Signatory Name: Snack Foods Ltd

The question numbers in this report refer to the numbers in the report template. Not all questions are displayed in this report.

Status: Complete

The content in this APC Annual Report is hereby endorsed by the Chief Executive Officer, or equivalent officer of the organisation.

☐ Yes

5. **Industry sector** (please select 1 only):
   - Brand Owner / Wholesaler / Retailer
   - Packaging Manufacturer
   - Waste Management
   - Other - Commercial Organisation
   - Community Group
   - Industry Association
   - Government
   - Raw Material Supplier
   - Other:

6. **Industry type** (please select 1 only):
   - Food & Beverage
   - Pharmaceutical / Personal Care / Medical
   - Hardware
   - Homewares
   - Communications / Electronics
   - Clothing / Footwear / Fashion
   - Chemicals / Agriculture
   - Fuel
   - Large Retailer
   - Tobacco
   - Shipping Company
   - Airline
   - Other:

7. Please indicate your organisation’s reporting period:
   - Financial Year: 1 July 2014 – 30 June 2015
   - Calendar Year: 1 January 2015 – 31 December 2015
Goal 1: Design

KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPGs or equivalent.

9. Does your company have documented policies and procedures for evaluating and procuring packaging using the SPGs or equivalent?

☐ Yes  ☐ No

Provide details of policies and procedures

1. Branded SBA Corrugated Artwork - Report Template - Form 100
2. Snackbrands Australia : Sustainability Packaging Template - Doc ID : Form 102

10. Of the types of packaging existing at the beginning of the reporting period, what percentage had been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

% 83

11. Have any new types of packaging been introduced during the reporting period?

☐ Yes  ☐ No

12. If yes, of the new types of packaging introduced during the reporting period, what percentage have been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

%

13. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 1

<table>
<thead>
<tr>
<th>Target: According to your Action Plan, what did you set out to do?</th>
<th>Actual: What did you achieve?</th>
</tr>
</thead>
</table>
| 1. KPI 1#1: Update current SPG review template with APC team | Reviewed the current design template with the Technical users (Procurement Product Development/ Quality Assurance teams). We have simplified the assessment of packaging materials into prescribed categories:  
  - Cardboard Product Carton  
  - Co-polymer Polypropylene  
  - Bo PP Metallised Plastic Film  
  - BoPP plastic Film Mono web  
  - Cardboard outer case  
  - Stretch Wrap |
| 2. KPI 1 #2 Review current SPG review template with APC Team Annually | Reviewed and continue to use the current format nominated "Sustainability Packaging Template - : Form 102" |
| 3. KPI 1#3 Review existing packaging on SFL owned products against the SPG in accordance with the review timetable  
  Cardboard Product Carton -by end June 2015  
  Co-polymer Polypropylene - by end June 2015  
  BoPP Plastic Film Mono web - by end June 2015  
  Bo PP Metallised Plastic Film by end June 2015  
  Cardboard outer case by end June 2014  
  Stretch Wrap by end June 2016 | The audit scheduled highlighted in the plan outlined the following product categories were due for review by June 2015:  
  - Cardboard Product Carton -(inner) -completed  
  - Co-polymer Polypropylene - completed  
  - Bo PP Metallised Plastic Film- completed  
  - BoPP plastic Film Mono web- completed  
  There were no new packaging material variants introduced over this audit period  
  As such 100% of materials were assessed for the period (4 planned ; 4 assessed )  
  A Total of all product categories assessed to date is 5 out of 6 or 83% total completion rate . The last category ( Stretch Wrap ) to be completed by June 2016 |
<table>
<thead>
<tr>
<th></th>
<th>KPI 1#4 Review existing packaging on SFL raw materials- seasonings against the SPG in accordance with the review timetable</th>
<th>Unfortunately there has been no progression at this stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Table 2 – Proposed timetable for review of existing raw material packaging seasonings:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Material Types Composite bags for flavouring</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Timeframe for Review</strong> <strong>By June 2015</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Products to which this applies:</strong> TPM Givaudon</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Products to which this applies:</strong> TPM Givaudon</td>
<td></td>
</tr>
</tbody>
</table>

|   | KPI 1#5 Integrate SPG into packaging design reviews for all new products | All new products launched used existing packaging formats which have already been assessed ( as noted in KPI1 #3) There were no new packaging material variants introduced over this audit period |

