycle approach.

#### **Why it is important?**

Renewable materials such as paper, cardboard and biopolymers reduce demand for non-renewable virgin materials. If the raw materials are grown using sustainable farming and forestry practices then they are likely to have a lower environmental impact than those generated by the extraction and processing of non-renewable materials.

Using recyclable materials provides the option the package will be recovered and recycled at the end of its life, also reducing demand for non-renewable virgin materials.

#### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- What is the potential for and availability of materials derived from a renewable source?

- Are the renewable raw materials grown and harvested using sustainable farming or forestry practices?
- What is the potential for incorporating recyclable materials?
- Describe your understanding of the extent to which the packaging used is collected for recycling in the geographic area(s) where the product will be sold?

### **3.5 Minimise risks associated with potentially toxic and hazardous materials**

#### **The strategy**

Companies should consider their common law liabilities, assess the packaging for potentially toxic or hazardous substances that are likely to pose risk, and endeavour to reduce that risk accordingly.

#### **Why it is important?**

If used at levels that exceed regulatory limits, potentially toxic or hazardous substances may pose risks to ecosystems and human health. Avoiding or minimising the use of potentially toxic substances may reduce the costs associated with disposal of hazardous wastes from manufacturing.

#### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Have you applied conventional and conservative risk management principles in the selection of substances for packaging applications (for example, any inks, pigments, stabilisers and adhesives)? This includes, where possible, eliminating toxic and hazardous substances or minimising such substances where their use is necessary.
- Does the packaging meet Australian and /or international standards in relation to the levels of potentially toxic and harmful substances? For example, the EU Packaging Directive specifies that the combined weight of heavy metals (mercury, lead, cadmium and hexavalent chromium) in a package or any of its components must not exceed relevant Australian standards.

### **3.6 Use materials from responsible suppliers**

#### **The strategy**

Packaging materials should be purchased from companies that have a commitment to environmental sustainability and a documented environmental management system.

#### **Why is it important?**

Product stewardship is a commitment to responsible environmental management at every stage of the packaging supply chain, including the manufacture of raw materials and

components. Companies can reduce the environmental impacts of their packaging by working with suppliers that have a strong commitment to responsible environmental management.

### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Are your raw materials sourced from suppliers who have documented environmental management systems?
- Do you give preference to suppliers that are signatories (if applicable) to the Covenant?
- Are you or your suppliers engaged in a sustainability program such as the PACIA / EPA Victoria Sustainability Leadership Framework?

## **3.7 Design for transport**

### **The strategy**

Packaging should be designed to maximise the efficiency of transport through light weighting, fully utilising shipping space ('cubing out') and using bulk packaging for distribution where appropriate.

### **Why it is important?**

More efficient distribution packaging (secondary and tertiary packaging) can result in energy, water, material and cost savings.

### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Can the distribution packaging be reduced or eliminated through redesigning the primary or secondary package, and vice versa?
- Are you currently using shelf ready/retail ready packaging? Is it being used effectively? If it is not being used effectively, has this been communicated to others in the supply chain?
- Have you used light weighting (source reduction) strategies in your package design? Have you considered the overall environmental impact of light weighting? Does your design for transport have a negative impact on the recyclability of the used packaging?
- Have you designed your consumer packaging to maximise the secondary or tertiary packaging space, for example, in pallet configuration?

- Are you fully using transport options such as pallet efficiency and truck height? Are there any efficiencies that can be achieved?
- Is there an opportunity to switch to more efficient vehicles, hybrid vehicles or renewable energy sources for your distribution fleet?
- Do you consider back-loading of used packaging or waste products once deliveries have been made? Can your distribution network aid the recovery of used packaging?

### **3.8 Design for reuse**

#### **The strategy**

Companies should consider whether reuse is practical and environmentally beneficial. Reusable packaging, including distribution packaging, should be designed to be reused safely and cost effectively.

#### **Why it is important?**

Reusing a package increases the material's useful life, and gives a greater return from the energy, materials and water used to manufacture the package in the first place. It avoids the need for single-use packaging, which in turn reduces demand for new material and conserves resources, energy and water, and reduces pollution. It also reduces the need to recover or dispose of single-use packaging at end of life.

#### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Have you considered and compared the environmental benefits of reusable packaging with single-use packaging?
- Do you have supply-chain confirmation that the package is capable of reuse for the intended application under normal conditions, without risk to the product or to the health and safety of supply-chain workers and consumers?
- Has the product been designed to maximise the number of return trips / reuse.
- Is the packaging format applicable for reconditioning once the packaging has fulfilled its designated purpose? If the product cannot be reconditioned, can the reusable packaging be recycled?

### **3.9 Design for recovery**

#### **The strategy**

Packaging should maximise recovery and recycling at end-of-life by using recyclable materials; avoiding materials or components that may contaminate the recycling process; and by informing consumers about appropriate disposal.

#### **Why it is important?**

The recovery of packaging at end-of-life has many benefits. It reduces the environmental impacts and costs of disposal; it helps to conserve non-renewable resources; and it provides raw materials for manufacturing that have a lower environmental impact and are often more cost-effective than virgin materials.

