

Graphic Packaging International (Australia)



GRAPHIC PACKAGING

INTERNATIONAL AUSTRALIA PTY LIMITED

National Packaging Covenant Annual Report 2005-06

2005-06 Annual Report
against NPC Action Plan

28 June 2007

Report no: 1



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1 Executive Summary

2005–06 achievements by Graphic Packaging International (Australia) (GPIA) in relation to achieving positive environmental outcomes with regards to the company’s environmental performance, particularly with respect to packaging, are:

- improvements in KPI data collection, with the KPI data generation methodology now ‘robust’ and repeatable
- significant substitution of truck pallet movements into Queensland, for direct shipping
- the introduction of reusable shippers (cardboard crates for use on pallets), in WA. The reusable shippers will also be adopted in Queensland and New South Wales during 2007–08
- integration of the Environmental Code of Practice for Packaging (ECoPP) into GPIA operations
- some improvements in flap and lap cutting efficiencies resulting in improved utilisation of packaging material
- as in previous years GPIA continued to recycle effectively 100% of scrap packaging material generated by packaging operations.

2 Introduction

2.1 Purpose of document

The National Packaging Covenant (Covenant) is the voluntary component of a co-regulatory arrangement for managing the environmental impacts of consumer packaging in Australia. It is based on the principles of shared responsibility through *product stewardship* and delivered through the collaborative approach between key sectors of the packaging supply chain and all spheres of government — Australian, State, Territory and Local.

The first Covenant was launched in August 1999 and ran to June 2005. The current (second) Covenant commenced in July 2005 and is due to run for five years until June 2010. Graphic Packaging International Australia (formerly Riverwood International Australia) submitted its first (three year) Action Plan under the new Covenant agreement in January 2006, which was for the years 2005–06, 2006–07 and 2007–08.

Inclusive of Riverwood reporting, this document is GPIA's fifth Annual Report to the National Packaging Covenant Council (NPCC), and first under the new Covenant agreement. This Annual Report details the performance of GPIA against the Action Plan for the period from July 2005 to June 2006.

2.2 Company profile

Graphic Packaging International (Australia) Pty Ltd is a wholly owned subsidiary of Graphic Packaging International, for which the head office is in the US.

Graphic Packaging International Australia Pty Ltd (GPIA) produces two types of paperboard packaging for the beverage industry:

- Aqua-Kote (High Wet Strength Carrier Board) – designed for use in wet environments
- Pearl-Kote (Medium Wet Strength Carrier Board) – also designed for use in wet environments, but in less demanding conditions than Aqua-Kote applications.

Both packaging materials are fully imported, and are used exclusively in the manufacture of beverage bottle and can packs and wraps. The imported packaging material is manufactured in the US, and is converted from imported rolled sheet to packs and wraps by converters here in Australia (Carter Holt Harvey / Wade Pack, Jaypak and Colorpak).

In addition to the sale of packaging products to end-use filling customers, GPIA also owns and leases machinery to customers for the packing of beverage products. GPIA supplied board (Aqua-Kote and Pearl-Kote) and other board (e.g. Visy's Microflute) is folded, and the beverages packed as



part of the on-site customer production line. Machinery maintenance and service at customer sites is managed by GPIA service engineers.

Both Aqua-Kote and Pearl-Kote enjoy high pre-consumer recycling rates (effectively 100%), and post-consumer recycling rates (recovered as cardboard recycling through kerbside collection systems).

A flowchart of the organisational setup, and packaging material flows during the 2005–06 financial year, is provided in Figure 2-1.

2.3 Location in packaging chain

As it relates to Covenant KPI reporting GPIA occupies a **packaging manufacturer** position in the packaging chain.

In terms of the Covenant definitions GPIA undertakes the following activities in the packaging chain:

- supplier of raw materials for consumer packaging
- manufacturer of consumer packaging
- supplier/distributor of consumer packaging.

