



Australian Packaging Covenant Annual Report July 2010 to June 2011



Executive Summary

This annual report has been prepared by Goodman Fielder Limited (GFL) for the 2011 financial year (the Reporting Period) as part of its commitment to the Australian Packaging Covenant (APC).

GFL is defined as a “Brand Owner” by the Packaging Covenant and owns many well known brands. In Australia, our products include bread, edible & cooking oils, margarines, biscuits, cake mixes, cooking ingredients, dips, salad dressings, mayonnaise, vinegar, frozen pastry and desserts, pasta sauce, table sauce and savoury snack products. The turnover of the Australian divisions of GFL during the Reporting Period was approximately \$1.431 billion.

This Annual Report provides an update on our progress towards meeting the commitments documented in GFL’s APC Action Plan 2010-2015 (the Action Plan), which was submitted in March 2011.

The purpose of this annual report is to:

- Provide a brief description of Goodman Fielder’s current operations in Australia;
- Document progress against the commitments and actions outlined in the Action Plan;
- Provide new actions and targets for the 2012 financial year.

Details on Goodman Fielder’s packaging covenant actions are summarised in the following tables:

- **Table 1:** Progress Against the “System Based Actions” Presented in the Action Plan
- **Table 2:** Outcomes of Targeted Projects and Investigations for the 2011 financial year
- **Table 3:** Targeted Projects and Investigations for the 2012 financial year.

The Australian Packaging Covenant requires the completion of an online annual reporting tool. A copy of Goodman Fielder’s online submission is provided as Appendix A of this report.

Summary of achievements:

Achievements investigated and or implemented during the reporting period include:

- During the reporting period GFL worked with a new packaging supplier to reduce the weight of White Wing cartons by an average of 12%. The initiative focused on 4 different carton sizes and based on units sold in the reporting period this initiative translates to a 40 tonne reduction in packaging per annum.
- New software for optimising carton design and palletisation efficiency was introduced to the Baking business during the reporting period. The first product review has been completed achieving a palletisation efficiency greater than 95% and the tool will now be adopted for any future carton design.
- During the reporting period, GFL worked with a plastic recycling service provider to develop a protocol for the secure destruction of discontinued bread bags via recycling rather than the traditional method of secure burial. This resulted in 3 tonnes of LDPE being diverted from landfill.
- GFL conducted our first Sustainable Packaging Guidelines (SPG) assessment during the reporting period. The assessment of glass packaging was conducted as a trial utilising generic templates and was facilitated by an external packaging expert. GFL technical, marketing, procurement, manufacturing and environment staff and our glass packaging supplier were involved in the review and assessment.

- GFL's Erskine Park factory receives hundreds of cardboard barrels of tomato paste each year from a single supplier. During the reporting period the site worked directly with the tomato paste manufacturer to identify opportunities to avoid disposing of the packaging to landfill. The supplier now takes back the barrels via backloaded trucks and reuses them.
- During the reporting period GFL held packaging innovation and/or sustainability sessions with 4 existing or potential packaging suppliers.
- An external life cycle assessment tool (PIQET) was used during the reporting period to evaluate 500mL mayonnaise jars. Three different jar and lid combinations were assessed using PIQET to understand the relative environmental impacts of the current packaging with potential alternatives. This information was then used in the SPG assessment for glass packaging.
- The Integro division completed an Environmental Design Approval Pressure Step assessment of their 20 litre liquid oil containers. The Pressure Step process is based on the NPS *Environmental Code of Practice for Packaging* and the *Design guidelines for sustainable packaging* developed by the Sustainable Packaging Coalition in the USA and utilises GFL's Packaging Design Approval Checklists. The Pressure Step included a PIQET assessment of four packaging alternatives and market research included questions regarding the disposal of used packaging.

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Appendix A – Goodman Fielder Ltd Online Annual Report Submission

1. Company Approach

Reporting Period

This annual report has been prepared by Goodman Fielder Limited (GFL) for the 2010-2011 financial year (the reporting period) as part of our commitment to the APC.

The Australian Packaging Covenant requires the completion of an online annual reporting tool. This report is provided in addition to the mandatory online submission to provide greater context and transparency in reviewing progress against the GFL's APC Action Plan 2010 – 2015. A copy of Goodman Fielder's online submission is provided as Appendix A of this report.