|   | KPI 1 #8 Integrate the Sustainable Packaging Covenant Toolkit as an induction requirement for all new staff involved in the marketing, design or procurement of packaging | HR have included / referenced the Sustainable Packaging Covenant Toolkit in the employee induction paper work and process, for any new staff involved in the marketing, design or procurement of packaging. Certificates of completion are forwarded for filing to both the :<br>• the HR department<br>• the HO of Quality, CI and Environment. |
|   | HR Manager to include Toolkit in induction process for new staff by Dec 2014 |   |
Numerous trials were undertaken over the audit period to improve and understand the drivers of packaging functionality:

**Trial extrusion laminates July 2014 & Oct 2014**

Different suppliers and formats of extrusion laminates were trialled to assess:
- The ability to run at high bagger speed with improved pack seal-ability (less pack failures/leakers)
- The impact of using extrusion laminates (trial film) on shelf life. Ability to extend product shelf life when compared to the current metallised film (control)

**Matte Film (May 2015 ---> ongoing)**

As the trend observed in Europe, SBA Marketing consider the visual impact when using matte film to be more appealing to the consumer. Trials were undertaken on Matt film vs Control to assess equipment run-ability and operating parameters and to assess impact on output and wastage. Trials showed no impact on output, waste or seal-ability. Trials are on going beyond this audit period.

**Impact of different suppliers (convertors) of Metallised film (Nov 14 to Mar 15)**

SBA uses numerous metallised film suppliers. Trials and investigations were undertaken to assess different suppliers of metallised film, supposably of the same specification (based on Certification of Analysis). At times film supplied would NOT run at the defined speed without extreme pack waste. Production speed would need to be reduced by approximately 50 to 70% to obtain acceptable pack sealing.

Trials highlighted that one of our major suppliers was supplying film with a variable PE sealing layer (both in quality and thickness). Given the inability to rectify the issue, this supplier was removed from the approved supplier listing.

**Qualification of new Metallised film Supplier (Mar 15 to current)**

Validation trials were commenced to add another metallised film supplier to the Approved Supplier listing. Trials are on going beyond this audit period.

**Qualification of 2nd "Inner Carton" supplier (May 2015 ---> ongoing)**

Validation trials were commenced to add another inner carton Supplier to the Approved Supplier listing. Trials are on going beyond this audit period.

**Impact of temperature on case bowing**

Bowing of flat pack wrap around case blanks causes jam-ups, "miss picks", case damage and waste in auto case packers. This impacts line through put and efficiency and is a major driver of lost time and case wastage.

Suggestion was made that high temperature caused case blanks to bow. Trials were undertaken to observe the impact of high temperature. The trial concluded there was no correlation of temperature and bowing of flat blank board.

Rectification of bowing was achieved by the Supplier instigating a different pallet configuration of flat blanks with optimized strapping tension.
14. Describe any constraints or opportunities that affected performance under this KPI

Our current investigations find limited opportunities for recyclability of existing packaging, current opportunities been investigated are:

- concept trials and initial discussions with 3rd party on metallised film recyclability.
- the coordination of waste stretch-wrap collection and recyclability

Goal 1: Design

KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPGs or equivalent.

<table>
<thead>
<tr>
<th>Rating</th>
<th>4</th>
</tr>
</thead>
</table>

Rating Comments

Well done on your significant achievements this year. You have demonstrated your commitment to this KPI by conducting trials with different suppliers of various design options. To pursue best practice in this area, consider researching the key impacts associated with the packaging formats your organisation uses and identifying a range of better practice options for internal discussion. The Design Smart Material Guides, which can help with this, are available at: http://bit.ly/1m1urPX.
Goal 2: Recycling

KPI 3: % signatories applying on-site recovery systems for used packaging.