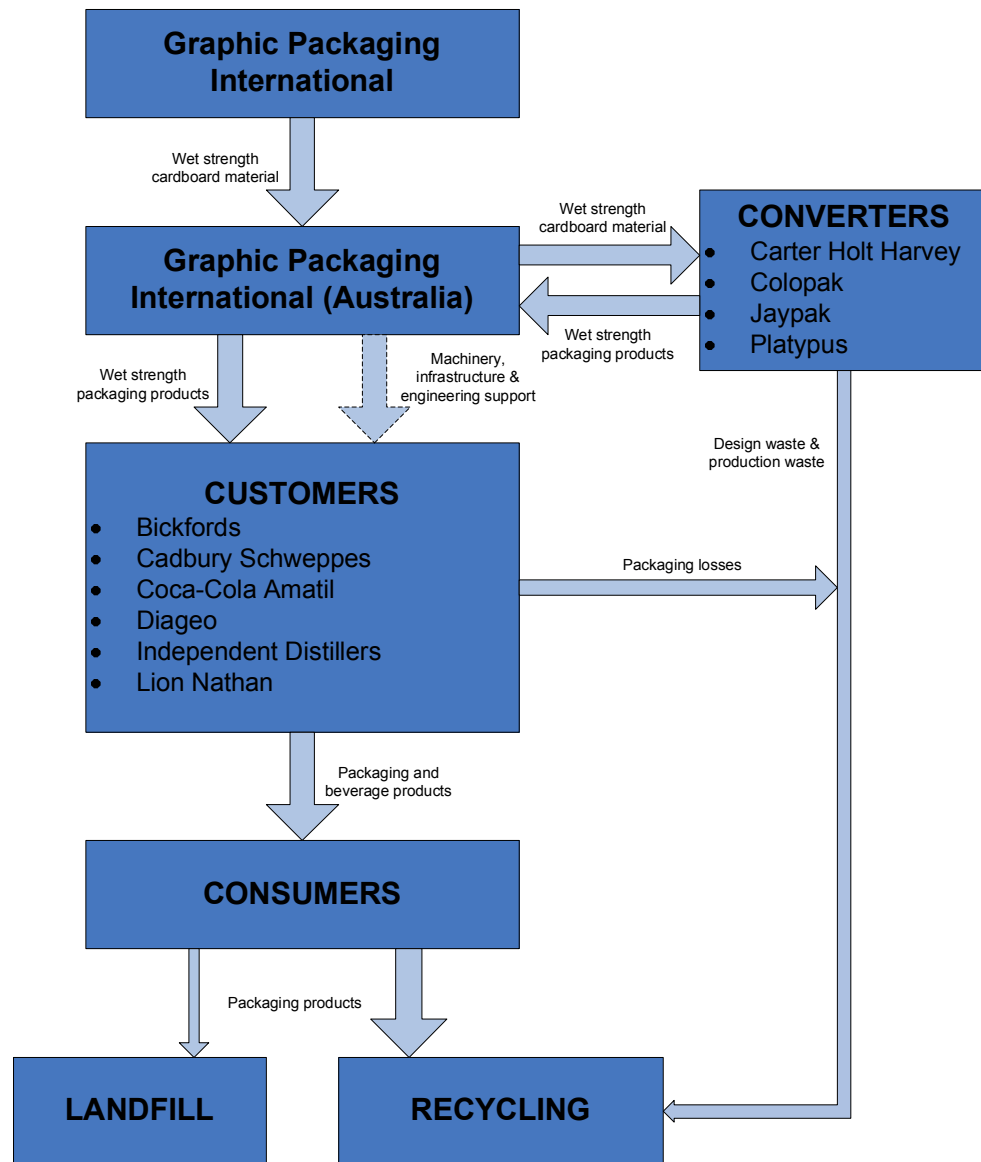


Figure 2-1 GIA packaging material flows

2.4 Size of company

Revenue: \$48 million turnover during the 2005–06 financial year.

Employees: 13 full-time and part-time staff.

GPIA contributed to the Transitional Arrangements fund at the appropriate level for the 2005–06 financial year.



2.5 Facility locations

GPIA facilities are located at:

- Burwood, Victoria (head office)
- Burwood, Victoria (equipment servicing)
- Baulkham Hills, New South Wales (sales and equipment servicing)

GPIA does not operate any manufacturing facilities in Australia, as packaging raw material is fully imported. Packaging board is converted locally through agreements with toll converters.

2.6 Appointed Covenant officer

For further information regarding this Covenant Action Plan, or any other National Packaging Covenant related matter, please contact the GPIA appointed Covenant Officer:

Mr Jeff Smith
Managing Director
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The GPIA Covenant Officer is also responsible for implementation of this Action Plan and reporting on its progress.

2.7 Managing Director endorsement

I, Jeff Smith, endorse this Graphic Packaging International (Australia) NPC Annual Report (2005–06), on the GPIA NPC Action Plan 2005–2008.

Jeff Smith
Managing Director
Graphic Packaging International (Australia) Pty Ltd
Melbourne, June 2007



3 Product Stewardship activity during 2005–06

Product Stewardship activity during 2005–06, against the GPIA Action Plan, is described in Table 3-1.

