



*Kellogg's*<sup>®</sup>

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**National Packaging Covenant MKII  
Annual Action Plan Report 2009-2010**



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## 1. Foreword

Kellogg (Aust.) Pty. Ltd. has been a signatory of the National Packaging Covenant (NPC), since 2001. Kellogg supports the principles of product stewardship and shared responsibility. Kellogg's commitment to the NPC has the support of the Kellogg Australia Board of Directors and aligns with the objectives of the Kellogg Company Environmental Policy and Corporate Responsibility strategy.

Kellogg (Aust.) Pty. Ltd. is a manufacturer of cereals and nutritious snack products and has been providing food for the Australian community since 1924. Our products are distributed around Australia and to New Zealand and the Asia-Pacific region. Kellogg has three manufacturing facilities in Australia. Ready to eat cereal products are manufactured at Botany and Frenchs Forest in Sydney, New South Wales whilst a wide range of snack products are manufactured at Charmhaven on the NSW Central Coast. The Frenchs Forest site was acquired in September 2008 through the acquisition of Speciality Cereals Pty Ltd.

Kellogg is an innovative company providing quality foods based on wholesome grains, nuts and fruits for a healthier world. Kellogg's acknowledges quality as a critical factor from farm to supermarket shelf and has implemented rigorous programs to assure the high standards of quality and safety that consumers have come to expect from the Kellogg label. Similarly Kellogg recognises that in an increasingly resource constrained world that environmental issues are shaping our business now more than ever. To be good stewards of the environment, Kellogg understands the need to conduct our business in a way that reduces the total environmental impact of our products and operations

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## 2. Executive Summary

In line with the requirements of the National Packaging Covenant MKII, Kellogg's Action Plan has adopted the Key Performance Indicators (KPIs) relevant to 'Brand Owners'. This report summarises the status and achievements of Kellogg (Aust.) Pty Ltd over the period September 2009 to August 2010 against the Action Plan submitted in 2007 (for the period 2007-2010).

The achievements of the Speciality Cereals business are outlined in a separate report. Speciality Cereals was already a signatory to the National Packaging Covenant at acquisition. To ensure consistency with our previously published objectives and commitments we have prepared individual annual reports for 2009-2010. The intention is to combine the commitments of Kellogg (Aust) Pty Ltd and the Speciality Cereals business into one action plan for the Australian Packaging Covenant.

Outcomes over the past 12 months include:

- Downgauging of plastic cereal bags for Froot Loops and all single serve products, resulting in annual savings of 34 tonnes per year.
- Further light weighting of the corrugated board used for shipping cereal, resulting in annualised savings of 8.7 tonnes
- By utilising trucks with greater capacity we were able to reduce the number of truck movements associated with the delivery of packaging materials by 42%.
- A further reduction in waste to landfill through the identification of recovery options for two waste products:

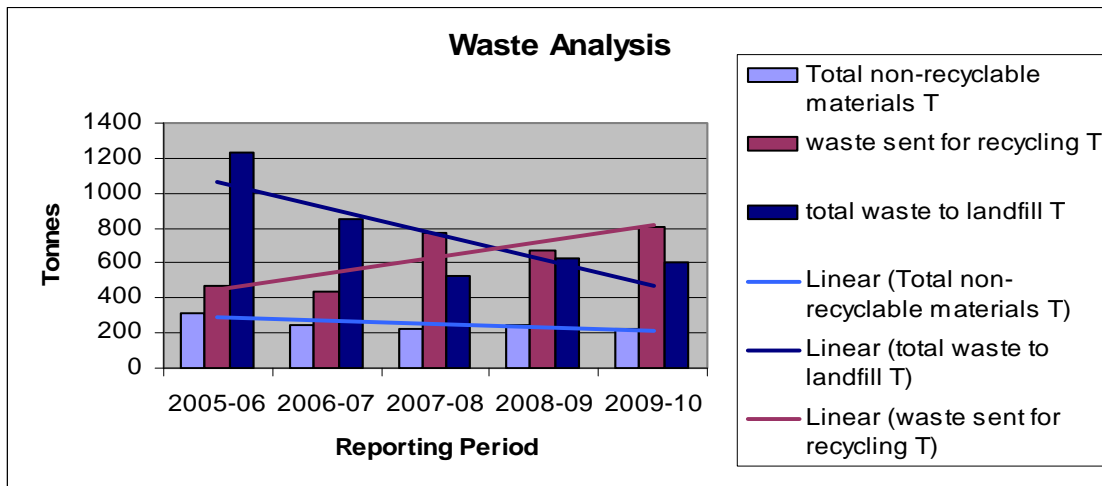
Data for some of the Covenant KPIs is summarised below in Figures 2.1 and 2.2 and Table 2.1.

