



GREEN'S FOOD LTD
NATIONAL PACKAGING COVENANT
ANNUAL REPORT: 2006 – 2007

Executive Summary

Green's Foods Ltd. is a private Australian Company with annual revenue of around \$125 million (GSV). During the year under a scheme of arrangement the former publicly listed Green's company sold its Supercoat pet food business to Nestle, whilst at the same time the remaining consumer foods business was taken into private ownership.

The head office is based at Glendenning in Western Sydney. This site produces a diverse range of consumer foods including baking mixes and other dry blended foods, peanut butter, breakfast cereals, popcorn, water ice and vinegar products for both the branded and private label market.

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

Prepack, the West Australian (Perth) plant, which manufactured and packed a range of packaged goods and dried fruit under the Prepack and House Brand labels, was closed during the year.

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

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

Annual Report Summary

Attached is a summary (Table 1) of the key achievements for the previous year October 2006 to October 2007, which has been one of change for Greens, with the sale of the pet food business and the closure of the Perth site. The generation of base line packaging data for IDAS has been streamlined and as a consequence this has proved to be a relatively easier task for this year's report.

In other areas the various manufacturing sites have continued to pursue recycling and waste reduction initiatives as detailed in the report. With regard to the reduction of product packaging there has been relatively little progress during the year. Major customers have continued the trend of requesting fewer consumer units per outer case thus increasing the overall ratio of product to packaging. This continues to be a part of our major customers' drive on supply chain efficiency.

The supply of 100% recycled content board for retail consumer cartons has recently become an issue for the business necessitating a change moving forward to 90% recycled content board. However, with regard to corrugated cardboard a project has been initiated with our supplier on reducing the board grade used wherever it is practically feasible. The outcomes being pursued are less weight of packaging used and a reduction in packaging cost.

Use of the Environmental Code of Practice for Packaging with regard to the overall packaging process continues to be reinforced in internal procedures. However, there is still further work to do in consistently using the various templates during the design and development phase of new products.

The business continues to recognise that the principles of Product Stewardship need to be incorporated in company policies and actioned in all the relevant areas of:

Green's Foods Ltd.

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

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

Yours sincerely,

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Managing Director and CEO
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Table 1 - Green's Foods Ltd – National Packaging Covenant Report, 2006 to 2007

KPI	Reporting Measure	Results & Discussion
<p>1. Total weight of domestic packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.</p>	<ul style="list-style-type: none"> • Tonnes of packaging by material type by source (local or imported) • Tonnes of packaged product sold. • Ratio of product to packaging by weight 	<p>Initial generation of baseline data is as follows:</p> <ul style="list-style-type: none"> • Local <ul style="list-style-type: none"> ▪ Paper: 98 tonnes ▪ Cardboard Standard: 3,620 tonnes ▪ Plastics – Type 1 (PET): 164 tonnes ▪ Plastics – Type 2 (HDPE): 223 tonnes ▪ Plastics – Type 4 (LDPE): 159 tonnes ▪ Plastics – Type 5 (PP): 90 tonnes ▪ Plastics – Type 7 (Other): 142 tonnes ▪ Composites: 254 tonnes ▪ Other: 21 tonnes • Imported: <ul style="list-style-type: none"> ▪ Composites: 106 tonnes • Net Tonnes of packaged product sold: 44,966 tonnes • Ratio of product to packaging weight = 1:0.106 <p>The ratio of product to packaging shows an increase over last year (2006 1:0.097) and is reflective of a general trend to lower numbers of consumer units per outer shipping container.</p>
<p>3. Improvements in design, manufacture and distribution to minimize environmental impacts of packaging.</p>	<ul style="list-style-type: none"> • Examples of improvements made to packaging and their effect on minimizing the environmental impacts of the packaging. • Quantitative details of substantial improvements should be provided e.g. tonnes of packaging avoided, increased recyclability etc. 	<ul style="list-style-type: none"> • Packaging audits conducted at the Glendenning, Picton and Nhill sites in conjunction with one of our major packaging suppliers. The major outcome from the audits: <ul style="list-style-type: none"> ▪ The use of alternative corrugated board grades to reduce the weight of packaging used and reduce cost. This project has a 12 – 15 month time frame as design and testing are required prior to implementation. • A major project is planned over the next 12 months with one of our major packaging suppliers to review and rationalise where possible the structures of flexible packaging currently used within the business. This is a cost reduction and material reduction exercise.

