

THE **AUSTRALIAN PACKAGING COVENANT ORGANISATION**

2019/20 ANNUAL REPORT





Developing a circular economy for packaging in Australia

Welcome to the 2019/20 Australian Packaging Covenant Organisation (APCO) Annual Report.

At APCO, our vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

We work with governments, businesses and other organisations from across Australia's large and complex packaging value chain to develop the insights, resources and programs that are needed to build a sustainable national packaging ecosystem.

This year's report outlines:

- An update on Australia's progress to delivering the 2025 National Packaging Targets.
- A look into our ongoing work and collaboration with industry and government.
- The continued growth of the Australasian Recycling Label Program.

For more information about APCO's work, or to share feedback on this report, please visit www.apco.org.au





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Acknowledgement of country:

APCO acknowledges the Traditional Custodians of the land on which we live and work in Australia. We pay our respects to Elders past, present and emerging, and acknowledge the ongoing connection that Aboriginal and Torres Strait Islander peoples have with Australia's land and waters.



The Hon Sussan Ley
Minister for the Environment

Hear from the Minister for the Environment

Over the last 12 months, it has become clearer than ever that Australia must take responsibility for its waste. The waste export ban, though delayed by the COVID-19 pandemic, is a once in a generation opportunity to improve waste management and recycling through national leadership and by funding infrastructure investments and encouraging new technologies.

The Morrison Government is committed to building a world-class Australian recycling industry to improve the environment, grow the economy and create new jobs. We are driving unprecedented investments in recycling infrastructure, incorporated in our billion-dollar recycling strategy ensuring that there are clear streams for collection, processing and remanufacture.

I congratulate APCO and its Members for their committed work to reduce the environmental impact of packaging in Australia. The 2025 National Packaging Targets, coupled with the work being done to achieve them, are a cornerstone element of the push to develop a sustainable approach to packaging. The strong progress towards the 2025 Targets already delivered demonstrates the efficacy of the innovation and leadership being shown by industry.

Likewise, the continued success of the Australasian Recycling Label Program, which now counts more than 460 of Australia's largest companies among its Members, is crucial to the ongoing effort to reduce the harmful impacts of packaging on the Australian environment.

Collaboration between government and industry is critical to the development of a circular economy for packaging and APCO's facilitation of this partnership is fundamental to its ongoing success. I look forward to continuing to work with all of you.

Collaboration between government and industry is critical to the development of a circular economy for packaging and APCO's facilitation of this partnership is fundamental to its ongoing success.



Sam Andersen
Chair



Brooke Donnelly
CEO

Hear from our Board Chair & CEO

On behalf of the APCO team, we are honoured to present the 2019/20 Annual Report.

'A packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of materials, energy and labour within the local economy.'

This is the vision that APCO has set for Australia – to develop a circular, economically rich and dynamic packaging industry that gives back to the environment and the community. It's a vision that we were very proud to unveil in April this year during the launch of Our Packaging Future, the strategic roadmap outlining how Australia can collectively deliver the 2025 National Packaging Targets. The publication of Our Packaging Future really signalled the end of one chapter for APCO, as we finalised nearly two years of data gathering, analysis, consultation and collated contributions from more than 200 authors, to bring to the Australian market a first of its kind report that maps the value chain's systemic challenges and unites critical stakeholders behind a series of strategies and mutually reinforcing activities to address them.

As this important planning phase concludes, another door opens. The devastating impacts of COVID-19 have meant a year of uncharted territory for our industry – professionally, economically and socially. Yet despite its numerous challenges, 2020 has also been the year that planning has translated into tangible, measurable and inspiring action and progress from key stakeholders in government, industry and the community.

To start, we must recognise the efforts of all our Members, both new and existing, who are working to reduce packaging and improve packaging design for recyclability. Many APCO Members have announced significant new initiatives and innovative technological developments over the past year, often with the express intention to address one or more of the core issues highlighted in the 2025 Targets. It is our pleasure to highlight some of the remarkable industry achievements in this report, including case studies on Officeworks, Nestlé, Fonterra, THE ICONIC and others.

Recognition must also go to the remarkable leadership and action shown by the Commonwealth Government, which has fully embraced APCO's work towards the 2025 Targets and demonstrated a clear commitment to transitioning to a circular economy for packaging. The Recycling Modernisation Fund will be fundamental towards getting Australia on track for next year's export ban and building a vibrant domestic recycling industry. Australia is fortunate to have two proactive leaders in Minister Ley and Assistant Minister Evans, who are both committed to highlighting this issue, and supporting and driving the change that's needed to make the transition to a circular economy.

One of industry's greatest achievements for the reporting period has been the uptake and rapid growth of the Australasian Recycling Label (ARL). It's been two years since we launched the ARL Program to our APCO Members, and the scheme has much to celebrate, with overwhelming support from both government and industry. Over 460 Australian businesses have now adopted the program and a report developed by the Australian Council of Recycling in August found in their test sample that nearly a quarter of products display the ARL on their packaging – an incredible achievement within a short time frame.

This year the ARL Program was also recognised internationally as a world-leading consumer education initiative in a report from the UN Environment Programme, commended for its clarity, reliability and accessibility. Looking ahead to 2021, an important milestone will be the roll out of the next iteration of the label – which will expand to encompass recycled content and reuse. We will also continue our creative campaign in partnership with Planet Ark, which launched in October 2020, to build awareness of the ARL and promote better recycling behaviours. The 'Check It! Before You Chuck It' campaign will aim to improve recycling behaviours by encouraging all Australians to look for the ARL every time they are at the bin.

