

# National Packaging Covenant

## Annual Report 2010

# '10 annual report

national packaging covenant

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## Highlights

- Energy usage per kg of product has reduced by 18.3% over the 3 years of the Detmold NPC action plan
- Water usage per kg of product has reduced by 25.1% over the 3 years of the Detmold NPC action plan
- Detmold Group received a Re-Tooling for Climate Change grant from the Federal Government to improve lighting efficiency at the Adelaide site, with annual CO<sub>2</sub>e emission savings of 255 Tonnes
- Undertaken a major ink re-batching program to reduce ink waste and water use for cleanup
- Commenced use of CAPE freight optimisation software to assist with the review of all packing / palletising and containerisation to improve freight efficiency on all products
- Introduced microflute board packaging with a high recycled content and reduced raw material usage, to replace non-recyclable poly-coated solid board trays and clams
- Undertaken significant projects to replace a number of raw materials which contain traces of OBAs and PFOAs, which are harmful to the environment and potentially to human health
- Consolidated warehouse premises and practices in Australia reducing the overall physical and environmental footprint of Detmold Group's logistics operations

## Introduction

Detmold Packaging has been a signatory to the National Packaging Covenant since 2002, and is committed to the objectives and scope of the covenant, integrating them into standard business procedures.

This report covers the products produced, sold, and activities carried out by the Detmold Packaging Group of manufacturing facilities within Australia - based in SA, QLD, NSW and Victoria for the period July 2009 – June 2010. This is our third full year comparison against the 2007 baseline data.

Detmold has completed and exceeded all actions outlined in its 2006-2009 NPC Action Plan. The increased environmental focus in the community, amongst Detmold's customer and supplier base and within its own staff will be reflected in future NPC action plans with further improvements targeted for reporting, analyzing and implementing environmental improvements.

This report demonstrates a continuation of past initiatives and introduces a range of new activities covering the fundamental areas of product stewardship namely; product development and design, warehouse and distribution, recycling and disposal, education and research.

## Environmental Statement

The Detmold Packaging Group is a responsible leader in our Industry and the communities in which we operate. We demonstrate our commitment through the actions that we all take, rather than just what we say. We have a passion for paper and we believe that we all benefit from its attributes. We partner people who value innovation and quality and who are prepared to shoulder their responsibility for the environment. We champion paper as the preferred packaging medium because in our view, it is the most responsible resource to use for this purpose.

We invest in local communities and our recruitment process and business strategies assure long term benefits to employees, their families and the communities in which they live. To our owners and investors, we provide the certainty and longevity that comes from sustainable and responsible business.

Detmold Packaging will actively support all of its customers with their programs to use environmentally friendly packaging. This will be carried out by developing new processes and introducing the use of new materials in the manufacture and distribution of the package.

Detmold Packaging will also control its own manufacturing sites to ensure that it has minimal impact on their communities and environment. This will be done by continuing to reduce the consumption of harmful substances and by reducing the production of process waste.

### **Reduce**

The Detmold Packaging Group is committed to source reduction programs to minimise the raw material required to produce packaging that is fit for purpose. Through consultation with major suppliers and customers the Detmold Packaging Group will Endeavour to participate in material rationalisation wherever possible.

### **Reuse**

Wherever possible the Detmold Packaging Group will reuse materials within the operations to maximize recovery and minimise waste.

### **Recycle**

Through design, customer consultation and marketing, the Detmold Packaging Group will continue to support the use of recycled materials. Optimisation of waste recycling is a key aim of the Detmold Packaging Group, to ensure environmental impacts are minimised.

### **Educate**

A program to educate staff, suppliers and customers in the National Packaging Covenant is a key requirement for the Detmold Packaging Group in committing to our action plan.

## Company Overview

Detmold Packaging is a privately owned company that has been in operation since 1948. In 2010 the Detmold Packaging Group remains a private company with sales and manufacturing facilities in 15 countries. Adelaide South Australia remains Head Office for the group with manufacturing facilities and Sales offices located both in South Australia and interstate.

### **Manufacturing:**

Adelaide, Melbourne, Singapore, Jakarta, Heshan, Shanghai and Johannesburg

### **Sales Offices:**

Australia, NZ :-	Adelaide, Brisbane, Melbourne, Perth, Sydney
Asia :-	Shanghai, Heshan, Beijing, Hong Kong, Jakarta, Singapore, Taipei, Manila, Kuala Lumpur, Seoul, Tokyo
Europe, M-E, Africa :-	Dubai, London, Johannesburg

The Detmold Packaging Group sales are broken into four separate divisions

### **Detpak**

Disposable products for the Quick Service Restaurant industry are sold directly to major accounts. Smaller accounts are serviced through a network of distributors. This Division also sells to Supermarket chains, Cinema groups and a variety of outlets within the food industry. Products include:

- Flat and Satchel Paper Bags
- SOS Carry Bags and Checkout Bags
- Waxed Food Wraps
- Formed and Crash Lock Bottom Cartons
- Food Pails
- Cold and Hot Drink Cups
- Napkins

### **Paper-Pak**

This marketing division services the retail market on a direct basis. Products include:

- Paper Carry Bags
- Gift Bags
- Wrapping paper
- Up-market Boutique Paper Bags:

**Detmold Flexibles**

The Flexibles business provides paper and film based rewind to industrial, pharmaceutical and FMCG markets.

