



National Packaging Covenant

2006 Annual Report

*Amcor Packaging (Australia) Pty Ltd
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Introduction

Amcor is a leading manufacturer of fibre, metal, flexible plastic and glass packaging throughout Australia. The company operates over fifty packaging manufacturing plants and recycling depots across Australia.

The four operating Business Divisions within the Amcor Australasia Group are:

- Fibre - Corrugated box, Folding Cartons, Recycled Paper and Cartonboard
- Rigid- Beverage Cans, Food Can, Aerosols, PET and Closures
- Flexibles - Laminations, Polyethylene, Sacks and Functional Coatings
- Glass - Wine bottles

As a packaging manufacturer, Amcor supplies products to a large number of consumer and industrial brand owners.

Amcor became a Founding Member of the National Packaging Covenant (NPC) in 1999. Amcor is committed to the principle of product stewardship, by managing its operations and designing its operations in an environmentally responsible manner.

Amcor's National Packaging Covenant Action Plan 2005-2010 has been assessed and was registered by the NPC Council on 5 September 2006

The primary focus of Amcor in relation to the NPC relates to *Goal 1 – Packaging optimised to integrate considerations about resource efficiency, maximum resource utilisation, product protection, safety and hygiene.*

The Action Plan commits Amcor to:

- look for opportunities in conjunction with brand owners to implement improvements in pack design and manufacture to minimise environmental impacts.
- optimise the amount of post-consumer recycled content in packaging products subject to brand owner requirements, food contact standards, technical constraints and economics.
- work with service providers to progressively increase collection of post-consumer packaging from Australian sites.

Amcor has developed an Environmental Code of Practice for Packaging (ECoPP) checklist that has been implemented into product design and development processes across Amcor's Business Divisions.

This is Amcor's first Annual NPC Report, which provides information on specific action taken and progress achieved during 2005-06 in relation to each of the relevant Goals referred to in the Action Plan. The Report also includes proposed action to be taken in relation to each Goal over the 2006-07 period.

Amcor's Key Performance Indicators and Actions

Goal 1:	Packaging optimised to integrate considerations about resource efficiency, maximum resource utilisation, product protection, safety and hygiene.
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Goal 1.1

Total weight of consumer packaging (domestic and imported) sold per annum into the Australian market and the total weight of products packaged.

This is a brand owner KPI.

Target

Amcor will provide relevant data to its customers on request in a timely manner to allow them to complete their Action Plans and Annual Reports.

2005-06 Action

Amcor received numerous requests for information from customers over the period. All requests from customers were met.

2006-07 Target

Amcor will continue to provide relevant data to its customers on request in a timely manner to allow them to meet their NPC reporting requirements.

Goal 1.2**Resources used to produce packaging, by material type: energy (megajoules) and water (kilolitres).****Target**

1. An overall reduction of 5% in energy use per tonne of total packaging product produced over the next five years (1% in 2005-06).
2. An overall reduction of 10% in water usage per tonne of total packaging produced over the next five years (2% in 2005-06).

2005-06 Action

Using 2004-05 baseline data, the following changes in energy and water consumption per unit of production were achieved in 2005-06:

- o a 0.17% reduction in energy consumption
- o a 14.11% reduction in water consumption.

2006-07 Targets

1. Ongoing incremental reduction in overall energy use per tonne of total packaging produced compared with 2005-06 consumption in line with Amcor's five year reduction target of 5%.
2. Ongoing reduction in overall water use per tonne of total packaging produced compared with 2005-06 consumption, in line with Amcor's five year reduction target of 10%.
3. Introduction of a new Resource Efficiency Policy as part of Amcor's commitment to environmental sustainability.

Goal 1.3

Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.

and

Goal 1.4

Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount and type of packaging used.

Target

1. Amcor will formally incorporate use of the ECoPP in relation to the design and development of all new and revised packaging products commercialised by customers (brand owners) for the Australian market.
2. A central database will be established to record information on improvements and changes as set out in Goals 1.3 and 1.4 in relation to all new and revised packaging commercialised from 1 December 2005.
3. Amcor will report information from 2 above in the company's NPC Annual Reports.