Introduction

GFL has made significant progress in reducing the environmental impact of our packaging over the last 20 years. Our last 4 annual reports in the previous National Packaging Covenant (NPC) were awarded a 4.6 out of 5 star rating. As part of our involvement in the NPC, GFL developed systems for identifying and implementing initiatives to reduce the environmental impacts of new and existing packaging.

The packaging management system based actions in GFL's APC Action Plan are designed to contribute to the three goals of the APC by identifying the gaps between existing systems, tools and procedures and the new obligations under the APC. This strategic approach will ensure the most successful elements of existing systems are retained in rolling out the Sustainable Packaging Guidelines and other new obligations.

Importantly, GFL will continue to use a range of activities to identify targeted actions for each reporting period. It is expected that an initial focus on implementing system based actions will result in a greater capacity to identify targeted actions for implementation in future years. Each Annual Report will provide the outcomes of targeted actions for the reporting period and document the targeted actions for the following reporting period.

Organisational Context

At the time of preparing this report GFL had announced a major restructure of the Australian business. This restructure will consolidate the Baking and Home Ingredients divisions into a single Australian operating division. The new structure will also provide separate dedicated resources for day to day operations and for strategy and innovation. These changes will provide opportunities for packaging improvement initiatives and has been referenced in new targets and commitments.

This restructure commenced in the 2011-2012 financial year and the annual report refers to the business divisions operating during the reporting period.

2. Company Information

Company Structure

GFL is Australasia's largest listed food company and markets a wide range of food products in Australia, New Zealand, Asia and the Pacific. Our head office is located in Sydney.

We manufacture our products at approximately 60 manufacturing facilities in Australia, New Zealand, Papua New Guinea, Fiji and New Caledonia, and have manufacturing arrangements with a local partner in China. We also have a joint venture in Indonesia and sales offices in China, the Philippines and Singapore.

The three Business Units that managed our Australian operations during the reporting period were:

- Baking;
- Integro Foods; and
- Home Ingredients.

Products and Brands

GFL is defined as a “Brand Owner” by the Packaging Covenant and owns many well known brands. In Australia, our products include bread, edible & cooking oils, margarines, biscuits, cake mixes, cooking ingredients, dips, salad dressings, mayonnaise, vinegar, frozen pastry and desserts, pasta sauce, table sauce and savoury snack products.

Some of our key brands, owned and/or distributed throughout Australia include:

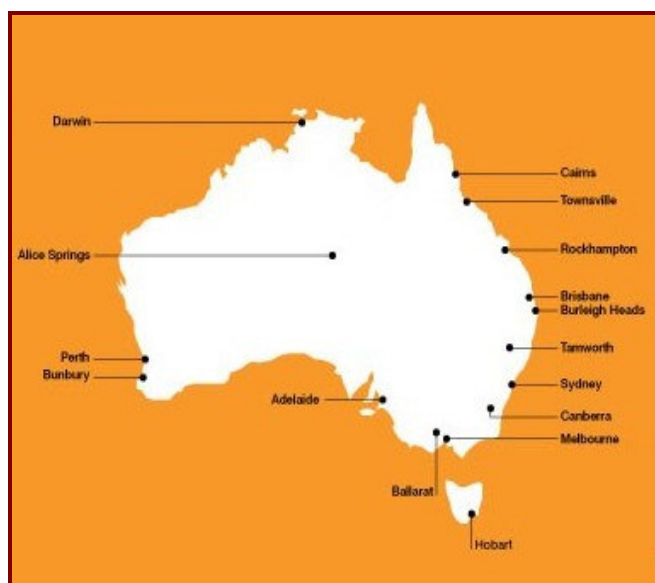
- **Baking:** Lawson’s, Molenberg, Mighty Soft, Wonder White, Buttercup, Helga’s, La Famiglia and Country Life.
- **Integro Foods:** Pilot, Chefri, Fryall, Profry, Gold Cup, White Cloud, Red Band, Sunveg, Solero, Golden Award, ETA and Zena.
- **Home Ingredients:** Meadow Lea, Logicol, Olive Grove, Gold’n Canola, ETA, Copperpot, Palmyra, Supafry, Frymasta, Paul Newmans, Praise, Cornwells, Crisco, Chefol, Olio Granada, Holbrooks, Asia at Home, Veri Deli, Paradise, Cottage Cookies, Cottage, White Wings, Defiance, Kream, Fielders, Parsons, Mckenzie’s Baking Powder, Pavlova Magic, Tom Piper Rice Cream, Parsons Rice Cream and Pampas.

