



*Amcor Australasia*

*Australian Packaging Covenant*

*Annual Report 2010-11*

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## A message from the Managing Director

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*We believe in responsible packaging.  
We Passionately + Relentlessly apply art + science  
to enhance the products people  
use in everyday life –  
today + tomorrow.*

I am pleased to submit Amcor's 2010-11 Australian Packaging Covenant (APC) Annual Report for consideration by the Australian Packaging Covenant Council.

This Annual Report provides information about the progress made on APC's three goals in the first year (2010-11) of reporting against Amcor's 5-year APC Action Plan.

Amcor, as a leading provider of responsible packaging solutions, is committed to providing the most effective, efficient and sustainable products to our many customers worldwide.

With our continued commitment to sustainability through our Sustainability Policy, and continued collaboration with our customers, we are committed to new ways of working that reduce both our impacts and those of our customers.

Given Amcor's prominent position in Australia's packaging supply chain and the product stewardship opportunities provided under the Australian Packaging Covenant, Amcor is committed to greater transparency and public reporting under this and subsequent Covenant annual reports.

Please do not hesitate to contact the Amcor APC Steering Committee in relation to any aspect of the company's Action Plan

Yours Sincerely,

Nigel Garrard

Managing Director, Amcor Australasia

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## About Amcor Australasia

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Amcor Australasia is one of five Operating Business Units of Amcor Limited, a publically listed company on the Australian Stock Exchange (ASX). The company has operations in five geographic areas – Australasia, North America, Latin America, Europe and Asia; with over 300 sites in 44 countries and some 35,000 employees (co-workers).

As one of the world's largest packaging companies, we offer customers the highest standards in innovative packaging solutions, reliable service and partnerships built on excellence.

Amcor's main products include PET plastic and metal containers for beverage applications, flexible packaging for the food and healthcare markets, tobacco packaging, folding cartonboard for fast moving consumer goods markets, corrugated boxes and a North American distribution business .

Amcor Australasia (AA) accounts for approximately 28 per cent<sup>1</sup> of the Company's annual sales. In Australia, AA operates over 50 packaging and recycling sites in all States and Territories and is a leading manufacturer of fibre, metal, flexible plastic and glass packaging.

Details on each of Amcor Australasia Businesses are provided below.

### *Amcor Paper*

Amcor Paper is a leading producer of recycled paper, brown liners and fluting grades for the Australian and Asian markets. With the commissioning of a new Paper Machine at our Botany site (NSW), Amcor Paper will increase efficacy and capacity to suit Amcor's internal and external requirements.

### *Amcor Fibre Packaging*

A leading packaging supplier to food, beverage and industrial manufacturers in Australia and New Zealand, Amcor Corrugated Packaging offers a full service, from design and testing through to automation and supply chain integration.

### *Amcor Fibre Displays*

Amcor Fibre Displays produces high impact Point of Sale (POS) displays from their production centres throughout Australia and New Zealand

### *Amcor Cartonboard*

Amcor Cartonboard supplies cartonboard from its Petrie Mill in Queensland, the only cartonboard mill in Australia, to packaging manufacturers across Australia and New Zealand. Amcor Cartonboard has been a major supporter of the Australian Recycled Cartonboard program for over 15 years, increasing awareness and prompting the benefits of using Australian-made recycled cartonboard to companies and customers across Australia.

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<sup>1</sup> Amcor Australasia (inclusive of the US-Based Amcor Packaging Distributions) Sales Figures.

### *Amcor Folding Cartons*

With eight plants across Australia and New Zealand, Amcor Folding Cartons has the widest geographical coverage of any carton manufacturer in the region.

### *Amcor St Regis Bates*

Amcor St Regis Bates supply Dairy, Food, Cement and Mineral companies globally, St Regis Bates manufactures multi-wall paper sacks while also trading in other bulk packaging.

### *Amcor Recycling*

Amcor is one of Australia's largest recyclers of paper and cardboard. They provide services including the collection, sorting and recycling of waste from industry, supermarkets and households.

### *Amcor Beverage Cans*

Amcor Beverage Cans is the market leader in metal packaging for beverages. They supply Australian and New Zealand beverage manufacturers with a wide range of aluminium beverage can solutions.

### *Amcor Closure Systems*

Amcor Closures, located in Melbourne and Adelaide Australia, produces plastic and metal closures under licence from leading global closure technology providers. They service food and beverage manufacturers throughout Australia and New Zealand, including many of the region's wine makers.

### *Amcor Glass*

Based in South Australia, Amcor Glass manufactures premium wine and beer bottles for Australian and New Zealand customers.

### *Amcor Flexibles*

Amcor Flexibles Asia Pacific in Australia and New Zealand offers flexible packaging solutions for food and beverage, personal care and healthcare products.