As part of our 2020 program of priority projects APCO launched more than 20 new projects, in areas such as reuse, recycling, composting and single-use phase out. A deeply collaborative process, the work draws on the expertise of more than 200 industry partners, working groups, government representatives and the environmental community. This approach reflects the power of the Collective Impact Model to drive systemic change right across the supply chain.

Training and education have continued to be a major focus for APCO in 2020. Through our training partner, the Australian Institute of Packaging (AIP), we delivered 25 training events in QLD, NSW, VIC, SA, WA, along with New Zealand and the Philippines, during the 2019-2020 period involving 885 participants. The sessions are designed to build industry understanding and capability around critical sustainable packaging topics and resources, including the 2025 Targets, the Sustainable Packaging Guidelines and the ARL Program.

APCO also produced and updated over 60 industry tools and resources to further strengthen industry capability around sustainable packaging. While our events program was postponed due to COVID-19 restrictions, in March we unveiled our community webinar program to keep the packaging industry connected and progressing. The popular sessions have brought together over 3,500 attendees, and covered issues ranging from sustainable communications and investment through to behaviour change and reporting.

Looking to the year ahead, our primary focus will be the roll out of the 2025 National Packaging Targets Monitoring Program, the new measurement program

that enables Australia to track and monitor the successful delivery of the 2025 Targets. The program highlights the seven critical areas of focus, alongside a series of staged KPIs and milestones, across the packaging value chain that Australia must deliver, in order for the 2025 Targets to be realised. Developed in consultation with the Collective Action Group, APCO's Working Groups and all levels of government, the Monitoring Program was unveiled to industry in October 2020 at the AIP Australasian Packaging Conference.

Also on the horizon is the implementation of the ANZPAC Plastics Pact. Announced in February 2020 at the National Plastics Summit, ANZPAC will work closely with business, government and NGOs from across the plastics value chain in Australia, New Zealand and Pacific Island nations to build a focused and unified approach to accelerate the progress towards resolving the plastics challenge. Part of the global Plastics Pact network developed by the Ellen MacArthur Foundation and WRAP, ANZPAC will launch in early 2021.

We would like to extend our thanks to the whole APCO team who have continued to deliver outstanding work in these trying circumstances. The successful development, at incredibly short notice, of the community webinar series, along with the quantity and quality of programs and resources delivered this year are stand out examples of their talent and dedication. Likewise, our thanks go to the APCO Board whose ongoing counsel is always a crucial element of our work but has been particularly invaluable during this tumultuous year.

We must also thank Ministers Ley and Evans for their continued support and leadership – to have two Ministers take such a hands-on role is vital to our work and a clear signal of government support to work towards the 2025 Targets.

Australia is starting to navigate the rocky pathway of post-COVID-19 transition. It is painfully clear that this is not simply a case of picking up where we left off in February. As boards and key decision makers reassess business models and reset, it is a uniquely challenging time for all businesses in the packaging value chain. Despite these challenges, sustainability has firmly remained on the agenda for industry and government. As we continue to make great strides towards the 2025 Targets, it is clear Australia is on track to collectively deliver a vibrant and strong future for sustainable packaging.

Our approach to governance

A robust and transparent corporate governance framework is central to APCO's ability to provide value to our Members, meet our co-regulatory commitments to government and drive change within the packaging ecosystem.

The APCO Board and the management team are committed to building on the confidence of our Members, our team, our partners and our broad stakeholder community as we continue to strive to achieve our vision of a circular economy for packaging in Australia. This commitment is underpinned by APCO's values of honesty, transparency, impact and resilience.

OUR CORPORATE GOVERNANCE FRAMEWORK



The Board

BOARD COMPOSITION

The APCO Board is a diverse representation across sectors, industries and associations. It is made up of nine Directors - Independent, Brand Owners and Industry Association Directors - who provide corporate governance and strategic planning for the organisation. This independent Board structure provides APCO with a systemic view of the packaging chain and enables the leadership team to draw on the insights and skills of a diverse range of organisations.

The APCO Board has arranged the appointment and election of Directors to facilitate sound succession planning, as well as retention and transfer of knowledge. In each annual cycle, one Independent Director applies to be reappointed, and one Industry Association Director and one Brand Owner Director, retire by rotation and submit for election (if eligible). Terms for Directors are limited to three successive terms of no more than three years each.

