



FOOD PACKAGING  
AND EQUIPMENT

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5<sup>th</sup> December, 2007

Ms Adele Weston  
The National Packaging Covenant  
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Subject : Globus Group NPC Annual Report – December, 2007.

Dear Ms Weston,

Thankyou for your letter to Mr Paul Vesely, dated 12.11.07. In response, please see attached a copy of the “Globus Group NPC Annual Report – December, 2007”.

Also, please note that the contact for all correspondence has changed from Mr Paul Vesely to Mr Gordon Greenaway, and the details on your NPC website should be updated as follows.

From: **Globus Group Pty Ltd**  
Mr Darko Supurovic  
Business Manager Packaging

To: **Globus Group Pty Ltd**  
Mr Gordon Greenaway  
Technical Manager

The “Globus Group NPC Annual Report – December, 2007” and the changes noted in this letter are endorsed by Mr Michael Jar, Chief Executive Officer, Globus Group.

Yours faithfully,

Gordon Greenaway  
Technical Manager

Endorsed by

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CEO, Globus Group

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## **Globus Group NPC Annual Report - December 2007**

### **Executive Summary**

Globus has made significant progress in relation to its action plan and KPI's as set in October 2005 for the period of 2006-2010.

There have been many changes at Globus that have contributed to this successful implementation of the action plan that has resulted in many of the actions being completed. Such changes include new staff, new machinery and new processes that lead to greater efficiency in the manufacture of packaging for the food industry.

Globus Group aims to continue to implement and train its staff in the ECoPP and recognises its responsibility to the natural environment. Globus has recently transitioned to a new Inventory and Financial computer system called IFS version 7 that allows for tighter controls on raw materials, finished good and scrap. All this should result in less wastage and better utilisation of current and new machinery.

### **Company Overview**

Globus is a specialist supplier of innovative packaging and equipment for perishable foods. Globus integrates leading technologies in barrier films, bags, casings and processing equipment, delivering solutions that make process and profit sense for our customers.

Our passion for product leadership is matched by our seamless delivery, a service standard we call "Perfect Order."

Globus Group operates converting facilities in both Sydney and Wellington. Our warehouse distribution and sales centres are in Sydney, Melbourne, Brisbane, Perth, Wellington and Auckland. Production capabilities include:

- Flexographic printing
- Solventless Lamination
- Bag making
- Shirring
- Top Tying
- Clipping and closing
- Centre-sealing
- Slitting

The most valuable contribution that Globus can make to saving environmental waste of all types, including packaging, is to work with perishable food manufacturers to apply packaging methods to extend shelf life so that retail stores throw out as little as possible date expired foods.

## **History**

Globus Group was founded in Australia in 1949 by lifelong friends and business partners Paul Sten and Emanuel Fisher. As recent immigrants to Australia, Sten and Fisher saw a need for quality smallgoods products and soon began importing artificial sausage casings for local manufactures.

In 1951 with the invention of indelible, food-safe inks, Globus were the first company in Australia to give customers the option of printing brand names and logos onto food casings. So ahead of its time was Globus' branding and marketing initiative that many smallgoods manufactures initially rejected the idea.

Today it would be impossible for perishable food manufactures to succeed without professional branding and packaging design.

Globus still prides itself on being at the forefront of packaging and equipment advances, introducing numerous technical and procedural innovations over the subsequent years.

While Globus Group has evolved, grown and become a technological leader in the food industry, the original aims of Paul Sten and Emanuel Fisher are still applicable.

Globus Group will always encourage and foster excellence within the Australian food industry whilst providing quality products, expertise, exceptional technical ability, imagination and superior service to our customers.

## **Customers & Products**

Globus' customers range in size from small wholesale butchers' suppliers to large national and international food manufacturing businesses.

Packaging product categories are as follows:

**Fibrous** – a cellulosic food casing that is primarily used in smallgoods manufacture. Product is pumped into the fibrous casing which is then smoked, dried or matured to make products such as salamis and pepperonis.

**Glophane** – a “cook in” food casing for whole-muscle products (for example silverside). Used solely for processing, not used for transport or retail sale.

**Laminated Casings** - trapped printed casing.

**Functional casings** – food casings that impart a physical characteristic to the filling (flavours or colours).

**Poly casings** – for use with all types of “emulsion” sausage, such as devon, pate, raw sausage mince and ham steaks. Poly casings can be used when either water cooking or steaming.

**Double-wound film** – two-layer film, used for trapping print between layers for higher definition. This film has high shrink and high barrier properties. For use when steam cooking emulsified products.