For convenience the Actions are grouped by *product stewardship area* (as defined in the Covenant document). The nine areas of Product Stewardship into which the Actions are categorised are:

- Design
- Production
- Distribution
- Disposal
- Market development
- Education
- Labelling
- Recycling and reprocessing
- General product stewardship Actions

For clarity the Covenant KPIs and performance goals that relate to each Action are clearly identified, with full details on each of the KPIs provided in Section 4. Some Actions do not contribute to the fulfilment of a specific Covenant KPI. Where this occurs, these Actions are identified as contributing toward *NPC activity management* or as a *General Covenant activity*.

Each Action also has a stated *Performance Measure*, for assessing its degree of completion or ongoing progress, and the timing for each Action is also provided. The timing of Actions are identified as occurring in Years 1, 2 or 3, which correspond to the following time periods:

- **Year 1** – July 2005 to June 2006
- **Year 2** – July 2006 to June 2007
- **Year 3** – July 2007 to June 2008.

The Actions outlined in Table 3-1 build upon highly effective activity under the first Covenant. GPIA has entered the second Covenant with highly efficient operations with regards to waste and recycling outcomes, and packaging utilisation efficiency.



Table 3-1 GPIA Action Plan and description of activity during 2005–06

Action	Performance Measure	KPI & Performance Goal	Year	2005–06 Activity
Design				
1. Develop and adopt a GPIA Packaging Development Procedure (PDP) which incorporates the requirements of the Environmental Code of Practice for Packaging (ECoPP).	Draft <i>PDP</i> developed by end of 2006. PDP finalised and adopted into GPIAs packaging design processes by early 2007.	KPI 22 (Goal 4)	Year 2	Not a Year 1 activity.
2. Apply GPIA Packaging Development Procedure to new packaging products.	Document the application of the PDP to new packages in Annual Reports.	KPI 22 (Goal 4)	Years 2-3	Not a Year 1 activity.
3. Optimise and track designs to minimise waste.	Monitor cutting efficiencies and report annually.	KPI 3 & 4 (Goal 1)	Years 1-3	Cutting efficiencies maintained at 80%. Some flap and lap improvements.
Production				
4. Report annually on the energy and water consumed to produce GPIA packaging.	Energy consumption per tonne of packaging produced determined and reported on in Annual Reports. Water consumption per tonne of packaging produced determined and reported on in Annual Reports.	KPI 2 (Goal 1)	Years 1-3	Refer Section 4.1.
5. Recycle at least 95% of GPIA packaging production waste generated by packaging converters and on customers packaging lines.	>95% of packaging waste recycled.	KPI 3 (Goal 1)	Years 1-3	Approximately 100% of packaging waste recycled in 2005–06.
6. Report annually on average post-consumer recycled content in packaging.	Average post-consumer recycled content determined and reported on in Annual Reports.	KPI 5 (Goal 1)	Years 1-3	Aqua-Kote and Pearl-Kote contain approximately 10-15% post-industrial recycled content. No post-consumer at present. Also refer Section 4.4.
7. Identify opportunities for minimising waste to landfill, particularly for shrink wrap and stretch wrap, and where practical implement identified opportunities.	Waste minimisation assessment completed by March 2007. Identified practical opportunities implemented by June 2007.	KPI 3 (Goal 1)	Year 2	Not a Year 1 activity.
8. Introduce recycling collections for post-consumer packaging at all GPIA sites.	Post-consumer recycling collections introduced at GPIA facilities by June 2007.	KPI 16 (Goal 2)	Year 2	Not a Year 1 activity.
Distribution				
9. Undertake detailed assessment of reusable freight packaging potential for GPIA products, and where practical implement any identified opportunities.	Reusable freight packaging assessment project completed by July 2007. Identified practical opportunities implemented by Dec 2007.	KPI 3 (Goal 1)	Years 2-3	Not a Year 1 activity. However in 2005–06 GPIA introduced the use of reusable shippers (refer Section 4.2).