## Amcor's Commitment to Sustainability

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Amcor's commitment to sustainability management starts with our Belief Statement: 'We Believe in Responsible Packaging'. Providing responsible packaging means that we must meet our stakeholders' expectations to minimise the impact of packaging and utilise our expertise as a global packaging leader to make a positive contribution to society.

We have developed a framework for tracking and reporting our sustainability management performance that reflects the interests of our broad range of stakeholders. This framework recognises our Corporate Social Responsibility which includes our Code of Conduct and Ethics Policy.

Sustainability at Amcor is outlined in five domains: Economy, Workplace, Marketplace, Environment, and Community.

This Sustainability Framework was developed in accordance with international frameworks such as the Global Reporting Initiative and the Dow Jones Sustainability Index. As such, it can be used for benchmarking against various international standards and our corporate peers.

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More details on this framework and our performance can be found in Amcor's Sustainability Report 2011<sup>2</sup>.

In line with Amcor's commitment to sustainability, Amcor Australasia is implementing its Sustainability Policy<sup>3</sup> that commits us to new ways of working that reduce both our impacts, and that of our customers, through the products and services we provide.

To ensure that sustainable behaviour is embraced as an integral part of our operations we specifically undertake to:

- Deploy environmentally responsible packaging solutions for our customers
- Employ efficient manufacturing processes that promote the efficient use of resources (energy, water and waste minimisation) in our operations and supply chains;
- Engage all co-workers in the pursuit of best in class sustainability performance;
- Engage with the communities in which we operate; and
- Value and demonstrate social responsibility.

Our customers also benefit from working with our Innovation and Development and Sustainability Services Groups that assist our customers in attaining their sustainability goals.

### Amcor Innovation and Development Group

This corporate group works with individual Amcor Divisions and their customers to provide innovative packaging solutions for specialized requirements.

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<sup>2</sup> Available at [http://www.amcor.com/about\\_us/Sustainability/104324094.html](http://www.amcor.com/about_us/Sustainability/104324094.html)

<sup>3</sup> Available at <http://media.amcor.com/documents/AA-Sustainability-Policy-v5.pdf>

### *Amcor Sustainability Services Group*

This corporate group works with individual Amcor Divisions and their customers to provide sustainability services, including but not limited to Sustainability Strategy Development, Sustainability Training, Australian Packaging Covenant Action Plan Development, Australian Packaging Covenant Auditing and Reporting, Project Management, Life Cycle Assessments and Transport Modelling.

This group can also assist companies, where appropriate, to become signatories to the Australian Packaging Covenant.

## APC Annual Report 2010-11

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This Report covers the reporting period from 1 July 2010 to 30 June 2011 and presents the progress on Amcor's APC five-year action plan.

Key achievements in Financial Year 2010-11

- All Divisions that produce consumer packaging have developed or are developing their product assessment tools utilising SPG
- The centralised product improvement database – NPC Report, has been developed and its interface is being finalised
- Amcor Limited has developed a draft Global Supplier Sustainability Code that focuses on Business Integrity, Labour Standards and Health & Safety of its Key suppliers, to be adopted by all its Operating Business Units.
- Undertaken an investigation to better understand our Supplier Scope 3 emissions footprint.
- Realigned Amcor Australasia's Sustainability targets with the Global EnviroAction Targets

More broadly we are pleased with the overall progress made over the last year in achieving the three APC Goals.

## Goal 1 Design

### Optimise packaging and reduce environmental impact without compromising product quality and safety

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#### Amcor's Intent

Amcor will use the Sustainable Packaging Guidelines (SPG) or Equivalent for all new and revised packaging design and development in order to reduce environmental impacts without compromising product quality or safety.

#### 2010-11 Action

##### Sustainable Packaging Guidelines

In 2010-11 Amcor Divisions that produce consumer packaging developed or are developing a formal product assessment tool (incorporating SPG) to assist with the design and development of new and revised customer packaging products. These divisions include Glass, Flexibles, Corrugated box, Carton box and Beverage Cans.

Each of the divisions developed the assessment tool in consultation with their customers to cater for their specific products. It is expected that all the divisions will begin using their tool in 2011-12.

The Paper and Cartonboard divisions which produce the primary product for corrugated and carton boxes have formal Environmental Management Systems (ISO 14001) and Quality Management Systems (ISO 9001) that guide their manufacturing processes (including resource efficiency). They produce paper and cartonboard as specified by the Corrugated and Cartons Divisions, therefore indirectly utilise the Division specific product assessment tools.