THE ROLE OF THE BOARD

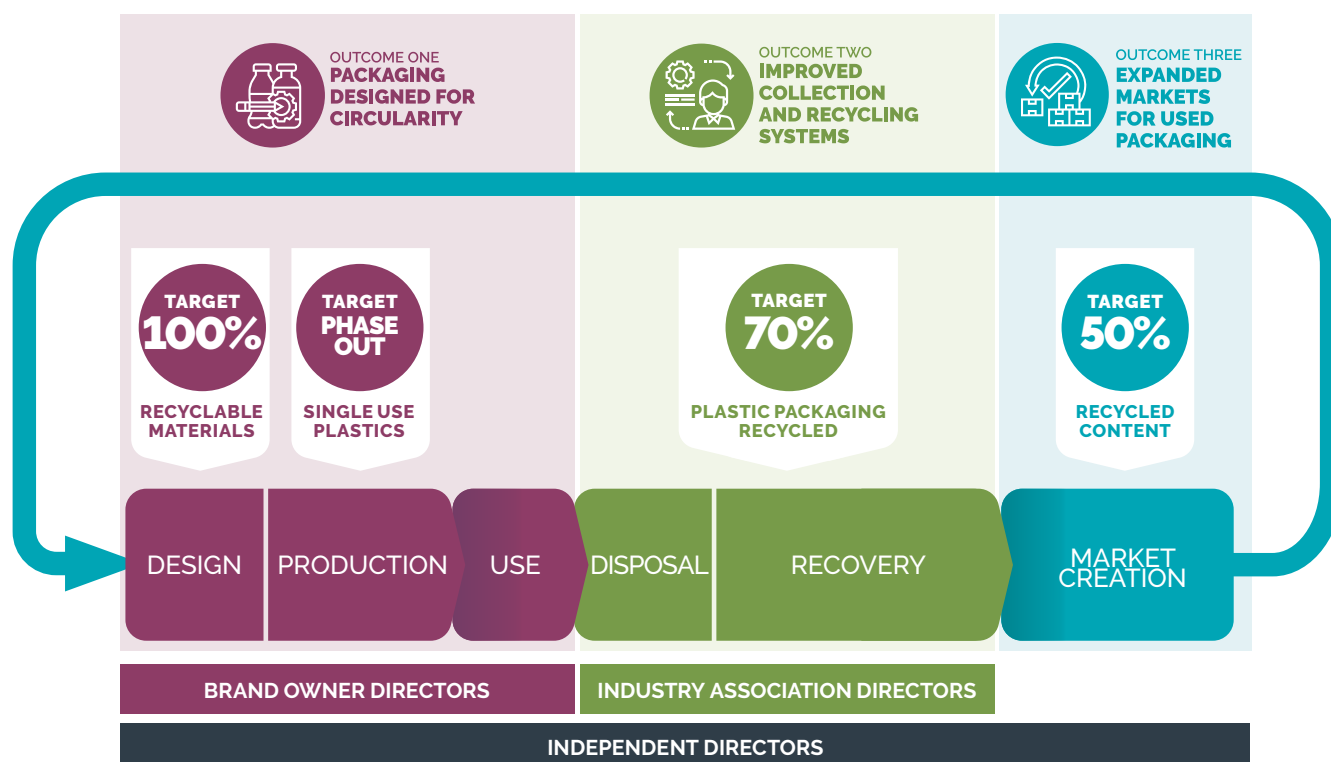
The Board has ultimate responsibility for the performance of APCO and ensuring the organisation meets its accountability obligations to the Covenant by submitting corporate plans and annual reports, monitoring compliance and for the development, implementation and monitoring of an effective governance and risk management framework. The Board also performs an integral role in setting and guiding APCO's strategic direction towards 2025 and the achievement of the 2025 Targets. The Board is responsible for upholding APCO's commitment to

a culture of high ethical standards and accountable conduct. This includes creating and maintaining an open working environment and the development of strong policies covering discrimination, bullying, sexual harassment, fraud and corruption prevention, along with a rigorous code of conduct.

To assist in the performance of its responsibilities, the Board established the following Board committees:

- 1. Audit and Risk Committee (ARC)**
- 2. Remuneration and Nominations Committee (RNC).**

CONNECTING THE APCO BOARD COMPOSITION AND THE WORK TO 2025



HOW APCO WORKS WITH GOVERNMENT



HOW APCO IS REGULATED

APCO's co-regulatory structure means we work in close partnership with state and federal governments, and local councils, along with our Members and broader industry, to deliver the obligations outlined within the Australian Packaging Covenant (the Covenant). This co-regulatory framework enables APCO Members to meet their obligations under the *National Environment Protection (Used Packaging Materials) Measure 2011* (NEPM). APCO's approach to delivering change – utilising the Collective Impact Framework – is deeply aligned with the governance frameworks and

processes used by government at a local, state and federal level. In practical terms, this close relationship is delivered through regular feedback cycles and a number of established channels and government advisory groups. These include the Government Officials Group (GOG), the Senior Officials Group (SOG) and the Meeting of Environment Ministers (MEM). The APCO team also regularly contributes to government submissions, and participates in government committees, reference groups and task forces.

WHAT IS OUR APPROACH TO RISK MANAGEMENT?

Like all companies today, it is essential that APCO has an eye to managing risk. The APCO Board understands our obligations as custodians of our Members' funds to use those wisely and impactfully. To ensure this, APCO has developed a Risk Management Framework and continues to build a comprehensive risk register that captures the material business risks facing the organisation. It is the role of the Audit and Risk Committee to oversee the Risk Management Framework.

Our approach to risk management is agreed with government and covers all strategic and operational activities relating to finance, fraud, the safety of our people and our Members. Independent auditing is conducted annually for all APCO financial reports, in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012. As an evidence-based institution, auditing of our Member reports and the ARL Program are critical governance processes to ensure integrity and veracity in the data we collect.

OUR KEY RELATIONSHIPS

APCO's robust approach to risk management is supported through our commitment to partnering with the highest quality research partners and suppliers, locally and around the world.

- Planet Ark Environmental Foundation
- PREP Design
- Ellen MacArthur Foundation
- Horizon Communication Group
- Institute for Sustainable Future at the University of Technology Sydney