		<ul style="list-style-type: none"> • Green's Foods has been represented on the ECR Australasia Board and the ECR Working Group that published the industry guidelines for Retail Ready Packaging. • A review of packaging materials that can be composted has been undertaken. At this stage no practical outcomes have been achieved. • A major review of the design of dry blending operations was undertaken. This review assessed the cost of upgrading the plant and equipment to incorporate more bulk handling systems for major ingredients and thus increase efficiencies and reduce the amount of raw material packaging coming into the plant. The assessment was completed but implementation is still under review. <p>Initiatives already in place and which were ongoing 2006 - 2007:</p> <ul style="list-style-type: none"> • Glendenning Site (Green's largest site): <ul style="list-style-type: none"> ▪ Bulk Bags used to store work-in-process are used once and then on sold to a recycler who cleans, re-conditions and re-sells them. Approximately 14,500 bulker bags used per annum, which represents around 32 tonnes of material that would otherwise have been sent to landfill. ▪ Liquid raw materials are stored in bulk tanks or re-useable pallecons. ▪ Minor work-in-process components are stored in re-usable boxes, which eventually are recycled through the cardboard stream. ▪ Currently sending for recycling 3 to 4.5 tonnes of cardboard/paper waste every week, which includes waste paper from offices. ▪ Currently sending for recycling approximately 300kg of plastic waste every week. ▪ Around 75% of plastic drums used to supply liquid ingredients and chemicals collected for recycling. ▪ Office paper recycled via a system of yellow bins or contractor for confidential shredding and recycling. ▪ All food waste material is sent for use as animal stock feed. Currently sending 5 to 6 tonnes per week that would have
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		<p>previously been sent to landfill.</p> <ul style="list-style-type: none"> ▪ Glendenning Site is negotiating a new waste removal contract (due January 2008). Amongst other things the new contract will endeavour to include the collection and recycling of PET and co-mingled packaging waste from the onsite canteen. <ul style="list-style-type: none"> • Picton Site: <ul style="list-style-type: none"> ▪ All work in process mixes are stored in re-usable bulk containers with plastic liners that are made from recyclable plastic (plastic type 2). • There were no environmental impact issues with any of Green's sites in the past year.
<p>4. Changes to protection, safety, hygiene and shelf life or supply chain considerations affecting amount and types of packaging used.</p>	<ul style="list-style-type: none"> • Changes to protection, safety, hygiene, shelf life or supply chain considerations affecting amount and type of packaging used with examples and their associated impact on the amounts and types of packaging used. • Quantitative details of changes to be provided e.g. additional tonnes of packaging required, changes to materials used. 	<ul style="list-style-type: none"> • Shelf ready and shelf friendly outer packaging is generally still a requirement for our major customers as part of their supply chain efficiency programmes. • The general trend continues to be less retail units per outer shipping case. This relates to rate of retail sale (units per store per week), re-stocking quantities and shelf quantities. No overall data to quantify this at present.
<p>6. Total weight, by type, of "non recyclable" consumer packaging sold per annum into the Australian market.</p>	<ul style="list-style-type: none"> • Tonnage of "non recyclable" packaging sold by material by type. • Total "non recyclable" packaging as a % of total packaging sold. 	<ul style="list-style-type: none"> • Initial data is as follows: <ul style="list-style-type: none"> ▪ Plastics – Type 4 (LDPE): 159 tonnes ▪ Plastics – Type 5 (PP): 90 tonnes ▪ Plastics – Type 7 (Other): 142 tonnes ▪ Composites – 254 tonnes ▪ Total non recyclable packaging = 645 tonnes