#### New and Existing products assed using SPG or Equivalent in 2010-11

Division	New Products Assessed	Existing Products Assessed
Amcor Glass	0%	0%
Amcor Beverage Cans & Closures	0%	0%
Amcor Corrugated Box	90%	20%
Amcor Cartons	100%	15%
Amcor Flexibles	5%	10%
Amcor St Regis Bates (Sacks)	NA	NA
Amcor Cartonboard	NA	NA
Amcor Paper	NA	NA

Note: NA (Not Applicable) means that the division either hasn't developed a product assessment tools using SPG, or uses the tool indirectly

## Case Study: iSpek® – Online Packaging Development System

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As a signatory to the Australian packaging Covenant (APC), Amcor has an obligation and commitment to provide packaging solutions that assist our customers in meeting their signatory requirements. A major part of this service is to design packaging solutions that are sustainable both for Amcor and our Customers

### About iSpek®

For over a decade the Corrugated Division had a vision to bring together its world class pallet space optimisation program and its CAD engine for box design. The vision as to combine the two tools with the division's costing application into a web application that would enable sales reps as well as customers to gain accurate design and quotes 24/7.

This vision came together in iSpek®, Amcor's proprietary Online Packaging Development System, that provides interactive packaging creation and artwork for corrugated boxes.

iSpek® provides our customers with optimised packaging design and solutions for their business. It combines essential project tools such as workflow, digital asset management, and packaging and artwork design into one application. This promotes collaboration and reduces costs and effort associated with new creation or alteration of packaging design.

### Key features

- iSpek®'s integrated quote generation feature enables faster turnaround time on quotes for new or altered packaging solutions.
- iSpek®'s Artwork Creator tool enables Amcor to develop artwork design and specifications to suit branding and marketing requirements.
- iSpek® workflows efficiently manage processes associated with designing and producing packaging solutions to suit manufacturing, warehousing and supply chain requirements. All packaging projects are managed from one central program. iSpek® provides visibility for all workflow history, with all activities tracked and recorded.
- Central repository for packaging components including packaging style, size, branding and labelling versions.

### iSpek® & Sustainability

An innovation to iSpek® is the introduction of the 'Packaging Performance Rating' which assist in ensuring each quote optimises board area and pallet space thereby reducing transportation and environmental costs.

This is what we call 'Performance Packaging'; fit-for-purpose sustainable packaging that provides the most efficient supply chain solutions.

The 'Packaging Performance Rating' is based on the following factors:

- Fit for purpose board grade
- Utilisation of board area
- Utilisation of the carton delivery pallet from Amcor to Customer.
- Utilisation of the Customer distribution pallet, once cartons are filled.

The achievement of the 'Packaging Performance Rating' means that:

- Pallets are well utilised, reducing the number of pallets for delivery and distribution purposes. This results in lower transport costs and carbon emissions.
- Board grade and area is optimised, therefore reducing carbon emissions while providing best value solutions

An efficiency rating below five indicates there is potential to redesign pallet layout and board area usage, enabling the delivery of more efficient alternatives.

An added benefit of the iSpek® tool is that it provides pre-compliance solutions for our customers to the APC requirements through the packaging design phase, making all corrugated fibre packaging purchased from Amcor pre-compliant to the Sustainable Packaging Guidelines.

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### *Customer Collaboration*

Amcor has been collaborating with customers to develop Responsible Packaging Solutions and meeting their APC obligations for a long period to time.

To further reinforce this collaborative relationship each division has developed product assessment tools (utilising SPG) to assess customers' new and existing packaging. This is further supported by our experienced Innovation Plus Group and the use of a variety of LCA tools including PIQET and ASSET.

All these resources contribute to developing the most responsible packaging solutions that consider the product inside, its transport, storage, and end use.

Over 2010-11 AA has developed and is currently finalising the centralised database – NPC Report. The database looks at the products sold to specific customers and tracks information about: recycled/renewable content of packaging products sold; the recyclability of the sold materials, the weight and GSM and other attributes specific to each business.

It is anticipated the in Reporting Period 2011-12 the database will be finalised and all data input automated for each division.

### *Case Study: Glass Bottles – Collaborating with customer for optimal resource use*

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For several years Amcor's Glass Division has been investigating light-weighting our most common bottles without our customers incurring on costs such as line part changes and carton changes.

We have worked closely with our major customers to ensure the new designs we brought to market were suitable for them for:

- Weight reduction opportunities (bottles reduced by at least approximately 10%)
- Design to suit existing functionality
- Integration into our customers businesses

Over the past three years we have light weighted our 6 highest volume bottles (excluding Sparkling bottles) by an average of about 12% in weight. This represents 53% of our overall wine bottle sales in volume.

Light-weighting has also reduced the cost of the like bottles for our customers and increased the margins for Amcor as well.