In general Kellogg sustained the improvements of the past few years over the reporting period 2009/2010. Key outcomes in 2009-2010 include:

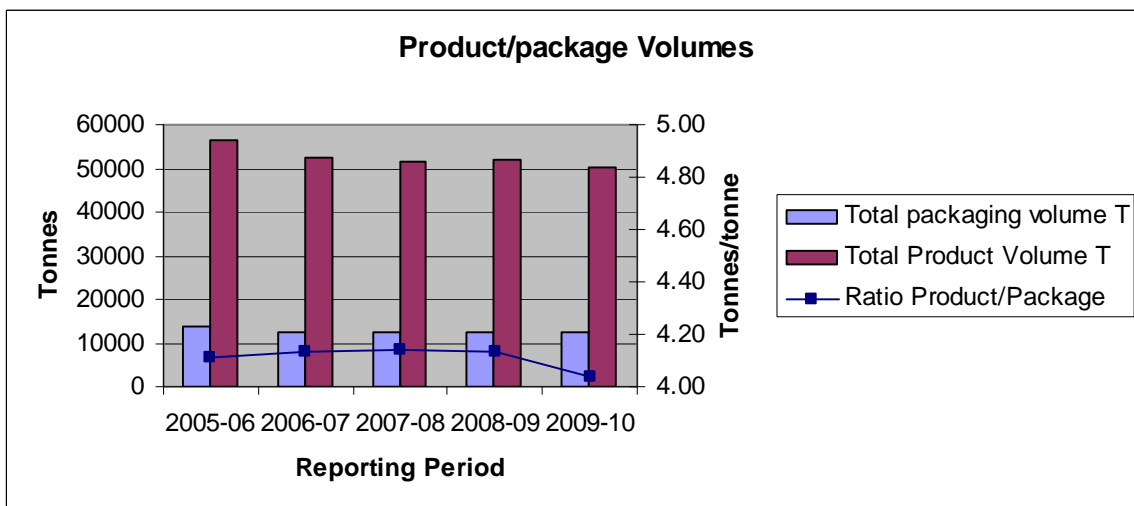
- A reduction in non-recyclable packaging (according to NPC definitions) from 249 tonnes in 2008-2009 to 221 tonnes in 2009-2010
- An increase in the amount of non-food waste recycled from sites (mostly packaging) from 677 tonnes in 2008-2009 to 811 tonnes in 2009-2010
- An increase in the recovery rate for all on-site waste from 81% in 2005-2006 to 90% in 2009-2010.



**Figure 2.1 Non-recyclable Materials, Recycling and Waste per tonne of product**



**Figure 2.2 Packaging and Product Trends (tonnes) and Product-Packaging Ratio**





**Table 2.1 Summary of Selected Covenant KPI's, 2005-2006 to 2009-2010**

KPI #	KPI Description	Unit	05/06	06/07	07/08	08/09	09/10	Variance
1	Total packaging quantity	T	13,679	12,636	12,439	12,629	12,494	↓ -8.7%
1	Total product quantity	T	56,249	52,228	51,462	52,187	50,419	↓ -10.4%
1	Ratio product to packaging	T:T	4.1	4.1	4.1	4.1	4.0	steady
6	Total non- recyclable packaging	T	313	246	225	249	221	↓ -29.4%
21	Non-food waste sent for recycling from on-site collection	T	469	435	773	677	811	↑ 72.9%
21	Non-food waste sent to landfill from on-site collection	T	1229	852	528	630	601	↓ -51.1%

Generally the volume of packaging used mirrors the changes in product volume which explains the steady product to packaging ratio.