15. Do you have on-site recovery systems for recycling used packaging?

- Yes at all facilities/sites
- Yes at some, but not all facilities/sites
- No

16. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 3

<table>
<thead>
<tr>
<th>Target: According to your Action Plan, what did you set out to do?</th>
<th>Actual: What did you achieve?</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 3# 1: Complete waste assessment to identify:</td>
<td>The total waste (in kgs) produced at the combined SBA manufacturing sites and measured as a percent of finished goods (in kgs) for F14/F15 was 46%</td>
</tr>
<tr>
<td>- Total waste quantities</td>
<td>The total waste (in kgs) measured as a percent of finished goods (in kgs) for F14/F15 was 56%. This is a 6% increase in total waste over the F14/15 target.</td>
</tr>
<tr>
<td>Targets for F14/15:</td>
<td>The break down of the drivers areas follows: % Recycle to goods manufactured = F14/15 51% (F13/14=46%); increase of 5% recycling</td>
</tr>
<tr>
<td>Blacktown: 50%</td>
<td>% Landfill Waste to goods manufactured = F14/15 5% (F13/14=4%); increase of 1% landfill</td>
</tr>
<tr>
<td>Smithfield: 34%</td>
<td>The Total waste (in kgs) measured as a percent of finished goods (in kgs) produced at Blacktown (which produces solely potato chips) for F14/15 was 56%. This is a 6% increase in total waste over the F14/15 target.</td>
</tr>
<tr>
<td></td>
<td>The Total waste (in kgs) produced at Smithfield (produces Potato Chips/ Extrusions/ Corn chip and Sheeted snacks) for F14/15 was 38%. This is a 4% increase in total waste over the F14/15 target.</td>
</tr>
<tr>
<td></td>
<td>The break down of the drivers areas follows: % Recycle to goods manufactured = F14/15 34% (F13/14=30%); increase of 4% recycling</td>
</tr>
<tr>
<td></td>
<td>% Landfill Waste to goods manufactured = F14/15 4% (F13/14=4%); no change in landfill.</td>
</tr>
<tr>
<td></td>
<td>Whilst the increase in total waste disappointing increased allocation to recycling at the manufacturing shows a commitment to sustainability/environmental awareness and provides a mitigation of the environmental impact.</td>
</tr>
<tr>
<td></td>
<td>It should be noted that Potato chip manufacture has a huge impact on waste generation, which is impacted by the yield loss when converting potatoes into chips.</td>
</tr>
<tr>
<td></td>
<td>It nominally takes 3.2 tonnes of Potato to produce 1 Ton of chip. Losses generated include, peel, starch, potato fines, small potatoes and defective coloured chips and potato moisture transformed to steam on frying.</td>
</tr>
<tr>
<td></td>
<td>SBA started a major CI project at Blacktown focusing on increasing the yield of potato chip from potatoes from Mar 2015</td>
</tr>
</tbody>
</table>

Whilst the increase in total waste disappointing increased allocation to recycling at the manufacturing shows a commitment to sustainability/environmental awareness and provides a mitigation of the environmental impact.

It should be noted that Potato chip manufacture has a huge impact on waste generation, which is impacted by the yield loss when converting potatoes into chips.

It nominally takes 3.2 tonnes of Potato to produce 1 Ton of chip. Losses generated include, peel, starch, potato fines, small potatoes and defective coloured chips and potato moisture transformed to steam on frying.

SBA started a major CI project at Blacktown focusing on increasing the yield of potato chip from potatoes from Mar 2015.
At Blacktown the total recycled material directed away from landfill was 92% of the waste stream. We have met the defined F14/15 target of 91%. F13/14 was 91% so an increase of 1% diverted from landfill.

At Smithfield the total recycled material directed away from landfill was 89% of the waste stream. We have met the defined F14/15 target of 87%. F13/14 was 87% so an increase of 2% diverted from landfill.

We again reviewed the sources of recycling available via the website - www.businessrecycling.com.au on the March - April 2015. Given the current level of recycling undertaken no new opportunities were identified. Whilst the new sources of recycling may be limited, we definitely have an opportunity to further increase recycling levels in our current waste streams, by separating and diverting both packed finished product and metallised film from landfill to recycling opportunities. We are focusing on these opportunities in F15/F16.

