



Good Food, Good Life

Nestlé Australia Limited

Australian Packaging Covenant

**Revised Action Plan January 2012–
December 2015**

Version 3

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CEO Foreword

Nestlé has a long history of commitment to the environment. Environmental sustainability is a critical component of our approach to business – Creating Shared Value (CSV) – which is central to how we conduct ourselves as a business and underpins our decision-making and planning.

For our business to be sustainable over the long term, we believe we must create long-standing value for our shareholders and contribute to a prosperous, healthy and sustainable society.

With this in mind we've set out to maximise and enhance shareholder value by also creating value for our employees, farmers, the environment, consumers and the communities in which we operate.

Since signing what was then known as the National Packaging Covenant in 2000, we have continued to embed packaging stewardship across our business.

Nestlé has developed a packaging wheel to improve sustainable design considerations at product concept. In 2012 we achieved over a 15% environmental impact improvement in the packaging of 5 'Hero' projects. Nestlé also continues to deliver packaging source reduction projects.

We have strengthened our sustainability governance and reporting with the establishment of our external Creating Shared Value Advisory Board.

As we focus our efforts on our revised APC 2012 – 2015 Action Plan, Nestlé is confident we will continue to reduce the environmental impacts of consumer packaging through ongoing design, recycling and product stewardship initiatives, without compromising on safety, quality and consumer acceptance.



Trevor Clayton

CEO Nestlé Oceania

Nestlé the Company

Overview

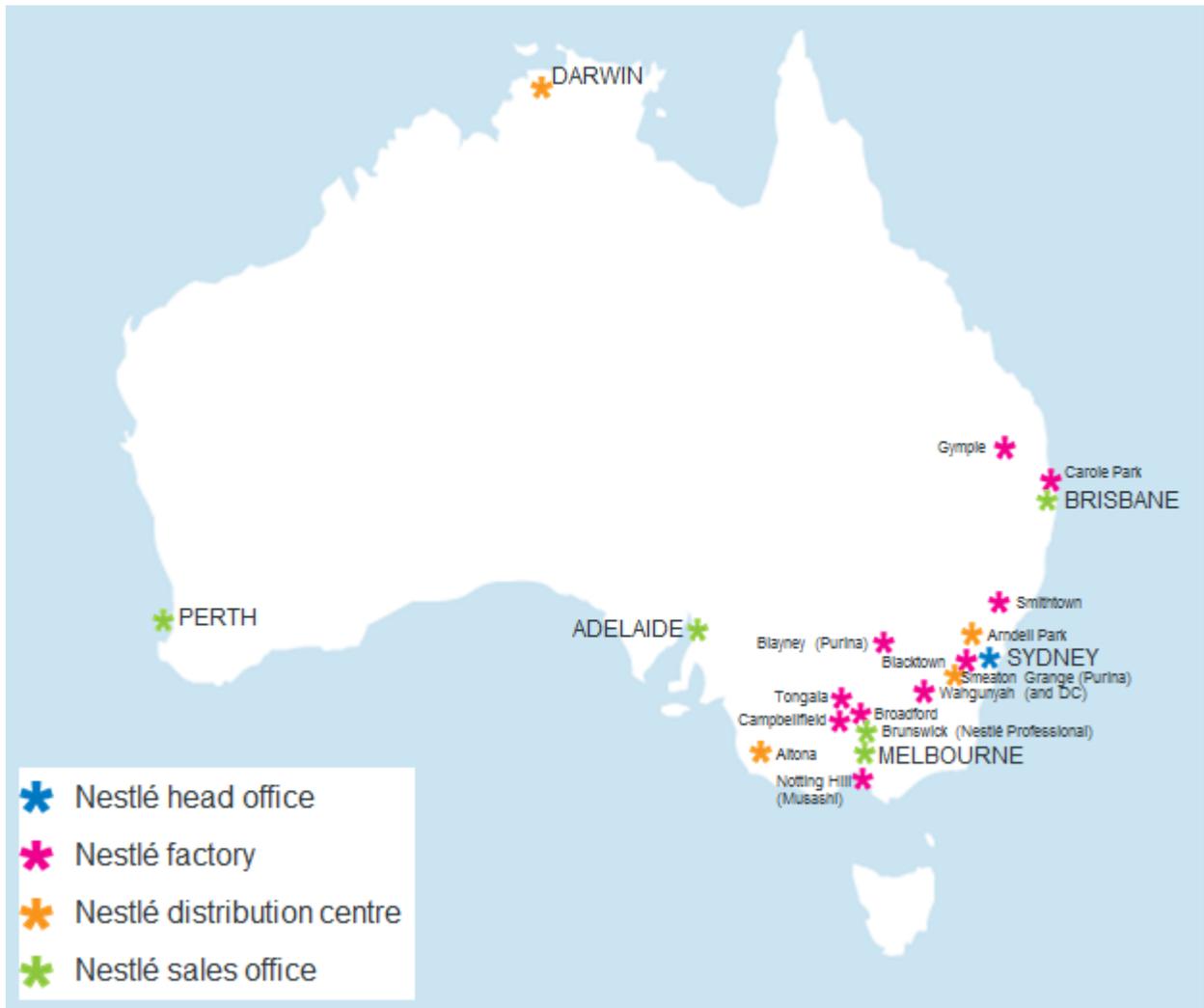
Nestlé was founded in 1866 in Vevey Switzerland by Henri Nestlé and is today the world's leading nutrition, health and wellness company. Nestlé has 461 factories in 83 countries around the world and we employ approximately 339,000 employees.

