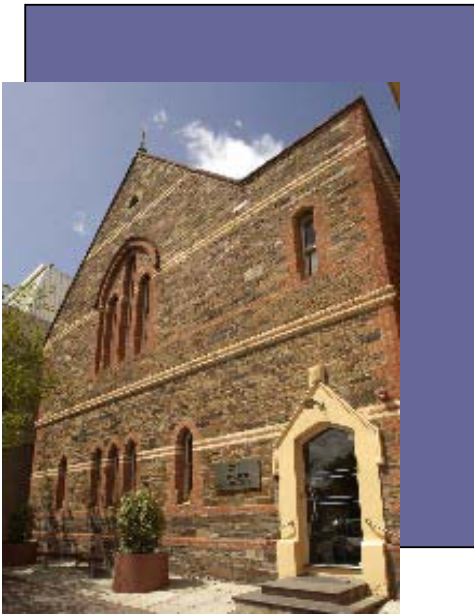


HAMILTON LABORATORIES

National Packaging Covenant Action Plan

July 2007 – June 2008



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EXECUTIVE SUMMARY

Hamilton Pharmaceutical is an Australian owned pharmaceutical company and we are committed to our participation in the National Packaging Covenant. We see this participation as a great opportunity to help in whatever way we can, to improve the existing environment and to lessen the impact that our company's products and packaging have on that environment.

This Report covers the period from July 2007 to June 2008 and is our first report of progress against our Action Plan for 2007 to 2010. Our Plan enables us to commence collection of background data so we can better measure our current impacts and then allows us to evaluate the success of any plans implemented to reduce or modify these impacts.

Through our Plan we are committed to raising awareness of the environmental implications of our actions both within our organisation and amongst our customers.

This document represents a statement of our endorsement as a management team of the National Packaging Covenant and its goals and aspirations.

Michael Blake
Joint Managing Director - Products

Stewart Blake
Joint Managing Director - Operations



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COMPANY PROFILE

Hamilton Pharmaceutical Pty Ltd is an Australian owned pharmaceutical company based in Adelaide, South Australia. Hamilton manufactures and distributes a wide range of pharmaceutical products, which are sold to consumers via retail pharmacy and through industrial distributors.

1.1. Company Brands

All Hamilton Laboratories products are sold only through pharmacies in Australia. The major product ranges include;

- Sun care
- Therapeutic skin care
- E.N.T. (Ear, nose and throat) and oral care
- Miscellaneous health care product

Hamilton manufactures sunscreens under the Hamilton brands and sub brands including Quadblock, Optimal, Family, Sensitive and Toddler and the artificial tanner Tru Bronz. Skin care products are marketed under brands including Hamilton Skin Therapy and Urederm. Other brands include Aquae, Narium, Nemdyn, Ora-sed, Virasolve, Harmonise, Setacol, Rubesal, Urocarb, Pedoz and Dimethicream and the commercial brands Dermex, and SC-300. Hamilton also distributes the NeoStrata range of skin products from the USA, the Repel range of insect repellents from New Zealand, Condyline from Denmark and Histofreezer from the Netherlands.

1.2. Packaging Used

Hamilton is a brand owner and as such buys packaging items to fill with its products that then find their way to the market place via wholesalers and distributors. Hamilton's core products are sold only in pharmacy.

We use a variety of different packaging materials to supply our market.

The main packaging items are high-density polyethylene bottles with a variety of closures mostly either flip top caps or pumps of various types.

In addition a number of the company's products are supplied in either laminate, plastic or aluminium tubes. The choice of tube material is largely dictated by the need to protect the product from the outside atmosphere and to impede egress of product ingredients through the tube walls. Virtually all of the tube products are transported in individual cardboard cartons.

Most product whether bottled or in tubes is then shrink wrapped into larger bundles typically in 6's and then packed into cardboard shipper cartons usually in 24's or 48's. These shipper cartons are stretch wrapped onto reusable plastic or wooden pallets for distribution.

The packaging items delivered to us from our suppliers are shipped to us in cardboard shipper cartons.

Chemical raw materials are supplied in a variety of containers, ranging from cardboard shipper to paper and plastic bags through to cardboard, plastic and metals drums.

1.3. Company Size

The company employs approximately 70 people, mostly in South Australia but also has sales representatives in Victoria, New South Wales, Western Australia and Queensland

- The manufacturing facility is currently located at 217 Flinders Street Adelaide SA
- Warehouse and distribution is located at 217 South Road Ridleyton SA
- There are small offices located in some of the other states

The company has an annual turnover of between \$15 and \$20 million and exports to approximately 20 countries.