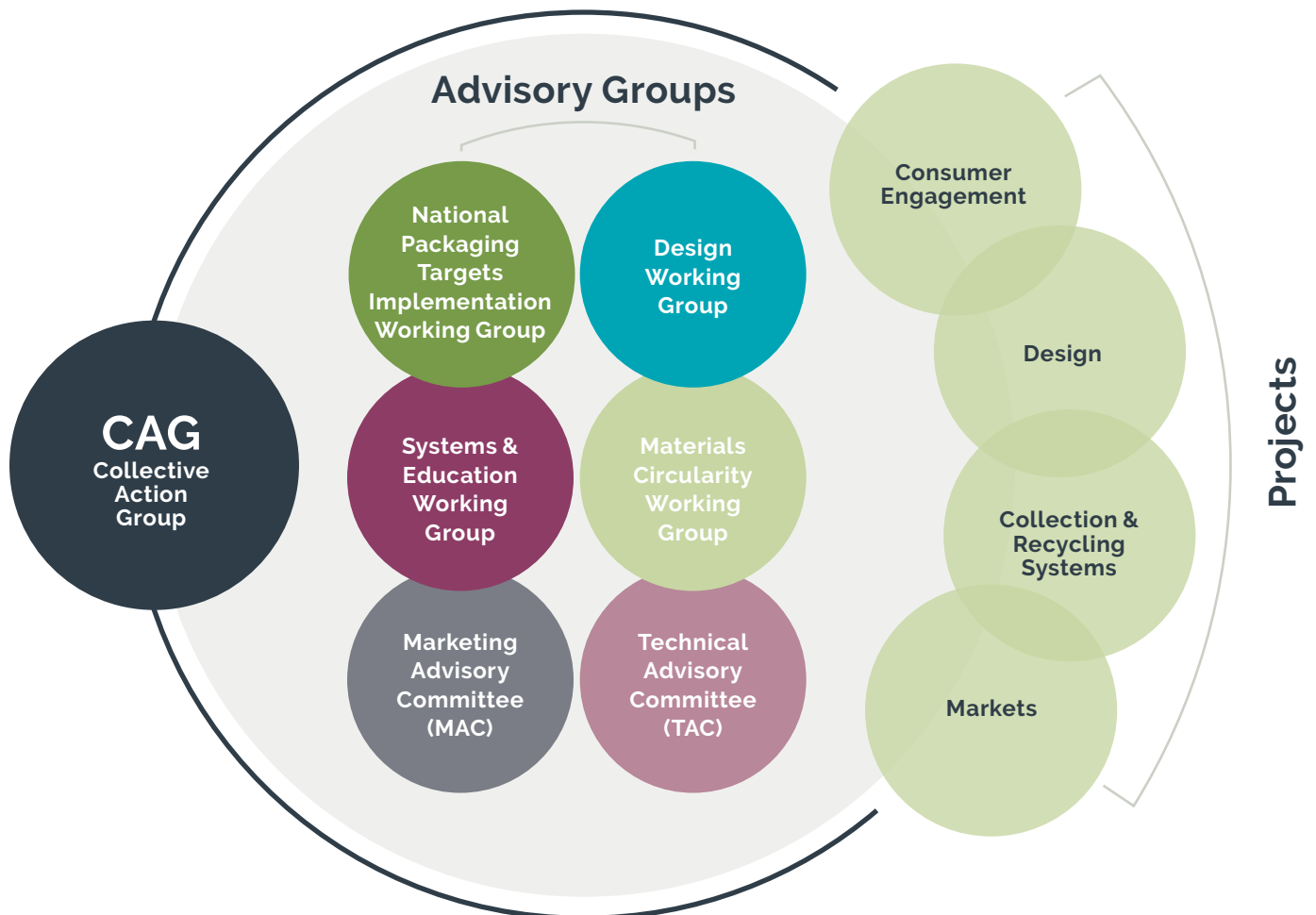


HOW WE INTERACT WITH MEMBERS AND THE PACKAGING ECOSYSTEM

APCO's Advisory Groups bring together representatives from government, industry, academia and the community sector to drive progress on Australia's 2025 Targets.

Our advisory groups include:

- Collective Action Group
- Technical Advisory Committee
- Marketing Advisory Committee
- Working Groups



BOARD MEMBERS

INDEPENDENT DIRECTORS



Sandra (Sam) Andersen
Board Chair



Dr Anne Astin



Trent Bartlett

BRAND OWNER DIRECTORS



Jason Goode
Reece Group



Chris Foley
Kmart Group



Jacky Nordsvan
Nestlé Australia

INDUSTRY ASSOCIATION DIRECTORS



Lee Smith
Australian Council of Recycling



Andrew Petersen
Business Council for
Sustainable Development
Australia



Keith Chessell
Australian Institute of
Packaging

RETIRED DIRECTORS



Renata Lopes¹
Super Retail Group



David Singh²
Australian Council of Recycling

(1) Renata Lopes retired by rotation as a director on 20 November 2019

(2) David Singh retired by rotation as a director on 20 November 2019

EXECUTIVES



Brooke Donnelly
Chief Executive Officer
(appointed 19 June 2017)



James Tarrant
Chief Financial Officer
and Company Secretary
(appointed 13 February 2017)

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The aggregate compensation made to Members of key management personnel is set out below.

	2020	2019
	\$	\$
Short term employment benefits	712,241	625,596
Post-employment benefits	67,663	58,007
Total compensation	779,904	683,603

KEY MANAGEMENT PERSONNEL DISCLOSURES

APCO benchmarks remuneration for its Independent Directors and staff to the 25th percentile of an independent remuneration consultant's assessment of the market for similar roles and responsibilities. It then calibrates the results comparing outcomes to Commonwealth Government entities of a similar size and nature.

The above personnel had authority and responsibility for planning, directing and controlling the activities of the company, either directly or indirectly, during the financial year.

Independent Directors receive direct remuneration from the company. All other Directors are appointed on an honorary basis and as a result do not receive direct remuneration from the company.