The increase in non-recyclable materials reported in 2008-2009 was mainly due to the choice to include promotional items (giveaways in cereal packs) in the data. In 2009-2010 Kellogg decided to shift to on-pack promotions that offer opportunities to win educational resources and/or experiences for all the family to enjoy, with less waste. As a result the amount of non-recyclable materials in the packaging fell.

Over the five years of this Action Plan there have been a number of significant improvements, including a 29% reduction in non-recyclable packaging used by Kellogg, a 73% increase in recycling of on-site waste and a 51% reduction in waste to landfill.

These achievements have been underpinned by global initiatives such as the review of Kellogg Environmental Policies and Standards and the formation of a Global Environmental Packaging Council. Kellogg (Aust) Pty Ltd has actively contributing to the review and global forum.

Kellogg also published its second Corporate Responsibility Report in 2010. In this report Kellogg communicated progress towards the environmental objectives committed to in the initial report and provided information on Sustainability initiatives undertaken in 2009.

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### 3. Products and packaging

#### 3.1 Brands

Kellogg's cereal has been part of Australian breakfasts for over 80 years with recognised brands such as Sultana Bran, Special K®, Just Right®, Corn Flakes and Rice Bubbles® to name but a few. Expansion into the fast growing snacks category over recent years has also seen the introduction of successful brands including LCMs® and K-time®.





### 3.2 Packaging Formats and materials

The packaging formats used by Kellogg for its products are shown in Table 3.1. Breakfast cereal is traditionally packed in a cartonboard box with plastic liner and snacks in a plastic wrap inside a cartonboard box. A corrugated case is used for distribution to retailers.

Kellogg uses almost 13,000 tonnes of packaging material each year (Table 3.2).

**Table 3.1: Packaging Formats**

Product	Primary packaging	Secondary packaging
Cereal	High density polyethylene (HDPE) bag in 95% recycled carton board box. Polypropylene (PP) bowl and aluminium peel back lid.	100% recycled corrugated board cases
Snacks	Wrapped bar in 95% recycled carton board box.  N.B. Overwrap is either polyester/metallised oriented PP film or polyester/Linear low density polyethylene (LLDPE)	100% recycled corrugated board cases

**Table 3.2 Packaging Materials (kg)**

Material	
Carton board	7,346,373
Corrugated case board	4,456,474
Aluminium lid	6,485
Metallic wrap	115,898
PP plastic bowl	34,589
HDPE plastic liner	903,941
Composite plastic	61,697
Total	12,926,539



## 4. Kellogg and the Environment

Kellogg recognises the need to ensure its operations are conducted in an environmentally sustainable manner which protects the environment and benefits the communities within which it operates.

Kellogg's second Corporate Responsibility Report provided a review of progress against the objectives outlined in our initial report and provided examples of the initiatives we have undertaken in the key areas of its Corporate Responsibility strategy – Marketplace, Workplace, Community and Environment.

The report can be viewed at the following website:

[www.kelloggcompany.com/CR](http://www.kelloggcompany.com/CR)

The Kellogg Company reported good progress against the targets of 15-20% reduction in water and energy usage, waste to landfill and greenhouse gas emissions, against a 2005 baseline.

Specifically the Australian business has committed to, and is making steady progress towards achieving reductions in the areas nominated, working with both internal and external stakeholders to drive improvement. These goals have been cascaded throughout the Supply chain organisation.

Kellogg's has worked hard over the last 5 years to achieve improvements in waste recovery, landfill avoidance, reduction in waste and packaging minimisation. Most in-plant gains have now been realised so we are now working to maintain current performance while continuing to identify opportunities.

Kellogg also has active programs in place to reduce our energy and water consumption. Optimising the energy and water that is consumed during the manufacturing of our products benefits both the environment and the communities in which we operate. Kellogg is a participant in the Federal Government's Energy Efficiency Opportunities program (EEO), which encourages large energy using businesses to improve their energy efficiency. Our achievements to date are outlined in our public EEO report, which can be viewed on our website.

In June 2010 Kellogg published a revised set of Global Environmental policies and standards aimed at ensuring that we are achieving global consistency with respect to environmental stewardship. All sites have commenced reviewing and upgrading their programs and procedures to ensure compliance.