It is optimal for packaging to be made of only one material that can be recycled and includes recycled content.

### **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- To what extent are the packaging materials collected for recycling in the geographic area in which the product will be sold?
- How much of the packaging is recyclable? (A definition of 'recyclable' is provided in Schedule 6).
- How many materials are being used in this package? If more than one material is used, are the different materials compatible in the recycling process?
- Are any materials bonded together and therefore difficult to recycle? If yes, has an alternative format/system been considered?
- Has the packaging been designed to minimise the impacts that any components such as closures, labels, sleeves, carry handles, etc. may have on the recycling process?
- Have you consulted with recyclers or composters (depending on the intended recovery process) to find out whether any components will cause problems in the recovery process or in the end product?
- If compostable materials are being considered, has reference been made to industry standards such as the PACIA's document, *Using Degradable Plastics in Australia – A product stewardship guide and commitment*?
- Is packaging of this type and purpose included in the Australian Council of Recyclers (ACOR) *Kerbside recycling specifications*? Have these specifications been considered in the packaging design?
- Have you developed and implemented appropriate labelling on the packaging to encourage consumers to recycle or compost?
- In accordance with any labelling legislation where the package will be sold, is your packaging clearly labelled indicating the preferred recycling or composting stream?
- Is rigid plastic packaging labelled with PACIA's plastics identification code?

## 3.10 Design for litter reduction

### The strategy

Any package that tends to be found in the litter stream (such as fast food and beverage packaging) should be designed to reduce the likelihood of it becoming litter.

### Why it is important?

Litter reduces the visual amenity of public places and is a potential hazard to wildlife. Collecting and disposing of litter by local government imposes a significant cost to the community. Litter is a significant resource loss of valuable recyclable resources.

### Key questions to be considered in the review process

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Do you understand where, when and how the product will be used and by whom?
- Is the package likely to be consumed away from home and therefore have the propensity to become litter?
- To what extent is this packaging type represented in the litter stream<sup>1</sup>?
- How many separate or easily separable components that could end up as litter does the packaging item have (for example, screw cap lids, peel-off seals), and can they be reduced?
- Has the package been designed to minimise the number of separate or separable components?
- Do you provide advice for consumers on the label to encourage appropriate disposal or recovery?
- What steps have you undertaken to reduce the occurrence of your packaging in the litter stream.
- Have options been considered for away-from-home recycling as part of an overall littering abatement program?

## 3.11 Design for consumer accessibility

### The strategy

For packaging to be accessible it must be designed to be easy for the consumer to open, have legible labelling and not compromise safety or quality.

Sustainable packaging cannot meet consumers' needs and expectations if it is not accessible.

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<sup>1</sup> Data on packaging in the litter stream is available from Keep Australia Beautiful (see the reference list in Appendix C).

## **Why it is important?**

Easy-to-open and functional packaging is a major consumer concern as well as a health and safety issue. Some sections of the community have difficulty with product labelling and packaging. Companies that don't address this factor are likely to suffer commercial consequences.

For a consumer to get full satisfaction from the product the packaging needs to be functional and useable—this includes the ability to open and close.

## **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Has the consumer's ability to access the product within the packaging been adequately considered in the design process? For example, has a consumer specialist analysed the actions required to interact with the product.
- Have you considered whether the level of information on the packaging ensures the consumer is aware of its contents and how to open the package?
- Have you considered the demographic of the consumer who will use the product? Are there any limiting factors typically associated with these consumers?
- Can changes be made to improve the ability of the consumer to use the product without compromising the safety, security or quality?
- To what extent has your company ever received any complaints in relation to accessibility of packaging?
- Could an alternative design be used efficiently to minimise the requirement for tools such as a knife or scissors?

## **3.12 Provide Consumer Information on Sustainability**

### **The strategy**

Where possible, any environmental claims made about such things as recycled content of packaging, recyclability or degradability should be made clear to consumers of the packaging or packaged product through clear information or advice.

### **Why it is important?**

Consumer understanding, awareness and behaviour have a large impact on resource recovery and recycling of used packaging materials.

Environmental labelling on packaging must refer to AS/NZS ISO 14021:2000 (Environmental labels and declarations—self-declared environmental claims (type II environmental labelling)). Failure to properly adhere to labelling guidelines may raise issues of Trade Practices law.

## **Key questions to be considered in the review process**

If you answer 'no' or 'none' to any of the questions below, please provide the reasons for that response.

- Will any environmental claims be made about the packaging item?
- Has information been used on packaging to encourage recycling for example the mobius loop (refer to AS/NZS 14021)?
- Has plastic packaging been identified with the voluntary Plastics Identification Code that marks plastic containers to identify the plastic resin from which they are made? (Note that this code is not intended to be a guarantee of recycling or to provide companies with a platform for environmental claims. Copies of the Code and Guidelines for its use are available from PACIA.)
- Has appropriate information about litter prevention been included on all packaging of products likely to be consumed away from home?
- What environmental issues have been considered during development of the product's marketing strategy, for example, use of environmental claims, logos and consumer education?
- If recycling logos are to be used on the packaging, have you identified existing systems that will be able to recycle the packaging?