1.4. Environmental Management Systems

Currently the company has all required environmental management systems in place and believes that adherence to the principles of Environmental Code of Practice for Packaging and being a signatory to the National Packaging Covenant will serve to increase Hamilton's focus on environmental aspects of its operation.

The company fully complies with the South Australian Environmental Protection Authority guidelines for handling of its emissions and disposal of any prescribed waste it generates.

1.5. Contact Person

The Director of Regulatory Affairs, Richard Stafford will be the person responsible for the implementation and reporting in relation to Hamilton's National Packaging Covenant Action Plan.

Contact Details:

Richard Stafford

Director of Regulatory Affairs

Hamilton Pharmaceutical Pty Ltd;

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ANNUAL REPORT 2007 – 2008

Objectives as defined in the Hamilton Laboratories National Packaging Covenant Action Plan (30th November 2007) are formatted in black text.

Updates and additional information have been formatted in *italic blue text*.

1.6. Objective 1: Baseline Data

As the company currently has no data measurements in place to assess either the amount of packaging it produces or the ratio of the packaging used to weight of product produced, our first step will be to establish means for collecting this data.

Once this has been done steps can then be taken to examine means by which the ratio of packaging to product can be decreased.

The company aims to complete implementing the data collection system in March 2008 so that the company is able to report this data for the first year of the action plan (1/07/07 to 30/06/08).

The company wishes to highlight that our first Action Plan was finalised in November 2007. The decision to implement a new company wide Enterprise Resource Planning (ERP) system was taken around the time of completion of the Action Plan.

The ERP system is the primary source of data for the purpose of this objective as it contains all manufacturing and purchasing records. Limited data was transferred from the previous ERP system into the new system, so baseline data is only available in a consistent format from May 2008.

The time requirements placed on senior staff in implementing the system has meant that other activities have been significantly affected. The implementation of the system has taken longer than initially programmed and these delays have impacted progress with this task.

The company now aims to finalise the data reporting process by March 2009 so that data will be available for report in the second year (1/07/08 to 30/06/09).

1.7. Objective 2: Company Involvement

Involvement in the National Packaging Covenant (NPC) will form part of the company's greater view of improving the sustainability of its total operation. We anticipate forming a group to monitor and improve the company's overall sustainability in the near future.

To ensure full company involvement in meeting our responsibilities under the NPC we will set up two active groups within the company.

The first group "The NPC Implementation Group" will be responsible for the setting up of data collection for action plan reporting and for assessing the success of projects put in place to reduce packaging usage. This group will

also review existing work practices within facility with an emphasis on improvement and waste reduction wherever possible. It is envisaged that this group will consist of staff from Operations, Supply, Information Technology (at least in the initial stages) and Distribution and will be incepted by December 2007.

As mentioned above formation of this group as impacted by the introduction of the new ERP system and also by recent staff changes, its inception now scheduled for January 2009

The second group “The NPC Research Group” will be constituted by staff from Operations, Supply and Marketing and will be charged with the task of reviewing current packaging and proposed new packaging to evaluate what changes are necessary to improve the environmental performance of the company. Likely issues will be waste reduction by implementing more efficient packaging methods where possible. It is considered particularly important to review any new packaging formats under consideration by the company from a potential waste generation perspective. This group is to be incepted in the third quarter of 2008 once baseline company data becomes available for review.

We would anticipate that this group would now commence its activities in the first quarter of 2009.

Both groups will be required to take an educative role with other company staff to increase awareness throughout the company of the importance of our role in reducing the impact of waste on our environment. Our role in adopting the Environmental Code of Practice for Packaging will form part of this educative process.

1.8. Objective 3: Supplier Consultations

The output from the two groups formed in Objective 2 will be used to liaise with suppliers to seek solutions to waste reduction issues. We will actively encourage our Australian Suppliers to become signatories to the NPC and we would be hopeful that a policy where all Australian suppliers of packaging to Hamilton must be signatories to the NPC is enforceable in the future.

We will actively investigate with our suppliers different packaging options that may reduce our waste output without in any way compromising the quality, safety or efficacy of our products.

Possibilities that may merit investigation include decreasing the weight of bottles used for production, decreasing the amount or weight of board used in our shippers, and reviewing the weight and density of the plastics used for shrink and stretch wrapping. This list is by no means exhaustive and will be very dependent on input and innovation delivered by our suppliers.

One area for concentration is those items of packaging that are non-recyclable, attempts will be made to minimise the use of these packaging types and to eliminate or replace them wherever possible. However as always the quality, safety and efficacy of the product must not be compromised.

These investigations will commence in the third quarter of 2008 and will be ongoing as part of a continuous improvement programme.