For more information on Kellogg and its commitment to the environment refer to the Company' page on the Kellogg (Aust) Pty Ltd website:

[www.kelloggs.com.au](http://www.kelloggs.com.au)



## 5. Kellogg's Product Stewardship Outcomes

The NPC is based on the principle of product stewardship which includes an ethic of shared responsibility for the lifecycle of products including the environmental impact of the product through to its ultimate disposal.

In an effort to embed the principles of product stewardship into business considerations for all signatories, the NPC identifies areas of focus. As part of Kellogg's commitment to product stewardship and its obligations as a Covenant signatory, below is a summary of the actions undertaken via the various activities identified in our NPC Action Plan.

### 5.1 Design:

Kellogg's range of packaging materials is primarily limited to plastics and cardboard. All materials have been assessed to determine the potential impact on the environment and the degree of recyclability. Packaging configurations have largely been optimised to maintain functionality while minimising environmental impact, although opportunities continue to be identified. For example in 2010 Kellogg was able to downgauge the material used for cereal bags by shifting to a new generation resin that has the same shelf life and functionality but at a lower weight. So far this has been introduced for single serve packs and one of the larger packs, resulting in annualised savings of 34 tonnes of plastic packaging. Kellogg is in the process of rolling the new resin out across the balance of the product range, which will result in further savings from 2010-2011.

Following successful feasibility trials Kellogg were also able to further light weight the corrugated board used for shipping cereal, resulting in annualised savings of 8.7 tonnes.

The Product Change Approval (PCA) system, which was introduced several years ago, tracks variations to existing products as well as proposed new products. All new products generally utilise an existing material, which has been reviewed against criteria taken from the Environmental Code of Practice for Packaging (ECoPP). This method ensures any new materials are assessed using the same methodology and records are maintained of all reviews.

In 2010 Kellogg worked to formally integrate environmental considerations into product innovation process for the development of new products. Detailed evaluation of the packaging formats is part of this process.

### 5.2 Production:

In 2009 Kellogg Botany started a Lean Manufacturing project. A key area of focus is waste reduction and minimisation and teams have been formed to work on identified areas of opportunity within the plants. It is expected that improvements in this area will yield significant improvements in operational efficiency over time resulting in environmental benefits.

A significant area of focus was on reducing food waste. Over the last year we have achieved a 12% reduction in food waste through more efficient operational processes. All



food waste is sent for re-processing into stockfeed. A significant achievement in 2009-2010 was the recovery of sludge from the Charmhaven plant, which had previously been disposed to landfill. This is now sent to an energy-from-waste facility in Sydney. The liquid waste and sludge from the Botany plant is recycled through soil injection.

### **5.3 Supply Chain:**

Kellogg has worked with raw material suppliers to shift to bulk supply of products wherever possible, and this has eliminated a significant amount of incoming packaging waste. Deliveries between manufacturing or packaging facilities is now done in reusable bulk containers and bulk delivery of raw materials such as flour, sugar and grains, is done in tanker loads with intermediate storage in silos and hoppers to avoid packaging. Most opportunities to shift to bulk packaging have already been realised but Kellogg will continue to review this annually, especially when suppliers change.

For example, in 2010 during a manufacturing review of Guardian cereal Kellogg was able to move to bulk supply of all grain ingredients. Discussions with suppliers also identified an opportunity to change the format of a vitamin/mineral premix from individual pouches to pails, resulting in the saving of more than 100,000 plastic bags annually.

Procurement and logistics practices are reviewed on an ongoing basis. Over the past year Kellogg worked with a packaging supplier to identify opportunities to optimise delivery configurations. By utilising trucks with greater capacity it was possible to reduce the number of truck movements by 42%, and Kellogg are seeking to quantify the environmental benefits of this.

### **5.4 Education**

During 2009 briefing sessions on the National Packaging Covenant and Kellogg's other environmental commitments were held at induction programs for new employees and team meetings for various functional areas including Marketing and Research and Technology. In December 2009 environmental training of all operators was undertaken with a further refresher session scheduled for September 2010.

In order to ensure all employees were aware of Kellogg commitment to the goals of the NPC the Action Plan report was posted on the Company website and articles were posted in the Supply Chain newsletter which has wide distribution within our plants.