**Barrier Bags** – transparent shrinkable bags, which are produced in a number of sizes and thicknesses. Barrier bags are used for fresh meat, cheeses, cooked poultry, bacon and smallgoods.

**Collagen casings** – edible casing, which is used with raw, cooked or smoked sausages. Collagen casings are sold in various colours for different appearances,

**Thermoform** – multi-layer, high barrier film sold for packaging in various thicknesses depending on rigidity and depth requirements.

**Clips** - a metal clip that is closed around any bag, netting or casing.

**Loops** - used to hang sausages in: smokehouses, smoke trolleys, on smoke sticks, during maturing, during post maturing and for display at point of sale.

**Labels** - are attached to sausages and have information for customers on them such as brand and expiration date.

### **Engineering products:**

In addition to the above packaging product categories, Globus Group also supplies customers with food processing machinery, spare parts, and servicing.

### **Suppliers**

Globus Group’s packaging raw material and traded goods suppliers range in location from within Australia to Asia and Europe. Globus Group’s policy is to focus its efforts on the products of a relatively small number of high quality suppliers who work with Globus as true partners.

Globus Group offers suppliers high quality engineering support and manufacturing/conversion capabilities. This is coupled with highly developed

distribution channels, a skilled and experienced sales team and a company focussed on providing “perfect order” service to its customers.

Globus’ history demonstrates that supplier partnerships formed are lasting partnerships. Globus enters into new arrangements only where the products offer true innovation and competitive advantage to customers.

Suppliers are selected on their ability to supply goods and services to time, cost and quality requirements. Assessment of this ability may include, as appropriate:

- Past performance
- Capability
- Management systems

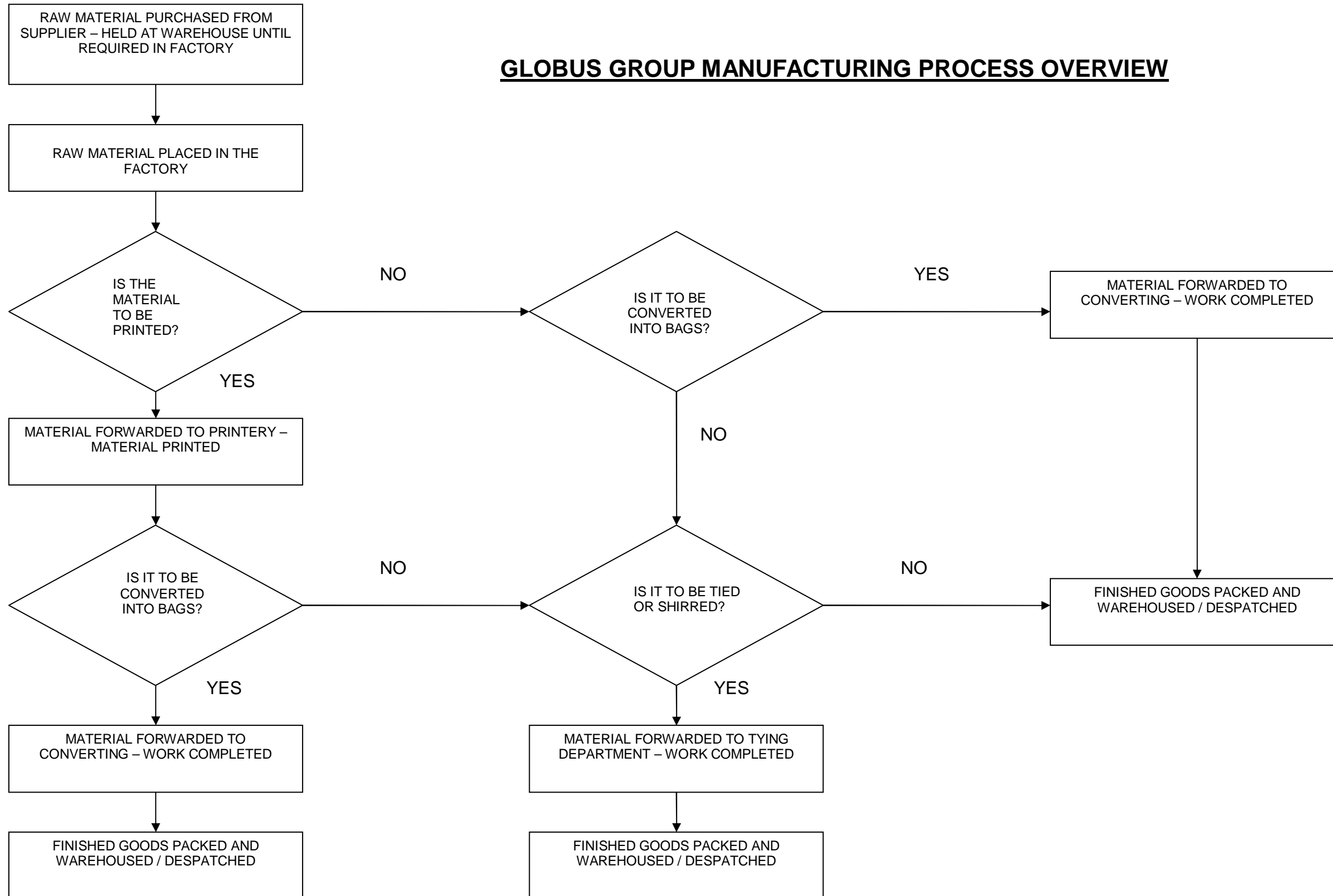
The majority of Globus’ raw materials are purchased from overseas – this is a function of the specialist nature of the material required. However, where possible Globus Group purchases from domestic suppliers and signatories to the National Packaging Covenant.