Products include:

- Printed Paper and Film Rewind
- Cold seal coating and lamination capability
- Bags and Pouches
- Medical consumable products:

**Detmold Industrial**

The industrial market comprises direct sales to manufacturing companies. Products include:

- Flat and Satchel Paper Bags
- Paper SOS Bags, 1-10kg Retail bags
- Sacks – Sewn, Block Bottom, SOS and Pinch Bottom
- Printed Rewind – Form Fill and Food Wrap Rolls
- Food Wraps, Cover Leafs, Interleaving Sheets and Industrial Labels
- Plain/Printed Rolls and Sheets – Pallet Liners and Industrial Sheets:

**Place in Packaging Chain**

Brand Owner

Manufacturer

**Contact Officer**

The officer charged with the responsibility of implementing and reporting on the Packaging Covenant Action Plan and annual reports is Tom Lunn. His details are as follows;

Tom Lunn

Product Development & Sustainability Manager





Detmold Group

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## KPI Results

In previous reporting years Detmold Group has reported environmental KPI results in the IDAS system and only published the key conclusions and progress against Action Plan in its Annual Report. In this, the final NPC annual report we have chosen to publicly release the last three years of what we consider to be our key environmental performance indicators.

	Units	Reporting Year (2010)	1 Year Prior (2009)	2 Years Prior (2008)	% Change Over Past Year	% Change Over 3 Years	Goal: Level for 2010	Met / Exceeded Goal
MJ of energy per Kg of product	MJ	1.2	1.2	1.5	0.0%	-18.3%	1.3	
Kg of solid waste per Kg of product	Kg	0.078	0.099	0.107	-21.2%	-27.1%	0.096	
% waste recycled	%	73.53	77.94	76.39	-5.7%	-3.7%	78%	
Kilolitres of water per Kg of product	Litres	0.588	0.766	0.784	-22.8%	-25.1%	0.706	

**Detmold Group is pleased to note that it has exceeded its three year targets for energy use, water use and waste produced for the FY2008-2010 period.**

The percentage of waste that was recycled did fall in the past 12 months, primarily due to an occupational health and safety issue related to the transfer and emptying of certain recycling bins. This issue has been addressed and we look forward to seeing increased recycling rates again in FY2011. It is worth noting that the overall reduction in waste for FY2010 exceeds the reduction in recycled material, so that even though this KPI shows a negative result we are satisfied that we achieved the overall objectives to reduce waste to landfill.

This information is, to the best of our knowledge, the best currently available, but it is subject to revision as additional knowledge and experience is gained. It is suitable as a guideline only and is not to be construed as a representation that the information is suitable for any particular purpose or use.