Nestlé Australia forms part of a wider regional Oceania business, which also incorporates New Zealand and the Pacific Islands, including Papua New Guinea, New Caledonia and Fiji.

Across Oceania, we employ approximately 6,000 people across our factories, distribution centres, retail outlets, business and sales offices. Our regional head office is at Rhodes in Sydney and our Australian manufacturing stretches from Gympie in Queensland, through New South Wales and down to Victoria.

Nestlé Australia at a Glance

- Oceania Sales 2012 – AU\$2.628 billion Net Net Sales
- Total number of Full Time Equivalent (FTE) employees in Australia – 4,050
- Number of factories in Australia – 10
- Approximate no. of product lines (SKUs) in Australia – 2,745



Creating Shared Value at Nestlé

For our business to be sustainable over the longer term, we believe our actions must be good for business and good for society. Our approach, known as Creating Shared Value (CSV), keeps us focused on the areas which create long-standing value for our shareholders and contribute, uniquely, to a prosperous, healthy and sustainable society.

This includes creating shared value for our consumers and customers, our employees, the farmers who are our suppliers, our environment and the communities in which we operate.

Environmental sustainability forms a critical component of our CSV approach. We believe our operations should be environmentally sustainable and efficient. This means reducing our direct impact on the environment, minimising the impacts of our packaging, and identifying and managing climate change impacts and water risks across our business.

Our priorities

Globally, our CSV efforts come together around the three priority areas where we believe, as a food and beverage company, we can make a positive contribution and that are aligned to our business:

- **Water:** because the ongoing quality and availability of it is critical to life, the production of food and to our operations.
- **Rural development:** because the overall wellbeing of farmers, rural communities, workers, small entrepreneurs and suppliers is intrinsic to our ability to continue to do business in the future.
- **Nutrition:** because food and nutrition are the basis of good health and of our business.

Governance and oversight

Our executive-led Sustainability Council is the foundation of our sustainability governance structure. The Council includes representatives from Operations, Marketing, Corporate and External Relations, and Human Resources. Supported by a Sustainability Secretariat, the Council oversees improvements in our environmental performance, including packaging; and provides oversight of operational issues and risks.

The very premise of CSV requires an intimate understanding of stakeholder and societal issues, identifying the areas of intersection between our business and society. In doing so, we can focus on those issues which affect our long term business prospects and the health and prosperity of our society.

As such, engaging our stakeholders – particularly around our CSV agenda – has been a major focus of Nestlé Oceania since 2009. Drawing on the widely used stakeholder engagement standard AA1000SES, we've put in place a CSV Stakeholder Engagement Framework. We have set out to more fully understand the key stakeholder groups right across our value chain, which affect our business and/or are affected by us and our business activities.