2005-06 Action

1. A checklist based on the ECoPP was developed by Amcor's Group Environment Manager for use by product design and development teams in Amcor's packaging businesses.
2. The ECoPP checklist has been incorporated into Amcor Fibre Packaging's on-line design and development tool, Ispek, to ensure environmental considerations are taken into account in new packaging products being commercialised.
3. Information in relation to Goals 1.3 and 1.4 was provided. This information, outlined below, provides specific cases of improvements or changes to packaging products that minimise environmental impact or change the amount or type of packaging used

2006-07 Targets

1. Expand use of the in-house ECoPP checklist to other Amcor packaging businesses.
2. Continue to collect information on improvements and changes as set out in Goals 1.3 and 1.4 in relation to new and revised packaging commercialised for inclusion in the 2006-07 Annual Report.

Examples of improvements and changes affecting the environmental impacts of packaging

Shelf Ready Packaging developments

As part of the supply chain transformation initiatives of the major retailers Shelf Ready Packaging (SRP) is influencing the weight of distribution packaging used per primary product. SRP is being introduced to increase the efficiency of shelf replenishment by increasing speed to market and reducing waste and product damage. Product handling is reduced and use of knives to open outer packaging can be eliminated. Compliance with the supermarkets' SRP guidelines is a requirement for their suppliers and is driving outer and in some cases inner packaging choices. A small number of rigid, self supporting products have moved to corrugated tray and shrink wrap resulting a reduction in packaging weight. The overall trend due to the impact of SRP however is an increase in outer packaging weight per primary packaging due to the move to smaller pack sizes, weaker perforated shippers requiring higher board grades and multi piece solutions. Offsets to this may be the reduction in product damage and waste.

Light-weighting of steel tinplate food cans

Amcor has been involved in ongoing down-gauging of tinplate food cans over many years to progressively control costs and reduce resource usage in manufacture. The can body thickness of Amcor's 440g can supplied to Golden Circle for both pineapple and beetroot has been reduced by 15.8%, from 0.19mm to .016 mm resulting in an overall reduction in material usage of 35 tonnes. Amcor and Golden Circle are proposing to introduce similar light-weighting of the can end from 0.22mm to 0.19mm, which will result in additional material usage savings of approximately 125 tonnes.

Single starch paper technology

The development of single sided starch application technology has enabled Amcor's Botany Paper Mill to reduce the grammage of light weight fluting FL108 from 108 to 105 gsm. The introduction of the new FL105 medium in Amcor's corrugated fibre business has resulted in an annual fibre, or packaging weight saving for our customers, of 2500 tonnes.

Hydroarmour™ cartons

Hydroarmour™ is an Amcor developed material for use in wet and even hydro-cool applications where traditional fibre packaging solutions would not perform. It is a solid fibre material with a polyethylene outer layer for moisture protection. Although strictly a composite material, the paper fibre which constitutes over 90% of the product is recoverable through the paper recycling process.

Hydroarmour™ has the potential to replace Expanded Polystyrene in these wet applications. It has the additional advantage of being used to transport fresh produce from farm gate to retail outlet, improving product distribution efficiency due to its thinner walls and better stacking capacity. In the past year Amcor has commercialised this material in a machine erected tray application with a customer in the Lockyer Valley.

Light-weighting of bread bags

Over several years Amcor Flexibles has worked with customers to lighten the weight of plastic bread bags while retaining strength of the packaging to protect the product during transit and display on retail shelves.

Over the last three year, Amcor has progressively downgaged production of bread bags. An initial weight saving of 12.5% was made, and more recently a further reduction of around 10.5 percent has been achieved. Introduction of new polyethylene films has delivered a total annual weight reduction of almost 25% in bread bag production supplied to customers.

Goal 1.5**Average % per annum of post-consumer recycled content in packaging manufactured.****Target**

Amcor will maximise the percentage of post consumer and post industrial recycled content in its packaging in conjunction with customer requirements, package functionality and in accordance with current food contact legislation.

2005-06 Action

The percentage of recycled material in relation to Amcor's various packaging types has remained constant during the year.

2006-07 Target

Amcor will continue to maximise the level of recycled content for material types and applications in accordance with food contact allowable limits and specific customer requirements.

