



H.B. Fuller

H.B. FULLER AUSTRALIA
NATIONAL PACKAGING COVENANT ANNUAL PEPORT
2007-2008

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Executive Summary

Action	2007	2008	Comment
<p>a. Identify all different packaging materials</p> <p>B. Tonnes of packaging by material type by source for local</p> <p>C. Work with local and overseas suppliers to reduce weight of packaging</p>	<p>Domestic: Paper = 26.8t Standard Cardboard = 109.6t PET = 6t HDPE = 434.5t LDPE = 7t PP = 52.1t Composites = 176.9t</p> <p>Imported: Paper = 1.3t Standard Cardboard = 4.2t HDPE = 1.5t LDPE = 0.8t Steel = 3.3t</p>	<p>Domestic: Paper = 25.5t Standard Cardboard = 111t</p> <p>HDPE = 412.8t LDPE = 6.67t PP = 49.5t Composites = 168t</p> <p>Imported: Paper = 1.3t Standard Cardboard = 4.8 HDPE = 1.4 LDPE = 0.8t Steel = 3.1t</p>	<p>2008 has seen a slight reduction in all packaging materials except cardboard. Locally sourced cardboard is recycled and the recycled content is 84%. 2010 goal is to increase this to 90%. 2008 packaging initiative include moving away from HDPE cartridges and to sausages (film). Note that this format change will need time for consumers to implement. Finally, as H.B. Fuller increases sales, packaging materials will increase as a consequence. It is our intention to communicate Buy Recycled internally.</p>

H.B. FULLER – A GLOBAL COMPANY

Founded in 1887 in the United States, H.B. Fuller is a worldwide manufacturer and marketer of specialty chemicals. The company's products are used in thousands of formulations, and hundreds of thousands of applications, to strengthen and improve the performance of products consumers use every day. To serve customers, the company has direct operations in 36 countries in North America, Latin America, Europe and Asia Pacific. Distributors and licensees increase H.B. Fuller's presence to more than 100 countries.

H.B. Fuller is headquartered in St. Paul, Minneapolis, and employs 5,000 people. Global sales totaled \$1.5 billion in 2005. Common stock is traded on the over-the-counter market under the NYSE symbol FULL.

HB Fuller has endorsed the CERES Principles from the Coalition of Environmentally Responsible Economies since 1993.

Every three years, HB Fuller conducts an audit on the global facilities to ensure compliance with all applicable laws and regulations, as well as standard internal Worldwide Environment, Health and Safety (WEHS) standards. An audit report and a tracking mechanism measure the results to ensure that identified issues are resolved in a timely manner.

Global Corporate Purpose and Mission Statements

OUR PURPOSE is to deliver value to our customers using knowledgeable people and the best technologies.

The H.B. Fuller Corporate Mission is to serve its customers as a leading worldwide formulator, manufacturer and marketer of technology-driven specialty chemicals and other products related to its area of expertise.

H.B. Fuller is committed to the balanced interests of its customers, employees, shareholders and communities; and, accordingly, H.B. Fuller will conduct business ethically and profitably, support the activities of its employees in their communities, and exercise leadership as a responsible corporate citizen.

Recognition

Many awards and citations have been received globally. Some of the more notable ones since 1993 are:

The 1995 Stratospheric Ozone Protection Award from US Environment Protection Association.
One of the Top 10 Leaders in Best Score on the Environment, Fortune Magazine 26 July 1993.
Cited to have the Best Environmental Action Program, Twin Cities Business Monthly, Minneapolis, US 9/94

One of the ten Best Business for Social Responsibility, Business Ethics Magazine US 6/96.
Contributed to the Environmental Awareness Award, HB Fuller Philippines 8/95.

A Certificate of Appreciation for Water Conservation, HB Fuller New Zealand, 9/94.

Received recognition from Nestle Philippines Inc. For having participated in the Greening the Supply Chain Program 25th November 2006.

