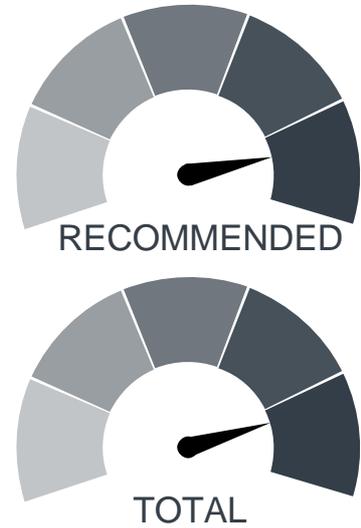
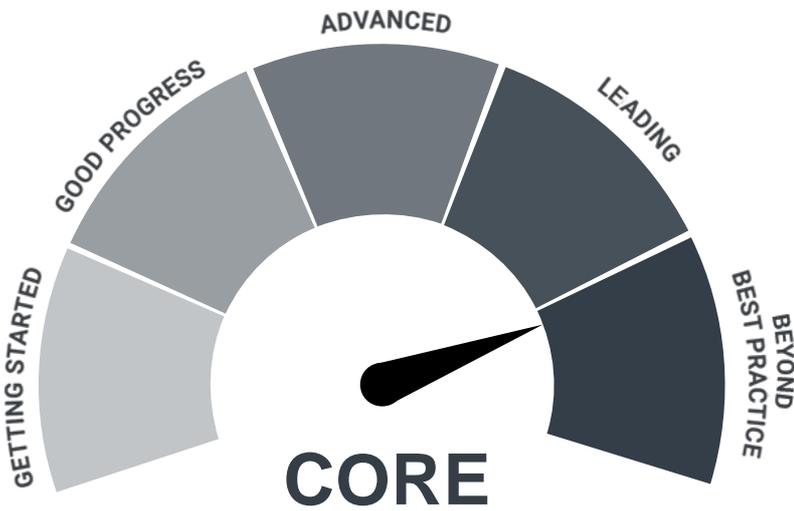


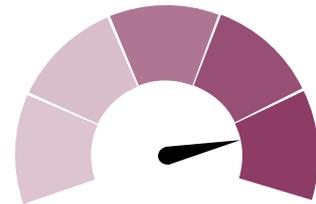
### DASHBOARD



LEADERSHIP



OUTCOMES



OPERATIONS

### SUMMARY

For the 2020 APCO Annual Report, *Nestle Australia Limited* has achieved Level 5 (Beyond Best Practice) for the core criteria. All seven core criteria were answered and six out of six recommended criteria were answered. In addition, *Nestle Australia Limited* has either achieved or put in place ten out of ten relevant packaging sustainability targets, and is publicly reporting progress against nine of these targets.

### INDICATORS

This Annual Report shows the organisation's performance against the APCO Packaging Sustainability Framework.

**CORE:** All core criteria.

**RECOMMENDED:** All answered recommended criteria.

**TOTAL:** Sum of all core and answered recommended criteria.

**LEADERSHIP:** All criteria that defines leadership on packaging sustainability.

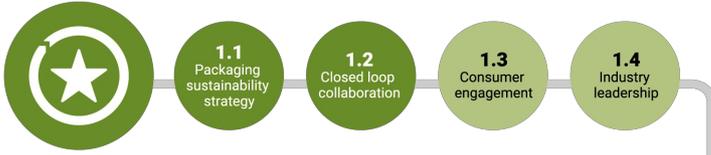
**OUTCOMES:** All criteria that lead to direct improvement in packaging sustainability.

**OPERATIONS:** All criteria related to business operations for improving packaging sustainability.

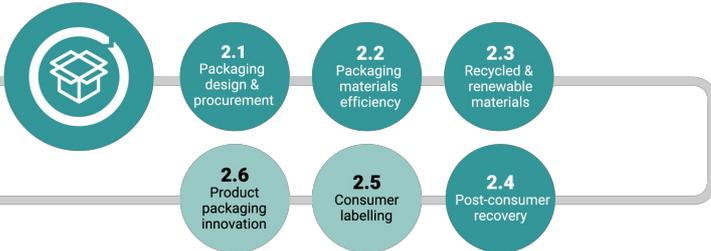
### REPORTING FRAMEWORK

#### OVERVIEW

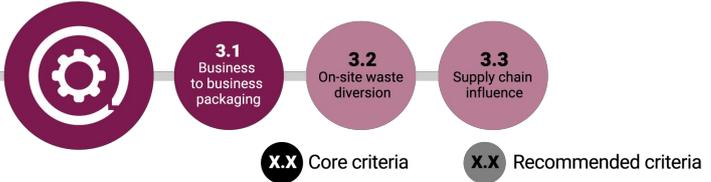
##### 1. LEADERSHIP



##### 2. OUTCOMES



##### 3. OPERATIONS



**X.X** Core criteria

**X.X** Recommended criteria

#### LEVEL DESCRIPTION

##### LEVEL 0

##### NOT YET STARTED

The organisation does not have a plan and has not started investigating options for action under the relevant criteria.