Other added benefits include:

- Less raw material usage to produce the same number of bottles
- Less energy required to melt the reduced raw material requirement
- Logistics savings and reduced transport emissions due to lighter weight bottles (Amcor and customer)
- Greater container utilisation in some instances for our customers – again reducing freight emissions

### *Optimising Recycled Content and Recyclability*

The graphs and table below indicate Amcor's progress in increasing recycled content and recyclability of Packaging Products sold to customers.

### Recycled Content and Recyclability of Amcor Packaging

In the 2010-11 recycled content of Amcor's packaging types remained consistent with a notable increase in recycled content in both the Beverage Cans and Glass Divisions.

Packaging Type	Amcor's Current Recycled Content (%)		% of Product Content Recyclable
	2009-10	2010-11	
<b>Primary Packaging</b>			
Beverage can (Aluminium)	56 (a)	58 (a)	100
Glass Bottle	21.5	27	100
Carton – Artcote White	30	30	100
Carton – Artcote Kraft	80	80	100
Carton – Artcote Grey	95	95	100
Carton – Starcote Laminating	100	100	100
Cartons – Carrier-board	75	75	100
Flexibles – Mono PE	0	0	10 (b)
Flexibles – Composite	0	0	0 (b)
Sack – Unlined	0	0	100
Sack – PE Liner	0	0	100
Sack – Non recyclable liner	0	0	65
Closures – Aluminium	15	15	95
Closures – Steel	15	15	95
Closures – Plastic	0	0	100
<b>Secondary Packaging</b>			
Corrugated – Recycled	100	100	100
Corrugated – Virgin Liners	30	30	100
Corrugated – Coated	30	30	100

Notes:

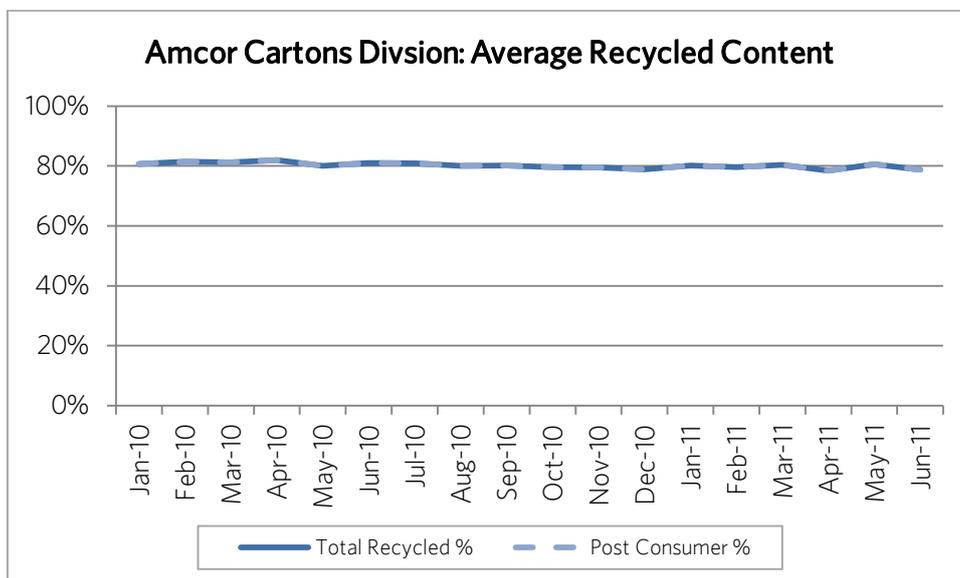
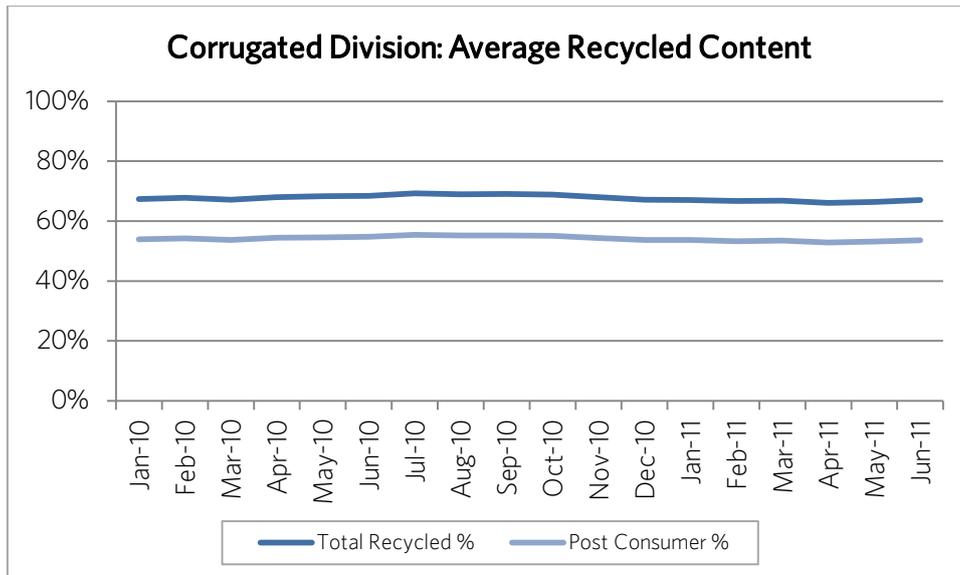
- Accounts for the average recycled content for all can components from all suppliers.
- Both Mono PE and Composite flexible materials can be 100 percent recycled back into other non-packaging recycled products such as fence posts.