Annual Turnover

The turnover of GFL’s Australian operations during the 2010/11 financial year was \$1.431 billion.

Australian Manufacturing Site Locations

GFL operated 25 manufacturing sites located across Australian, with multiple sites in large metropolitan areas such as Brisbane, Melbourne and Sydney (see map below). GFL also operates over 80 distribution centres throughout Australia.



3. Covenant Commitments

Actions, Targets and Timelines

The actions summarised in this section of the report are divided into three tables entitled:

- **Table 1:** Progress Against the “System Based Actions” Presented in the Action Plan
- **Table 2:** Outcomes of Targeted Projects and Investigations for the 2011 financial year
- **Table 3:** Targeted Projects and Investigations for the 2012 financial year.

The system based actions describe the new environmental components of GFL’s packaging management system and are specifically designed to address the three goals of the APC as reflected in table 1. This report provides an update on progress during the reporting period (tables 1 and 2) and sets progress targets for the next reporting period (tables 1 and 3).

Table 1: Progress Against the “System Based Actions” Presented in the Action Plan

Progress Against the “System Based Actions” Presented in the Action Plan		
Action	FY11 progress	FY12 target
Performance Goal 1: Design		
Incorporate Sustainable Packaging Guideline (SPG) assessments into GFL’s new product development and packaging change procedures.	<p>GFL has mature systems for evaluating the environmental impacts of new packaging. These tools include packaging design checklists used for all new or significantly modified packaging. Integro’s has built the checklist into an Environmental Design Approval Pressure Step (based on the NPS <i>Environmental Code of Practice for Packaging</i> and the <i>Design guidelines for sustainable packaging</i> developed by the Sustainable Packaging Coalition in the USA).</p> <p>In FY11 a gap analysis was conducted to evaluate the existing templates and procedures against the SPG requirements. The results of this gap analysis and the SPG assessment trial (see below) will allow new procedures and templates to be developed and implemented across the new integrated Australian business.</p>	<p>Develop and trial new GFL specific templates and procedures for assessing new packaging against the SPG.</p> <p>Implement revised policies and procedures following the restructure of the GFL’s Australian business into a single operating division.</p>
Develop and implement policies and procedures that document the process of undertaking SPG assessments of existing packaging formats.	<p>GFL conducted an SPG assessment of our second largest packaging material (glass) during the reporting period. The trial utilised generic SPG templates and was facilitated by an external packaging expert. Technical, marketing, procurement, manufacturing and environment staff from Goodman Fiedler were involved in the review and assessment. Our glass packaging supplier also provided input for the SPG assessment.</p> <p>The assessment demonstrated that the existing tools used by GFL cover many aspects of the SPG and that using the generic templates led to duplication and repetition in some areas. Assessing by packaging category (or material) rather than product category also provided challenges in setting the boundaries for an effective SPG assessment.</p> <p>As a result of the first SPG assessment trial, GFL intends to modify the documentation and conduct another trial focused on a product category. Following this trial, the SPG assessment schedule will be reviewed and, if necessary, resubmitted in a revised APC Action Plan.</p>	<p>Conduct a second SPG assessment trial.</p> <p>Revise templates and procedures based on outcomes from first and second trials.</p> <p>Review SPG assessment implementation schedule and amend APC Action Plan.</p>