The new framework consists of both formal and informal mechanisms to assist Nestlé Oceania to build stakeholder insight and issues into company decision making and strategy. It will also assist us to develop our regional CSV strategy and key priorities, including those around packaging, and strengthen our relationships and trust, and ultimately build broader community support.

At the heart of this framework is an externally-led CSV Advisory Board which is joined by the Nestlé Oceania CEO and chaired by our Chairman. This Advisory Board brings together our key stakeholders, including those with expertise and knowledge of corporate responsibility and sustainability strategy, nutrition, water and agricultural development, along with other regional social and environmental issues.

The CSV Advisory Board is a valuable advisor to Nestlé Australia in continuing to improve the sustainability of its packaging and, in turn, meet its obligations under the APC Action Plan for 2012 – 2015.

Our products

Some of our key brands include:



There are other Nestlé operations in the region which form part of the worldwide Nestlé Group but are managed under separate global business units. The Nestlé in the Market businesses that are included in the boundary of Nestlé Australia's APC Action Plan, and examples of some of their brands include:

- **Cereal Partners Worldwide:** CHEERIOS, MILO cereal, NESQUICK cereal and UNCLE TOBYS cereals
- **Nestlé Professional:** NESCAFÉ, MAGGI, ANDRONICUS, BUITONI, PÂTISSERIE D'ARTISTE
- **Nestlé Purina PetCare:** PVD (Purina veterinary diets), PRO PLAN, FRISKIES, PURINA ONE, BENEFUL, FANCY FEAST
- **Infant Nutrition:** NAN
- **Health Sciences:** SUSTAGEN, OPTIFAST

Our customers are a vital part of our business and we work closely with them to improve the way we design, package, deliver and merchandise our products. Our brands and products are the focus of continual innovation and renovation. Our aim is that our products not only measure up to the company's vision, but also exceed our customers' and consumers' expectations.

Nestlé Oceania and Packaging

Packaging strategy

Packaging is essential for both Nestlé and for our consumers. It ensures the safety and quality of products from manufacture through to storage, distribution to consumption. In addition, packaging contributes to product appeal, provides convenience, communicates information for example nutrition and serving instructions, and may include safety and tamper-evidence features. Packaging can also help prevent or reduce product waste.

Types of packaging materials used

Nestlé's diverse product range means that our packaging and the materials we use are also diverse. We use materials that help to ensure our products are delivered to our customers and consumers in the same way they left the factory. These material types are detailed below.

Packaging Type	Description	Typical Use
Carton Board	Folding cartons	Cartons for culinary products, snacks, cereals, pet food, beverages and confectionery
Coated Paper	Wax coated paper	Confectionery wrappers
Composite Can	Containers with paper walls and metallic ends	Coffee substitute beverages
Corrugated Cases	Cases made of corrugated board	Transport containers for distribution purposes
Flexible Laminates	Monofilms and composite flexible materials printed and laminated to form bags and wrappers	Bags, seals and wrappers for confectionery, food, snacks, , beverages, cereal and pet food
Glass	Clear glass containers	Sauce bottles and coffee jars
Metal	Steel containers and aluminium	Steel cans for milk products, coffee, Milo and pet food, foil for confectionery
Paper	Paper labels and cups	Labels for cans, bottles and cartons, paper cups and sleeves for beverages
Rigid Plastics Containers	Polyethylene Terephthalate (PET), Polypropylene, high density polyethylene, PVC	Tubs, caps & capsules for beverages, powdered food, pet food, and trays for snacking.
Tetra Pack	Composite of Polyethylene, paper and foil	Beverage containers for Healthcare

Sustainable packaging and product stewardship

Nestlé is focused on reducing the environmental impact of our packaging, whilst not compromising on the fundamentals of safety, quality and consumer acceptance.

In September 2000 we became a signatory to the National Packaging Covenant (NPC) and are committed to the key Covenant principles of product stewardship. These commitments are consistent with Nestlé's worldwide and Oceania environment policies and our demonstrated efforts over the past decade to reduce packaging waste.