### **5.5 Research/Market Development**

Kellogg's packaging technology division continues to work closely with suppliers to identify and leverage potential opportunities in alternative materials. In the previous reporting period a number of opportunities were identified that could improve the sustainability of packaging including downgauging films and trialling compostable materials. Compostable films underwent plant trials in early 2010 following the completion of shelf life testing and other internal quality and food safety assessments. The films were found to be unsuitable.



One successful implementation was moving from a UV to aqueous varnish for a range of Kellogg products. Although this was mainly driven by quality considerations, the supplier conducted a Life Cycle Analysis of the change and this showed that the aqueous system has a lower carbon footprint. Kellogg is considering wider application of this technology when reviewing packaging changes.

## 5.6 Data Integrity:

To ensure that reliable information on packaging and material use is reported to both the Covenant Council and the general public, Kellogg developed an internal data management system aimed specifically at improving accuracy of data. Data collection systems continue to be strengthened and opportunities identified to capture more materials used and waste generated in different areas of the business. As such differences in the data in this report (and in future reports) will be partly due to continuous improvement of data collection and validation processes. For example in 2009 information was gathered about Kellogg in-pack novelty items for the first time and this increased the reported quantity of non-recyclable materials.

Other factors such as the impact of acquisitions and changes in product sales mix will also impact the data. For example in 2010-2011 data from the Frenchs Forest site will be integrated in reporting.

## 5.7 Labelling:

Kellogg recognises the need for accurate consumer information and labelling to encourage appropriate recycling and disposal. All cereal packs have now been modified to include the 'mobius loop', (see below), promoting further recycling of cereal and snack cartons in addition to simply communicating its recycled content.

Snacks products carry the 'Tidyman' symbol, (see below), as an accompaniment to the existing anti-littering message, providing more prominent consumer communication around responsible disposal.



**“Where possible please ensure this carton is recycled”**



**“Avoid Littering - Please dispose of wrapper thoughtfully”**

## 5.8 Wholesale & Retailing:

Kellogg's point-of-sale (POS), display and promotional materials have been redesigned to optimise recycled content and they are now made from recycled corrugated or PP board. They are also manufactured from a single material to facilitate recycling.



The marketing function is in the process of developing a system to track and monitor tonnes of material used for POS displays and is continuing to work with suppliers to optimise use of recycled and recyclable materials. An area of opportunity is to ensure customers are aware of the recyclability of promotional materials and dispose of them appropriately. In future POS displays will be labelled with the 'Mobius loop' recycling symbol and a message to promote recyclability.



*Examples of Kellogg's recycled and recyclable POS displays*

## 5.9 Recycling & Reprocessing:

In addition to its recycling programs for commercial and wholesale products Kellogg has long maintained effective recycling and segregation programs across all manufacturing sites to deal with the various wastes generated from raw material supply and conversion processes.

The main warehousing and distribution contractor, Linfox, also has a recycling program for shrink wrap and ensure that product that is not suitable for sale (or donation) is diverted to a recovery facility.

Internal monitoring of waste streams by the plants has helped raise awareness of the importance of segregation of waste and has driven substantial improvements over the 5 years. However this remains an area of focus.

In 2010:

- The Botany site worked with a key packaging supplier to divert cardboard cores (for supply of bag material) to recycling, diverting about 20 tonnes from landfill.
- The snack plant at Charmhaven, after a long search, was able to divert waste water treatment sludge from landfill to a waste-to-energy facility. This commenced mid 2010 and will result in over 100 tonnes of waste being diverted from landfill annually.

Across the Australian business 90% of plant waste is now diverted to beneficial re-use compared to 81% in 2005-2006. Metal, paper and cardboard, sludge from waste water treatment, waste food and many other materials are recovered



Packaging materials employed across the range of Kellogg products sold to the Australian consumer incorporate a high degree of recyclability. According to the definitions of 'recyclable packaging' in the National Packaging Covenant, approximately 98%<sup>1</sup> of Kellogg's packaging materials, by weight, are considered to be recyclable. Most of this (91% of all packaging used) is carton board and corrugated board with the remainder attributable to flexible HDPE cereal liners.