## **4.0 Other methods and tools**

A number of alternate methodologies and design tools to these guidelines are currently used to support sustainable packaging design.

A number of these may be more comprehensive in their assessment than is required under these guidelines. In these cases, the signatory company must be able to document their evaluation against each the four principles of these guidelines. Similarly, a signatory company would be considered compliant if it has an Environmental Management System and documentation that shows that each of the four principles can be met.

Where signatories to the Covenant elect to implement other methodologies and design tools, the onus is on them to demonstrate that these meet or exceed the requirements of these guidelines and to document the process that has been implemented.

## **Appendix A: Application of the guidelines under the Australian Packaging Covenant**

### ***Example 1 – A small importer of packaged vases and other fragile products***

Having become a signatory to the Australian Packaging Covenant and committed to assess their current packaging against the Guidelines, the importer would be expected to do the following:

1. Consider their product range and decide if there are sufficient common features between some of the products that they can be considered jointly. For example, they might all come from the same manufacturer, or might all be glass vases but supplied from different manufacturers.
2. Having determined how many reviews need to be undertaken (and for a small product range they might best be done SKU by SKU), the importer then needs to decide who should be involved in each review. The makeup of the review team and the rationale for its composition must be documented, for example:
  - a sales person or packaging specialist who understands the customer's packaging requirements, including the product's usability;
  - a representative of the purchasing department, or a supplier liaison officer;
  - a representative of the warehouse where the consignments are unpacked and routed to customers; and
  - a senior manager.
3. If the importer does not believe they have sufficient in-house skills to respond to the sorts of issues raised in the guidelines, then they might also engage an external packaging expert or engage with their raw materials or packaging suppliers to assist in the reviews. Assistance and support may also be available from the Covenant.
4. The importer should decide how often this review team can meet and therefore how long it will take to work through the product range at a practicable pace. A schedule of reviews must then be documented and included in the importer's action plan, and progress against the schedule must be available to an Australian Packaging Covenant auditor on request.
5. The importer would then conduct reviews according to the schedule, and for each SKU or grouping of SKUs would work sequentially through the guidelines documenting issues, opportunities for improvement, or reasons why current packaging components could not be altered at the current time.
6. If the importer has limited influence over the suppliers, it must still document this assertion and demonstrate that it has sincerely sought (in writing) to influence the

suppliers to adopt more sustainable alternatives to the current packaging. If the importer plans to introduce a new product it must repeat the review and, as part of the purchasing plan and prior to signing the contract, influence as far as is possible the way the new product is packaged by the supplier.

All of the documents, notes of meetings, decisions made and justification for those decisions must be retained on file and made available (subject to a confidentiality agreement) to an Australian Packaging Covenant auditor.

### ***Example 2 – A major Australian manufacturer and brand owner with hundreds of SKUs***

Having become a signatory to the Covenant and committed to assessing current packaging against the Guidelines, the brand owner would be required to do the following:

1. Consider their product range and decide if there are sufficient common features between some of the products that they can consider jointly. For example, grouping all products that use a common packaging combination such as blister pack with cardboard backing, or liquid beverages in glass bottles, or cosmetics sharing a common application mode.
2. Having determined the review schedule, the brand owner then needs to decide who should be involved in each review. It must then document the composition of the review team and the rationale behind this. The team might include:
  - A packaging or consumer specialist who understands the consumer's packaging requirements (including accessibility) and the company's manufacturing capability;
  - A representative of the purchasing department or supplier liaison officer;
  - A representative of the marketing department where primary decisions about the packaging are made;
  - A representative of key packaging suppliers whose decisions have a major influence on the options open to the brand owner;
  - Raw materials or packaging supplier; and a
  - Senior manager.
  - Packaging supplier or manufacturer.
3. If the Brand owner does not believe they have sufficient in-house skills to respond to the sorts of issues raised in the guidelines, they should seek advice from their packaging supplier or manufacturer. In addition, they could engage an external packaging expert to assist in the reviews. Assistance and support may also be available from the Covenant Council.

4. The Brand owner decides how often the review team can meet and therefore how long it will take to work through product range at a practicable pace. A schedule of reviews should then be documented and included in the brand owner's Action Plan, and progress against the schedule need to be available to an Australian Packaging Covenant auditor on request.
5. The Brand owner conducts reviews according to the schedule. For each SKU or grouping of SKUs, they would work sequentially through the guidelines and document the issues raised, opportunities for improvement or reasons why the current packaging components could not be altered at the current time.
6. Where the opportunities are influenced by the packaging supplier (such as inclusion of recycled material, recyclability of the packaging, or opportunities for further light-weighting) requisitions in writing to the supplier must be retained, as well as the written responses of the packaging supplier.
7. When the Brand owner plans to introduce a new product, it must conduct a full review prior to entering into contractual arrangements and packaging supply chain commitments, and influence as far as is practicable the way the new product is sustainably packaged.
8. Where a new product is to be packaged in the same format as existing packaging that has already been assessed, it is not necessary to repeat the full exercise but the determinations made in the previous review must be revisited to ensure that no changes have occurred in the intervening period that would allow a more sustainable option to be adopted.