We integrate product stewardship into our business and report our performance and initiatives against the ten product stewardship areas each year through our Australian Packaging Covenant Annual Report.

Our efforts are guided by the Nestlé Policy on Environmental Sustainability which commits us to a life cycle approach involving our partners from farm to consumer and beyond. We focus on water preservation, natural resources efficiency, biodiversity, conservation, air emissions reduction, climate change adaptation, and zero waste. The Environmental Policy reflects the goals of the APC and the Sustainable Packaging Guidelines (SPG).

To operationalise the principles of product stewardship and shared responsibility, our overarching packaging strategy comes together around three key components:

1. Working with our employees to develop the right procedures, the right behaviours and the right skills
2. Working with our consumers to encourage greater recycling and waste minimisation
3. Working with our partners to ensure our suppliers are choosing the right materials.

Packaging design

Packaging design remains a key focus for Nestlé Oceania. We believe we can have the greatest impact in our overall packaging performance by fully incorporating environmental considerations alongside 'Inclusive Design' at the design phase. In establishing new or revised packaging formats we use our procedures to drive improvements in packaging design whilst ensuring compliance and alignment with guidelines and tools such as PIQET (Packaging Impact Quick Evaluation Tool) and Accessibility Assessments

Using the PIQET outputs and mapping the key drivers, we have been able to develop targets and 'Hero Project' KPIs to help generate measurable improvements in the full environmental performance of our packaging – from 'cradle to grave'. In the future we will be implementing EcodEX, which will replace PIQET and include both packaging and product review.

To support sustainable design we have dedicated internal resources to understand and improve the environmental performance of our packaging.

Packaging review timetable

As part of Nestlé Oceania's commitment to the APC we plan to review 80% of our product line based on sales volume by the end of 2015. We plan to use PIQET or EcodEX tool to provide us with the relevant environmental performance information to assist us in our decision making and set a baseline understanding of our packaging.

Working with our suppliers – safety and compliance of food packaging

Food packaging, and the potential migration of chemicals from packaging into food, has emerged as a major issue for all companies in the food and packaging supply chain. Food Standards Australia New Zealand (FSANZ) is the government body responsible for administering the Australia New Zealand Food Standards Code and is cognisant of the potential public health and safety risks associated with food contacting potentially toxic packaging materials. FSANZ is also considering whether any further regulatory action is required in this area.

In 2009 Nestlé Oceania began implementing a comprehensive Safety and Compliance Program with its suppliers which is designed to provide assurance that its food contact packaging is safe from the chemicals from which it is manufactured. To ensure that all primary and auxiliary materials meet Nestlé requirements, and align with internationally led directives from our Global office, Nestlé Oceania has adopted the standards set out in European Legislation as best practice. This legislation is based around the Framework Regulation 1935/2004/EC. Adopting these standards involves obtaining Certificates of Compliance from all our packaging suppliers and ensuring they are sufficiently detailed to provide evidence that any chemical migration from the packaging is at specified 'safe' levels. This includes ensuring that all known components in our packaging are clearly identifiable and, if necessary, monitored to ensure they never reach levels which could potentially cause harm to our consumers either immediately or in the future.

Working with our employees

Working with our employees is a key component of our sustainable packaging strategy. This is consistent with our broader environmental sustainability strategy where our employees lead the identification and implementation of resource efficiency projects.

We start by establishing the right foundation, in terms of procedures and policies, to enable our employees to factor environmental considerations into their everyday activities.

Employee initiatives and leadership is celebrated and recognised through our awards platforms. The annual 'Gold Pack Packaging Awards' celebrates packaging innovation across our business and the Nestlé Excellence Awards recognises environmental sustainability initiatives at a factory level.

We will also be facilitating innovation by embedding sustainable packaging into our recently created initiative known as New Product Development Introduction (NPDI) to ensure environmental considerations are integrated into the innovation and product development process.

Finally, our entire workforce is kept informed of our packaging initiatives, policies and procedures through an extensive internal communications program.