## **Process Overview**

1. Raw material is purchased from one of Globus' suppliers. It is stored in its primary packaging in the warehouse until required by the manufacturing facility.
2. The material is transported to the factory where, depending on the nature of finished product required, it is passed through one or more processes.
3. If the product is to be printed with customer logos, nutritional information and product descriptions, this is the first process.
4. Printed or plain material depending on the material type may then be converted into bags or pieces of various lengths and finished with clips or loops to seal the material at one end – the bags or pieces would then be packed tightly in cartons and stored until requested by the customer.
5. Some material (either printed or plain) is pre-shirred. Pre-shirring is a process that takes a tube of material and concertinas it into a stick. 25-40 metres of material can be 'squashed' into a uniform stick, with a length of approximately 50 cms (this process itself actually reduces the amount of packaging required for despatch). These sticks of material are then packed in cartons for despatch.
6. Once goods are shipped to the customer, the casings are filled with the customers product (eg meat, cheese, pet food etc). Subsequent processes may include cooking or maturing (within the Globus casing) prior to sale. The casing supplied by Globus Group may or may not be seen by the end consumer.

A flowchart of the Globus manufacturing process can be seen on the following page.

## GLOBUS GROUP MANUFACTURING PROCESS OVERVIEW



## **Globus Group locations and primary activities**

Globus Group employs approximately 70 staff across Australia, broken up between the following sites.

### **Bankstown, NSW**

- Head Office
- Raw material store
- Manufacturing facility
- Finished goods store
- NSW, ACT and QLD customer distribution
- Distribution to regional warehouses in VIC and WA (WA operated by third party provider)

### **Campbellfield, VIC**

- Sales, administration and distribution – VIC, SA, TAS

### **Belmont, WA**

- Sales and distribution (via third party)

### **Coopers Plains, QLD**

- Sales office, QLD

## **National Packaging Covenant and Globus Commitment**

Globus Group became a signatory of the National Packaging Covenant in April 2003. Globus' CEO and executive management team remain 100% committed to the program, its principles and its obligations as signatory.

This commitment has been displayed through:

- Assigning responsibility for covenant compliance and action plan monitoring to the Technical Manager.
- Contribution to the transitional funding arrangements.
- Covenant action plan points becoming an agenda item in management review meetings.
- Sponsorship of a Packaging Magazine 'Evolution Award' to recognise and reward brand owner excellence in packaging waste management.
- A review of processes that lead to scrapped material from the factory.
- Purchase of new machinery that produce less waste or allow for more efficient use of materials.

Globus has maintained a reputation for innovation, research and development within the food packaging industry since its inception over 50 years ago. Commitment to the cause and ideology of the National Packaging Covenant is therefore inherent in the business' make up.

- Globus is committed to minimising excess and inappropriate packaging and its impact on the environment
- Globus is committed to further researching materials currently used for packaging being mindful of recyclability
- Globus is committed to educating its staff in the areas of packaging waste and disposal
- Globus is committed to working with partners in the supply chain for the betterment of waste management and recycling practices in Australia
- Globus is committed to the packaging covenant key concepts of shared responsibility and product stewardship

## **The Environmental Code of Practice for Packaging**

Globus supports the Environmental Code of Practice for Packaging (ECoPP) which promotes excellence in packaging as defined by two fundamental and equally important principles. Packaging should be designed to have a minimum net impact on the environment in terms of waste, water, energy, emissions while also fully preserving the integrity of the product it contains.

As the ECoPP recognises, packaging provides convenient, safe, and cost efficient delivery of products to customers. Globus' packaging also ensures products are protected, have increased shelf life, and are clearly branded and marketed for end consumers at the point of sale.