All documents, notes of meetings, decisions made and justification for those decisions must be retained on file and made available (subject to a confidentiality agreement) to an Australian Packaging Covenant auditor.

## Appendix B: Template for reporting [example]

|                                 |   |                                  |
|---------------------------------|---|----------------------------------|
| <b>Company:</b> [XYZ Beverages] | <b>Review Reference:</b> [aluminium packaging category] | <b>Date:</b> [1 July, 2010]      |
| <b>Contact:</b>                 |   | <b>Contact Details:</b><br>[TBC] |

### Demonstrated implementation of guidelines

| <b>Design strategy</b>   | <b>How the strategy was considered / answers to key questions</b> | <b>If the answers to the design strategy questions are 'no', what alternatives have been investigated?</b> | <b>Documentary evidence available for auditors?<br/><br/>If the answers are no, what alternatives have been investigated?</b> |
|--|---|--|---|
| Minimise materials (source reduction)                                    |   |  |   |
| Use recycled materials   |   |  |   |
| Design for transport   |   |  |   |
| Maximise water and energy efficiency                                     |   |  |   |
| Minimise risks associated with potentially toxic and hazardous materials |   |  |   |
| Use renewable or recyclable materials                                    |   |  |   |
| Use materials from responsible suppliers                                 |   |  |   |
| Design for reuse   |   |  |   |
| Design for recovery  |   |  |   |
| Design for litter reduction  |   |  |   |
| Design for consumer accessibility  |   |  |   |
| Consumer Information   |   |  |   |

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|--|--|--|--|

### Summary Considerations

#### Activities to undertake to improve sustainability of packaging format/category

*Examples:*

*Work with can supplier to make cans lighter by 1%*

*Use lighter exterior cardboard packaging*

*Cut exterior cardboard packaging by 5% by strengthening closures.*

#### Environmental benefits of review

*Examples:*

*Reduced material use by XX tonnes per year*

*Decreases greenhouse gas generation by X% (t CO<sub>2-e</sub>/yr)*

*Decreases waste of existing packaging type by 15% (t/yr)*

*Decreases water wastage by 8%*

#### Environmental Constraints:

Increased water use by XX kL per year

Consultation with packaging recovery chain shows no current recovery system in place

Adds x tonnes of material per year to landfill

Potential to interfere with recycling sorting operations.

## Appendix C: Further resources

### Packaging design guidelines

Australian Council of Recyclers (ACOR) (2006), *Recycling guide for beverage and food manufacturers marketing in aluminium*, [www.acor.org.au](http://www.acor.org.au)

Australian Council of Recyclers (ACOR) (2006), *Recycling guide for fillers marketing in steel cans*, Sydney, [www.acor.org.au](http://www.acor.org.au)

Australian Council of Recyclers (ACOR) (2006), *Recycling guide for fillers in PET containers*, Sydney, [www.acor.org.au](http://www.acor.org.au)

Australian Council of Recyclers (ACOR) (2006), *Recycling guide for fillers marketing in HDPE*, Sydney, [www.acor.org.au](http://www.acor.org.au)

Envirowise (2008), *Packguide: a guide to packaging eco-design*, Didcot, Oxfordshire

Plastics and Chemicals Industries Association (PACIA) (2008 - 2009), *QuickStarts: Design for sustainability with plastics*, [www.pacia.org.au/Content/QuickstartPublications.aspx](http://www.pacia.org.au/Content/QuickstartPublications.aspx)

Sustainable Packaging Coalition (SPC) (2006), *Design guidelines for sustainable packaging*, SPC and GreenBlue, Charlottesville, USA, [www.sustainablepackaging.org](http://www.sustainablepackaging.org)

WRAP (2009), *A guide to evolving packaging design*, WRAP, Banbury, UK, [www.wrap.org.uk/retail/the\\_guide\\_to\\_evolution\\_packaging\\_design](http://www.wrap.org.uk/retail/the_guide_to_evolution_packaging_design)

### Packaging design tools

Sustainable Packaging Alliance, *Packaging Impact Quick Evaluation Tool (PIQET)*, [www.sustainablepack.org](http://www.sustainablepack.org)

WRAP (2009), *UK packaging benchmark database*, WRAP, Banbury, UK, [www.wrap.org.uk/retail/tools\\_for\\_change/uk\\_packaging\\_benchmark/index.html](http://www.wrap.org.uk/retail/tools_for_change/uk_packaging_benchmark/index.html)

### Recycling information

Australian Council of Recyclers (ACOR) (2006), *Kerbside recycling specifications (various)*, [www.acor.org.au](http://www.acor.org.au)