Further information

Please visit Nestlé Australia's website for further information on our company and our packaging initiatives. The website also contains information on our Creating Shared Value approach and up-to-date environmental policies.

- The Nestlé policy on Environmental Sustainability- http://www.nestle.com/asset-library/Documents/Library/Documents/Environmental_Sustainability/Nestlé%20Policy%20on%20Environmental%20Sustainability.pdf
- Nestlé Australia – www.Nestlé.com.au
- Nestlé Global – www.Nestlé.com

Contact us

We welcome your feedback, ideas and any queries you may have on our action plan to reduce environmental impacts of consumer packaging.

Please find below Nestlé Australia's Australian Packaging Covenant contact officer:

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Action plan

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
Goal 1: Design					
Optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety. If the organisation is in the supply chain, there must be specific actions about how it intends to use the Sustainable Packaging Guidelines (SPG for design and procurement of packaging (schedule 2)					
1. Integration of the Sustainable Packaging Guidelines (SPG) in design or procurement of packaging	1.1 Integrate sustainable packaging guidelines into existing packaging design process to improve the robustness of our sustainability design approach and principles.	Packaging Specialist	<p>PIQET is a stream-lined version of an LCA tool, following LCA methodology. PIQET assessments mandated for all new and modified packaging since 2007. PIQET covers majority of SPG requirements.</p> <p>Methodological guidelines for LCAs reviewed in 2011.</p> <p>The guidelines are a complement to the Nestlé environmental life cycle assessment (LCA) of products within Nestlé.</p> <p>Ease of Use benchmarking scale developed with Arthritis Australia/GTRI in 2010 to rate accessibility of our packaging. 25 packs tested with Arthritis Australia by end of 2013</p> <p>The “Packaging Wheel” launched in 2011 is tool used in our consumer centric packaging process which incorporates sustainability considerations into concept phase of new packaging development. The tool promotes understanding of consumer touch points with the packaging</p>	1.1.1 Complete audit of Nestlé packaging design guidance documentation against the Sustainable Packaging guidelines (SPG).	12/12
				1.1.2 Identify specific guidelines that Nestlé has not integrated into its existing packaging review processes and procedures.	12/12
				1.1.3 Integrate aspects of SPG into Nestlé packaging review processes and procedures according to areas that are not already covered, if applicable and useful.	12/15
				1.1.4 Annually report progress of SPG aspect integration in our APC reporting.	03/Annually
				1.1.5 Implement Sustainability Rating for all projects in our product development management system (NPDi)	06/2015

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
	1.2 Review packaging for products that cover 80% of our sales volume in PIQET/EcodEX to evaluate the sustainability performance of our organisation's packaging.	Packaging Specialist	PIQET has been mandatory in our organisation to assess all new or modified packaging since 2007	1.2.1 Review 80% of products by sales volume 1.2.2 Develop a reporting system to verify % of products that have had a packaging review 1.2.3 Report percentage of products reviewed	12/15 12/15 12/15
	1.3 Identify and implement 'Hero Project' KPIs to deliver significant improvements in environmental & accessibility performance of key Nestlé products to demonstrate internally and externally the opportunities and benefits associated with these changes.	Packaging Specialist	Hero packaging projects KPIs are defined in 3 areas: 1) Reduce environmental impact by achieving a minimum 15% overall environmental reduction or achieve a minimum sustainability rating of 4 for at least 2 x projects per annum (verified with PIQET/ECODEX /LCA) 2) Improve accessibility by achieving an Accessibility benchmark score of plus six or greater for at least one project per annum. 3) Packaging source reduction of 100 tonnes or more per annum 3 'Hero Project' KPIs were delivered in 2011 & 6 in 2012	1.3.1 Nestlé to complete 3 Hero projects annually to reduce the environmental impacts/source reduction &/ or improve the accessibility of its packaging in key product categories. Key project details to be annually reported to the APC.	Annually
	1.4. Identify and implement environmental performance improvements beyond Hero Projects for packaging products to demonstrate internally and externally the opportunities and benefits associated with these changes.	Packaging Specialist	In 2011 we completed packaging modifications for ten products that resulted in improved environmental performance. In 2012 we completed eight.	1.4.1 Improve environmental performance of 7 packaging projects per annum and annually report key project details to APC.	Annually