##### LEVEL 1

##### GETTING STARTED

The organisation is developing a plan or is investigating options for action under that criteria (e.g. agreeing on goals and targets).

##### LEVEL 2

##### GOOD PROGRESS

There are documented procedures in place (e.g. to implement the Sustainable Packaging Guidelines) or some progress has been achieved, data tracking shows up to 20% of products have achieved the desired outcome.

##### LEVEL 3

##### ADVANCED

The organisation has specific, measurable targets in place, or data tracking shows that >20% of products have achieved the desired outcome.

##### LEVEL 4

##### LEADING

The organisation has more rigorous procedures in place, or an ambitious target has been met e.g. >50% of products have achieved the desired outcome.

##### LEVEL 5

##### BEYOND BEST PRACTICE

The organisation has more rigorous procedures in place, or an ambitious target has been met e.g. 100% of products have achieved the desired outcome.

### ABOUT THE APCO FRAMEWORK

The APCO Packaging Sustainability Framework (the Framework) aims to provide a consistent and transparent framework for assessing and tracking packaging sustainability across organisations. The Framework consists of thirteen independent criteria that belong to three separate categories. These categories are (i) Leadership, (ii) Packaging Outcomes and (iii) Operations. The diagram above shows the different criteria included within each of these three categories.

There are two types of criteria within the Framework:

- **Core criteria** are mandatory and must be answered by all Members when completing the Annual Reporting Tool.
- **Recommended criteria** are not mandatory, but Members are encouraged to complete as many recommended criteria as possible.

Each criteria is divided into five levels of performance ranging from 'getting started' to 'beyond best practice'. The diagram above illustrates the key differences between performance levels. Please see [www.packagingcovenant.org.au](http://www.packagingcovenant.org.au) for more information.

### ABOUT APCO

APCO is a co-regulatory, not for profit organisation that partners with government and industry to reduce the harmful impact of packaging on the Australian environment. APCO promotes sustainable design and recycling initiatives, waste to landfill reduction activities and circular economy projects. APCO Annual Reports are a key Membership obligation, providing Member organisations with a transparent method to track their packaging sustainability performance. Annual reporting also supplies APCO with valuable data and information to identify industry trends and advancements.

### FREE FORM QUESTIONS

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability.

2019 achievements:

- 1) The public release of Nestle's "Negative list" – a list of all the problematic and unnecessary packaging materials, additives, packaging concepts and plastic items that will be banned from our global portfolio. We have ambitious timelines to phase out packaging materials on our Negative list. Locally, this translates to 27 projects, 9 of which are due by the end of 2020;
- 2) We used PREP to review the recyclability of our Australian and New Zealand products for the ARL, which identified over 100 projects to improve the recyclability of our portfolio. We have prioritised projects involving the largest volume of products with non-recyclable plastic;
- 3) Set up a verification process for PREP and ARL, which we proactively shared with industry, and have a monthly internal communication update on progress against our targets;
- 4) Became first Nestle market in our Zone to eliminate all unnecessary single use plastics across all our Australian sites ;
- 5) Engagement of all staff on the impact of litter with a 2019 Clean Up activities at local waterways across all sites locally and globally. Locally more than 600 staff collected 60,000L of rubbish from the environment

Describe any opportunities or constraints that affected performance within your chosen reporting period.

- A) Opportunities: Nestle has laid out three key strategies to address packaging waste; 1) Developing the packaging for the future; 2) Helping to shape a waste free future 3) Driving new behaviour and understanding in how we dispose of packaging. To support these strategies, we have formed an Oceania Plastics taskforce and appointed senior business leaders as champions to each area. The strategy and the structure have accelerated the development of local KPIs, projects and activities to deliver to our overarching vision and packaging sustainability commitments. Through this approach we have identified many opportunities outlined in this report. Of particular note has been the opportunity to locally collaborate with IQRenew on a plan to trial kerbside soft plastic collection, aiming to develop a scalable model to collect, sort and process soft plastics, diverting them from landfill. This project was made public at the March 2020 Plastics Summit.
- B) Constraints: Availability of Food contact recycled content for PE and PP flexibles in Australia coupled with the 20-year-old Australian standard AS2070:1999 which does not allow for the use of recycled plastics in food contact applications. Instead it is accepted practice in Australia to use more recent technologies that comply with the US FDA and has precedent with recycled content PET water bottles.