KPI #3: Review locally available recycling and reuse options, prioritise these in terms of viability

A major assessment was undertaken in Jan 2015 on both sites of waste generation, storage and collection arrangements. This assessment highlighted the following:

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Blacktown</th>
<th>Smithfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Oil storage &amp; collection</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Chip storage &amp; collection</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Potato offal (peel)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage &amp; collection</td>
<td>25%</td>
<td>9%</td>
</tr>
<tr>
<td>Screenings</td>
<td>0%</td>
<td>9%</td>
</tr>
<tr>
<td>General waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compactor storage &amp; collection</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Sludge storage &amp; collection</td>
<td>37%</td>
<td>46%</td>
</tr>
<tr>
<td>Packaged chip storage &amp; collection</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Based on these and other assessments, it was agreed in F14/15 that Potato yield improvement (reduction of waste) would be a major initiative at the Blacktown manufacturing site.

**Section A: Blacktown manufacturing site**

This site was chosen as the pilot plant for potato chip yield improvement (waste reduction) and designated as the major CI (Continuous Improvement) initiative for F14/15 and F15/16.

This meant all of the waste points were defined and kilos waste captured from potato unloading to palletisation. Rectification of these waste points started on nominally January 2015.

**Summary F14/15** - Yield gains from March 2015 to June 2015 were encouraging with a net gain of $208K in 4 months (refer below), the target was $125K.

As such the Project is currently over delivering by 66%. The Project will continue in F15/16.

It should be noted that this yield improvement project was a major CI initiative due to both the gains that could be made in waste reduction and the commercial...
Delivering this project (which is ongoing) has taken significant resource, management focus and technical support.

The key elements of this project involved:

- Unloading of potatoes, small/large potatoes and spill points
- Correct setup and maintenance of peelers (i.e. stop excess peeling)
- Correct setup and maintenance of Slicer heads
- Stop/start of fryers – moisture/quality affected chip dump
- Optical sorters performance/manual pick outs
- Potato chip spillage/overflow from transfer fryers to packing lines due to in-balance of fryers output (push) vs packing setup (pull)
- Form and seal Baggers:
  - setup and wastage
  - product giveaway
  - check weigher rejects
  - poor seal rejects
- Case Packing
- Palletisation
- Identify opportunities and strategies in the agronomy space, whereby potatoes unfavourably impact yield

### Project Plan

| Define | 126/01/15 to 01/02/15 |
| Measure | 302/02/15 to 22/02/15 |
| Analyse | 22/02/15 to 20/04/15 |
| Improve | 20/04/15 to & 30/6/16 |

---

<table>
<thead>
<tr>
<th>KPI3 #4</th>
<th>Install and manage recycling facilities in staff/office areas at both production sites</th>
</tr>
</thead>
</table>

**Outcome:**

- Recycling bin locations identified by June 2014 and new collection service operational by June 2015

**Recycling facilities were made available in all staff/office areas at both production sites by June 2015**

---

17. Describe any constraints or opportunities that affected performance under this KPI

---

**In reference to KPI3#4:**

**Note:** During project implementation at Blacktown other major sub-projects have been identified that would have a significant impact on reducing waste and improving yield, these projects will be undertaken in the future extending the project timeline:

1. The control of chip flow from the kettle potato fryers to the seasoning drums. This issue lead to assessment of equipment operation which determined numerous design failures with the current equipment. **Target: F15/16**

2. The control of seasoned chips to the packing machines (baggers) and the feed of bagged products to the Automated case packer **Target 16/17**.

---

**Section B: Smithfield manufacturing site**

An assessment of the Smithfield was undertaken on **Jan 2015** to review major operational procedures, waste storage management and collection arrangements. The major waste points are outlined in Table 1 above. Given the size and complexity of the Blacktown yield project and the significant investment of time, and resources the Executive made a decision to focus on the completion of the yield project at Blacktown to the finalization of actions, complete documentation and setup a reporting module to generated a “best practice protocol” for potato yield optimization and waste reduction.

On completion these learnings could easily be transferred to the potato chip manufacturing facility at Smithfield. The current expectation is that this would occur in either F16/17.
Goal 2: Recycling
KPI 3: % signatories applying on-site recovery systems for used packaging.
Rating 5
Rating Comments

Great work. Despite some challenges you have identified, your responses indicate that Smiths is highly committed to identifying and acting on opportunities for recycling and improved waste streams.

In order to maintain best practice, ensure that you continue to develop and report on specific and measurable targets, particularly from the baseline figures indicated above.

KPI 4: Signatories implement formal policy of buying products made from recycled packaging.