Year at a glance

2019

JULY

- APCO unveils new branding

AUGUST

- APCO hosts the 'Global Lens on Australia's Circular Economy for Packaging' event, alongside partners Planet Ark and PREP Design

SEPTEMBER

- The ARL celebrates its first birthday

OCTOBER

- Launch of the Food Services Packaging Sustainability Guidelines
- APCO hosts inaugural national single-use plastic workshop

NOVEMBER

- APCO releases the latest version of the Sustainable Packaging Guidelines
- AGM held
- National Recycling Week
- 2019 APCO Awards

DECEMBER

- APCO releases Australian Packaging Consumption and Resource Recovery Data report



2020

JANUARY

FEBRUARY

- APCO 101 Workshops held in NSW, VIC, SA, WA and QLD

MARCH

- ANZPAC Plastics Pact announced
- APCO launches Community Webinar series

APRIL

- Launch of Our Packaging Future
- Launch of Considerations for Compostable Plastic Packaging

MAY

JUNE

- Extended deadline for APCO Annual Reports



Progress towards 2025

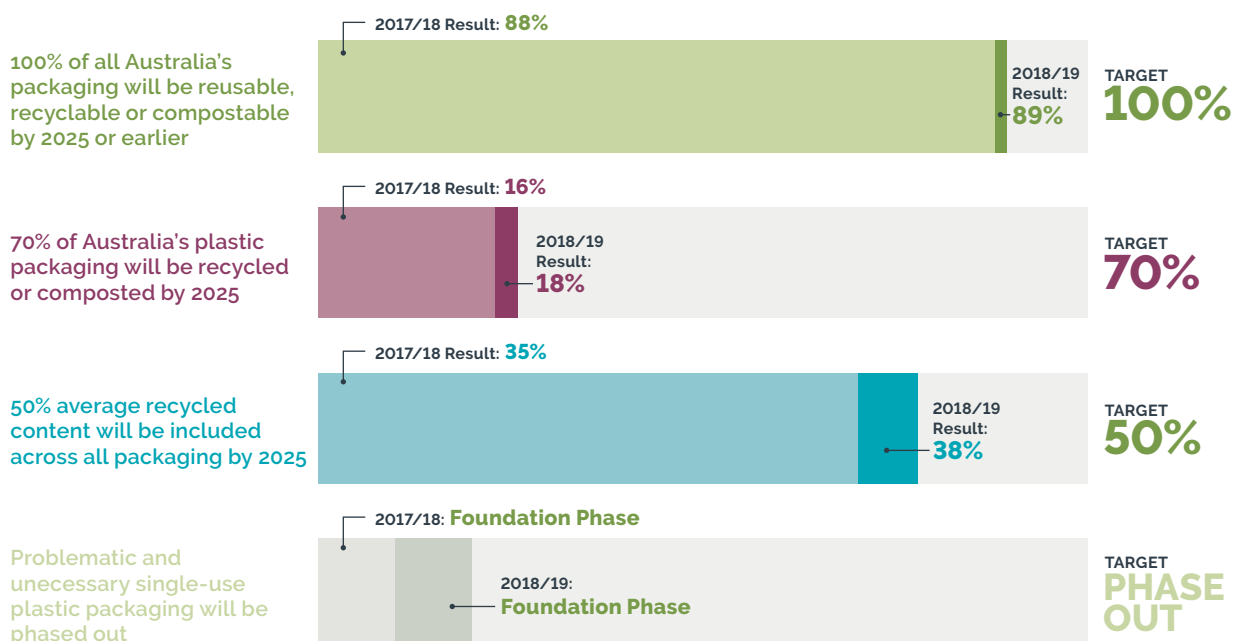
The 2025 National Packaging Targets (2025 Targets) outline a new, sustainable pathway for managing Australia's packaging waste and require a complete and systemic change to the way we create, collect and reprocess our product packaging. During 2019/20, Australia continued to make strong progress towards achieving the 2025 Targets, with a number of significant milestones reached, and major frameworks and strategies unveiled.

The release of the Australian Packaging Consumption & Resource Recovery Data report in December 2019 provided a comprehensive picture of how Australia is performing in the delivery of the 2025 Targets. The major research project mapped in granular detail the complete

Australian packaging ecosystem and included critical benchmarking data in areas of packaging recyclability, recycled content uptake and plastic packaging recycling.

This data immediately provided crucial insight into the current picture for packaging in Australia, and identified priority areas of action. Analysis confirmed that Australia had already achieved one of the original four 2025 Targets – for 30% average recycled content across all packaging. Subsequently, in March 2020 a new target of 50% average recycled content was set, along with additional targets per material type. Following this, in April 2020 we released Our Packaging Future, which outlines the roadmap for how Australia will achieve the 2025 Targets.

PROGRESS RESULTS FOR THE 2025 TARGETS



Significant progress has also been made on other elements of the 2025 Targets. In December 2019, we released the Single-Use, Problematic and Unnecessary Plastic Packaging framework, which aims to support industry and government to take a collective and considered approach to the phase-out of problematic and unnecessary

single-use plastic packaging items. Meanwhile, in May 2020, in partnership with the Australasian Bioplastics Association (ABA) and the Australian Organics Recycling Association (AORA), we released Considerations for Compostable Plastic Packaging. This new guideline helps industry professionals – particularly brand owners, packaging technologists and designers, and food service providers – decide when and where to use certified compostable plastic packaging, and associated items like cutlery.

REPORT LAUNCH

OUR PACKAGING FUTURE

Of the 5.5 million tonnes of packaging material placed on the market in 2018/19, 89% is currently recyclable, yet just 49% is recovered for use in future applications, with the remainder ending up as landfill, or litter on land and in our oceans. Our Packaging Future combines data and insights from more than 200 authors and contributors, to identify the current critical challenges contributing to this gap.

The framework then maps a series of strategies that will enable Australia to move away from our current 'take, make and waste' approach to managing

packaging, and towards a sustainable, circular future. These strategies focus on three core areas: packaging designed for circularity, improved collection and recycling systems, and expanded markets for used packaging.