Globus applies all relevant parts of the ECoPP in its NPC action plan. This in turn leads to a minimisation of negative environmental impacts whilst maximising environmental benefits. The areas of the ECoPP that Globus has addressed in its NPC action plan are as follows: source reduction, potential for re-use, recovery and recycling, minimising impacts of packaging, propensity to become litter, and consumer information. Through incorporating these areas of concern into our NPC action plan and setting specific quantifiable targets (KPI's) where possible, Globus aims to show real progress towards achieving the goals of the ECoPP.

### **Annual reporting against action plan:**

Globus is committed to lodge a report against its NPC action plan to the Department of Environment and Heritage annually. Reports are to be lodged by 31<sup>st</sup> October each year.

Reports submitted are to clearly demonstrate continuous improvement and performance against individual targets (KPI's) and timelines in the attached action plan.

## **Waste Minimisation and Recycling**

There are a number of existing programs within Globus Group positively impacting waste management, disposal and material recycling.

### **New machinery in the factory**

There are three main new machines that have led to a decrease in scrap material and excess material reaching the end user.

The Heidelberg bag machine has allowed operators to ensure seal quality on barrier bags is of our quality standards and will not break in the market place hence there is less reject bags that end up in landfill.

The Comexi press allows for wider print runs hence less set up wastage between change over of rolls occurs when starting a print job.

Lastly the Bimec slitter allows the new laminated rolls or film to be slit after being laminated altogether hence less energy is used in each rolls manufacture.

### **All paper waste is now recycled using Bankstown Airport daily collections.**

A recent and ongoing review (see action plan) of business waste produced highlighted that there was misuse of recycling bins. Staff have been trained under GMP to ensure all paper and cardboard waste that is recyclable is placed in the clearly marked paper recycling bins. Furthermore upon appointment of a full time cleaner, special paper and cardboard recycling points within the office area are now being utilised.

### **Measurement system for production waste implemented and reported.**

The current IFS system (Globus' inventory and financial management system) allows for a quantitative measure of material wastage. This is measured against a target which is reported to the senior management team and directors on a monthly basis. The recent appointment of a Technical Manager to oversee product quality has resulted in Globus reducing quality problems with its products and hence decreasing wastage. Factory employees are made aware of the relationship between waste and commercial success through details in their job descriptions.

## **Action Plan Summary**

Significant opportunities for improvement exist with Globus' business. The company has relocated its production to Bankstown which has given opportunity for improvements in efficiencies, and waste management.

Globus is accredited with an ISO9001:2000, covering all areas of the manufacturing process, and the management systems that underpin the business. Within the documented quality system particular emphasis is placed upon customer satisfaction and management of improvement strategies.

The Senior Management Team are fully aware of the negative impact waste has on the environment and the commercial performance of the business, and through management of the action plans outlined in this document feel that both areas can be successfully addressed. Performance against major KPI's will become an agenda item for monthly management meetings. The Chief Executive Officer accepts responsibility for ensuring team members are assigned appropriate tasks and perform activities so that due dates are met.



**Action Plans – Actions Completed, as at December 2007**

Focus Area	Actions	Impact	completion date	Current situation
Design	Highlight excess and inappropriate packaging of raw materials supplied to Globus – negotiate suitable changes	Minimise packaging material brought into Australia	October 2004 (and ongoing)  2007 - Ongoing	Changes requested to packaging methodology from 2 major suppliers, one has changed to cardboard pallets and ceased supplying material in cardboard drums with metal rims; one has removed metal strapping from cartons.  Suppliers have been requested to improve the way rolls are stacked on pallets to reduce roll damage and resultant product waste.
Research / Design	Conduct overseas packaging material and methodology research tours	Further advancing packaging material (and therefore recycling) knowledge	30 June 2004 (and ongoing)  May, 2007	5 extensive overseas tours have been conducted by senior managers with a focus on new product development. In May 2004, 12 members of the Globus team visited Germany to attend a specific trade show on meat processing and packaging.  Globus management team visited Germany to attend a specific trade show on meat processing and packaging.
Distribution	Re-use raw material packaging for despatch of finished goods	Reduce the number of cartons and pallets produced solely for finished goods despatch	2003  2007 - ongoing	Globus' product mix has shifted towards goods that are traded as opposed to manufactured. The collagen casing and thermoform product lines are forwarded to customers in their original packaging therefore no additional packaging is introduced to the chain – primary packaging only used.  Plastic pallets received from suppliers of raw materials are re-used for transporting goods to customers.
Labelling	"Do the right thing" logo displayed on cartons of despatched goods	Further highlight the message of cardboard recycling	Jan 2006	New printing plates have been ordered for Globus' recyclable cardboard boxes.