		<ul style="list-style-type: none"> • Non recyclable packaging = 13.5% of total packaging sold (This is a considerable reduction on last year's figure of 35.8% and reflects the sale of the pet food business, which used mainly non recyclable plastic laminates for its product packaging).
16. Percentage of signatories providing recycling collection facilities for post consumer packaging generated on site.	<ul style="list-style-type: none"> • Whether on site recycling facilities are provided or not. If yes provide details. 	<ul style="list-style-type: none"> • All offices at the Glendenning Head Office, Picton and Nhill sites have paper recycling boxes for non confidential waste paper. This is collected and fed into the site waste paper recycling stream. • Confidential waste paper at Glendenning is collected by a contractor for secure disposal and recycling. • No progress made during the year to ascertain whether further recycling of materials from on site canteens and rest rooms can be achieved, although this will be included as part of a re-negotiated site waste contract.
21. Estimated tonnage of consumer packaging sent (a) for recycling and (b) to landfill from on-site collection facilities.	<p>Amounts of consumer packaging from on-site collection which is:</p> <ul style="list-style-type: none"> • Sent for recycling (tonnes and % of total waste) • Sent to landfill (tonnes and % total waste) 	<p>An estimate of this information is as follows:</p> <ul style="list-style-type: none"> • Amount of packaging material sent for recycling is around 373 tonnes per annum. This represents about 11.1% of total waste generated by the various sites. • Amount of packaging material sent to landfill is around 725 tonnes per annum. This represents about 21.5% of total waste generated by the various sites.
22. Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.	<ul style="list-style-type: none"> • Has ECoPP been formally adopted? • Actions and commitments that demonstrate that ECoPP has been implemented. 	<ul style="list-style-type: none"> • Product Design and Development and Packaging Development Procedures now incorporate a checklist to ensure that ECoPP principles are actively considered each time a new product concept is under development. • Little progress has been made on incorporating ECoPP principles into Purchasing Supply Agreements or Vendor Audit Forms. This will need to be picked up again as an action point. • Product Development and Packaging Development staff educated with regard to ECoPP principles. Further education of other relevant staff e.g. production and supply chain personnel have taken place. Further work required to "entrench" ECoPP principles in the business.

Green's Foods Ltd.

<p>26. Implementation of Buy Recycled purchasing policy or practices.</p>	<ul style="list-style-type: none"> • Whether the signatory has implemented a Buy Recycled purchasing policy or practices. • Provide details and quantitative data. 	<ul style="list-style-type: none"> • All folding carton board used for Green's branded products is currently manufactured from 100% recycled material. (A few products manufactured for specific customers use other board grades that have either 30% or 80% recycled content. This represents only 4.0% of the total carton board usage and only 0.9% of total cardboard usage.) However, supply problems mean that the board grade will move to 90% recycled content a reduction of 77 tonnes of recycled board. • All corrugated board used for Green's branded products is manufactured from material that contains a recycled content. This can vary depending on the application and board strength required. Some board used is from 100% recycled content but on average the recycled content is around 85%. • 86% of total cardboard usage (3,620 tonnes) is manufactured from recycled material. • Greens continue to investigate with packaging suppliers the recycled content of other packaging types but there has been virtually no progress in this area.
<p>27. Establishment of baseline performance data.</p>	<ul style="list-style-type: none"> • Report established baseline data on an annual basis. 	<ul style="list-style-type: none"> • All baseline data entered into IDAS database on 31st October 2007. • A more streamlined way has been put in place to collect baseline data using Green's enterprise software system.
<p>28. Annual Reporting against action plan.</p>	<ul style="list-style-type: none"> • Report to be lodged by 31st October each year commencing 2006 and outlining progress against baseline data, action plan commitments, targets and timelines. 	<ul style="list-style-type: none"> • Report lodged 1/11/07.
<p>29. Demonstrated improvements and achievements against individual targets and</p>	<ul style="list-style-type: none"> • Annual report to clearly demonstrate continuous improvement against targets and timelines in action plan. 	<ul style="list-style-type: none"> • Quarterly management reviews in place to assess progress against the overall action plan.

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milestones.		
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