Australian Packaging Covenant, [www.packagingcovenant.org.au](http://www.packagingcovenant.org.au)

### Litter information

Keep Australia Beautiful (KAB) (2008), *National litter index*, [www.kab.org.au](http://www.kab.org.au)

### Standards and codes of practice

Plastics and Chemicals Industries Association (PACIA) (2003), *Plastics identification code*, PACIA, Melbourne, [www.pacia.org.au](http://www.pacia.org.au)

Plastics and Chemicals Industries Association (PACIA) (2007), *Using degradable plastics in Australia: a product stewardship guide and commitment*, PACIA in partnership with the Department of Environment and Water Resources, Melbourne, [www.pacia.org.au](http://www.pacia.org.au)

Standards Australia (2006), *AS 4736-2006, Biodegradable plastics - biodegradable plastics suitable for composting and other microbial treatment*, Standards Australia, Sydney

Standards Australia and Standards New Zealand. AS/NZS ISO 14021:2000, *Environmental labels and declarations - self-declared environmental claims (type II environmental labelling)*, Standards Australia, Sydney

### **International packaging regulations**

European Organisation for Packaging and the Environment (European), [www.europen.be](http://www.europen.be)

## Schedule 3: Compliance

### Contents

Introduction

Non-signatory brand owners

Non-complying signatories

**Dispute resolution**

### Introduction

These compliance procedures have been developed to ensure that companies who are signatories to the Covenant comply with their obligations under the Covenant, and that non-signatory brand owners and non-compliant signatories are subject to the regulations applicable in each jurisdiction in which the brand owner's goods are distributed and sold.

The NPCIA will administer these compliance procedures on behalf of the Covenant Council.

### Non-signatory brand owners

Periodic surveys will be undertaken of packaged products and used packaging that enters the waste stream, to identify companies that are brand owners.

The following procedures set out the process for encouraging companies that are non-signatory brand owners to become signatories to the Covenant.

#### Step 1 – Invitation to become a Signatory

On becoming aware of a non-signatory brand owner, the Covenant Council will write to the company, explaining the policy arrangements for the sustainable management of packaging materials (the Covenant and the NEPM) and will invite the company to become a signatory to the Covenant.

The company will be given a period of 40 days in which to become a signatory.

#### Step 2 – Notification of Referral

If a company that is a brand owner fails to become a signatory within 40 days, the Covenant Council will issue a notice to the company stating that it intends to refer the details of the company to state or territory governments for action by each jurisdiction to ensure that the company complies with the regulatory requirements in each jurisdiction.

The notice will state that it will have effect in 30 days.

If, within the period of the notice, a company that is a brand owner fails to become a signatory to the Covenant, the Covenant Council will refer details of the company to all state and territory governments.

## **Non-complying signatories**

The following compliance procedures will operate when there is evidence that a signatory is not fulfilling its obligations under the terms of the Covenant.

A signatory will be considered to be non-compliant with its obligations when it can not demonstrate that it has met the 'Covenant requirements' set out in Section 6 of the Covenant.

### **Step 1 – 'Show Cause' Notice**

Upon becoming aware that a signatory has failed to meet one or more of the 'Covenant requirements', the Covenant Council will give a notice to the signatory asking it to show cause why it should not be deemed non-compliant with its Covenant obligations.

A written response must be provided to the Covenant Council within 30 days of the receipt of the notice to show cause.

### **Step 2 – Non-Compliance Notice**

If within 30 days, there is no response, or a response that demonstrates how and by when the signatory intends to comply with its obligations is not received, the Covenant Council will give a second notice to the signatory stating that it intends to remove the company from the register of signatories to the Covenant from the date stated in the notice.

The stated date will be 30 days from the date of the notice.

The notice, in the case of a brand owner, will also state that from that date it will be subject to the regulatory requirements in each of the jurisdictions where its products are distributed and sold.

A company may only continue as a signatory after the issuing of a non-compliance notice if, in the time for the notice to take effect, it remedies its non-compliance with the 'Covenant requirements'.

### **Step 3 – Referral Notice**

Following the expiration of the period stated in a non-compliance notice to a brand owner, the Covenant Council will notify all state or territory governments that the company no longer has the benefit of being a signatory to the Covenant.

State and territory governments will then take action to ensure that the company complies with the relevant legislation in each jurisdiction.

### **Step 4 – Re-compliance**

A company that has received a non-compliance notice that has taken effect cannot become a compliant signatory to the Covenant until it has demonstrated to the satisfaction of the Covenant Council that it has and will continue to comply with the 'Covenant requirements'.

## **Dispute resolution**

In the event of there being a dispute about whether a company is compliant with the 'Covenant requirements', the signatory should outline their concerns in writing to the Covenant Council. The Covenant Council will appoint an independent person to consider and determine the status of the company.

In each case the independent person shall report in writing to the Covenant Council about the facts and circumstances that they took into consideration, and the reasons for their determination.

The Covenant Council will take note of and act on the basis of the report of the independent person.