ENVIRONMENTAL & COMMUNITY COMMITMENT

HB Fuller is globally committed to caring for our communities and the environment. This applies to all divisions, regardless of their primary area of operation.

Australian reporting is performed on a monthly basis and reviewed by our corporate EHS in the United States.

The report is based on waste to production ratio and contains details regarding volumes of the following:

Waste water discharge to local water authority;
Sludge generated from wastewater shipped off site;
Hazardous waste shipped off site for treatment and disposal
Flammable waste shipped off site for treatment and disposal
General rubbish shipped off site.

HB Fuller believes that its people are its greatest asset and that the communities it serves are an integral part of its business. This is reflected in the global mission statement

H.B. Fuller and its employees have been committed to responding to social needs in their communities, and to meeting them in new and innovative ways. The company sets aside two (2) percent of global pretax earnings each year to invest in communities, which it does in creative ways that positively impact the communities in which the company does business.

H.B. Fuller follows two key principles in executing its community affairs initiatives. First, the company recognizes that community affairs are not a static program, but a dynamic process of constant change, adapting to both changing community and corporate needs. Second, the company strives to integrate employee volunteerism with corporate giving; employee guidance brings a high level of integrity to corporate philanthropy.

Responsibility is fundamental to the way H.B. Fuller does business, and the company's progressive and proactive environment, health and safety efforts reflect this philosophy. A primary goal is continual progress toward reducing, and where possible, eliminating, the release of substances that cause environmental damage. Periodic self-examinations of manufacturing plants help the companies identify risks and exposures that may exist or develop, so that best management practices can be proposed and implemented.

An Environment, Health and Safety corporate - including fully dedicated environmental, industrial hygiene, safety and regulatory professionals - designs and resources the company's EHS programs, and provides specialized expertise to all H.B. Fuller operations. Standardized policies and practices, often more stringent than local regulations are implemented and managed by regional and local EHS specialists around the world. Such an approach ultimately leads to ownership by every employee in EHS activities.

H.B. Fuller recognizes that to be truly successful, the company must efficiently provide quality products and services to customers, protect employees and remain good stewards of resources - land, air and water - which surround us.

Always at the forefront of integrating corporations and communities, H.B. Fuller will continue to leverage its resources to help meet evolving needs.

In October 2000, HB Fuller Australia became signatories to the Packaging Covenant; however, the HB Fuller global commitment to the environment has been a part of its culture for nearly 25 years.

HB FULLER AUSTRALIA

History

HB Fuller began well before the 1970's under the Davis banner but in the 1970's became part of the HB Fuller Company. It began with factories in Melbourne, Perth and Sydney, with another in New Zealand. Today, one factory operates out of Dandenong South, Melbourne, supplying adhesives, sealants and coatings right through Australasia.

Structure

In 2005, HB Fuller has two key focus areas for business.

Performance Adhesives

H.B. Fuller is market leader in industrial adhesive throughout Australasia and Asia Pacific.

Performance Adhesives markets products in numerous market areas such as packaging, woodworking, Hygiene Products, Engineered products etc.

Performance Adhesives main focus is on B2B sales and as such has limited contact with the individual consumer. However, their goals of reducing waste are aligned with the corporate goals and in turn meet the intent of the National Packaging Covenant.

Retail and Trade

The Retail and Trade division provides a variety of different products, from construction products to branded products, which are:

Construction Products

Construction covers a range of sealants and adhesives marketed for use on building projects. The products are primarily water-based products, supplied in pails (then applied using bulk dispensing guns) or sausages (applied through sausage applicator guns).

Key product offerings are acrylic sealants for fire rated and normal joint sealing in walls and floors, as well as adhesives used in the construction of walls and flooring.

Fuller

The core brand is Fuller, which is sold into hardware and specialty stores across Australia, such as Bunnings, Mitre 10, John Danks and Big W, just to name a few.