Market development	2004 Customer Survey included section on packaging and environment	Provide suggestions for Globus operational improvement	February, 2004	There was a question in the customer survey relating to Globus packaging of product. Customers rated our packaging as 6.05 from a possible 7. No customers (many of whom are also signatories) requested changes to the way in which we supply product. All product is supplied in recyclable cardboard cartons.  Globus staff are made available to talk with customers regarding Packaging Covenant commitments and support.
Market development	A new product called form shrink has been introduced into the Australian packaging market which eliminates excess packaging caused by bags and creates a vacuum shrunk sealed package around the product.	Less excess packaging around the product	Introduced in 2004 and is currently gaining market penetration in Australia. Form Shrink film used over products such as cheeses, meats and smallgoods reduces packaging by 20%.	Due to confidentiality Globus can not release the numbers of customers using this type of packaging. Through increased marketing and educational courses for Globus Group Account Managers this packaging is gaining greater market share.



Production	Continually review manufacturing and operational practices – seeking waste generation root causes – and eliminating such practices	Minimise waste	September, 2004 (Ongoing)  2007 – ongoing	Globus' waste management contractor has been changed upon relocation to Bankstown. Currently all paper and cardboard is recycled. Globus has on site 2 x 1.5 cubic metre recycling bins that are collected daily.  Previous waste management contractor solely used landfill for all waste. This process was changed in Sept 2004.  The business expansion into film laminate production allows the opportunity to down-gauge component films as technically appropriate.
Production				The Production Manager is currently introducing a new process to record all scrap from the factory and allocate it to a specific machine and work centre. This allows for deeper investigation and insight into the waste causing areas within the factory and hence focus is given to these areas.
Production	Reuse rags full of solvent and ink from the printery	Constantly purchasing new rags and throwing out a drum full of old rags every month	Ongoing	Australian Waste Recycling is performing monthly collections of used rags. They clean them in an environmentally friendly process, bury the residue from the rags, and re-sell the now clean rags.
Production	Decrease the solvent that is used and then disposed of from the printing area.	Decrease solvent used	July 2006  Dec, 2007	Globus is currently commissioning a new printing press. A solvent distillation unit will be purchased thereafter to recycle a portion of the solvent used. This will effectively reduce the amount of solvent discarded by Globus.  A solvent distillation unit is now operational resulting in a significant reduction in the amount of solvent discarded by Globus.
Production	Globus commissioned a new bag machine in March 2006 which reduces excess packaging on each bag			Globus' new bag machine has increase efficiencies due to speed plus allowed for higher seal reliability causing less faulty material to be put in the rubbish and sent to the landfill.
Disposal / Collection	Develop set of guidelines discouraging computer printing – move Globus towards a “paperless office”	Minimise paper waste	Complete  2007 - ongoing	New software and hardware has been leased enabling desktop faxing and scanning – reducing the amount of paper used within the office. Purchase orders can now be emailed, further reducing paper.  Office waste paper is collected for recycling

Disposal / Collection	In depth review of current waste disposal methodology – develop appropriate action plans – e.g. waste separation	Significantly reduce quantity of unsorted waste – recyclable goods disposed of correctly	Complete  2007 - ongoing	Globus' waste management contractor has been changed. Now utilise services of large, international supplier, where all paper and cardboard is recycled. Globus has on site 2 x 1.5 cubic M recycling bins that are collected daily if required. In addition a specific weekly collection of all cardboard pallets and larger recyclable waste is coordinated.  Previous waste management contractor solely used landfill for all waste. This process was changed in January 2004.  Currently all paper and cardboard is recycled. Globus now has on site 4 x 1.5 cubic metre recycling bins that are collected weekly.



Education	Include packaging and waste awareness in company induction process	Increase staff focus on impact of packaging	Complete (On going)	Waste minimisation practices and incentives form a part of Globus' EBA. All position descriptions include waste oriented KPIs and the induction process will echo appropriate message.
Education	Include environment responsibility into job descriptions – waste minimisation	Increase staff focus on impact of packaging		
Education	Develop an environment policy	Enhance the business' environmental focus	Complete - July 2005	Globus is proud to stand behind its Environmental policy and has it clearly listed for all to view on the website.
Education	Develop and document a recycling system at each site	Provide all with a documented procedure for waste disposal	Complete	As per above, Globus' waste management provider has changed. Signage erected detailing recyclable collection and other. Cleaners that manage the office waste are clearly instructed on waste disposal practices.

## **Additional information**

For additional information, please contact Globus Group's  
National Packaging Covenant representative:

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