Progress Against the “System Based Actions” Presented in the Action Plan

Action	FY11 progress	FY12 target
Document targeted sustainable packaging projects and investigations (such as those identified during the SPG assessments) in GFL’s Packaging Covenant Annual Reports, including an update on the progress towards implementing the previous year’s actions.	GFL completed all targeted actions in FY11. Integro added an additional project based on the outcomes of the Environmental Design Approval Pressure Step review of 20L oil packaging. The outcomes of targeted actions for the reporting period are provided in table 2.	Implement targeted actions and investigations provided in table 3 of this annual report.
Undertake packaging Life-Cycle-Assessments (LCAs) in situations where two or more alternative packaging formats are being considered for an individual product, and incorporate the findings into the decision making process.	An external life cycle assessment tool (PIQET) was used during the reporting period to evaluate 500mL mayonnaise jars. Three different jar and lid combinations were assessed using PIQET to understand the relative environmental impacts of the current packaging with potential alternatives. This information was then used in the SPG assessment for glass packaging. The Pressure Step included a PIQET assessment of four packaging alternatives and market research included questions regarding the disposal of used packaging.	Conduct literature review to provide greater understanding of life cycle and carbon impact of packaging materials in Goodman Fielder’s supply chain.
Performance Goal 2: Recycling		
Implement improved process efficiency, waste segregation and recycling strategies at our manufacturing sites to minimise the amount of waste produced and maximise the component of this waste that is recycled.	The landfill waste disposal rate for GFL’s Australian manufacturing sites increased in FY11 to 16.8kg/tonne of production due to an interruption to key recycling services at a major manufacturing site. The interruption accounted for 14% of total waste to landfill.	Implement waste audit recommendations to reduce ‘leakage’ from existing recycling streams. Investigate opportunities to standardise waste management and landfill diversion systems across Australian operations.
Undertake simple annual waste audits at GFL’s major Australian manufacturing sites to obtain a “snapshot” of the proportion of recyclable material disposed of to landfill, and use this information to identify opportunities to improve waste recycling practices.	Waste assessments were conducted at 8 sites covering over 57% of Goodman Fielder’s manufacturing waste. This included a more detailed assessment at the Malaga Bakery. The temporary disposal to landfill of bleaching earth from West Footscray accounted for 14% of total waste to landfill resulting in assessments covering less than 60%.	Continue the annual program of waste assessments at key landfill waste generating sites in Australia. Develop action plans from waste assessment recommendations.

Progress Against the “System Based Actions” Presented in the Action Plan

Action	FY11 progress	FY12 target
Incorporate a recycled packaging purchasing statement into GFL’s Packaging Procurement Policy and associated procedures.	GFL currently uses our procurement policy and environment policy to ensure environment and sustainability considerations are built into supplier and purchasing decisions. The 2010 NPC Annual Report demonstrated the successful implementation of these policies. Proposed wording for a “buy recycled” statement has been developed but has not been embedded in a policy or implemented.	GFL will incorporate a specific and appropriate “buy recycled” statement in a new policy or by modifying existing policies following the restructure of the Australian business.
Performance Goal 3: Product Stewardship		
Engage an independent external packaging expert to facilitate GFL’s first SPG assessment(s) and use the learnings to ensure future SPG assessments are effective and meet GFL’s obligations as a signatory to the Packaging Covenant.	GFL engaged an independent sustainable packaging consultant to facilitate and document our first SPG assessment. The external review of the assessment process has allowed GFL to commence a review of our SPG implementation plan and to use the learnings to customise the process and make future SPG assessments more effective at identifying potential improvement opportunities.	External expertise utilised to supplement internal resources for SPG assessments.
Involve packaging suppliers in SPG assessments of new and existing packaging formats.	Our glass packaging supplier provided input to the SPG assessment conducted during the reporting period. GFL has also expanded the environment and innovation requirements for Quarterly Business Reviews (QBR) with major packaging suppliers.	Involve packaging suppliers in all SPG assessments undertaken during the reporting period. Review QBR responses from suppliers to identify improvement opportunities.
Continue to monitor publicly available litter surveys to ensure that GFL’s packaging does not significantly contribute to the Australian litter stream.	The National Litter Index 2010/2011 report recorded 117 bread bag tags out of 94763 items identified. No other items attributable to GF products were specifically identified in the litter stream. GF continues to monitor alternative closure options for bread bags.	Review GFL labelling policies and procedures to improve consumer awareness. Continue to monitor publicly available litter surveys.
Implement strategies to improve retention rates of reusable packaging (e.g. bread crates and dollies).	GFL conducted a trial in Western Australia to work with contract drivers to improve tracking and retention of dollies. No measurable improvement was identified but the trial provided valuable information for future programs.	Review results of trial and utilise Goodman Fielder’s new structure to drive improvements.