Packaging Type	Current Recycled Content (%)	Food Contact – Maximum Allowable (%)
Aluminium Beverage can	30	100
Aluminium Aerosol Can	30	100
Tinplate Aerosol Can	30	100
Food Can (Tinplate)	30	100
Glass Bottle	30	100
Carton - Artcote White	20	80
Carton - Artcote Kraft	80	80
Carton - Artcote Grey	80	80
Corrugated - Recycled	100	100
Corrugated - Virgin Liners	30	30
Corrugated - Coated	30	30
Flexibles - Mono PE	30	30
Flexibles - Composite	0	0
Sack- Unlined	0	60
Sack - PE liner	0	60
Sack - Non recyclable liner	0	60
Closures - Aluminium	30	100
Closures - Steel	30	100
Closures - Plastic	0	0

Goal 1.6

Total weight, by type, of non-recyclable packaging sold per annum into the Australian market.

This is a brand owner KPI.

Target

Amcor will provide relevant data to its customers (brand owners) on request and in a timely manner to allow them to complete their Annual Reports. Further to this, Amcor will work with customers and the relevant authorities to reduce the use of non-recyclable materials currently used in food and beverage packaging

2005-06 Action

Data has been provided to customers in a timely fashion on request. The data below has been used as the basis of determining recyclable content for the range of packaging types produced.

Packaging Type	Recyclable Content (%)
Aluminium Beverage can	100
Aluminium Aerosol Can	90
Tinplate Aerosol Can	90
Food Can (Tinplate)	100
Glass Bottle	100
Carton - Artcote White	100
Carton - Artcote Kraft	100
Carton - Artcote Grey	100
Corrugated - Recycled	100
Corrugated - Virgin Liners	100
Corrugated - Coated	100
Flexibles - Mono PE	100
Flexibles - Composite	0
Sack- Unlined	100
Sack - PE liner	100
Sack - Non recyclable liner	65
Closures - Aluminium	100
Closures - Steel	100
Closures - Plastic	100

2006-07 Target

Goal 1.6 is a brand owner KPI. Beyond Amcor's commitment of continuing to provide relevant data to its customers (brand owners) on request, there are no specific targets in relation to this Goal.

Goal 2: Efficient resource recovery systems for consumer packaging and paper.

Goal 2.9

Total weight of consumer packaging recycled through (a) domestic, and (b) away from home recovery systems respectively.

Target

Amcor's target will remain in accordance with Goal 1.5 (to maximise the level of recycled content for material types and applications in accordance with food contact allowable limits and specific customer requirements).

2005-06 Action

Secondary materials utilised in Amcor's manufacturing processes includes significant volumes of non consumer packaging materials that have been diverted from landfill. 2004-2005 baseline and the 2005-2006 data for the recovery of consumer packaging and kerbside paper is detailed below.

Market Sector	Baseline 2004-2005 (000's Tpa)	2005-2006 (000's Tpa)
Kerbside – consumer fibre packaging	13	16
Kerbside – paper	3	3
Kerbside – glass	43	45
Industrial – consumer fibre packaging	556	553
Industrial – transport LDPE	6	5

2006-07 Targets

Refer to Goal 1.5 target.

Goal 2.10**Total weight of recycled consumer packaging sold to end users.****Target**

To secure reliable and cost effective secondary raw material recovery that meets the feedstock requirements of Amcor's Business Divisions over the 2005-2010 period.

Continue to make excess quantities of materials beyond Amcor's requirements available for sale to external markets.

2005-06 Action

Excess secondary raw material volumes sold to external end users by Amcor in 2005-2006 is as follows:

Market Sector	Baseline 2004- 2005 (000's Tpa)	2005- 2006 (000's Tpa)
Domestic sale – consumer fibre packaging	38	42
Domestic – transport LDPE	1	0
Export – consumer fibre packaging	68	57
Export – transport LDPE	5	5

2006-07 Targets

To secure reliable and cost effective secondary raw material recovery that meets the feedstock requirements of Amcor's Business Divisions over the 2005-2010 period.

Continue to make excess quantities of materials beyond Amcor's requirements available for sale to external markets.

Goal 2.16**Percentage of signatories providing recycling collection facilities for post-consumer packaging generated on site****Target**

Based on information conducted from the audit, Amcor will establish a target to progressively increase the number of manufacturing and office sites providing recycling facilities for post-consumer packaging between 2006 and 2010.