Fuller boasts many successful sub-brands. Fuller Max Bond™ is a leading construction adhesive and is probably what the brand is best known for.

Foster

Less known but just as successful in its respective markets.

Foster is a global brand known as The Foster Products Corporation. Foster manufactures and globally markets products that adhere, seal, coat, encapsulate, remove and generally enhance the performance of insulation materials.

Key product offerings are:

Mastics, coatings, sealants and adhesives for the thermal insulation, indoor air quality, asbestos abatement and HVAC markets.

HB Fuller's Commitment to the National Packaging Covenant

Senior Management, which includes all divisions and units within the company, were made aware of the company's obligations under the Packaging Covenant and unanimously agreed to commit the company to it. The natural alignment with the global culture of HB Fuller played a leading role, as did the potential impact of the National Environment Protection Measure.

HB Fuller became a full signatory in October 2000 and has made a recommitment to the new National Packaging Covenant and its improved focus on KPI's and product Stewardship.

The task of completing and maintaining the Plan effective 01.01.2008 has been reassigned to the Marketing department. The other business and departments whose activities have an impact upon the amount of post consumer and post manufacturing waste going into landfill are required to inform and consult with the EHS department as to their actions to reduce their impacts upon the overall strategy of reducing, re-using and recycling of our packaging. This was seen as being integral to the Action Plan, given that it tied together a number of internal business objectives under the most obvious overarching department whose role is closely aligned with the goals of the National Packaging Covenant and that ultimately impact the profitability and therefore the existence, of the company.

The Action Plan focuses on the both business, although many initiatives have and have greater impact upon the Retail and Trade division due to its close relationship with consumer/end-users.

Appended to this action plan is the list of KPI's ACTION SUMMARY as they relate to our business and market focus and actions in regards to Product Stewardship in support of reducing our impact on the environmental with our packaged products.

THE HB FULLER GLOBAL ENVIRONMENTAL MANAGEMENT SYSTEM

ISO 14001

HB Fuller has conducted a gap analysis to evaluate the company's environmental programs with respect to the ISO 14001 requirements. The Corporate Quality Administrator is championing the ISO 14001 efforts.

The goal is to modify and enhance the environmental programs to be in compliance with ISO 14001 and achieve certification. This must be done country-by-country, due to the sheer number of plants globally. Birmingham UK and Lunenburg, Germany facilities are currently working toward their certifications. North America is planned to be certified in 2001.

Fuller will continue to use the Environmental code of Practice for Packaging as a guide to the appropriateness of our packaging designs and marketing strategies. We will endeavour to maximise the volume-to-volume ratio of our product to packaging where the packaging is non-recyclable as a result of the contamination from our product. We will also seek packaging that increases the shelf life of products thereby reducing the level of unserviceable product being disposed due to age.

Current Packaging Uses

HB Fuller uses a broad base of packaging materials, which are tailored for the both the B2B and Consumer market. They include:

- Returnable and refillable bulk containers
- Drums for bulk supply
- Sausage packaging
- Plastic and cardboard cartridges
- Metal and plastic plungers
- Cardboard cartons
- Shrink wrapping
- PVC bottles and pails
- Aerosol cans
- Tin cans
- Corrugated cardboard shelves for display mediums
- Point of sale educational paper material
- Posters, banners and other paper promotional mediums

Synthetic re-usable 'wobblers'
Plastic permanent displays
Wire-racks

Packaging Initiatives 2007-2008 whilst finalizing all Action Plans and KPI's

Reduction of weight in HDPE 300ml cartridges, nozzle and plunger. - COMPLETED

Reduced overall weight of combination by 4% without compromising the protection afforded to the contents; amounting to an overall reduction of 5000kg of HDPE. - COMPLETED

Installing in-line labeling for all HDPE and PP cartridge products thereby reducing the wastage of dumping pre-printed cartridge from obsolete lines. Savings of 150kg. - COMPLETED

Move to inline labeling of foil lined paperboard cartridges to reduce wastage of obsolete lines pre-labeled. Increased weight of cartridge by 0.5% Added 500kg per annum less reduced wastage of 100kg = 400kg increased per annum. - COMPLETED

Direct make and pack all of solvent based products – reduction in packaging.