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
Goal 2: Recycling The efficient collection and recycling of packaging					
3. On-site recovery systems for recycling used-packaging operational	3.1 Collect, monitor and report site waste and recycling data to understand and report our organisation's waste performance.	Engineering Manager &/or Environment Manager	Each manufacturing site and DC has a certified EMS. This provides the mechanism for setting environmental performance targets and objectives annually. There is a specific waste reduction objective set annually at a local and global level. 2008-2012 (5 year) period <ul style="list-style-type: none"> • 15% production volume increase • 19% reduction in waste for disposal in absolute terms • 29% reduction in waste for disposal in kg/t FG's 	3.1.1 Waste targets being developed for 2014. 3.1.2 Report on targets & progress on packaging related activities	01/14 Annually from 2014

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
<p>4. Policy to buy products made from recycled packaging where possible</p>	<p>4.1 Continue to explore possibilities for introduction of recycled content packaging and at Nestlé offices/sites where possible, in accordance with all Nestlé packaging & procurement objectives.</p>	<p>Packaging Procurement Manager</p>	<p>IDAS data in 2010 showed 76% of our packaging, by weight, has a recycled content.</p> <p>Our commitment to food safety inhibits ability to increase use of recycled content in our carton board due to food contact migration issues</p> <p>The Nestlé policy on environmental sustainability commits to using recycled materials where there is an environmental benefit and it is appropriate. Nestlé applies a product life cycle approach to support meeting our sustainability commitments.</p> <p>Nestlé has an established supplier system including: +our Supplier Code, + Responsible Sourcing Program & +CARE program.</p> <p>Environmental sustainability, which includes packaging, is included as an aspect in the Supplier Code.</p>	<p>4.1.1 Annually report actions and progress to explore recycled-content packaging</p>	<p>Annually</p>

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
	4.2 Engage with current stationery supplier and seek support to build awareness of our purchasing staff on the availability of recycled content products to build their awareness of the potential alternative products they may wish to procure in the future.	Procurement		4.2.1 Hold one session/workshop with stationery purchasing and stationery supplier to present and discuss recycled content products to understand their availability and costings for consideration of purchasing in the future.	12/13
	4.3 Publicly report the volume of recycled content products purchased annually	Packaging Specialist	IDAS data in 2010 showed 76% of our packaging by weight has a recycled content.	4.3.1 Develop automated reporting system to extract recycled content data 4.3.2 Report volume of recycled-content products purchased at Nestle Australia's offices and other sites.	12/15 12/15
Goal 3: Product stewardship					
Demonstrate our commitment to product stewardship					
6. Establish formal processes to work with others to improve design and recycling of packaging	6.1 Continue to work with Arthritis Australia to evaluate Ease Of Use of packaging to improve accessibility of our products.	Packaging Specialist	An ease of use benchmarking study was completed in 2010 with Arthritis Australia for 5 products in identifying ease of use status to address concerns regarding accessibility of packaging. A benchmarking scale was then developed in conjunction with Arthritis Australia and the Georgia Tech Research Institute 25 assessments have been completed in total to end of 2012.	6.1.1 Complete a minimum of five ease of use assessments. Annually report the number of assessments and results (where not commercial in confidence) to the APC.	Annually

