



National Packaging Covenant Hardy Wine Company Action Plan Annual Report

2007

Hardy Wine Company Limited

ABN 86 008 273 907

Reynell Road, Reynella, SA 5161

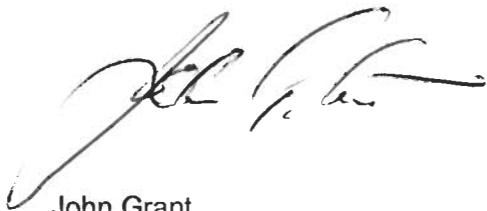
Tel: 61 8 8392 2222 Fax: 61 8 8392 2191 Email: jim.northey@hardywines.com.au Web: www.hardywines.com.au

CONTENTS

Statement of commitment and endorsement	Page 2
Introduction & Background	Page 3
Executive Summary	Page 4
Brand Ownership	Page 5
Locations	Page 6
Packaging Materials Used (Table 1)	Page 9
NPC Contact	Page 10
Product Stewardship	Page 10
Hardy Wine Company actions v NPC goals (Table 2)	Page 11
Summary of Achievements v Action Plan	Page 16

Hardy Wine Company's commitment and endorsement

"At Hardy's we place a lot of emphasis on innovation and new product development. We work closely with our packaging material suppliers throughout all stages of product development in order to obtain the most effective designs and to minimize wastage. We have 'state of the art' packaging facilities which we operate with skilled staff to achieve high performances in terms of output and conversion efficiency. We see that our involvement with the National Packaging Covenant (NPC) represents good value for both our customers and the Environment. Our NPC Steering Group is a multi disciplinary group and they are responsible for managing the implementation of this action plan."

A handwritten signature in black ink, appearing to read 'John Grant', with a large, sweeping flourish extending from the end of the signature.

John Grant
President
Hardy Wine Company Limited

INTRODUCTION & BACKGROUND

Hardy Wine Company is the Australian Wine division of Constellation Brands Inc. the world's largest wine business based in New York, USA.

The Hardy Wine Company head quarters remain in Reynella South Australia. We have approximately 1,600 full time equivalent employees throughout Australia.

Hardy Wine Company's Corporate Environmental Management System (EMS) was certified to ISO 14001 in 2003. The National Packaging Covenant is a key element of this program.

Heightened awareness globally of the impact of climate change has established the case for carbon accounting. The most obvious link between NPC and carbon foot printing is the packaging weight. The Australian Wine industry has done much already to effect glass weight reductions in the national bottle moulds with the help of manufacturers Owens Illinois and Amcor Glass. The elimination of cardboard dividers and the reduced carton weights have also improved the total packaging weight for the company. However packaging weight is not the only connection and selection of packaging components based on other criteria such as embodied carbon are also now being considered.

This report outlines taken in the calendar year 2007 although the IDAS data relates to our financial year 1March 2006 to 28 February 2007.

Our Vision

To become world renowned as Australia's regional wine champion for our quality brands and winemaking excellence.

Our Mission

We will manage the business to maximize the long term return to stakeholders while recognizing the importance of and responsibility to employees, customers, suppliers, the community, and the environment.

We will build world class brands which promote enduring consumer loyalty through a continuing focus on quality and consistency.

We will achieve sustained superior performance by understanding and satisfying customer needs, applying innovative production and marketing techniques and creating a safe and stimulating work environment for all employees.

Executive Summary

We have made significant changes to the way we develop new products over the past two years. Initially we aimed to streamline the packaging development process and to rationalize the product range. A key element is to design products that meet our customers requirements, that show case our winemaking skills and achievements and our commitment to regionality reflected through our wine styles. We call this process premiumisation.