# Schedule 4: Governance arrangements

## Contents

Introduction

Australian Packaging Covenant Council

Covenant Management Committee

National Packaging Covenant Industry Association (NPCIA)

## Introduction

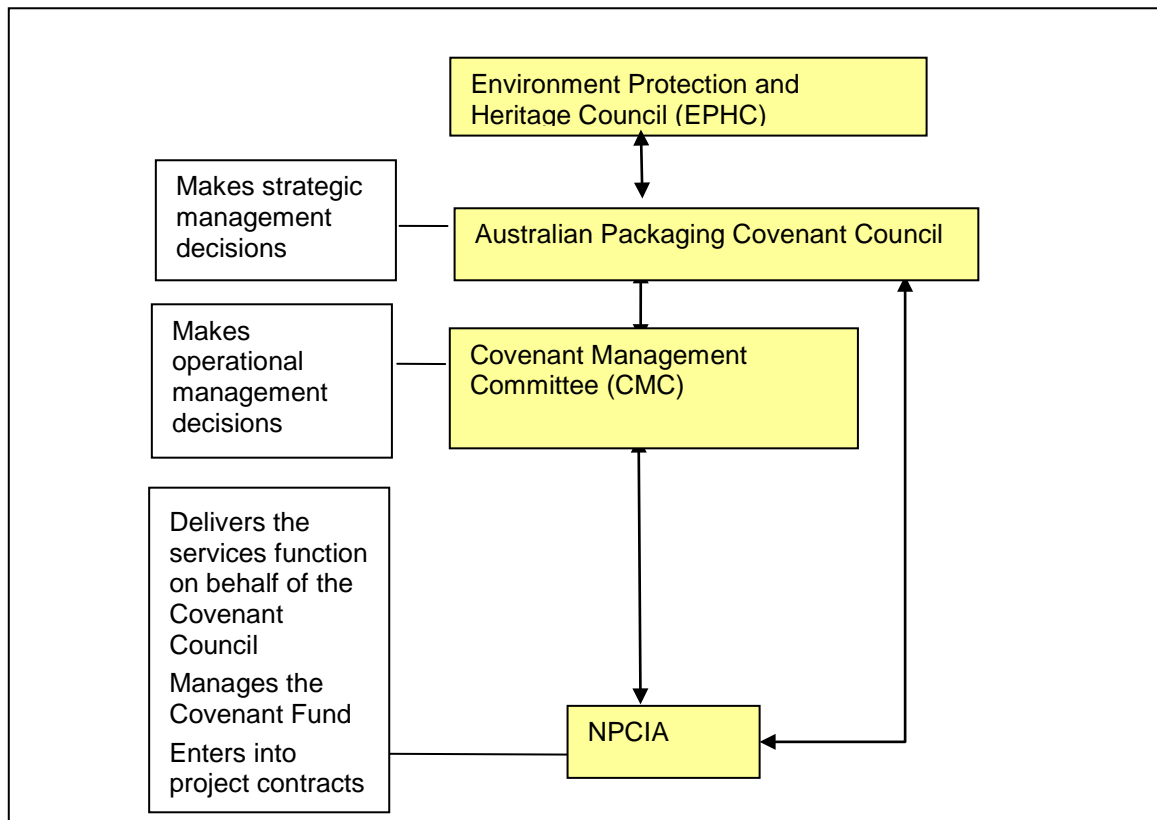
The Covenant is directed and managed at a strategic level by the Covenant Council. Covenant Council membership is drawn from signatories representing government, industry and the community.

A Covenant Management Committee, made up of representatives from jurisdictions and industry who serve on the Covenant Council, will be responsible for managing and operating the Covenant and managing the service and funding agreements.

The Covenant's operational activities will be delivered via a service agreement between jurisdictions and the National Packaging Covenant Industry Association (NPCIA).

Governance arrangements are summarised in Figure 1.

**Figure 1: Governance arrangements for the Australian Packaging Covenant**



## **Australian Packaging Covenant Council**

The Covenant Council's responsibility is to establish policy direction, strategy and compliance procedures for the Covenant.

Covenant Council membership is drawn from Covenant signatories representing government, industry and the community. Covenant Council meets at least four times a year, with the Chair rotating annually between senior representatives of Commonwealth, state and local government and industry. The Covenant Council operates by consensus.

The Covenant Council will operate according to the Rules of Procedure, which are available on the Covenant Council's web site.

The Covenant Council will:

- prepare and monitor performance against a 5-year strategic plan;
- agree and monitor compliance procedures;
- approve the annual business plans;
- approve the annual reports;
- report the outcomes of the Covenant to EPHC.

## **Covenant Management Committee**

Membership of the Covenant Management Committee will be drawn from the representatives of jurisdictions and industry on Covenant Council. The Covenant Management Committee will be comprised of 3 industry representatives and 3 jurisdiction representatives and will be chaired by the chair of Covenant Council. A quorum for conducting the business of the Covenant Management Committee will be 2 jurisdiction representatives and 2 industry representatives.