18. Does your company have a formal policy of buying products made from recycled packaging?

- Yes
- No

Provide details of policies and procedures (including names of policies/ procedures)
The SFL Procurement Guidelines

19. Is this policy actively used?

- Yes
- No

20. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 4

<table>
<thead>
<tr>
<th>Target: According to your Action Plan, what did you set out to do?</th>
<th>Actual: What did you achieve?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. KPI4 #2 : Review of Buy Recycled policy to pursue continual improvement&lt;br&gt;&lt;em&gt;Outcome:&lt;/em&gt; Results of review reported annually</td>
<td>We always review the use of recycle content as part of the design criteria for new or modified materials as defined in the &quot;Sustainable Packaging Template - Doc ID 102&quot;. Our current experience, is that the opportunities have been limited to solely paper based materials such as cardboard (for cases and cartons) packaging. We are currently assessing pallet stretch-wrap film however both its reliability on application and &quot;on cost&quot; are restrictive. There is no company to our knowledge currently able to manufacture barrier films with the moisture and oxygen transfer rates and at a competitive commercial cost to match metallised film.</td>
</tr>
<tr>
<td>2. KPI4 #4 : Aim to use 100% recycled cardboard content in Packaging.&lt;br&gt;&lt;em&gt;Outcome:&lt;/em&gt; Monitor and report yearly the percent content of recycled cardboard</td>
<td>Our supplier of cardboard cases advised in a letter dated April 2015 outlining a statement of recycle content, advising 100% recycle content fibre</td>
</tr>
</tbody>
</table>

21. Describe any constraints or opportunities that affected performance under this KPI
Goal 2: Recycling
KPI 4: Signatories implement formal policy of buying packaging made from recycled products.
Rating: 4
Rating Comments: Well done for on continuing to review your Buy Recycled Policy and meeting your aim for 100% recycled cardboard content in cases.
When pursuing improvement in this KPI for next year's reporting period, consider setting targets for increasing the proportion of procurement which includes recycled content.

Goal 3: Product Stewardship
KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.

22. Does your company have formal processes in place for collaborating with other companies or organisations on improved packaging designs and/or recycling which aims to reduce or eliminate waste?

- [ ] Yes
- [ ] No

Provide details of policies and procedures (including names of policies/ procedures):

- Bi-annual major Supplier Review meetings - APC/ Sustainability an Agenda Item.
- SBA's attendance at the Sustainability Advantage Group meetings and Fabulous Foodie workshops for example March 2015 - "Waste Wise Forum"

23. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 6

<table>
<thead>
<tr>
<th>Target: According to your Action Plan, what did you set out to do?</th>
<th>Actual: What did you achieve?</th>
</tr>
</thead>
</table>
| **1.** KPI6 #1: Instigate bi-annual meetings with all Key Suppliers (which represents 90% of packaging spend) to promote APC engagement with a goal of improving packaging design and recyclability | The following meetings were undertaken in F14/F15: SBA Procurements current performance is 6 out of 22 = 27%
  1. Film Supplier one    July2014    Mar 2015
  2. Film Supplier two    Nov 2014
  3. Case Supplier        Cardon Supplier
  4. Carton Supplier      Stretch wrap Supplier
  5. Carton Supplier      TPM
  6. Seasoning Givaudon   Feb 2015
  7. Seasoning Kerry      Jan 2015
  8. Seasoning McCormick  Mar 2015
  9. Seasoning IFF        Mar 2015
  10. Seasoning McCormick Mar 2015 |

Objective:
Meetings held with Key Suppliers bi-annually, where KPI6 #1: SFL APC update is provided and Key Suppliers are encouraged to actively participate in driving APC principles

Target to engage all 11 Key Suppliers* in this process by June 2017. So if biannual 11x2 = 22 meetings *Plan initially highlighted 12 major suppliers however reduction to 11 due to removal of one of the film suppliers
Out of the Suppliers who actually engaged in the biannual assessments, on 5 of the 6 occasions the Supplier or SBA raised a green initiative, resulting in a score of 83%. Based on the total targeted suppliers the response was only 23%.