At expanse of 48 weeks manufacturing, elimination of the following:

Drum liners ~5040 pieces

Drum top liner ~5040 pieces

Class 3 stickers on drums ~5040 pieces - COMPLETED

Packaging Initiatives 2008-2009 whilst finalizing all Action Plans and KPI's

Reduction of paper usage within facility by 10%

Reduction of weight in 50% of hot melt 15kg cartons by 18.9% (740g down to 600g)

Introduce plastic recycling process for internally generated plastic waste

Reduction in weight of foil lined paperboard cartridges.

Reduced overall weight of labeled cartridge by 14% without compromising protection of contents; amounting to an overall savings of 13,700kg per annum.

All cartons of all Plastic Cartridge, nozzles and plungers are returned to supplier for re-use. This initiative reduced the quantity of cardboard going into recycling bin by 12,290kg.

Retail and Trade focus will be on sausage format packaging meaning less waste, as format better for the environment than plastic cartridges. Furthermore, a new sausage machine has just been

implemented which utilizes a 162mm height film, as opposed to the old machine that required 175mm film.

Performance Adhesives are investigating new means of supplying product in bulk, such as reusable plastic bins.

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This report has been endorsed by the Managing Director.

**NATIONAL PACKAGING COVENANT
ACTION PLAN SUMMARY TABLE**

Product Stewardship Principle (Section 4)	Action	Responsibility	Performance Measure	Target or Performance Goal	Timeline (MM/YY)
Design	<p>a. Review current & future packaging items to identify opportunities for recycling and/or materials wastage by developing a database for all our existing packaging. This database will identify whether the materials are recycled/recyclable, thus identifying opportunities for improvement.</p> <p>b. Identify and list all high volume packaging that can be lightweight without compromising product with the plan to start process of reducing weight from 2007</p>	<p>All Business Units</p> <p>Technical/ Procurement</p>	<p>- % of total packaging purchased made from recycled & recyclable materials</p> <p>- Once identified, work with suppliers to increase recycled content without compromising product protection</p> <p>- List showing substrate type, by design, by Tonnes, potential to lightweight and abbreviated FMEA for light-weighting</p>	<p>- What packaging contains Recycled material and what % is included</p> <p>- % of packaging that is Recyclable</p> <p>- Complete list ready for review and action.</p>	Ongoing
Production	N/A			N/A	
Distribution	Not at this stage				
Disposal	Monitor continuous improvement from the recycling & waste reduction programs already in place	Operations	<p>- Maintenance of initiatives</p> <p>Volume of recyclable material collected</p> <p>- Tonnes collected for recycling</p>	- Number of Tonnes	Ongoing 2010
Market Development	N/A				

Education	Continue to promote to our employees the benefits of waste reduction & recycling of materials through Waste Minimization Training Program	All Business Units	- Volume of recyclable material collected - Tonnes collected for recycling	- Number of tonnes	Ongoing 2010
Wholesaling & Retailing	Monitor & report on the number of Point of Sale/Merchandising materials that are re-utilized or re-used	Marketing	- Number reused and % of total	TBD	Ongoing 2010
Recycling & Reprocessing	Work with local recyclers to pick up in house consumer waste	All Business Units	- Recycle all paper and beverage created in office and facility	- Aim for 100% recycled	On going 2010

**NATIONAL PACKAGING COVENANT
KPI'S ACTION SUMMARY TABLE (H.B. Fuller as Brand Owner commitments to the following KPIs)**