## Report vs Action Plan (FY2007-2010)

Action / Target	Measurable	Result
<b>#1 – Total weight of consumer packaging by material type and source (tonnes)</b>		
Key Action 1A: Set up detailed reporting through IT department - Cardboard – Standard E.g. Cartons - Plastics – Type 2 (HDPE) E.g. Pallet Tops - Plastics – Type 4 (LDPE) E.g. Stretch Film	- Develop baseline data by Nov 06 - Develop baseline data by Nov 06 - Develop baseline data by Nov 06	- Complete - Complete - Complete  <b>FY10 Additional Results</b> - Exceeded energy, water and waste KPI's - KPI results provided to key customers - KPI results published in NPC annual rep.
Key Action 1B: Review current methods of packaging and identify improvements in regards to recyclable materials. - Incoming packaging of raw materials  - Packaging of outgoing product	-Separation and recycling of reel outer wrap and reel discs -New product shape adopted for 16oz hot cups to improve container utilization -Minimize ullage and improve palletisation	-Complete - All plastic wrap collected and recycled, all paper wrap and discs recycled -Complete -7 less containers shipped per annum for the same volume of 16oz cups -Full standard range review completed  <b>FY10 Additional Results</b> - Incoming plain pallets are taken to Jeffries for composting
<b>#2: KPI - Resources used to produce packaging, by material type; energy (megajoules &amp; Kwh), water (kilolitres).</b>		
Key Action: Set up spreadsheets so energy consumptions can be entered as each bill arrives. -Energy (MJ) / Paper Used (tonnes) -Water (Kl) / Paper Used (tonnes)	Set up detailed reporting and analysis  -Develop baseline data by Nov 06 -Develop baseline data by Nov 06	- Baseline complete and ongoing  <b>FY10 Additional Results</b> - Energy usage per kg of product has reduced by 18.3% over the past 3 years - Water usage per kg of product has reduced by 25.1% over the past 3 years
Reduce energy and water usage per T of product - Undertake comprehensive carbon audit of Australian operations - Commence a 3 <sup>rd</sup> party energy review in Adelaide plant	- Completed inaugural greenhouse gas emissions audit 07/08 with Carbon Planet - Energy report received from Origin with specific improvement initiatives identified	- Complete  <b>FY10 Additional Results</b> - Received a Re-Tooling for Climate Change federal grant to improve lighting efficiency at the Adelaide site with annual CO2e emissions savings of 255 Tonnes - Consolidated warehouse premises and practices in Australia reducing the overall physical and environmental footprint of Detmold Group's logistics operations
<b>#3: KPI - Improvements in design, manufacture, marketing &amp; distribution to minimise the environmental impacts of packaging.</b>		
Key Action - Analyse range and implement sustainable design principles	- Complete range review and establish system by Nov 2006	- Complete and ongoing - All standard products reviewed in 2009  <b>FY10 Additional Results</b> - CAPE software purchased to assist review of packing / palletizing / containerization of all product categories
Continuous Improvement in Sustainable design - All new products to go through Tech / Design Dept by Oct 2007 - Analyse current products to reduce tube lengths to minimise material inside bags - Intro of 5 S's program to reduce raw material damage - Move to electronic forms to decrease use of copy paper over the company Oct 2007 - Search for new Cling wrap for pallets with reduced density - Promote Water Based Printing and Laminating in the Flexibles Business	- Policy incorporated into ISO9001 system  - Complete review of all standard items  - Complete  - Forms available on DetConnect (intranet)  - Change pallet stretch film in sack division - Establish water-based lamination capability	- Complete  - Complete, reviewed in 2007 and 2009, standardized product to reduce waste and setup material - Complete  - Complete - Complete - Commenced, majority of market still