Table 2: Outcomes of Targeted Projects and Investigations for the 2011 financial year

Outcomes of Targeted Projects and Investigations for the 2011 financial year		
Action	Target	Outcome
Fresh Baking		
Undertake an evaluation of the technical and financial feasibility of reducing bread bag thickness by 3um.	Complete the feasibility assessment and determine if initiative should progress to project proposal.	The current thickness is world best practice for these products. Trials indicated a 3um reduction would not achieve any environmental or economic benefit due to an increased bag failure rate and associated product loss.
Evaluate specialist software options for improving palletisation and transport efficiencies and acquire and implement the most suitable software package	Selection, acquisition and implementation of a software solution.	New software for optimising carton design and palletisation efficiency has been introduced to the Baking business. The first product review has been completed and the process for trialling recommended changes has commenced. Additional carton reviews will be conducted in FY12.
Identify opportunities to work with manufacturer to standardise colours to reduce ink and improve packaging manufacturing efficiencies.	Complete feasibility assessment of moving to a standardised printing process for all new prints.	Evaluation of opportunities is ongoing. Internal procedures have been revised to include assessing the feasibility of using standard colours for new print jobs.
Integro Foods		
Assess optimal grading for corrugated materials, and then to submit a project proposal and plan for gated approval to proceed with development and trialling of any changes required.	Evaluate 30% of Integro's corrugated boxes.	Established the top load safety factor of all Integro boxes (excluding co-packers) and determined which could possibly be reduced in weight.
Investigate bioplastic film alternatives for solid oil and extruded slab liners (including life cycle analysis) to compare the environmental impact, cost and performance (i.e. production, shipping and usability) against the current petroleum-based films.	To complete a desktop investigation of applicability of bioplastic films for the Integro business.	Goodman Fielder bench tested bioplastic film as part of a larger project investigating alternatives for slab wrap. These tests demonstrated that the bioplastic film did not provide the required functionality benefits. Specifically, the dead fold was not adequate for required end folding.

Outcomes of Targeted Projects and Investigations for the 2011 financial year

Action	Target	Outcome
Evaluate thinner gauged tinplate for the 20L drums	Gauge reduction from by either 0.05mm or 0.07mm	Trials were conducted using two different drum configurations for both gauges. One drum configuration with a 0.5mm gauge reduction was found to perform satisfactorily.
Home Ingredients		
Review packaging waste streams to identify and implement avoidance, reuse and recycling opportunities at the GFL manufacturing facility at Erskine Park.	Identify opportunities to reduce waste to landfill by 20%.	The trial demonstrated that full scale implementation of the system would help recycle an additional 15 tonnes of material per year
Work with new packaging supplier to reduce the weight of white wings cartons for four carton sizes.	Achieve a 10% reduction in carton weight across the 4 products.	Achieved an average 12% reduction in carton weight. The initiative focused on 4 different carton sizes and based on units sold in the reporting period this initiative translates to a 40 tonne reduction in packaging per annum.

Table 3: Targeted Projects and Investigations for 2012 financial year

Targeted Projects and Investigations for 2012 financial year		
Action	Responsibility	FY12 Target
Investigate opportunities for ink reduction on bread bags as print updates occur	Baking Packaging Development Manager	Ensure ink reduction investigation is being conducted for all print updates by 30 June 2012.
Review environmental information and labelling on bread bags.	Baking Packaging Development Manager and Goodman Fielder Environment Manager	Complete review and submit recommendation to senior management.
Work with bread bag packaging supplier to recycle all unused packaging from discontinued lines	Goodman Fielder Environment Manager	Ensure all unused, discontinued packaging is being recycled by 30 June 2012 (where recycling services are available).
Evaluate feasibility of reducing board grade and weight for corrugated boxes used by Integro products.	Integro Packaging Development Manager.	Submit a project proposal for Gate approval to proceed with development and trialling of reduced weight corrugated boxes for the materials identified in F11 as having the potential for light weighting
Investigate bioplastic film alternatives for solid oil and extruded slab liners (including life cycle analysis) to compare the environmental impact, cost and performance (i.e. production, shipping and usability) against the current petroleum-based films.	Integro Packaging Development Manager	To complete a desktop investigation of applicability of bioplastic films for the Integro business.
Down gauge tinplate used for 20L liquid oil drums by 0.05mm.	Integro Packaging Development Manager	Conduct an extended trial of two drums in February 2012. The thinner gauge will be rolled out across more SKUs if performance of the extended trial is satisfactory.
Review sealant layer GSM for White Wings cake mix packaging.	Home Ingredients Packaging Development Manager	Complete review and implement changes
Undertake trials of alternate fluted cardboard for Copperpot Dips products to achieve a 3% reduction in weight per carton.	Home Ingredients Packaging Development Manager	Undertake trials and implement change (if trials are successful)

Contact Details

Enquiries regarding this document and Goodman Fielder's Covenant activities should be directed to:

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