2005-06 Action

Amcor conducted an audit which confirmed provision of recycling collection facilities for post-consumer facilities at all manufacturing sites.

2006-07 Target

Amcor will continue to provide recycling collection facilities for process waste materials and other site waste.

Goal 4: Supply chain members and other signatories able to demonstrate how their actions contribute to goals 1 – 3.
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Goal 4.21

Estimated tonnage of consumer packaging recycled and sent to landfill respectively, from on-site collection facilities.

Target

Amcor, in conjunction with its waste management service provider, will establish improvement targets based on the 2005-2006 baseline to progressively increase recycling of consumer packaging waste generated at manufacturing and office sites over the Action Plan period.

2005-06 Action

An audit of all sites was conducted to collect information in relation to on-site recycling facilities for process waste and other site wastes. All manufacturing facilities provide recycling facilities, however the volumes of material being collected for recycling is not available in most cases.

2006-07 Targets

Amcor will aim to achieve an overall reduction in waste to landfill of 5% in 2006-07.

Goal 4.26**Implementation of Buy Recycled purchasing policy or practices.****Target**

1. BRBA has recently developed a new Buy Recycled Coach Program. Amcor will undertake a Coach Program in 2006 to review policies, procedures and performance as well as identify buy-recycled opportunities over the Action Plan period.
2. Amcor will incorporate buy-recycled policies and procedures into the company's Green Office Program, including the use of recycled content office paper across its Business Divisions.

2005-06 Action

1. During 2005-06, further work was undertaken by the BRBA to finalise the Coach Program tool. BRBA briefed Amcor's Purchasing and Logistics Group on the revised Coach program as a precursor to implementation of the program in 2006-07. Amcor agreed to be the first company to use the new tool.
2. A pilot program was introduced at the Australasia Head Office involving the use of EXP Green 50R Laser Printing & Copy Paper for all offices.

2006-07 Targets

1. A BRBA Coach Diagnostic Workshop will be held to review Amcor's current practices and procedures and identify further buy-recycled opportunities over the Action Plan period. A Buy Recycled Action Plan with specific objectives and targets will be developed for implementation over the Action Plan period. Amcor will share the results of the Coach program with other BRBA members.
2. Consumption of office paper will be audited in order to set reduction targets for 2007-08 period

Goal 5: All signatories demonstrate continuous improvement in the management of packaging through their individual action plans and annual reports.

Goal 5.27

Establishment of baseline performance data.

Target

Amcor will advise of any changes to baseline data provided in this Action Plan and will submit additional baseline information in a revised Action Plan by 31 October 2006.

2005-06 Action

Indicative baseline data was collected on the following:

1. Weight of packaging produced
2. Resources (water and energy) used
3. Recycled Content
4. Recyclable content
5. Weight of consumer packaging recovered
6. Weight of recycled packaging sold to end users
7. Number of sites providing recycling collection facilities
8. Tonnes of material recycled/sent to landfill from Amcor sites.

2006-07 Target

Amcor will report 2006-07 action against baseline performance data provided in the company's NPC Action Plan and this Annual Report.

Goal 5.28**Annual reporting against Action Plan.****Target**

An Annual Report will be prepared and submitted by 31 October each year from 2006-2010 in accordance with the reporting requirements of the Covenant Agreement.

2005-06 Action

Amcor's NPC 2006 Annual Report.

2006-07 Target

Submit 2007 Annual Report to NPCC.

Goal 5.29

Demonstrated improvement and achievements against individual targets and milestones.

Target

The Amcor NPC Steering Committee will meet regularly during the year to discuss progress against each objective to ensure continuous improvement opportunities are identified, targets are achieved and actions completed in accordance with this Action Plan.

2005-06 Action

Amcor's NPC Steering Committee met on four occasions during the year to coordinate the collection of data and information from the businesses in order to prepare the company's 2006 Annual Report.

2006-07 Target

The Amcor NPC Steering Committee will continue to meet regularly to coordinate and oversee the implementation of actions and targets outlined in the Action Plan and 2006 Annual Report.

Contacts

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This Action Plan has been endorsed by Amcor Australasia's Managing Director.