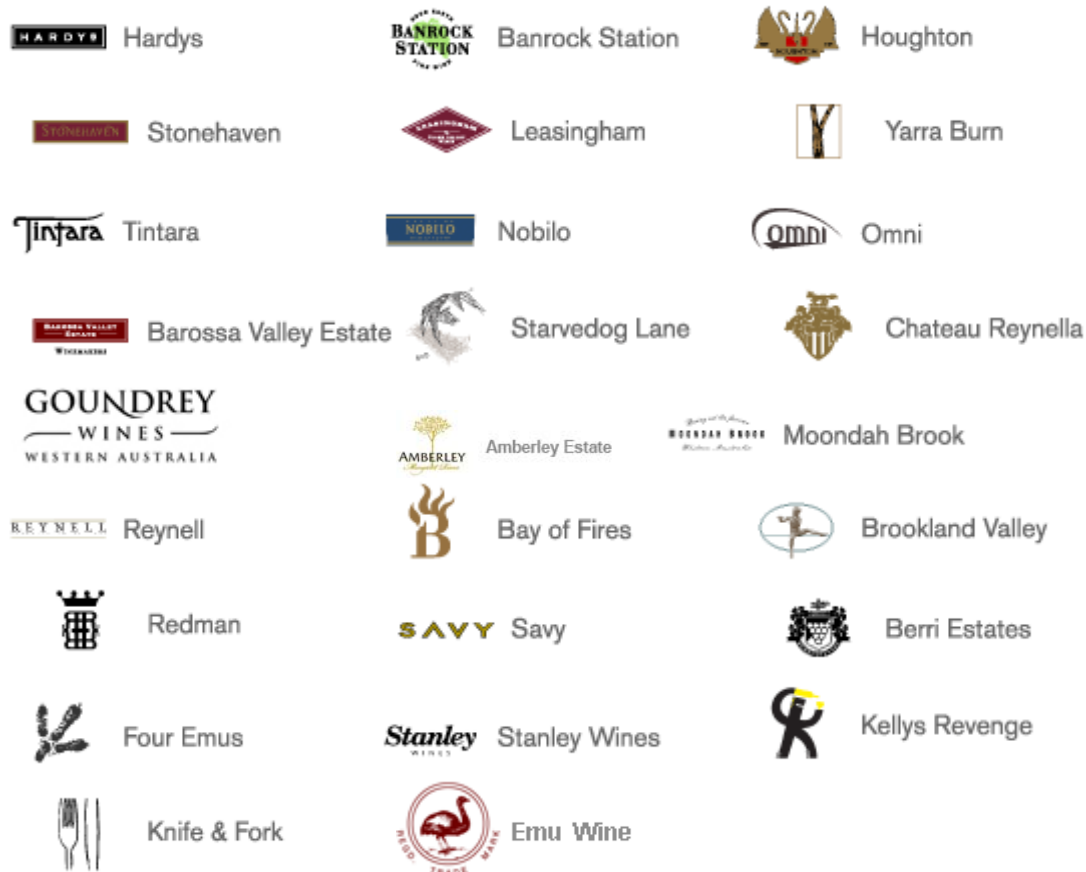
As a major brand owner and producer of wine packaged in soft pack we see that our products have a low packaging to liquid weight ratio which we believe is good for the environment.

Our actions taken in support of the National Packaging Covenant Goals during 2007 are contained in table 2.

Brand Ownership

Under the National Packaging Covenant we are defined as a Brand Owner.

Today, the company has one of the broadest and most comprehensive portfolios with vineyards and wineries in most of the major wine-producing regions including such iconic brands as:



This range covers all price points, notwithstanding a strong focus on regional wine production, making us one of the largest suppliers of quality wines in Australia with around 25% share of the domestic market.

Hardys was a signatory to Mark 1 of the National Packaging Covenant.

Please note that although Hardy Wine Company is involved in similar initiatives elsewhere in the world, this report only focuses upon the domestic sales segment for Australia.