The report then outlines the actions set to be undertaken between now and 2025 by APCO, stakeholders, manufacturers and federal, state and local governments to achieve the 2025 Targets.

The report was unveiled as part of an industry webinar featuring Assistant Minister for Waste Reduction and Environment Management, The Hon Trevor Evans MP.

You can watch the webinar here



Read
Our Packaging
Future here



Driving collective impact

APCO and its network of partners are working to transform the way packaging is managed in Australia and the wider region. Achieving this vision will require fundamental changes to the way packaging is manufactured, used, collected and reprocessed into new packaging or products.

Delivering such systemic transformation will require a highly inclusive approach that drives participation from a diverse range of stakeholders from across Australia's complex packaging value chain. It is vital that these organisations commit to a common agenda to address this complex social, economic and environmental issue. Stakeholders cannot work in isolation to solve these problems.

To achieve this, APCO delivers its work using the established and highly inclusive approach known as the Collective Impact Framework.

Developed in 2011, the Collective Impact Framework is a powerful cross-sector collaboration tool that is being used to tackle complex social and environmental challenges in communities all over the world.

The model recognises that behind any social issue, there is usually a diverse range of organisations that are working to deliver change, often in isolation from one another. The Collective Impact Framework calls upon these different actors to collaborate in a structured way towards shared outcomes.

The Collective Impact Framework is embedded in the operational activities of APCO through the Collective Impact model.





Meredith Epp
Industry Partnership
Manager, APCO

Industry progress

OVERVIEW OF MEMBER ACTIVITY

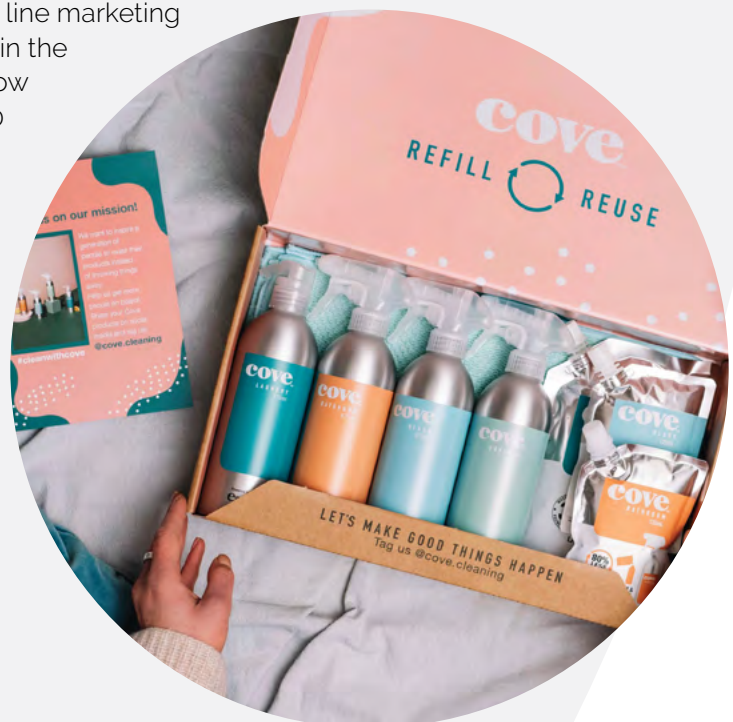
Packaging sustainability continues to sit high on the priority list for many of our 1,500 Members and over the past year we've seen the rubber hit the road, with APCO Members taking action to meet the 2025 Targets. We all know 2020 has been a challenging year, but APCO Members have kept up the momentum and shown commitment to creating a solid foundation to achieve the 2025 Targets.

In March 2020, APCO launched a new Community Webinar series, focusing on key sustainability topics that impact the community, reaching over 3,500 participants. We've also seen leadership in education and adoption of the Collective Impact model. Members such as Unilever are leading the way with their use of recycled content and educating consumers via a partnership with Clean Up Australia. Partnerships are also emerging between brands and the recycling industry such as Coca-Cola Amatil and Veolia, and collaboration between Asahi, Cleanaway and Pact Group.

Excitingly, Members are also embracing the Australasian Recycling Label (ARL) Program. From creating robust internal training systems to above the line marketing campaigns, the engagement in the ARL Program continues to grow on a daily basis, with over 460 organisations now signed up to the program.

Companies like Nature's Organics launching the Cove range of reusable and recyclable cleaning products bearing the ARL is an example of companies working up the waste hierarchy, innovating and utilising APCO programs like the ARL.

From creating robust internal training systems to above the line marketing campaigns, the engagement in the ARL Program continues to grow on a daily basis, with over 460 organisations now signed up to the program.





IMPROVING THE MEMBER EXPERIENCE

The APCO Member Services team is continually working to ensure the APCO Membership experience is relevant, valuable and accessible across the diverse Member base. APCO's Compliance Manager and the Member Services team have been busily developing a new website and Member Centre, which launched in October 2020.

The new Member Centre allows Members to track obligations, such as the status of APCO Annual Reports and APCO Action Plans, and will also link to a new Learning Management System which is currently in development, to continue to build Members' knowledge of APCO programs.

Another important touch point in the Member Experience is the APCO Annual Reports. With a large number of new Members reporting in the 2020 reporting round, the Member Services team implemented a "Report Review" process in which each submitted report received feedback from an APCO team member. While this was a labour-intensive process, the feedback and engagement from Members has been invaluable to help the APCO team better tailor resources and programs to meet Member needs.