- Film Supplier one: Green initiative raised \textit{YESx2}
- Film Supplier two
- Case Supplier: Green initiative raise \textit{YES}
- Carton Supplier
- Stretch wrap Supplier
- Seasoning TPM
- Seasoning Givaudon: Green initiative raise \textit{YES}
- Seasoning Kerry
- Seasoning IFF: Green initiative raise \textit{YES}
- Seasoning Symrise: Green initiative raise \textit{NO}
- Seasoning McCormick

As we undertake assessments (Sustainability Packaging Template - Form 02) on all new and modified packaging as such we don't feel value adding to review at our annual meetings. Based on 10 annual meetings = 0% completed. During the course of meeting our suppliers, it became apparent that a separate review under the KPI was not warranted.

In May 2015, the HO of Strategic Sourcing updated the SFL Procurement Guidelines to include "preferential purchase from fellow signatories of the APC".

24. Describe any constraints or opportunities that affected performance under this KPI

Goal 3: Product Stewardship

| KPI 6: | % signatories with formal processes to work collaboratively on packaging design and/or recycling. |
| Rating | 4 |

**Rating Comments**: Well done on the multiple initiatives you have in place to work with suppliers on sustainable packaging and waste. Along with the fantastic progress detailed above, you may wish to consider outlining the outcomes of the supplier engagement activities undertaken. For example, your responses indicate that there are specific Green Initiatives outlined and you may wish to consider outlining details of these.
# KPI 7: % signatories showing other Product Stewardship outcomes.

## 25. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 7

<table>
<thead>
<tr>
<th>Target: According to your Action Plan, what did you set out to do?</th>
<th>Actual: What did you achieve?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. KPI7#1:</strong> Continue to implement efficient product purchasing ensuring only the necessary product quantities are ordered/received, thereby reducing waste</td>
<td>SFL continues to order and control packaging materials on a JIT (Just in Time) philosophy. SFL has to comply to a delivery standard (DIFOT: Delivery in Full and On Time) to Supermarkets of 98% as such it is critical that our Suppliers deliver materials on the same principle. SLF has set a delivery performance for cardboard cases at 98% of order placement. The actual performance for F14/15 ranged from 65% to 95% with an average of 89%. This is compared to an average of 96.5% in F13/14. The supplier has undertaken actions to address this unacceptable performance and future results should see significant improvement. Any improvement in &quot;efficient procurement&quot; means only the required materials are ordered and delivered, reducing obsolete stock, reduction of waste to landfill and financial loss. A key performance indicator for efficient material procurement is the write off cost of raw and packaging materials over the financial period. For the financial period of F14/15 there was a 18% reduction in the Raw Material write off cost, which is a significant improvement and follows on from the F13/14 reduction of 8%. Again this reduction is predicted to improve over the F15/16 period.</td>
</tr>
</tbody>
</table>
As outlined in our F14/15 waste reconciliation report we recycle on average 90% of all waste produced. A breakdown of the sites shows the levels of recycle of all waste per site:

- Blacktown: 92%
- Smithfield: 89%

Of the total materials recycled waste, 97% is organic material.

The site organic materials recycled for F14/15 are as follows:

- Blacktown: 98.2%
- Smithfield: 95.6%

SBA believes the greatest areas for opportunity continue to be packed and loose snack product going into general and compactor waste, which goes to landfill. Our estimate in F13/14 was this was 26T/mth or 300T/annually.

We have been actively working on two (2) proposals:

1. **Proposal 1**: As noted in KPI #4, Blacktown have implemented as part of the CI program, a yield improvement and waste reduction project, in essence "not creating the waste in the first place". The initial yield figures have highlighted a significant improvement of nominally 2 to 3% yield.

2. **Proposal 2**: In partnership with Sustainable Advantage, from since early 2014 we have been having discussions with a company that is able to extrude metallised film as a feed stock and convert into value adding products. On August 2014 trials were undertaken proving concept.

   The major obstacle to implementation is the lack of a distribution network to pickup waste film and deliver to the converter plant. We continue to collaborate with Sustainability Advantage and the Converter. In 15/16 Sustainable Advantage are funding a consultant to review the logistic options.

### KPI #3 Review opportunities for diverting 100% of organic waste from landfill at both production sites

**Targets:**
- Blacktown Site: 97%
- Smithfield Site: 95%

In F14/15 the site continued to focus on OEE improvement by undertaking shift measurement of the OEE indices on all primary and secondary baggers. The results for F14/15 were as follows:

1. the overall primary bagger OEE obtained an average of 68%
2. the overall secondary bagger OEE obtained an average of 73%

The site continues to drive improvements on OEE performance averaging for F14/15 68.4% compared to F13/14 result of 65.6%* an increase of 4.3%.