Hardy Wine Company Site Locations

Wineries

Winery Name

Location

Berri Estates

Old Sturt Highway
Glossop SA 5344

Bay of Fires

40 Baxters Road
Pipers River TAS 7252

Goundrey

Muir's Highway
Mount Barker WA 6324

Houghton

Dale Road
Middle Swan WA 6056

Leasingham

7 Dominic Street
Clare SA 5453

Nannup

Location 10460, Vasse Highway
Nannup WA 6275

Reynella

Reynell Road
Reynella SA 5161

Stanley

Silver City Highway
Buronga NSW 2739

Tintara

Main Road
McLaren Vale SA 5161

Yarra Burn

21 Delaneys Road
Yarra Burn VIC 3134

Packaging Facilities

Houghton

Dale Road
Middle Swan WA 6056

Reynella

Reynell Road
Reynella SA 5161

Berri Estates

Old Sturt Highway
Glossop SA 5344

Stanley

Silver City Highway
Buronga NSW 2739

Vineyards**Location****Amberley Estate**Cnr Thornton & Wildwoods Roads
Yallingup WA**Banrock Station**Holmes Road
Kingston-on-Murray SA 5331**Bay of Fires**40 Baxters Road
Pipers River TAS 7252**Brookland Valley**Caves Road
Willyabrup WA 6280**Coonawarra**Riddoch Highway
Coonawarra SA 5263**Cullulleraine**Sturt Highway
Cullulleraine VIC 3496**Frankland River**Netley Road
Frankland WA 6396**Goundrey**Muir's Highway
Mount Barker WA 6324**Hoddles Creek**350 Prices Road, Gladysdale VIC
10 Beenak Road, Hoddles Creek VIC**Houghton**Dale Road
Middle Swan WA 6056**Leasingham**7 Dominic Street
Clare SA 5453**Moondah Brook**Mooliabeenee Road
Moondah Brook WA 6503**Omrah Vineyard**Omrah Road
Mount Barker WA 6324**Padthaway**Riddoch Highway
Naracoorte SA 5271**Pemberton**Nelson Location 11938
Stirling Road
Pemberton WA 6260**Reynella**Reynell Road
Reynella SA 5161**Willunga Basin**Bayliss Road
McLaren Vale SA 5161

Wrattobully

PMB 7, Elderslie Road
Naracoorte SA 5271

Yarra Burn

60 Settlement Road
Yarra Burn VIC 3797

Yeenunga

Amery Road
McLaren Vale SA 5161

Map of Hardy Wine Company sites



Head Office is located at Reynell Road, Reynella, South Australia.

Table 1 : Packaging Materials Used

PACKAGING	MATERIAL	RECYCLABLE ?
CAPSULES	PVC	Recyclable
	Tin	Recyclable
CORKS	Cork wood	Recyclable
GLUES	Caesine (wet)	Not recyclable
	Synthetic (Pressure sensitive and hotmelt)	
HOODS	Polylaminate - plastic and aluminum	Not recyclable
LABELS	Cast coated paper	Recyclable
	Glassine backing paper	Recyclable
PRIMARY CONTAINERS (BOTTLES)	Glass	Recyclable
	PET	Recyclable
	Liquid paperboard	Recyclable
PRIMARY CONTAINERS (BAGS)	Metalised poly ethylene: aluminium, polyethylene & Polyester	Recyclable
	Durasheild : EVOH	Recyclable
	Taps : 3 types ranging from single type to combined plastic assembly	Recyclable to non recyclable
SCREW CAPS	Aluminium body Composite wad	Recyclable
SECONDARY CONTAINERS (CARTONS)	Cardboard	Recyclable
STRETCH WRAP	LDPE (plastic)	Recyclable
WIRES	Zinc plated steel	Recyclable

NPC CONTACT

Jim Northey
Group Environment Manager
Hardy Wine Company Limited
Reynell Road
Reynella
SA 5161

Tel: 08 8392 2120
Fax: 08 8392 2191

Email: jim.northey@hardywines.com.au

Web: www.hardywines.com.au

Product Stewardship

We signed Mark 1 of the National Packaging Covenant and participated in the development of the South Australian Wine Industry Associations NPC Action Plan in 2005.

Within the framework of the Corporate EMS we measure the amount of solid waste to landfill and percentage recycled. All of our wineries have recycling programs in place and our staff support these initiatives fully. Hardy's was an early user of slip sheets in export containers and these are also used domestically. Some of our packaging materials are supplied to us in returnable containers. We have recently surveyed all packaging material suppliers to our Reynella packaging facility on the recycled content and the ability to recycle of their products.