### CASE STUDIES

#### Case Study

**Objective:** Launch KitKat Chocolatory e-commerce nationally - maintaining product quality & delivering 100% recyclable shipping materials in Australia's hot summer climate

**Background:** Fragile products of this nature are usually packaged using a combination of materials that aren't recyclable through conventional means - single use plastics, foils, polystyrene, bubble wrap. We wanted to launch a packaging solution to deliver our KitKat Chocolatory products to consumers in a way that was cost effective and responsible.

**Solution:** We worked with both freight & packaging suppliers to develop a packaging solution that maintained product quality for up to 30 hours, and which was 100% recyclable or reusable. We worked with suppliers - existing & new - to validate product recyclability, integrity & usability. We worked across freight providers - both existing & new - to find solutions that meant we could deliver to the vast majority of Australia in under 30 hours in a cost-effective way. We ensured that the packaging had the ARL logos and clear instructions on the correct way to dispose of the items, to make the process simple & delightful for our consumers. We also employed our brand voice on pack, "Give the Planet A Break, Recycle me" to further motivate consumers to follow the ARL labels and recycle.

### CASE STUDIES

#### Case Study

By working closely with our Point of Sale supplier our Confectionery Point of Purchase team challenged how we execute NPD in the impulse channel by : 1) Converting non-recyclable towers (which include plastic) to a mono-material cardboard display that is 100% recyclable; 2) Designing towers that can stay up in store for multiple executions, with a dress up kit for NPD-specific communication. This allows for the tower to be used for 3-6 months vs the old tower which was replaced monthly.

Benefits in year 1: Reduced 32 Tonnes of Cardboard (11,600 towers) p.a. which included switching to a recyclable board (PE coated)

and designing out 1 tonne p.a. (116,000) plastic clips for Confectionery. The learnings from this project are being rolled out to our Beverage, Dairy, Cereals, Snacks and Foods business units, who expect to adopt the fully recyclable towers in 2020.

#### Case Study

Traditional takeaway coffee cups are designed to be coated in plastic, allowing them to hold hot coffee without leakage, preventing them from being easily recycled. It is estimated Australians use 1 billion disposable coffee cups each year. That's approximately 2,700,000 paper coffee cups thrown out every day. Our Beverages team use wet sampling as an essential marketing activity to drive trial for new coffee products. We reach large numbers of consumers and the impact from the number of sampling cups we distribute can be substantial. Through research and working with our business partner XPO, we delivered an end-to-end sampling solution reducing the environmental impact from disposable cups. NESCAFÉ led the way for first Nestle brand to partner with Biopak – Australian experts in sustainable, environmentally friendly packaging. Biopak cups are recyclable takeaway coffee cups made with paper sourced from managed plantations and coated with Ingeo™ – a bioplastic made from plants, not oil. Their cups are recyclable, with superior insulation for extra hot drinks, and were beautifully branded – delivering an amazing consumer and brand experience. Biopak provided training for all brand ambassadors on the recycling program to ensure compliance, installed co-branded Biopak Bins at all sampling events and regularly collected the waste for recycling so minimised diversion to landfill. As part of the 2019 experiential campaign for the launch of NESCAFÉ Gold Café Inspired mixes, more than 150,000 people received a coffee sample in a recyclable takeaway cup, and our partnership with Biopak provided a closed loop solution.

### TARGETS

Do you have specific targets to review new products against the SPGs or equivalent?

By 2020: Continue to systematically analyze and optimize our packaging portfolio, avoiding the use of at least 140 000 tonnes from 2015 to 2020

Do you have specific targets to review existing products against the SPGs or equivalent?

By 2020: Continue to systematically analyze and optimize our packaging portfolio, avoiding the use of at least 140 000 tonnes from 2015 to 2020

Do you have specific targets to reduce (optimise) the quantity of material used in packaging?

By 2020: Continue to systematically analyze and optimize our packaging portfolio, avoiding the use of at least 140 000 tonnes from 2015 to 2020.

### TARGETS

Do you have specific targets to improve recoverability of packaging (e.g. reuse, recycling, recoverability)?

100% recyclable or reusable packaging by 2025

Do you have specific targets to use sustainable (e.g. renewable and recyclable) materials in packaging?

15% post-consumer recycled content in plastic packaging by 2025  
35% recycled content in PET water bottles by 2025

Do you have specific targets to include on-pack labelling for disposal or recovery?

By 2020: 100% of locally controlled packaging to have the ARL on pack

Do you have specific targets to reduce on-site waste sent to landfill?

By 2020: Zero waste to landfill for our factories

Do you have specific targets to improve packaging sustainability through procurement processes?

By 2020: 70% of our 14 priority categories of raw materials have been assessed against our Responsible Sourcing Standard requirements and are compliant, or improvement plans to preserve natural capital are ongoing.  
By 2020: Zero deforestation.