Whilst less than the stretch target the site continues to look at ways to improve line efficiency and minimize waste.

*Note: error last year F13/14 on calculations reported as 70% however actual was 65.6%
26. Since the beginning of the reporting period, has your company had any other outcomes related to product stewardship?

- Yes
- No

If yes, please give examples of other product stewardship outcomes

**Other Product Stewardship outcomes**

We are active members of the Sustainable Advantage "Fabulous Foodies group" and regular attend seminars, sessions and workshops:
- Sept 2014: Sustainable manufacturing forum - shaping the circular economy
- Oct 2014: Sustainable advantage energy focus
- March 2015: Food Group Workshop: Waste Wise Forum

**Training and Planning activities**

In Oct 2014 a two (2) hour environmental training session was undertaken Increasing environmental awareness within SBA, involving the leaderships team (comprising CEO/ executives / srn managers), this included the completion of a Diagnostic tool (which is a self-assessment through a series of questions) that rate the organisation’s sustainability performance and prioritise areas for future action.

In Feb 2015, SFL undertook two(2) workshops (led by Nick Palousis and Jo Cooper from Sustainable advantage) involving key Site leadership teams at both manufacturing sites to develop site plans for sustainable / environmental projects for the next 12 mths.

27. Describe any constraints or opportunities that affected performance under this KPI

**Goal 3: Product Stewardship**

**KPI 7: % signatories showing other Product Stewardship outcomes.**

<table>
<thead>
<tr>
<th>Rating</th>
<th>4</th>
</tr>
</thead>
</table>

**Rating Comments**

Great work! This KPI is an opportunity for signatories to report on any of their broader sustainability activities - particularly waste management, is evident in your responses. Despite some difficulties in meeting certain targets, it is clear that targets are measurable and pushing ongoing improvement.

To achieve best practice, consider ensuring that the key sustainability activities your organisation is involved in outside of packaging are captured within your action plan and reported against. Some examples can be found here: http://bit.ly/1gZAzT.

**KPI 8: Reductions in packaging items in the litter stream.**

28. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 8

<table>
<thead>
<tr>
<th>Target: According to your Action Plan, what did you set out to do?</th>
<th>Actual: What did you achieve?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KPI8 #2: Support a local litter reduction program</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td></td>
</tr>
<tr>
<td>Annual financial support provided to the selected program.</td>
<td>In F14/15, SLF continue its ongoing support of the &quot;Clean up Australia&quot; campaign, with a donation of $1000 on March 2015</td>
</tr>
</tbody>
</table>
2. KPI #3: Participate in Business Clean Up Day (BCUD) on an annual basis each February with an aim to increase participation year on year through internal promotion.

**Target**
Annual participation completed in February and reported from 2014

Once again, in F14/15 given the business pressures and priorities, SFL was unable to devote the time to support this worthy environmental cause. *We can however advise that we have undertaken in F15/16.*

Given the stage of our environment development and maturity, we continue to solely focus “internally” within the company to aggressively undertake the waste reduction and recycle optimization actions to fulfil our APC commitments:

1. Resourcing Potato Yield improvement and waste reduction at Blacktown.
2. Resourcing the concept of the removal (from landfill) and recycling of metallised film at Smithfield, in partnership with Sustainable Advantage.
3. Focusing on the improvement of line efficiency and waste reduction at Smithfield.

We continue to support auxiliary stewardship activities such as:
- Active member of the Sustainable Advantage Group working closely with Jo Cooper
- Working with Sydney water to improve our Waste Water Treatment Plants including the opportunities to increase waste water recycling, by undertaking a significant review of the WWTP in F15/16 by an external consulting company

3. KPI #4: Identify areas/activities on both production sites that have the highest litter potential

**Target**
Put litter management system in place on both production sites and review annually.

SFL continues to review litter generation and management on the sites.