Since 2001 we have surveyed suppliers of our wine making materials annually on whether they are members of the NPC and have an EMS.

We support the industry drives to reduce glass weights through the industry glass mould redesigns and light weighting programs. We encourage our customers to accept product without carton dividers. Our marketing staff actively seek packaging materials that are recyclable. However there are technical limitations to the amount of recycled content that can be accepted in our cartons but we continue to press the carton suppliers to meet these levels.

Table 2 : Hardy Wine Company actions taken in support of the NPC Goals

Environmental Performance Goals & Key Actions	Key Performance Indicators	Hardy Wine Company Actions
GOAL 1 – PACKAGING OPTIMIZED TO INTEGRATE CONSIDERATIONS ABOUT RESOURCE EFFICIENCY, MAXIMUM RESOURCE RE-UTILISATION, PRODUCT PROTECTION, SAFETY AND HYGIENE.		
<p>Packaging designed, manufactured, distributed and marketed to minimise the amount of material and other resources essential to guarantee the protection, safety, hygiene and shelf-life of the product.</p>	<ol style="list-style-type: none"> 1. Total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged. 2. Resources used to produce packaging, by material type: <ul style="list-style-type: none"> - energy (megajoules) - water (kilolitres) 3. Improvements in design, manufacture, marketing and distribution to minimize the environmental impacts of packaging. 4. Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount and type of packaging used. 	<p>We are moving to PET backing film for pressure sensitive labeling because it can be 100% recycled. Glassine paper although recyclable is not totally recycled. This move will improve the performance on packaging line and reduce wastage through mislabeling.</p> <p>We have gone back to 3 colours printing on brown board for the Banrock brand.</p> <p>Reduced the size of the flaps on the inside of cartons to remove some cardboard.</p> <p>Decision taken to move the entire Hardy range from a proprietary bottle into a more lightweight industry bottle for 2008.</p> <p>Removed the capsule from all our Banrock cork products.</p> <p>Trialling a plastic sparkling screwcap which removes the need for cork, muselet and hood.</p>
<p>Packaging designed and manufactured to optimize the amount of post-consumer recycled content.</p>	<ol style="list-style-type: none"> 5. Average % per annum, of post-consumer recycled content in packaging manufactured³. 	<p>Both our glass suppliers are looking into the concept of lightweighting bottles. We have several products packed into Tetra Pak and marketed overseas. The decision has been taken to release Banrock in this form in Feb 2008 to the Australian market.</p>
<p>Packaging designed and manufactured to optimize its recoverability through collection systems including kerbside recycling schemes.</p>	<ol style="list-style-type: none"> 6. Total weight, by type of “non-recyclable”⁴ packaging sold per annum into the Australian market. 7. Total weight of consumer packaging disposed to landfill. 8. Consumer packaging as a % by weight of total waste and relative to other waste stream products. 	<p>We are investigating material types that are easier to recycle e.g. a new type of capsule from Novatwist offers PP or HDPE and are more compatible with glass recycling than aluminium caps.</p> <p>Currently trialling 750ml PET bottles which should be operational early/mid 2008.</p> <p>We are currently trialling dividerless sparkling cartons.</p>

Environmental Performance Goals & Key Actions	Key Performance Indicators	Hardy Wine Company Actions
GOAL 2 – EFFICIENT RESOURCE RECOVERY SYSTEMS FOR CONSUMER PACKAGING AND PAPER.		
Secondary market creation supported for recovered packaging material.	9. Total weight of consumer packaging recycled, through: (a) Domestic and (b) Away from Home recovery systems respectively. 10. Total weight of recycled consumer packaging sold to end-users.	Our carton suppliers currently use the maximum percentage of recycled material in their cartons (up to 60%) to ensure carton safety. Trialling labels with an increased % of recycled material.
Develop, monitor and implement good practice for collection and recovery systems for packaging and litter management.	11. Number of Councils operating according to good practice collection principles and state-based benchmarks.	
Provision for Collection Services for post consumer packaging and paper.	12. Percentage of households with access to kerbside collection systems. 13. Percentage of households with access to other domestic collection systems. 14. Number of commercial and industrial premises with packaging recycling collection systems. 15. Percentage of Councils and government agencies providing public place recycling infrastructure. 16. Percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.	All our packaging plants recycle cardboard plastic , paper and glass. We have well established KPI's within ISO 14001 EMS to support these initiatives. We have been supplying Girl Guides Australia with recovered corks for several years. These corks are returned from our cellar door locations.