Non-recyclable materials such as composite films and metallic wrap only comprise a small percentage of the total volume of packaging materials used by Kellogg. They are product specific, i.e. the materials composition is formulated to provide the highest level of food safety and quality for the consumer. Kellogg continues to investigate the feasibility of alternative, recyclable materials however the company's commitment to high quality foods as well as the safety and wellbeing of Australian consumers is the priority in our choice of packaging materials. Non-recyclable materials such as plastic and multi-material films are essential to maintain freshness and allow the food to be stored longer, helping to reduce food waste.

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<sup>1</sup> This figure includes flexible HDPE used for liner material in Kellogg cereal products. Whilst HDPE polymer is considered a recyclable material in accordance with NPC definitions, it is generally acknowledged that flexible variations of this plastic are not readily recovered through the majority of kerbside collection programs. The polypropylene (PP) bowl, currently defined by the NPC as 'non-recyclable' can be collected through the majority of kerbside collection programs. Excluding the HDPE liner and including the PP bowl (a more accurate reflection of recyclability) means that 92% of Kellogg's packaging is recyclable.



## 6. Covenant KPIs: Update on Action Plan 2007-2010

### 6.1 Total weight of packaging and product sold into the Australian market

KPI 1	Action	Progress
Tonnes of packaging sold per annum into the Australian market	Information to be generated from NPC Data Management Tool.	The total quantity of packaging fell compared to the previous reporting period, from 12,629 in 2008-2009 to 12,494 in 2009-2010. This is in proportion to the decrease in product sales.
Tonnes of packed product sold	Information to be generated from NPC Data Management Tool.	The total quantity of product sold decreased from 52,187 in 2008-2009 to 50,419 in 2009-2010.
Ratio of product to packaging (by weight).	Information to be generated from NPC Data Management Tool.	The ratio increased slightly over the last reporting period. Variations are driven by SKU mix, i.e. an increase in production of snack food bars.
Performance monitoring	NPC steering committee to review decline/improvement in product to packaging ratio on a quarterly basis through the NPC steering committee.	A formal review was conducted in the first half of the year with informal follow-up in the second half. Environmental metrics (including waste metrics) are tracked through internal scorecards which are circulated widely in the organisation including to senior Supply Chain management.



## 6.2 Improvements in design, manufacture, marketing and distribution

KPI 3	Action	Progress
Improvements in design, manufacture, marketing and distribution	Develop a simplified checklist for co-packers to determine potential environmental impacts and subsequent management. Incorporate ECoPP considerations into checklist.	A checklist was developed to use with co-packers and used to structure discussions. Kellogg met with its major co-packer in February. They had recently become a signatory to the NPC and have established in-plant waste packaging recovery programs. Other Kellogg co-packers are not-for-profit organisations. Although neither is an NPC signatory both have waste packaging recycling programs in place.
	Continue to liaise with industry and research bodies and where relevant contribute to research and development into product design to optimise resource efficiency and materials recovery.	This is an ongoing initiative. Kellogg continues to work with various industry bodies such as Australian Food and Grocery Council and Packaging Council of Australia. Research is being undertaken but this is proprietary information.
	Continue to work with Packaging Supplier to develop packaging materials that have low embodied energy, are produced from a renewable resource, and have the best possible LCA outcome.	<p>This is an ongoing initiative. All materials currently used by Kellogg have been reviewed against criteria in the ECoPP. Work has also commenced to integrate ECoPP in the new product development (innovation pathways) process. This work will be updated to reference the Sustainable Packaging Guidelines.</p> <p>Specific design projects:</p> <ul style="list-style-type: none"> <li>• In 2009 Kellogg engaged with three suppliers to explore the availability of suitable compostable materials. The options were trialled in 2010 but found to be unsuitable.</li> <li>• Discussions were also held with the supplier of cereal liner material to down gauge the material for certain SKUs by shifting to a new generation resin that has the same shelf life and functionality with lower weight. The transition to the new</li> </ul>



		material began in early June 2010. Based on usage to date for single serve cereals and Froot Loops Kellogg estimate annualised savings of greater than 34 tonnes of material.
	Continue to investigate opportunities for improvements in point of sale (POS) material with a view to reducing environmental impact.	In 2009 Kellogg moved to single component POS materials which assist with recycling. Cardboard POS materials contain recycled content and are fully recyclable. The new snacks stands are made from polypropylene (incorporating >50% recycled content). This has improved durability and functionality.
	Continue to pursue supply of bulk flour to the HSP site direct to storage silos as opposed to delivery via bulk bags.	This was re-assessed again in 2009. The volume of flour used does not justify moving to bulk delivery and storage and this continues to be the case.
	Work to capture the volume of materials consumed in product give-aways, (Premiums), by material type and capture as part of future reporting details.	Information was gathered regarding in-pack giveaways (novelty items) for the previous reporting period. Kellogg estimated that approximately 32 tonnes of material usage is avoided by moving to on-pack promotions.