Do you have specific targets to engage in closed loop collaboration(s) with stakeholders?

By 2020: Drive alliances with relevant stakeholders to address packaging waste management and marine littering in 10 relevant markets.

Do you have specific targets to reduce (optimise) business-to-business packaging?

By 2020: Reduction of Shrink film & Stretch wrap  
Golden Rules objective: All new products to be designed to 95% pallet footprint/90% cubic volume

### COMMITMENTS

The Action Plan detailed below, is a public commitment to advancing packaging sustainability outcomes as a Member of APCO. Members are encouraged to have a comprehensive internal plan with the steps they will take to fulfill their commitments.

#### Criteria 1.1 PACKAGING SUSTAINABILITY STRATEGY (core)

##### 5. Beyond best practice

**Your organisation is committed to:** Publicly reporting progress towards packaging sustainability.

#### Criteria 1.2 CLOSED-LOOP COLLABORATION (core)

##### 5. Beyond best practice

**Your organisation is committed to:** Introducing a documented process to continually identify new opportunities for collaboration or to improve existing initiatives.

#### Criteria 1.3 CONSUMER ENGAGEMENT (recommended)

##### 5. Beyond best practice

**Your organisation is committed to engaging consumers about packaging sustainability by:** (1) Including packaging information on your website or other publications. (2) Applying on-pack claims or labels. (3) Applying labels that encourages active consumer engagement. (4) Designing packaging to reduce the impacts of consumption. (5) Running a marketing campaign.

#### Criteria 1.4 INDUSTRY LEADERSHIP (recommended)

##### 5. Beyond best practice

**Your organisation is committed to:** (1) Investigating collaborative or industry leadership actions to improve packaging sustainability. (2) Being involved in a program or initiative to improve packaging sustainability through collaboration and leadership. (3) Being involved in multiple programs or initiatives to improve packaging sustainability through collaboration and industry leadership. (4) Having at least one leadership initiative externally recognised through an award or other formal process. (5) Actively engaging with peers and/or the community to promote packaging sustainability, and sharing sustainability knowledge for non-commercial purposes.

#### Criteria 2.1 PACKAGING DESIGN & PROCUREMENT (core)

##### 4. Leading

**Your organisation is committed to:** Reviewing at least 80% of packaging with reference to the Sustainable Packaging Guidelines (SPG) or equivalent.

### COMMITMENTS

#### Criteria 2.2 PACKAGING MATERIALS EFFICIENCY (core)

##### 4. Leading

**Your organisation is committed to:** Reducing packaging weight or optimising packaging material efficiency in more than 50% of products.

#### Criteria 2.3 RECYCLED & RENEWABLE MATERIALS (core)

##### 4. Leading

**Your organisation is committed to:** Incorporating or optimising recycled and/or renewable content in more than 50% of products.

#### Criteria 2.4 POST-CONSUMER RECOVERY (core)

##### 4. Leading

**Your organisation is committed to:** Having more than 50% of primary packaging be recoverable through existing post-consumer recovery systems and achieving the highest potential environmental value.

#### Criteria 2.5 CONSUMER LABELLING (recommended)

##### 5. Beyond best practice

**Your organisation is committed to:** Labelling all products with disposal or recovery information that complies with the principles in ISO/AS 14021: Environmental labels and declarations.

#### Criteria 2.6 PRODUCT-PACKAGING INNOVATION (recommended)

##### 4. Leading

**Your organisation is committed to:** Evaluating and optimising more than 50% of product-packaging systems using Life Cycle Assessment (LCA) or similar.

#### Criteria 3.1 BUSINESS-TO-BUSINESS PACKAGING (core)

##### 4. Leading

**Your organisation is committed to:** Reducing consumption of single use business-to-business (B2B) packaging by more than 50% or optimising more than 50% of B2B packaging for efficiency and reuse.

### COMMITMENTS

Criteria 3.2 ON-SITE WASTE DIVERSION (recommended)

#### 5. Beyond best practice

**Your organisation is committed to:** Investigating opportunities to divert 100% of solid waste generated at facilities (factories, warehouses, offices, retail stores etc.) from landfill and that it is recovered through systems that achieve the highest potential environmental value.

Criteria 3.3 SUPPLY CHAIN INFLUENCE (recommended)

#### 5. Beyond best practice

**Your organisation is committed to engaging its supply chain about packaging sustainability by:** (1) Communicating goals and guidelines. (2) Providing support to suppliers to improve their understanding of goals and strategies. (3) Collaborating with key suppliers to share knowledge. (4) Having processes to evaluate risks and opportunities for influence. (5) Having business processes to monitor supplier compliance.

### SIGN OFF

Sandra Martinez

CEO

Thursday, 18 June 2020

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