INDUSTRY EDUCATION AND TRAINING

In early 2020, the Member Services team delivered a series of APCO 101 workshops around the country in partnership with state governments to over 240 individuals. APCO Member Resource and Program Coordinator, Alison Appleby also lead the development of over 50 resources to support Members in annual reporting, use of the SPGs and a number of case studies and guides to support delivery of the 2025 Targets.

The team also worked closely with the Australian Institute for Packaging (AIP) to deliver a course, *Tools to help you meet the 2025 Targets: PREP and the ARL*.

A silver lining among the COVID-19 challenges was also the opportunity to provide more virtual workshops, such as the healthcare and horticulture sector projects and APCO working groups. Additionally, the APCO Community Webinars have provided a platform to launch key reports such as *Our Packaging Future*, *Considerations for Compostable Plastic Packaging* and the updated recycled content 2025 Target.

OUTCOMES FROM MEMBER ANNUAL REPORTING

The APCO Annual Reporting deadline for 2020 was extended from the usual date of March 31st to June 30th to accommodate the challenges many businesses faced with COVID-19. However, while

many businesses have experienced challenges, in these unprecedented times, the improvement in accuracy and understanding of the reports was notable.

YEAR ON YEAR

Figure 1 shows the average core score APCO Members received across 2018, 2019 and 2020. The data illustrates a general trend of improvement

across the three years, indicating that, on average, APCO Members are moving in the right direction on packaging sustainability.

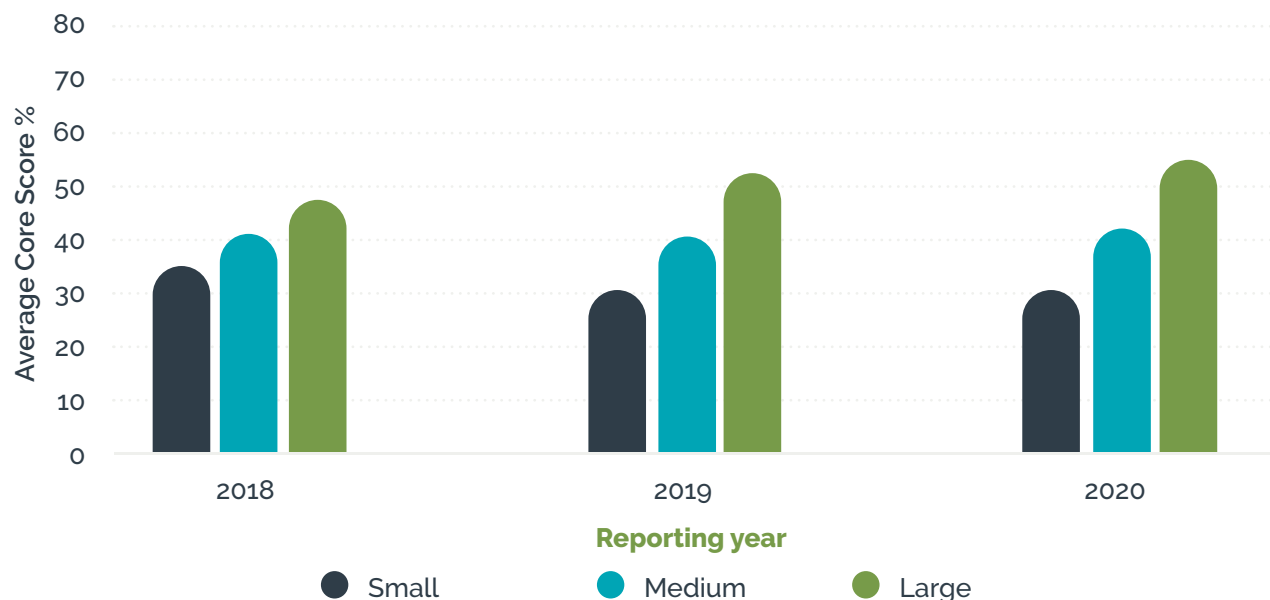


Figure 1: Average Core Score % across 2018, 2019 and 2020

TENURE OF APCO MEMBERSHIP

Figure 2 illustrates the average core score in 2020 by the number of years of being an APCO Member (tenure) and is further broken down by Membership type (small, medium and large organisations).

Despite the presence of a number of outliers (largely due to certain 'years' containing drastically fewer Members than others), there is a clear upward trend demonstrating the value of Member engagement with APCO processes, tools and resources over time.



Figure 2: Average Core Score % by Member Tenure (years)

NEW MEMBERS

In 2020, 253 APCO Members reported for the first time. Figure 3, illustrates how the new Members performed for each of the 13 Framework criteria compared to existing APCO Members. Core

criteria are represented on the left-hand side while recommended criteria are represented on the right-hand side. New Members have performed well, particularly in the core criteria.