In F14/15 special attention was focused on:
1. Reducing the level of litter (hair nets / ear plugs / packaging waste) generated at the front of the Smithfield manufacturing site.
2. Reviewing the layout and positioning of waste/recycling bins at Blacktown with a business case assessment to relocate.
3. Extra deployment of both waste and recycle Solo bins at Blacktown.
4. Review of the Finger dock area at Smithfield, which is linked to the improvement project / business case to recycle metallised film.

4. KPI #5: Manage litter at the identified high litter prone areas including staff break areas at both production sites

**Target**
Provide a waste and recycling bin in common litter prone areas

Waste and recycling bins installed by June 2015

The required Solo bins for both general waste and recycling were installed at both the Smithfield and Blacktown sites in F14/15. Solo Bin Recycle pickup at both sites was coordinated through Visy industries our recycle partner.
Describe any constraints or opportunities that affected performance under this KPI

Goal 3: Product Stewardship
KPI 8: Reductions in packaging items in the litter stream.
Rating 5
Rating Comments: A detailed and impressive list of initiatives have been identified and reported - great work! Next year, you could consider reviewing and reporting on labelling across your packaging to encourage responsible disposal for customers.

Your Experiences

This section lets you share with us any achievements, good news stories and areas of difficulties in making progress against your plan and the Covenant goals and KPIs.

30. Key achievements or good news stories

Our practical APC achievements attained by SFL in F14/15 which had positive commercial implications were as follows:

1. The significant investment in Yield improvement program at Blacktown, resulting in:
   - the development of a shift based reporting module to monitor and control yield and highlight major waste points.
   - the net financial improvement of $208K against AOP (Annual Operating Plan)
2. The continued focus on OEE performance at Smithfield to drive productivity and reduce waste, with a net improvement in output by 4%
3. The continuation of effective material procurement, with obsolete stock "write off" reduced by 18%, or a cumulative total of 26% since F12/13
4. Undertaking ongoing discussions with Recycle Partners and Sustainable Advantage, on the commercial feasibility of recycling metallised film.

Other significant value adding initiatives

4. The continuation of Continuous improvement training with 6 people completing the Green belt - in 6 Sigma/Lean. This continues the ongoing SFL journey to in "Manufacturing Excellence" to continuously improve our operating and commercial performance which include the APC KPIs and wider sustainability objectives

5. Continuing to develop strong relationships with Sustainable Advantage and other member organizations, which continue to foster recyclable and green thinking and challenge existing paradigms within the organization. These ongoing interactions have a direct and positive impact on achieving our APC goals.

6. The continued maturity of our Continuous improvement philosophy with the development of a:
   - CI steering committee
   - CI intranet site to systematically develop and approve project scopes and report on and monitor project progression
   - Site based improvement plans which are linked to site, management and individual performance appraisals
   - Ongoing CI training plan, for management through to shop floor in the basic CI tools.

31. Areas of difficulties in making progress against your plan, Covenant goals or KPIs

We continue to battle against the tyranny of both time and resource availability, despite this we have achieved some great progress in key areas.
Summary of ratings:

<table>
<thead>
<tr>
<th>KPI</th>
<th>2016 Rating (0-5)</th>
<th>2015 comparison</th>
<th>2014 comparison</th>
<th>2013 comparison</th>
<th>2012 comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>KPI 3</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>KPI 4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>KPI 6</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>KPI 7</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>KPI 8</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Average rating for this signatory</strong></td>
<td><strong>4.3</strong></td>
<td><strong>4.0</strong></td>
<td><strong>3.5</strong></td>
<td><strong>3.5</strong></td>
<td><strong>2.8</strong></td>
</tr>
<tr>
<td><strong>Average rating across all signatories</strong></td>
<td><strong>3.2</strong></td>
<td><strong>3.0</strong></td>
<td><strong>2.8</strong></td>
<td><strong>2.9</strong></td>
<td><strong>2.8</strong></td>
</tr>
</tbody>
</table>

Fantastic work this year. You have demonstrated outstanding progress on achieving your targets and continuing to work towards and address areas of slow progress or targets that are not being fully met. To ensure future best practice, you can review the action plans and annual reports of other high-performing signatories and identify opportunities to improve your plan. They are available here: http://bit.ly/1dgrtHk.

To improve still further, you may find it valuable to consider contacting the APC for information on ways to go beyond the basics and work with your peers on achieving improvements in packaging design, sustainability, recycling, and litter reduction.