KPI (Schedule 2)	Action	Responsibility	Performance Measure	Target or Performance Goal	Timeline (MM/YY)
1. Total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and total weight of products packaged	<p>a. Identify all different packaging materials</p> <p>B. Tonnes of packaging by material type by source for local</p> <p>C. Work with local and overseas suppliers to reduce weight of packaging</p> <p>d. Tonnes of packaged product sold for local consumption</p>	JC	<p>Domestic: Paper = 25.5t Standard Cardboard = 111t HDPE = 412.8t LDPE = 6.67t PP = 49.5t Composites = 168t</p> <p>Imported: Paper = 1.3t Standard Cardboard = 4.8 HDPE = 1.4 LDPE = 0.8t Steel = 3.1t</p> <p>11166 tonnes</p>	- Maintain total packaging ratio (consumer & outer packaging) for all products.	Ongoing Oct 2010

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3. Improvements in design, manufacture, marketing & distribution to minimize the impact of packaging	<p>a. Review total packed convert where possible to recycled cardboard</p> <p>b. Review recycled % of cartons</p>	DZ, DB, RH	<p>% of cardboard cartons sourced locally that are recycled = 100%</p> <p>Recycled content of cartons is 84%</p>	<p>100%</p> <p>90%</p>	2010
6. Total weight, by type, of “non-recyclable” consumer packaging sold per annum into Australian market	<p>A. Total tonnes of “non-recyclable” packaging used per annum</p> <p>b. Total “non-recyclable” packaging as a % of total packaging sold</p>	JC	<p>LDPE = 7.5t</p> <p>PP = 49.5t</p> <p>Composites = 168t</p> <p>28.67%</p>	25%	2010
16. % of signatories providing recycling collection facilities for post consumer packaging generated on-site	a. Collection facilities have been available 1977 for the collection & separation of recyclable materials	JC	<ul style="list-style-type: none"> - Office paper & cardboard is separately collected and collated for recycling - Empty drum from production is separately collected & collated for recycling - A separate bin is provided in the canteen for the collection of aluminum soft drink cans for recycling 	Continue to offer these facilities	Ongoing
21. Estimated tonnage of consumer packaging sent	<p>a. Sent to recycling</p> <p>b. Sent to landfill</p>	JC	<p>- Tonnes per annum (% of total waste) = 15.7%</p> <p>- Tonnes per annum (% of</p>	<p>20%</p> <p>40%</p>	2010

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A) for recycling B) to landfill from on-site collection facilities			total waste) = 45.6%		
22. Number of signatories who have formally adopted systems for its implementation	a. All new & review packaging developments will be undertaken using EcoPP Guidelines where possible. All non-adherence, if any will be reported & reasons documented	DZ, RH	- Number of packaging changes implementation per annum = 100%	100% compliance to EcoPP	Ongoing
26. Implementation of Buy Recycled purchasing policy or practices	a. Promote Buy Recycled on- site & ensure that Purchasing prioritize recycled content in the decision to purchase	MRG	100% of cardboard purchased from Visy is recycled.	Maintain this practice	Ongoing
27. Establish of baseline performance data	Reviewed process of data collection and established clearly defined operations definition for future reference	JC	- Review & monitor KPI #1	- Data complete - Reduction in packaging ratios in all adhesive products	2005- 2010
28. Annual Reporting against Action Plan	a. Submit annual target reporting	DZ	- Report to be lodged by 31 Oct each year commencing 2006 & outlining progress against baseline data, individual Action Plan commitments, targets and timelines	- Full report submitted to Covenant Council - 2008 extension granted to submit by end November	Oct 2008, Oct 2009, Oct 2010
29. Demonstrated improvement & achievements	a. Submit annual Target reporting	DZ	- Report to be lodged by Oct each year to clearly demonstrate continuous	- Full report submitted to Covenant Council	Oct 2007, Oct 2008, Oct 2009,

against individual targets & milestones			improvement and performance against individual targets & timelines in Action Plan		Oct 2010
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