## Recycled Content of Amcor Packaging

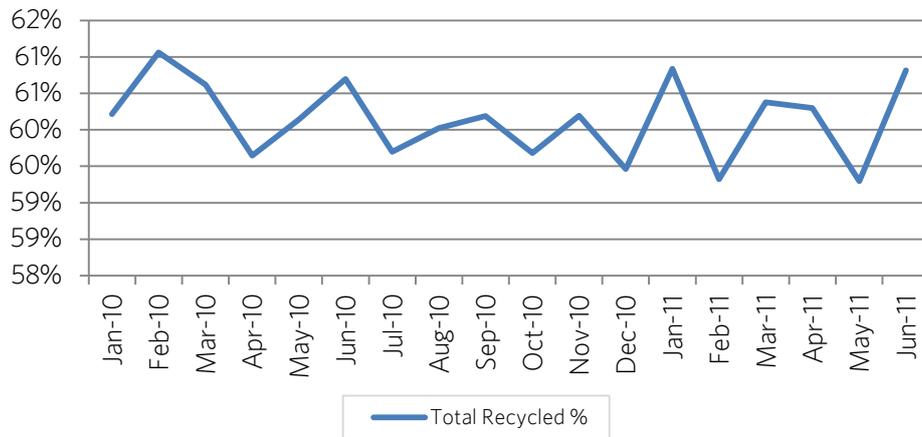
For the Corrugated and Cartons Divisions, over all recycled content and post consumer recycled content have remained consistent.

Recycled content within the Beverage Can Division is highly dependent on the recycled content of Aluminium and other metals the cans and end are made from.

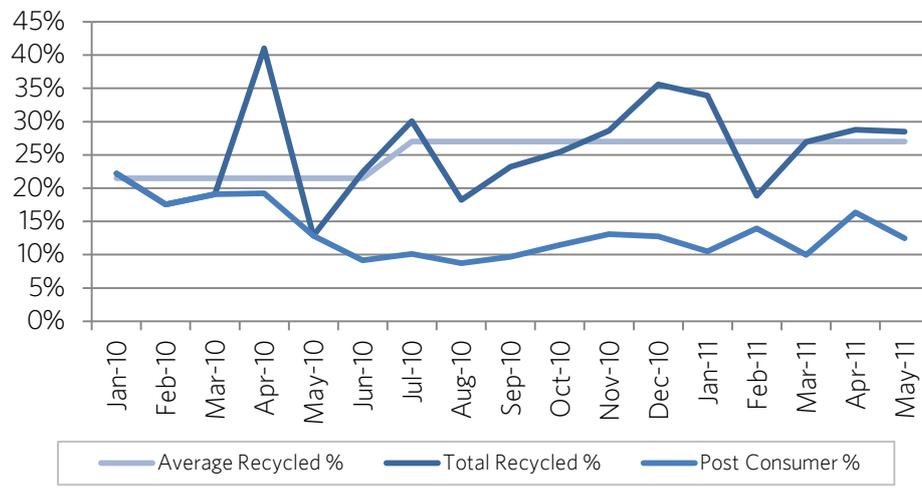
The post-consumer recycled content of glass bottles has been increasing steadily due to improved consumer collections services.