<p>(Melbourne Site)</p> <ul style="list-style-type: none"> <li>- Commence evaluation of Life Cycle Analysis tools as part of product design to optimize materials and processes</li> <li>- Reduce film weights for Flexible packaging</li> <li>- Develop new sustainable products using renewable, compostable materials to replace non-recyclable laminates</li> <li>- Review manufacturing practices to reduce waste</li> <li>- Certification opportunities for major products</li> </ul>	<ul style="list-style-type: none"> <li>- Promote water based tech to key clients</li> <li>- Select a global standard and commence informal LCA's</li> <li>- Down gauge review of all products</li> <li>- Launch of compostable Rebbit cup range</li> <li>- Launch of Rebbit bakery, retail, coffee bag</li> <li>- Launch of compostable sandwich wedges</li> <li>- Waste monitoring identified setup material opportunities</li> <li>- Identify suitable certifications</li> </ul>	<p>prefers superior solvent quality</p> <ul style="list-style-type: none"> <li>- Complete, using PAS2050 / ISO14044</li> <li>Complete - implemented at Flexibles in Jan 2006, ongoing review.</li> <li>- Complete</li> <li>- Complete</li> <li>- Complete</li> <li>- Complete, reject print used for job setups, waste target review at tool box meetings.</li> <li>- Complete, commenced forestry certification process in pilot plant</li> </ul> <p><b>FY10 Additional Results</b></p> <ul style="list-style-type: none"> <li>- Major ink rebatching project to reduce waste and water use in cleanup</li> <li>- Introduced additional enviro product ranges including microflute board (to replace PE coating on trays and reduce total raw material usage), biowax and compostable films and coatings</li> </ul>
<p># 5: KPI - Average % per annum, of post-consumer recycled content in packaging manufactured.</p>		
<p>Key Action: Packaging designed and manufactured to optimise the amount of post-consumer recycled content.</p>	<ul style="list-style-type: none"> <li>- Develop new packaging products with high recycled content</li> </ul>	<ul style="list-style-type: none"> <li>- Released 100% recycled napkin</li> <li>- Produced a 100% recycled carry bag</li> </ul> <p><b>FY10 Additional Results</b></p> <ul style="list-style-type: none"> <li>- Added high recycled content microflute packaging to the range</li> </ul>
<p># 6: KPI – Total weight, by type, of ‘non-recyclable’ consumer packaging sold per annum into the Australian market.</p>		
<p>Key Action: Set up detailed reporting through IT department</p> <ul style="list-style-type: none"> <li>- Plastics – Type 4 (LDPE)</li> <li>- Plastics – Type 5 (PP)</li> <li>- Plastics – Type 7 (Other)</li> <li>- Non-Recyclable Paper / Cardboard</li> <li>- Composites</li> </ul>	<ul style="list-style-type: none"> <li>- Develop baseline data by Nov 06</li> <li>- Develop baseline data by Nov 06</li> <li>- Develop baseline data by Nov 06</li> <li>- Develop baseline data by Nov 06</li> <li>- Develop baseline data by Nov 06</li> </ul>	<ul style="list-style-type: none"> <li>- Complete</li> <li>- Complete</li> <li>- Complete</li> <li>- Complete</li> <li>- Complete</li> </ul>
<p>Look at current methods of packaging and see if room for improvements in regards to recyclable materials.</p>	<ul style="list-style-type: none"> <li>- Build packing review into NPD process</li> </ul>	<ul style="list-style-type: none"> <li>- Complete and ongoing</li> <li>- Informal LCA's commenced including outer packing</li> </ul> <p><b>FY10 Additional Results</b></p> <ul style="list-style-type: none"> <li>- Provided carbon footprint data for a range of packaging produced for a key client</li> </ul>
<p># 16: KPI - Percentage of signatories providing recycling collection facilities for post consumer packaging generated on site.</p>		
<p>Key Action: Ensure collection services for post consumer packaging and paper.</p>	<ul style="list-style-type: none"> <li>- Contracts in place for all recyclables in manufacturing sites, ongoing staff training</li> </ul>	<ul style="list-style-type: none"> <li>- Complete and ongoing</li> <li>- Added 10c bottle collection in SA</li> </ul> <p><b>FY10 Additional Results</b></p> <ul style="list-style-type: none"> <li>- A number of product stewardship pilot trials conducted with key clients and industrial composters and recyclers</li> </ul>
<p># 21: KPI - Estimated tonnage of consumer packaging sent (a) for recycling and (b) to landfill from on-site collection facilities.</p>		
<p>Key Action: Increased recycling of used packaging</p> <ul style="list-style-type: none"> <li>- Recycling</li> <li>- Landfill</li> </ul>	<ul style="list-style-type: none"> <li>- Develop baseline data by Nov 06</li> <li>- Develop baseline data by Nov 06</li> </ul>	<ul style="list-style-type: none"> <li>- Complete</li> <li>- Complete</li> <li>- Conducted recycling review in '08 with service provider to increase recycling rates</li> <li>- Bins clearly marked in factory</li> </ul> <p><b>FY10 Additional Results</b></p> <ul style="list-style-type: none"> <li>- Project conducted to address the OHS concerns with the movement and emptying of certain recycling bins</li> </ul>
<p># 26: KPI – Implementation of Buy Recycled purchasing policy or practices.</p>		
<p>Key Action: Secondary market creation supported for recovered packaging material.</p>	<ul style="list-style-type: none"> <li>- Develop new packaging products with high recycled content</li> </ul>	<ul style="list-style-type: none"> <li>- Released 100% recycled foodgrade napkin</li> <li>- Produced a 100% recycled carry bag</li> </ul> <p><b>FY10 Additional Results</b></p> <ul style="list-style-type: none"> <li>- A number of product stewardship pilot trials conducted with key clients and industrial composters and recyclers</li> </ul>

## Buy Recycled Policy


Detmold Group is committed to purchasing recycled products that are fit for purpose and meet customer's criteria wherever possible. Examples of items purchased include semi recycled paper options, fully recycled paper and corrugated box packaging, fully integrated ink dispenser system designed to rework and re use waste inks. Furthermore Detmold Packaging is committed to working with suppliers to provide more environmentally friendly solutions regarding packaging raw materials that either can be re used or are easy to recycle, as well as utilisation of materials that provide improved yield gains to minimise waste and total raw materials required for greater output.

## EcoPP & Sustainable Design

Detmold Group applies sustainable design principles in all of its product development activities, in line with the Environmental Code of Practice for Packaging (EcoPP). This code states that "packaging should be designed to have the minimum net impact on the environment, specifically in term of waste, water, energy and emissions, while also fully preserving the integrity of the product it contains". Sustainability is embedded into the product development process in Detmold Group and has been recently updated to encapsulate the 12 key sustainable design considerations outlined under the new Australian Packaging Covenant.

## Senior Management Endorsement

Detmold Packaging is committed to the objectives and scope of the covenant, and to integrating them into standard business procedures.



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Alfonzo Ianniello  
CEO Detmold Packaging