### 6.3 Changes to protection, safety, hygiene, shelf-life or supply chain considerations

KPI 4	Action	Progress
Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging used	Report on and explain significant changes to packaging affecting weight, compound or materials, eg. Shelf life, cost, technology, environmental benefits, OH&S issues, other business needs.	There have been no significant changes to packaging that would affect weight, compound or materials. Kellogg conduct regular audits of its warehouses to ensure that packaging is fit for purpose i.e. not over or under designed.
	Review and report back on proposed changes to shelf ready packaging and/or returnable transport technology that may impact on packaging requirements.	Kellogg has started to work on shelf ready packaging for some product lines in response to customer requirements. Early indications are that this is likely to increase our packaging to food ratio significantly. So far shelf ready packaging has only been introduced for one product and this resulted in a 5.2% increase in board usage.

### 6.4 Weight, of “non-recyclable” consumer packaging sold into the Australian market

KPI 6	Action	Progress
Total weight, by type, of “non-recyclable” consumer packaging sold per annum into the Australian market.	Non recyclables to be quantified and compared to baseline data.	There was a drop in the total non-recyclables compared with the previous reporting period. This was largely driven by the decision to move to on-pack promotions which offer opportunities to win educational resources and/or experiences for all the family to enjoy. <b>Total non-recyclables:</b> 220t comprising 35 t polypropylene, 178t composite plastics, 6.5t other composite materials (aluminium/polyethylene lids, metallic wrap etc).



## 6.5 Signatories providing recycling collection facilities for post-consumer packaging

KPI 16	Action	Progress
<p>Percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.</p>	<p>Continue to provide recycling collection facilities for paper and cardboard, plastics and metals across all sites.</p>	<p>There is an ongoing focus on minimising in-plant waste (as per Kellogg global environmental stewardship objectives) and diverting waste to beneficial reuse. In this reporting period Kellogg Australia achieved a 90% recycling rate over its operations compared to 81% in 2005-2006. Food waste is sold for animal feed (HYPRO) with packaging either returned and re-used by suppliers (e.g. metal drums) or recycled. In 2010 the Botany site established a program to recover cardboard liner cores and send back to the supplier for recycling. The Charmhaven site commenced sending sludge to a waste-to-energy facility. Kellogg continues to evaluate the opportunity to establish recycling schemes for packaging waste from offices and canteens but this is not currently feasible due to strict health regulations applying in food plants and the risk of pest infestation arising from storage of waste.</p>



## 6.6 Tonne of consumer packaging sent (a) for recycling and (b) to landfill

KPI 21	Action	Progress
<p>Estimated tonnage of consumer packaging sent (a) for recycling and (b) to landfill from on-site collection facilities.</p>	<p>All materials removed from each site are currently classified and weighed to determine volume. Information is collated through the Kellogg E-Metrics systems and tracked as part of internal environmental performance indicators.</p>	<p>Kellogg estimates that it is now capturing 99%+ of in-plant waste streams in our tracking system. However all sites are continually reviewing opportunities to improve data capture and recording. In 2010 all sites commenced daily and weekly reporting of environmental metrics including waste.</p> <p>Total non-food waste to landfill in 2009-2010 was 601t and approximately 20% of this was consumer or industrial packaging.</p> <p>Approximately 811t of non-food waste (mainly packaging) was recycled. This included corrugated board, plastic film and bulk bin liners. The majority of incoming packaging is recycled. The exception is packaging contaminated with food (e.g. flour) which is not accepted by recyclers.</p>