The Covenant Management Committee will agree the content of the service agreement between jurisdictions and NPCIA and oversee its implementation.

## **National Packaging Covenant Industry Association (NPCIA)**

The NPCIA is a legal entity established to assist industry organisations that are signatories to the Covenant to fulfil their obligations under the Covenant. The NPCIA coordinates industry's responsibilities under the Covenant, receives, manages and dispenses funds contributed by the members of the association, and carries out other functions to meet obligations under the Covenant.

The NPCIA will enter into an agreement with the jurisdictions (individually or collectively) to provide Covenant services. These services will be provided under the direction of the Covenant Council through the Covenant Management Committee.

The NPCIA will be accountable to the Covenant Council for the implementation of the Council's 3-year rolling annual business plan. Services provided by the NPCIA will include:

the preparation of annual business plans; the registration of signatories; receipt of action plans and annual reports; the delivery of capacity-building activities for signatories; the assessment of signatory compliance; the collection and management of Covenant funds, management of Covenant projects; and support to the operation of the Covenant Council.

## Schedule 5: Covenant Fund

### Contents

- Introduction
- Funding pool
- Project funding priorities
- Identification of projects
- Project approval and management
- Funded projects

### Introduction

The funding contributed by signatories is used for Covenant administration, communication and projects, including:

- capacity-building activities to assist signatories to meet their Covenant obligations, particularly in implementing design requirements; and
- projects to support increased recovery and recycling of packaging—particularly from workplaces and public places—and litter reduction.

### Funding pool

Funding is provided by Commonwealth, state and territory governments and the supply chain on the basis of agreed cost-sharing.

Cost-sharing arrangements and the amount required to achieve the Covenant's goals will be determined every 5 years through the Covenant Council's strategic planning process. For the first 5-year period the supply chain agrees to contribute \$3 million per year, matched by Government.

Funds will be set aside for the operation of the Covenant in an annual budget approved by Covenant Council. The remainder will be used to fund projects.

### Project funding principles

1. The supply chain and governments will provide targeted funding to support achievement of the Covenant's objective and goals.
2. The Covenant Council will identify funding priorities in its strategic plan.
3. Projects will be selected for funding in accordance with the process established by the Covenant Management Committee. The process will provide for input from associated and interested parties, for example, local government.

4. All projects will be assessed against their ability to cost-effectively achieve the objective and goals of the Covenant, taking into account the established funding priorities.
5. Approvals will be limited by the availability of industry and government funds.
6. Funding will not be provided retrospectively; that is, funds will not be provided to projects that are already under way at the time of application, or to projects that have been completed.
7. Funding will not be provided to non-signatories (subject to the provisions for local government below) or non-compliant signatories.

## **Identification of projects**

Projects will be selected for funding in one of two ways:

- The Covenant Council will identify strategic projects to support achievement of the Covenant's objective, goals and targets.
- Compliant signatories may be able to apply for funding against the priorities established by Covenant Council. Project funding guidelines will be published annually in the Covenant Council's business plan.

## **Local government projects**

The Covenant will not exclude valuable project proposals from local governments who are not Covenant signatories.

Local councils can engage with jurisdictions and/or industry to co-fund projects on the proviso that:

- they comply with the same approval process as Covenant projects;
- the proposing organisation provides its own matching funds in lieu of, or in addition to, industry and jurisdictional funds;
- the Mayor and CEO of the local council formally declare their endorsement of the principles and goals of the Covenant; and
- the Covenant is given full recognition in the operation and reporting of these projects.

## **Project approval and management**

The project selection and management will be undertaken in accordance with the process established by the Covenant Management Committee. In a report to the Covenant Council, the Committee will list all projects submitted for funding and those that were successful. It will also explain the rationale by which projects were rejected or approved.

## **Funded projects**

Recipients of funding enter into a binding contract that contains milestones for payment of funds, and requires the recipient to submit a communications plan and a detailed final report outlining the project's achievements.

## Schedule 6: Definitions

### Contents

Glossary of terms

Acronyms

### Glossary of terms

**“Away-from-home recycling”** refers to recycling that occurs in offices, industry, venues, institutions, shopping centres and busy public places. It covers consumer packaging and associated distribution packaging. It does not include household kerbside recycling.

**“Brand owner”** means:

- a person who is the owner or licensee in Australia of a trade mark under which a product is sold or otherwise distributed in Australia, whether the trade mark is registered or not;
- a person who is the franchisee in Australia of a business arrangement which allows an individual, partnership, or company to operate under the name of an already established business;
- in the case of a product which has been imported, the first person to sell that product in Australia;
- in respect of in-store packaging, the supplier of the packaging to the store; or
- in respect to plastic bags, the importer or manufacturer of the plastic bag or the retailer who provides the plastic bag to the consumer for the transportation of products purchased by the consumer at the point of sale.

**“Community group”** means an organisation representing consumer or public interests.

**“Consumer packaging”** means all packaging products made of any material, or combination of materials, for the containment, protection, marketing or handling of consumer products. This also includes distribution packaging (see below).