Action	Performance Measure	KPI & Performance Goal	Year	2005-06 Activity
10. Undertake tertiary packaging minimisation project, and develop recovery options for unavoidable tertiary packaging.	Tertiary packaging min. project completed by June 2007. Identified practical minimisation opportunities implemented and recovery systems for unavoidable tertiary packaging put in place by December 2007.	KPI 21 (Goal 4)	Year 3	Not a Year 1 activity.
11. Investigate modifications to logistics control and systems to improve distribution efficiencies, including investigating more efficient pallet stacking patterns and heights, to reduce truck movements.	Assessment of logistic systems to identify distribution efficiencies and reduce usage of tertiary packaging completed by July 2007. Identified practical opportunities implemented by December 2007.	KPI 3 & 4 (Goal 1)	Year 2	Not a Year 1 activity.
Disposal				
12. GPIA will contribute to Away from Home (AfH) recycling activities through the NPCC.	GPIA to identify appropriate contribution and assist in implementing AfH recycling activities where appropriate.	General Covenant activity	Years 1-3	No activity in Year 1 (2005-06), however GPIA will formally contact the NPCC in Year 2 to register its interest in AfH activities.
Market Development				
13. Work with local government and other relevant organisations to increase the level of Away from Home (AfH) collections of recyclables into current kerbside collections.	Undertake assessment exercise to identify areas where GPIA can help extend AfH recycling (completed by June 2007).	General Covenant activity	Year 2	Not a Year 1 activity.
14. Develop and adopt a 'Buy Recycled' purchasing practice.	'Buy Recycled' purchasing practices guideline developed and adopted by December 2006.	KPI 26 (Goal 4)	Year 2	Not a Year 1 activity.
15. Develop and implement a 'Buy Recycled' purchasing program, incorporating purchasing practices (including contractual clauses) to incorporate consideration of the recycled content of packaging materials.	'Buy Recycled' purchasing program implemented by March 2007.	KPI 26 (Goal 4)	Year 2	Not a Year 1 activity.
Education				
16. Support and contribute to promotions and education for Away from Home and litter reduction programs.	Communicate with the NPCC a willingness to contribute to AfH and litter programs by December 2006.	General Covenant activity	Year 2	Not a Year 1 activity.
17. Produce information release for all GPIA staff on NPC related activities.	Distribute information release on NPC related activities following development of Annual Reports.	General Covenant activity	Years 2-3	Not a Year 1 activity.
18. Use GPIA website to provide detailed reporting on GPIA environmental performance, including NPC reports.	GPIA website modified to provide environmental reports.	General Covenant activity	Years 2-3	Not a Year 1 activity.



Action	Performance Measure	KPI & Performance Goal	Year	2005-06 Activity
Labelling				
19. Assess all packaging to ensure that environmental labelling on products is consistent with the ECoPP (Consumer Information), and where necessary meet the requirements of AS/NZS 14021 – Self declared environmental claims.	Wherever possible within customer constraints ensure that all packages have correct recycling or disposal messages, and inform customers of any non-conformances, by December 2007.	KPI 3 (Goal 1)	Year 2	Not a Year 1 activity.
General product stewardship Actions				
20. GPIA will develop an Environment Policy, which will include a statement of its commitment to the NPC and the ECoPP.	Environment Policy developed by November 2006.	General Covenant activity	Year 2	Not a Year 1 activity.
21. GPIA will formally adopt its Environment Policy.	Environment Policy adopted by February 2007.	General Covenant activity	Year 2	Not a Year 1 activity.
22. Develop robust baseline KPI data for numerical KPIs 2, 5 and 21.	Robust baseline KPI data established by June 2006.	KPI 27 (Goal 5)	Year 1	Refer Section 4.9.
23. Establish <i>targets</i> for KPIs 2, 5, and 21, once robust baseline KPI data available.	KPI targets determined, and published in Annual Reports against this Action Plan.	KPI 29 (Goal 5)	Years 1-3	Refer Section 4.9.
24. Develop a coordinated database for the annual capture and analysis of KPI 2, 5 & 21 data.	Quantitative KPI recording database developed by July 2006.	KPI 28 (Goal 5)	Year 1	Refer Section 4.10.
25. Contribute to Covenant funding arrangements as required annually	Contribute funding annually in a timely manner.	General Covenant activity	Years 1-3	Complete for 2005-06.
26. Report annually against this Action Plan.	<i>Annual Reports</i> against this Action Plan submitted by 31 October of each year.	KPI 28 (Goal 5)	Years 1-3	Complete for 2005-06.
27. Undertake annual audits of waste to landfill and recycling at GPIA facilities to fulfil NPC reporting requirements.	Undertake annual waste (to landfill) and recycling audits at GPIA facilities by August each year.	KPI 21 (Goal 4)	Years 1-3	Refer Section 4.6.
28. Demonstrate improvement against GPIAs KPI targets and ongoing achievement of the Actions described in this Action Plan.	Action Plan 'Actions' and KPI targets achieved.	KPI 29 (Goal 5)	Years 1-3	Refer Section 4.11.

4 Company Dataset (KPIs)

4.1 KPI 2

KPI 2 measures the resources used to produce packaging, in terms of energy (MJ) and water (kL) per tonne of packaging produced.