Environmental Performance Goals & Key Actions	Key Performance Indicators	Hardy Wine Company Actions
GOAL 3 – CONSUMERS ABLE TO MAKE INFORMED DECISIONS ABOUT CONSUMPTION, USE AND DISPOSAL OF PACKAGING OF PRODUCTS.		
Minimise hazards associated with disposal.	17. Amount and type of consumer packaging in the litter stream.	See KPI 1-4 above for details
Change in consumer behaviour (purchase, use, disposal).	18. Contamination rates in consumer packaging recovery systems (eg. Kerbside, events, venues, public places, workplaces). 19. Improvements in consumer knowledge about the functional attributes of packaging, including recyclability/reuse. 20. Improvements in littering behaviour.	We plan to put information up onto our website in 2008 to advise consumers how to better recycle corks. Currently cork although recyclable generally ends in landfill in the current sorting networks. We believe cork should be put into the green waste bins rather than the plastic paper metal recycling streams.

Environmental Performance Goals & Key Actions	Key Performance Indicators	Hardy Wine Company Actions
GOAL 4 – SUPPLY CHAIN MEMBERS AND OTHER SIGNATORIES ABLE TO DEMONSTRATE HOW THEIR ACTIONS CONTRIBUTE TO GOALS (1) – (3) ABOVE.		
Increased recycling of used packaging.	21. Estimated tonnage of consumer packaging recycled and sent to landfill respectively, from on-site collection facilities.	
Adoption of Environmental Code of Practice for Packaging (ECoPP).	22. Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.	Appointment of Packaging Development Manager within marketing group. Formally adopted via NPC steering Committee in 2005.
Implementation of the regulatory "safety net".	23. Application of Covenant compliance procedures by NPCC to identify non-complying signatories. 24. Implementation of NEPM procedures by jurisdictions.	
	25. Enforcement of the NEPM to "free riders" and non-complying Covenant signatories.	Payment up to date of NPC levy. Declaration of FY07 turnover made to NPCC this year.
Secondary market creation supported for recovered packaging material.	26. Implementation of Buy Recycled purchasing policy or practices.	Policy developed and will be presented to the next RMSC meeting in 2008. Practices in place see KPI 9 7 10 above.

Environmental Performance Goals & Key Actions	Key Performance Indicators	Hardy Wine Company Actions
GOAL 5 – ALL SIGNATORIES DEMONSTRATE CONTINUOUSE IMPROVEMENT IN THEIR MANAGEMENT OF PACKAGING THROUGH THEIR INDIVIDUAL ACTION PLANS AND ANNUAL REPORTS.		
Continuous improvement demonstrated against baseline data and all relevant KPIs.	27. Establishment of baseline performance data. 28. Annual reporting against Action Plan. 29. Demonstrated improvement and achievements against individual targets and milestones.	Baseline established in 2006

Summary of Achievements against Current Action Plan 2007



	Product Stewardship Principle	Action	Performance Measure	Achieved
1	Design & research	develop audit protocols for waste hierarchy audits and apply to a representative range of our products	completion of documentation and guidance notes	Developed but not delivered at time of writing
2	Education	conduct an ECoPP workshop with brand managers.	develop course and deliver	in progress
3	Market Development	development and implementation of buy recycled policy within the EMS	approval of the policy at RMSC and Senior Exec level	in progress
4	Research & Education	conduct carbon footprinting audit on at least one product range	provide full data set	yes
5	Recycling & reprocessing	develop improved packaging component characterisation e.g. include PACIA recycle codes for plastics and source of material on item master files	achievement of data update	Deferred 2008
6	Recycling & reprocessing	identify and retain change over data on Bill of Materials and quantify the impacts of changes through out the year	achievement of data update	Deferred 2008