This will now commence third quarter of 2009.

1.9. Objective 4: Supply Chain Considerations

We will examine our current freighting practices in order to reduce wherever possible the weight of product transported and to eliminate as much as practicable wasteful use of transport.

We will also undertake discussions with our customers as to possible improvements in the way our product moves through the supply chain in order to ensure that all packaging utilised is necessary and achieves our objectives and those of our customers within in the supply chain.

These investigations will commence in the third quarter of 2008 and will be ongoing as part of a continuous improvement programme.

This will now commence first quarter of 2009

1.10. Objective 5 Consumer Focus and Education

Within our NPC groups we will examine ways that the company can better communicate to consumers waste reduction measures that they can employ with regard to the packaging items used for Hamilton Products and to consumer use packaging in general.

These investigations will commence in the third quarter of 2008 and will be ongoing as part of a continuous improvement programme.

This will now commence second quarter of 2009

1.11. Objective 6: Internal Waste Generation

The company is aware that it generates substantial amounts of waste internally. Company waste streams will be examined and evaluated in order to minimise waste and increase levels of recycling within the company structure.

Areas for investigation include:

- The various containers in which chemical raw materials are supplied to us, these vary from cardboard shipper to paper and plastic bags through to cardboard, plastic and metals drums. The fate of these various containers will be followed with an aim to decrease wherever possible the amount of this waste going to landfill
- Most packaging items are delivered to us in cardboard shippers, the possibility of recycling these shippers will also be investigated
- Other sources of office waste such as photocopied paper, incoming written correspondence, photocopier and printer consumables etc that are mainly discarded to waste at this point. Avenues for recycling some or all of this material will be investigated and personnel will be

encouraged to ensure that these avenues are utilised as much as practicable.

These investigations will commence in the third quarter of 2008 and will be ongoing as part of a continuous improvement programme.

This will now commence first quarter of 2009

1.12. Objective 7 Use of Recycled Materials

The company will investigate possibilities for raising the percentage of recycled materials used within the company.

Currently the use of recycled material for product contact packaging is considered inappropriate but we will consult with both regulatory authorities and with our suppliers to establish what can be done in this area.

In addition we will investigate possibilities for using recycled material in other types of packaging and within the factory and offices.

These investigations will commence in the third quarter of 2008 and will be ongoing as part of a continuous improvement programme.

This activity will now commence first quarter of 2009.

APPENDIX A

1.13. NPC Action Plan – KPI summary

Objective	KPI	Responsibility	Outcomes/Targets	Timeline
1. Baseline Data				
System	1,3,6,16,21,27,28	NPC Implementation Group (IG)	Usable data for measurement of baseline data	March 2008 Now March 2009
Reporting	1,3,6,16,21,27,28,29	IG	Accurate reporting of baseline Annual reporting	June 2008 Now June 2009 Ongoing
2. Company Involvement				
NPC IG	1,3,6,21,22,27,28,29	IG	Formation Data collection and reporting	Dec 2007 Now Jan 2009 March 2008 Now March 2009
NPC Research Group (RG)	3,4,6,16,21,22,26,29	RG	Formation Improvements	June 2008 and ongoing. Now from March 2009 By Sept 2008 By June 2009 Ongoing
3. Supplier Consultation				
Supplier input	1,3,6,21,22,26	IG and RG	Waste Reduction	Commence By Sept 2008 Now March 2009 Ongoing

4. Supply Chain Considerations				
Freight Practices	3,4,29	IG	Waste Reduction	Commence By Sept 2008 Ongoing Now March 2009
Review with Supply chain Customers	1,3,4,6,16,21,26,29	RG	Waste Reduction	Commence By Sept 2008 Ongoing Now March 2009
5. Customer Focus and Education				
Consumer Education	3,4,6,16,21,22,29	IG & RG	Higher levels of post-consumer recycling	Commence By Sept 2008 Ongoing Now June 2009
6. Internal Waste Generation				
Raw Material & packaging item containers	3,4,6,21,29	IG	Reduction in internal waste generation	Commence By Sept 2008 Ongoing Now March 2009
Office/Internal Waste	3,6,16,21,26,29	RG	Reduction in internal waste generation	Commence By Sept 2008 Ongoing Now March 2009
7. Use of Recycled Materials				
Product Packaging	3,6,21,26,29	RG	Higher levels of usage of recycled materials	Commence By Sept 2008 Ongoing Now March 2009
Other materials used in house	3,6,21,22,26,29	IG/RG	Higher levels of usage of recycled materials	Commence By Sept 2008 Ongoing Now March 2009