### Amcor Beverage Cans Division: Average Recycled Content



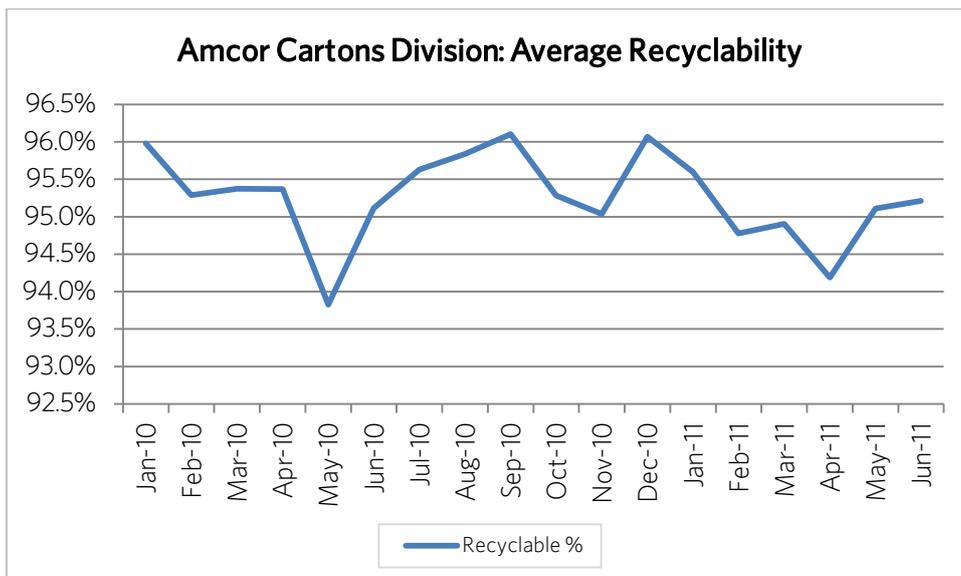
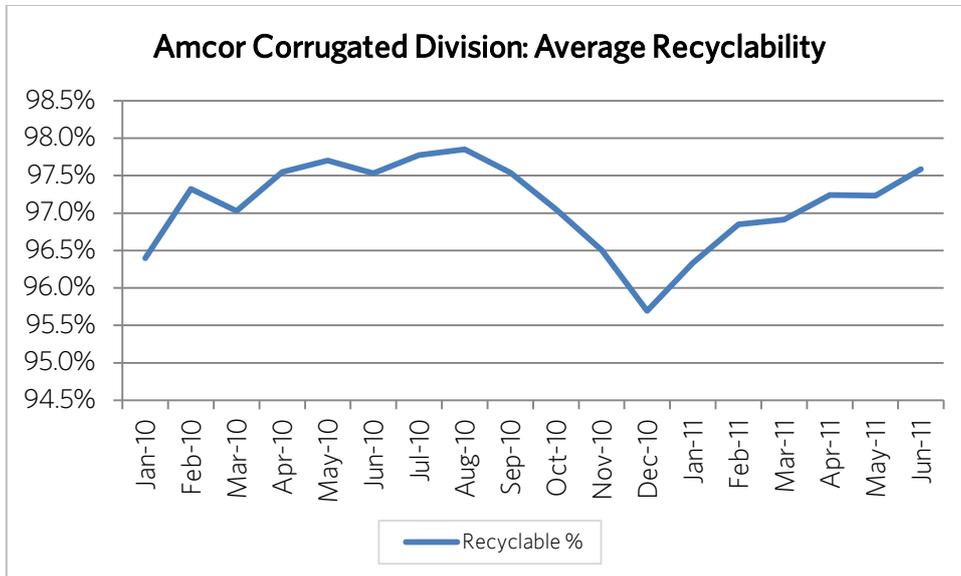
### Amcor Glass Division: Average Recycled Content