## 6.7 Signatories who have formally adopted the ECoPP

KPI 22	Action	Progress
<p>Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.</p>	<p>Investigate consumer trends and opinion of recyclability information and logos on Kellogg branded products.</p>	<p>In 2009 Kellogg conducted market research that included questions regarding environmental issues. The outcomes have given some indication of the issues of concern but more work is needed. Kellogg monitors research on consumer trends, attitudes and behaviour through publicly available surveys, including AFGC's 'Green Shopper' report in 2010.</p>
	<p>ECoPP Principles explained and communicated through environmental training. Procurement, Sales, Marketing and innovation departments to be covered by training.</p>	<p>Briefing sessions for Senior management and their teams were conducted to help build understanding of our obligations under the National Packaging Covenant and Australian Packaging Covenant.</p>
	<p>ECoPP Principles explained and communicated to the Australian Leadership Team.</p>	<p>A briefing was provided for the Managing Director. Sessions for other functional leads were undertaken as part of the awareness sessions mentioned above.</p>
	<p>Participate in industry and peer body activities relevant to the promotion of EcoPP amongst brand owners.</p>	<p>This is an ongoing activity.</p>
	<p>Support NGO and council initiatives to reduce packaging in the litter stream where relevant to Kellogg operations.</p>	<p>Kellogg contributed to the funding arrangements as per its obligations under the Covenant. Kellogg will continue to review and monitor opportunities and provide support where relevant.</p>



## 6.8 Implementation of Buy Recycled purchasing policy or practices

KPI 26	Action	Progress
Implementation of Buy Recycled purchasing policy or practices.	The Kellogg Procurement department will investigate the benefits and logistics of developing a set of procedures to direct and influence where possible procurement strategies and decisions to include the intention to buy (a) recycled packaging, (b) recyclable and or reusable packaging.	In 2009 Kellogg developed a Code of Ethics that commenced roll out in Quarter 4 of 2009. The Code of Ethics includes environmental considerations including waste minimisation and will require formal sign-off by the Supplier CEO. Kellogg has purchased recycled content corrugated case and carton board from the earliest days of operation and continues to do so. The cartons used to package our cereals contain around 95% recycled fibre and some snack food cartons contain 100%. The corrugated cases (shippers) used for distribution contain 100% recycled fibre, including a minimum 35% post-consumer recycled content.
	Audit all areas of the business against reviewed procurement guide including Co-Packers.	Audits will be integrated into the Supplier Quality program. Kellogg has developed a program and has allocated resources in 2010 to execute. In the meantime meetings have been held with several key packaging and ingredient suppliers to gather information about environmental practices.



## 6.9 Establishment of baseline performance data

KPI 27	Action	Progress
Establishment of baseline performance data.	Communicate importance of performance data to responsible divisions of the business at each site.	The full Action Plan has been posted on the Kellogg web site at <a href="http://www.kellogg.com.au">www.kellogg.com.au</a> . This Annual Report (like previous reports) and a summary of performance will also be published on the web site and circulated in internal communications e.g. Supply Chain newsletter and lodged on public drives of the internal networks to allow access by all.
	Review progress of and tracking of baseline data on a Quarterly basis and communicate to relevant personnel.	Kellogg will continue to monitor performance and share data with relevant personnel. The next meeting is scheduled for January 2011.

## 6.10 Annual reporting against action plan

KPI 28	Action	Progress
Annual reporting against action plan.	Annual report against Action Plan to be prepared and submitted to the Packaging Covenant Council each year.	Report prepared and submitted.
	CEO or equivalent to acknowledgment requirement to sign off on Annual Report prior to 31 October each year.	Action Plan Report signed by Managing Director, Australia & New Zealand (ANZ) & Director ANZ Supply Chain.
	Action Plan Report to be communicated through company website.	Report loaded onto website: <a href="http://www.kellogg.com.au">www.kellogg.com.au</a> .



## 6.11 Demonstrated improvement & achievements against individual targets & milestones

KPI 29	Action	Progress
Demonstrated improvement and achievements against individual targets & milestones.	Progress against baseline data to be reviewed on a Quarterly basis by the Kellogg NPC Steering Committee. Demonstrated improvement and achievements against individual targets & milestones to be reported in the Annual Action Plan Report.	A formal review was conducted in the first half of the year (January 2009) with informal follow-up in the second half.