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
	6.2 Communicate environmental aspects of packaging to the consumer	Packaging Specialist	<p>LCA completed in 2011 in partnership with RMIT using our Nescafe 100g Coffee jar and 90g pouch.</p> <p>CSV (Creating Shared Value) brands and communication standard released in 2009 outlines environmental and social claim requirements, including Nestlé's packaging approach and on pack environmental considerations.</p> <p>Nestlé Sustainability Glossary and usage guidance released in 2012 to complement the above to enhance understanding of key sustainability terms</p>	6.2.1 Identify at least one consumer communication project and report environmental aspects of packaging	12/15
	6.3 Work with suppliers and customers to improve design, manufacture, and distribution of packaging to improve environmental performance	Packaging Procurement Manager	<p>In 2011, four initiatives were implemented with suppliers resulting in a reduction of 30 tonnes of packaging.</p> <p>In 2012 95 tonnes over four initiatives was saved</p>	6.3 Implement a minimum of 3 packaging improvements with suppliers per year and annually report project outcomes to the APC.	Annually
	6.4 Advance quality and safety of packaging materials to lessen potential human health impacts caused by potential transfer of toxins from packaging to product.	Packaging Specialist	Comprehensive Food Packaging Safety and Compliance program launched in 2009 to formalise existing activities and introduce mandatory certificates of compliance for food contact packaging.	<p>6.4.1 Work with food contact packaging suppliers to attain an acceptable quality Certificate of Compliance rating by 2014.</p> <p>6.4.2 Annually outline and report to the APC project results and outcomes.</p>	<p>12/13</p> <p>Annually</p>

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
	6.5 Continue to engage and participate in relevant industry associations and other bodies in relations to packaging and waste with a view to understanding and improving the recovery and recyclability of relevant packaging formats, particularly flexible plastics.	Packaging Specialist	There have been four recovery and recyclability assessments since 2007 covering 16 packaging formats.	6.5.1 Annually outline and report our industry engagement and advocacy work, including group membership, participation and attendance to the APC.	Annually
	6.6 Implement audit stage of Responsible Sourcing Program that will investigate practices of supplier's identified as high risk through our 2011 traceability assessment. This will be done to understand their operations and support them in areas where non-compliance with our Supplier Code is discovered.	Packaging Procurement Manager	Traceability assessment of all suppliers completed in 2010. 30 suppliers were identified as high risk, including packaging suppliers. In 2012, Nestlé conducted responsible sourcing audits at 57 supplier sites.	6.6.1 Complete 15 audits of suppliers identified as high risk in 2012 (total 50%) to understand suppliers' operations and support them in areas of non-compliance. 6.6.2 Complete minimum 29 audits of these 30 suppliers by the end of 2013.	12/12 12/13
7.Demonstrate other product stewardship outcomes	7.1 Collect, monitor and report site water and energy data to understand and report our organisation's water and energy performance	Engineering Manager &/or Environment Manager		7.1.1 Water and energy targets being developed for 2014. 7.1.2 Report on targets & progress	12/14 Annually from 2014
	7.2 Maintain ISO 14001 certification and environmental management system across all applicable sites.	Environment Manager	All our sites have had ISO14001 certification since 2009	7.2 Maintain ISO 14001 certification for all our sites	Annually

KPIs	Action	Responsibility	Baseline data	Target or performance goal	Timeline or Milestones (MM/YY)
	7.3 Engage employees on Nestlé's approach to Nestle in Society, and any other environmental and/or community based programs and initiatives planned for reporting period.	Corporate Affairs	Creating Shared Value communication through our reports has been in place since 2009 which includes our environmental commitments and outcomes http://www.nestle.com.au/creating-shared-value/environment-and-water	7.3.1 Build organisational awareness on Creating Shared Value and Sustainability and how to incorporate into brands 7.3.2 Report on engagement activities with employees	12/14 12/14
8.Reduction in the number of packaging items in the litter stream	8.1 Explore options to reduce propensity to litter packaging	Corporate Packaging	Nil	8.1 Report on litter reduction project explored and outcomes	Annually from 2014
	8.2 Maintain the inclusion of consumer disposal information on our non-recyclable packaging	Corporate Packaging	Consumer disposal communication for non-recyclable packaging is a mandatory requirement and has been embedded in our artwork process since 2010.	8.2 Artwork process maintained	Ongoing
	8.3 Increase employee awareness and encourage positive packaging disposal behaviours at all of our sites.	Environment manager	Current employee communication is done through internal communications channels, including business intranet and posters encouraging correct disposal habits in areas where waste and recycling systems are located.	8.1.1 Employee engagement to raise litter awareness.	12/15