**“Distribution packaging”** means packaging that contains multiples of products (the same or mixed) intended for direct consumer purchase, including:

- Secondary: packaging used to secure or bundle multiples of consumer product, for example, cardboard box, shipper, shrink film overwrap.
- Tertiary: packaging used to secure or bundle multiples of secondary packaging, for example, pallet wrapping stretch film, shrink film, strapping.

**“Importer of branded product”** means, in the case of an imported product, the first person to sell that product in Australia.

**“Industry”** means any manufacturing, industrial, commercial, wholesale or retail activity or process that can generate, recycle, treat, transport, store or dispose of consumer packaging waste.

**“Jurisdiction”** means a Commonwealth, state or territory government in Australia.

**“Kerbside recycling collection”** means roadside collection of domestic solid waste separated for recycling or otherwise using those materials so separated.

**“Key performance indicators”** are the agreed, quantifiable measurements that reflect the critical success factors of the Australian Packaging Covenant.

**“Litter”** means packaging that when removed from a product is intentionally or unintentionally discarded.

**“Local government association”** means the peak bodies representing municipal corporations in each state and territory that have federated nationally to form the Australian Local Government Association.

**“Packaging manufacturer”** means a company that manufactures or imports packaging materials.

**“Post-consumer material”** means material generated by households or commercial, industrial and institutional facilities as final users of a product that can no longer be used for its intended purpose. This includes returns of material from the distribution chain (AS/NZS ISO 14021: 2000, *Environmental labels and declarations–Self-declared environmental claims*).

**“Pre-consumer material”** means material diverted from the waste stream during a manufacturing process. This does not include reuse of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process (AS/NZS ISO 14021: 2000, *Environmental labels and declarations–Self-declared environmental claims*).

**“Primary market”** means the sale and use of materials recovered to manufacture packaging.

**“Product stewardship”** is the ethic of shared responsibility through the lifecycle of products and encompasses the environmental impact of the product through to and including its ultimate disposal. Within the context of the Australian Packaging Covenant, “product stewardship” applies to packaging.

**“Raw material supplier”** means a company that supplies raw materials to companies that manufacture product packaging.

**“Recovery chain”** means all of the organisations involved in recovering and reprocessing packaging. These include, but are not limited to:

- local government;
- waste service providers;

- material reprocessors; and
- recycled product manufacturers.

“**Recyclable**” packaging for a product means it is reasonably able to be recovered in Australia through collection or drop-off systems and is able to be reprocessed and used as a raw material for the manufacture of a new product.

“**Recycle**” for a product, means to recover the product and use it as a raw material to produce another product.

“**Recycled content**” is the proportion, by mass, of recycled material in a product or packaging. Only pre-consumer and post-consumer materials are considered to be recycled content (AS/NZS ISO 14021: 2000, *Environmental labels and declarations—Self-declared environmental claims*).

“**Recycled material**” means material that has been reprocessed from recovered (reclaimed) material by a manufacturing process and made into a final product or into a component for a product (AS/NZS ISO 14021: 2000, *Environmental labels and declarations—Self-declared environmental claims*).

“**Resource efficiency**” means the efficiency with which we use resources and minimise environmental impacts throughout the lifecycle of a product or service (such as packaging).

“**Retailer**” means a company involved in retailing consumer packaged products.

“**Secondary market**” means the sale and use of materials recovered to manufacture a non-packaging product.

“**Shared responsibility**” refers to the equitable distribution of responsibility for managing the environmental impacts of consumer packaging to the most appropriate participants within the packaging supply and recovery chains.

Shared responsibility may be achieved through, but is not limited to:

- policies and practices adopted by all participants in the packaging supply chain that contribute to minimising the environmental impacts of consumer packaging;
- packaging designed to optimise its resource efficiency, recoverability and recycled content;
- the implementation of the NEPM by relevant jurisdictions; or
- local government recovery services for used packaging.

“**Signatory**” means any individual, group, company, or level of government that signs this Covenant.

“**Stakeholder**” means any individual, group, company or level of government with an interest in the Australian Packaging Covenant.

“**Supply chain**” means all of the organisations that participate in creating, distributing and selling consumer packaging and/or products. These include but are not limited to:

- suppliers of raw materials for consumer packaging;
- manufacturers of consumer packaging ;
- suppliers / distributors of consumer packaging;
- manufacturers of consumer products;
- fillers of consumer packaging, for example, contract packers;
- brand owners of consumer products;
- wholesalers / distributors of consumer products; and
- retailers of consumer products.

**“Waste hierarchy”** is a conceptual framework of desirable waste management options—prioritising the avoidance of unnecessary consumption, then its reuse and recycling, and lastly its final disposal.

## **Acronyms**

**“EPHC”** means the Environment Protection and Heritage Council.

**“NEPM”** means the National Environment Protection (Used Packaging Materials) Measure.

**“NPCIA”** means the National Packaging Covenant Industry Association.