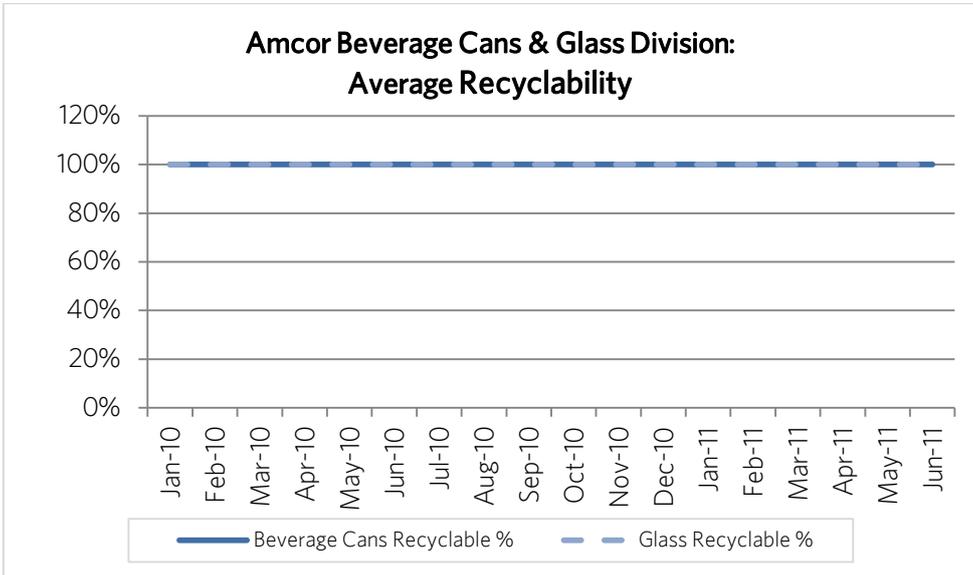
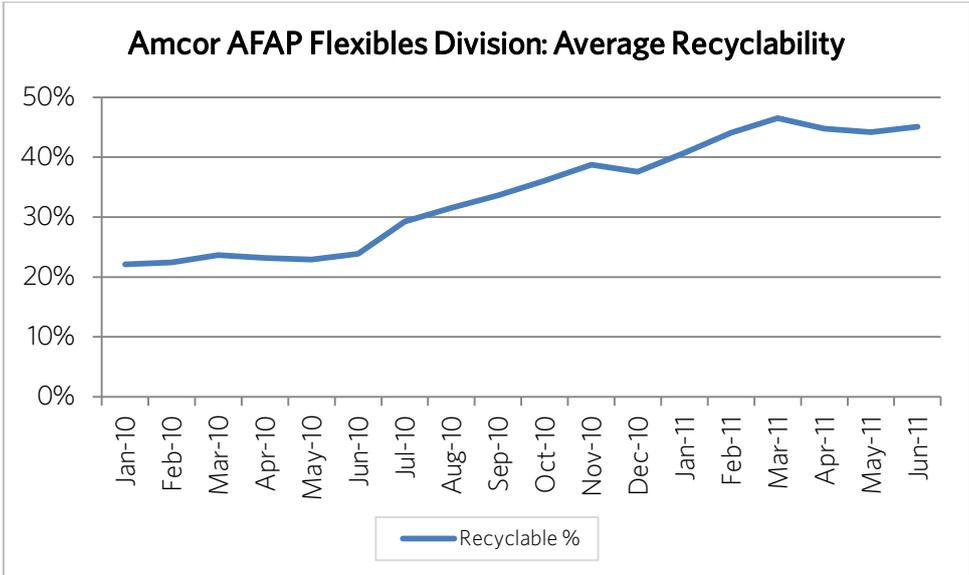


## Recyclability of Amcor Packaging

Overall, recyclability of Amcor's packaging products has remained very high within the Corrugates, Cartons, Beverage Can and Glass divisions.

Of note is the increased recyclability of flexibles packaging products.





## Goal 2 Recycling

### The efficient collection and recycling of packaging

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#### Amcor's Intent

Amcor will actively support the efficient and effective collection and recycling of packaging.

Amcor is committed to using products that have a substantially lower impact on the environment than comparable options while maintaining quality, functionality and cost competitiveness, with the aim of delivering both value for money and value to the environment.

#### 2010-11 Action

##### Waste Management

In 2010-11 Amcor has continued its strong collaborative relationship with its primary waste manager Thiess in providing waste management services.

Amcor's recycling business has also contributed to site waste management services, in particular focusing on internal recycling of process waste.

#### Number of sites managed by Thiess or Amcor Recycling

Waste type	Thiess	Amcor
Landfill	46	4
Recycling	46	39
Hazardous waste	46	-

Note: Some sites have a partly managed arrangement where Thiess and Amcor Recycling manage different waste streams

#### Waste to Landfill and Recycling Volumes 2009-10 to 2010-11

	Jul 09 - Jun 10	Jul 10 - Jun 11
General Solid to landfill (tonnes)	74,308	585,52
Recycled Solid (External) (tonnes)	81,706	127,820
Recycled Solid (Amcor) (tonnes)	122,997	103,420

Note: waste streams collected from Amcor sites only

#### Supply Chain Management

Amcor believes that it is not only required to abide by the national laws in each country in which it operates, but that it must also conduct its business in accordance with internationally-accepted practices and procedures.

In 2010-11 Amcor Limited developed a draft Global Supplier Sustainability Code that focuses on Business Integrity, Labour Standards and Health & Safety of its Key suppliers. The Code will be finalised during 2012-13.

Amcor is also an AB member of the Supplier Ethical Data Exchange (SEDEX). This system enables Amcor to gain auditable information from strategic suppliers on board sustainability issues including

Labour practice, business practices and the environment. Amcor will be engaging with suppliers through this system to gain insight into their sustainability performance.

### *Case Study: Understanding our wider foot print – Scope 3*

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As part of our overall commitment to greenhouse gas emissions management from our operations, we want to understand what our emissions foot print is both directly and indirectly.

While Amcor has a robust understanding of our Scope 1 (direct) and Scope 2 (indirect) emissions for our operations, Scope 3 (indirect) emissions as relating to our suppliers have been more difficult to qualify and quantify accurately.