This KPI relates to total consumption of energy and water used to produce or convert into packaging, across the whole of the signatory's operations, e.g. all company sites and all aspects of company operations.

Table 4-2 KPI 2 Data – Estimates of resource consumption for 2004–05 and 2005–06

Material	Resource consumption in 2004-05		Resource consumption in 2005-06	
	Energy (MJ/tonne)	Water (kL/tonne)	Energy (MJ/tonne)	Water (kL/tonne)
High wet strength carrier board	194	0.32	194	0.32
Medium wet strength carrier board	190	0.31	190	0.31

4.2 KPI 3

KPI 3 relates to improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.

Implementation of Action 3 (Optimise and track designs to minimise waste) of the Action Plan resulted in some minor cutting efficiency improvements due to improvements in flap and lap design.

In addition, during 2005–06 GPIA introduced the use of reusable shippers (cardboard crates for use on pallets), in WA. The reusable shippers were used for approximately 1 000 pallet movements, are used on average 6 times and are recyclable at end of life. The reusable shippers substituted for single use cardboard shippers. The reusable shippers will also be adopted in Queensland and New South Wales during 2007–08.

There was little other activity scheduled against KPI 3 for Year 1 of the Action Plan.

4.3 KPI 4

KPI 4 relates to changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging.

In 2005–06 GPIA started shipping 3 500 tonnes of carrier board directly into Brisbane, previously the material was transported to Queensland by road.

There was little other activity scheduled against KPI 4 for Year 1 of the Action Plan, other than that identified in KPI 3 above.

4.4 KPI 5

KPI 5 relates to the average % per annum of post-consumer recycled content in manufactured packaging.

There is no post-consumer recycled content currently incorporated into GPIA packaging products. However both Aqua-Kote and Pearl-Kote contain 10 – 15% post-industrial recyclate. Graphic Packaging carrier board is manufactured by mills in the US, with all but one of Graphic Packaging’s US based packaging production sites located adjoining a mill. This enables most cutting waste from packaging production to be recovered and returned to the mills for reprocessing.

In addition GPIA packages are 100% recyclable through cardboard recycling collections, and due to the high quality (long) fibre it contains offer valuable input into cardboard recycling processes.

4.5 KPI 16

KPI 16 relates to signatories providing on-site collection facilities for post-consumer packaging recycling.

Table 4-3 KPI 16 – Recycling collections at GPIA facilities

Facility type	Number of sites	Number of sites with recycling collections		
		Cardboard	Office paper	Container
Head office / service centre	1	1	1	1
Separate service centres	1	1	1	1
Total	2	2	2	2

4.6 KPI 21

KPI 21 is the estimated tonnage of consumer packaging sent (a) for recycling and (b) to landfill from on-site collection facilities.

Table 4-4 presents the estimated quantities of consumer packaging sent for recycling and to landfill from GPIA facilities during 2005-06. The estimates are based upon the numbers of pickups annually and data available on compositional audits undertaken at offices where similar recycling collection systems to those at GPIA were in place.

While not a specific reportable outcome against KPI 21, the introduction of the reusable shippers in WA, and their introduction in Queensland and New

South Wales during 2007–08, will result in significant reductions of cardboard shippers (tertiary packaging) to be disposed at customer sites.

Table 4-4 KPI 21 Data – Estimated packaging sent to recycling and landfill

Packaging stream	Total	
	tonnes	%
Packaging recycled	0.47	67%
Packaging landfilled	0.23	33%
Total packaging	0.70	100%

4.7 KPI 22

KPI 22 relates to the *adoption of the ECoPP and development of systems for its implementation.*

Actions and commitments that demonstrate that the ECoPP has been implemented are scheduled to be reported on in the second Annual Report against the GPIA NPC Action Plan.

4.8 KPI 26

KPI 26 relates to the *implementation of Buy Recycled purchasing policy / practices.*

A Buy Recycled purchasing policy is scheduled to be developed in Year 2 of the Action Plan, with implementation (including contractual clauses) and recycled content product purchases reported upon in the Year 2 and 3 annual reports.

4.9 KPI 27

KPI 27 relates to the *establishment of baseline performance data.*

This KPI has been responded to in Section 4.1 (KPI 2), Section 4.4 (KPI 5) and Section 4.6 (KPI 21).

4.10 KPI 28

KPI 28 requires *annual reporting against this Action Plan.*

This KPI has been addressed through this report against the Graphic Packaging International Australia NPC Action Plan.



4.11 KPI 29

KPI 29 relates to *demonstrated improvement and achievements of milestones in Action Plan.*

This KPI has been addressed through this report against the Graphic Packaging International Australia NPC Action Plan.