With the assistance of Frontier Carbon, Amcor has undertaken an extensive investigation into the carbon intensity of our supply chain. The investigation has indentified and quantified where significant scope 3 emissions are with our supply chain.

This information will be used to assist with the management and minimisation of scope 3 supplier emissions through increased supplier collaboration, resource efficiency and materials substitution. This will result in reducing the carbon intensity throughout the packaging supply chain.



## Goal 3 Product Stewardship

### A demonstrated commitment to product stewardship by the supply chain

#### Amcor's Intent

Amcor is committed to supporting and promoting product stewardship.

##### 2010-11 Action

##### EnviroAction

In 2009-10 Amcor Australasia (AA) set internal resource efficiency targets relating to Greenhouse Gases, Waste and Water for a 5-year period to June 2015. In 2010-11 Amcor Limited (global) set new EnviroAction Targets for all its global businesses and AA has now adopted these as official internal resource efficiency targets,

	GHG Emissions	Water (purchased)	Waste to Landfill	Hazardous Waste
AMCOR EnviroAction 2011-16	10%	25%	50%	-
Amcor Australasia Absolute Reduction Target	100,000 tonnes CO <sub>2</sub> Equivalent	330,000 Kilotres	28,500 tonnes	2,500 tonnes

With the baseline changing from 2009-10 many of the gains achieved in the reporting period have now become the starting point.

##### Resource Recovery

Amcor has continued to recover and procure post-consumer materials and packaging into its manufacturing processes, diverting significant amounts from landfill.

#### Secondary Materials volumes in Amcor's manufacturing processes

Market Sector	Baseline 2009-10 (000's tpa)	2010-11
Kerbside – consumer fibre packaging & paper	82	77
Kerbside - glass	50.2	0
Industrial – consumer fibre packaging & paper	492	509

Amcor has also continued to producer into the marker excess secondary post-consumer materials and packaging.

Excess secondary raw materials sold to external users by Amcor.

Market Sector	Baseline 2009-10 (000's tpa)	2010-11 (000's tpa)
Domestic sale – consumer fibre packaging	39	41
Domestic – transport LDPE	0	0
Domestic –other packaging	7.6	7.2
Export –consumer fibre packaging & paper	182	227
Export – transport LDPE	3.8	4.1
Export – other packaging	9.2	8.5

Case Study: Supply Chain Optimisation – LIVE OYSTER CHILLFRESH® TRANSPORT SYSTEM

The Live Oyster ChillFresh® Transport System is a recyclable alternative to EPS packaging for the storage and transportation of chilled live oysters. This innovative product focuses on increasing life expectancy of oysters, maximising supply chain efficiencies by reducing transport, storage and handling costs, and improving the appearance of one touch retail packaging.

The Live Oyster ChillFresh® Transport System utilises Amcor’s scientifically engineered SureFresh® laminate materials and a style solution that provides a unique alternative to expanded polystyrene (EPS) products for the packaging and transportation of products requiring low temperature conditions. SureFresh® is a high gloss film/paper laminate packaging solution that is water resistant, scuff and tear resistant and can be recycled through standard paper and cardboard recycling streams, unlike EPS alternatives.

SureFresh® has a premium appearance with glossy finish and resistance to scuff and tears, and also maintains premium board and stacking compression strength, despite considerable condensation. In conjunction with customised style and sizes of the primary packs, the strong construction properties and premium appearance of SureFresh® enables oysters to be transported from farm to retailers or wholesale distributors without requiring re-packing at the point of retail. This one touch packaging concept alongside its insulation properties reduces the manual handling of oysters, increasing their life expectancy.

The Live Oyster ChillFresh® Transport System is custom



designed to suit the product and the supply chain to maximise distribution efficiencies by increasing the amount of product on each pallet. The System comprises of primary packs and a protective pallet shell (referred to as a master carton) that are placed on pallets for distribution. By customising the Live Oyster ChillFresh® Transport System to suit specific supply chain conditions, maximum space and transport utilisation can be achieved, reducing distribution costs. Unlike traditional EPS packaging, the Live Oyster ChillFresh® Transport System can be supplied flat to reduce transport and storage costs. Its higher loading density improves space efficiency, compared to EPS alternatives.

Insulation is achieved through the metallised film/paper laminate structure and carton design utilising either an 'air-gap' design or a double corrugated board construction. The SureFresh® material properties and the construction of the primary packs and the master carton insulate oysters from extreme changes in temperature and maintain the required temperature throughout the supply chain.

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## Contacts

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For any enquires regarding this report please contact:

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Attention: Amcor Australasia Group Environment and Sustainability Manager

This Annual Report has been endorsed by Amcor Australasia's Managing Director

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