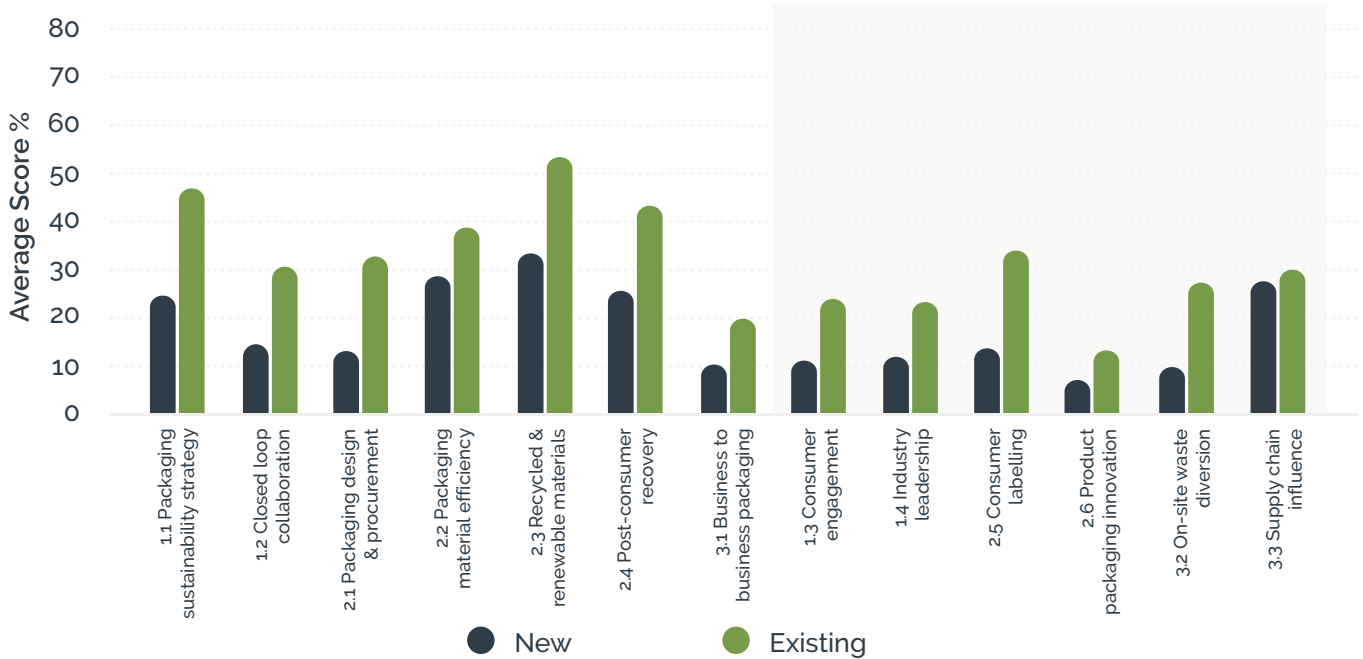


Figure 3: 2020 Score % New versus Existing Members for each Criteria (Core left and Recommended right)

EXISTING MEMBERS YEAR ON YEAR

Figure 4 illustrates the year-on-year progress of all those Members who reported consecutively in both the 2019 and 2020 reporting periods, allowing us to

analyse improvement over time for each reporting area. Positively, scores in 2020 were an improvement on 2019 in each of the 13 criteria.

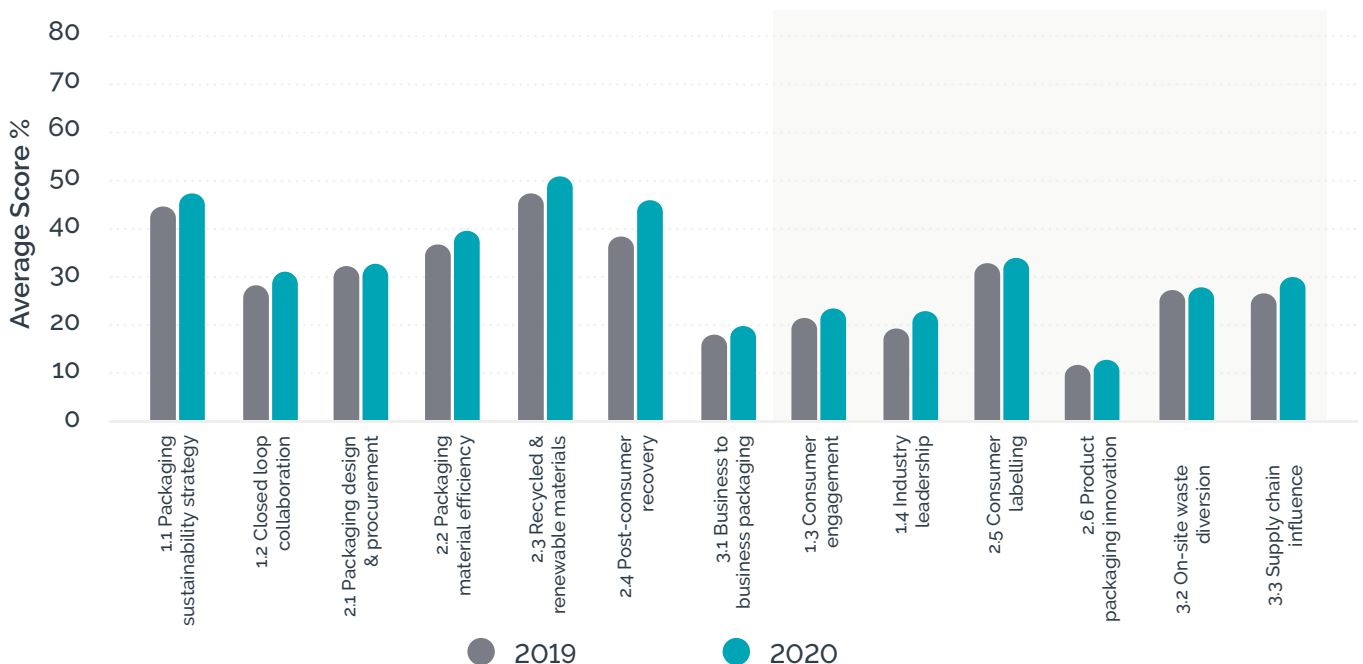


Figure 4: Consecutive Year on Year Score % for each Criteria (Core left and Recommended right)

MEMBERSHIP REPORTING SCORES BY COMPANY SIZE

Below is a breakdown of existing Members' year on year scores broken down by Membership size.

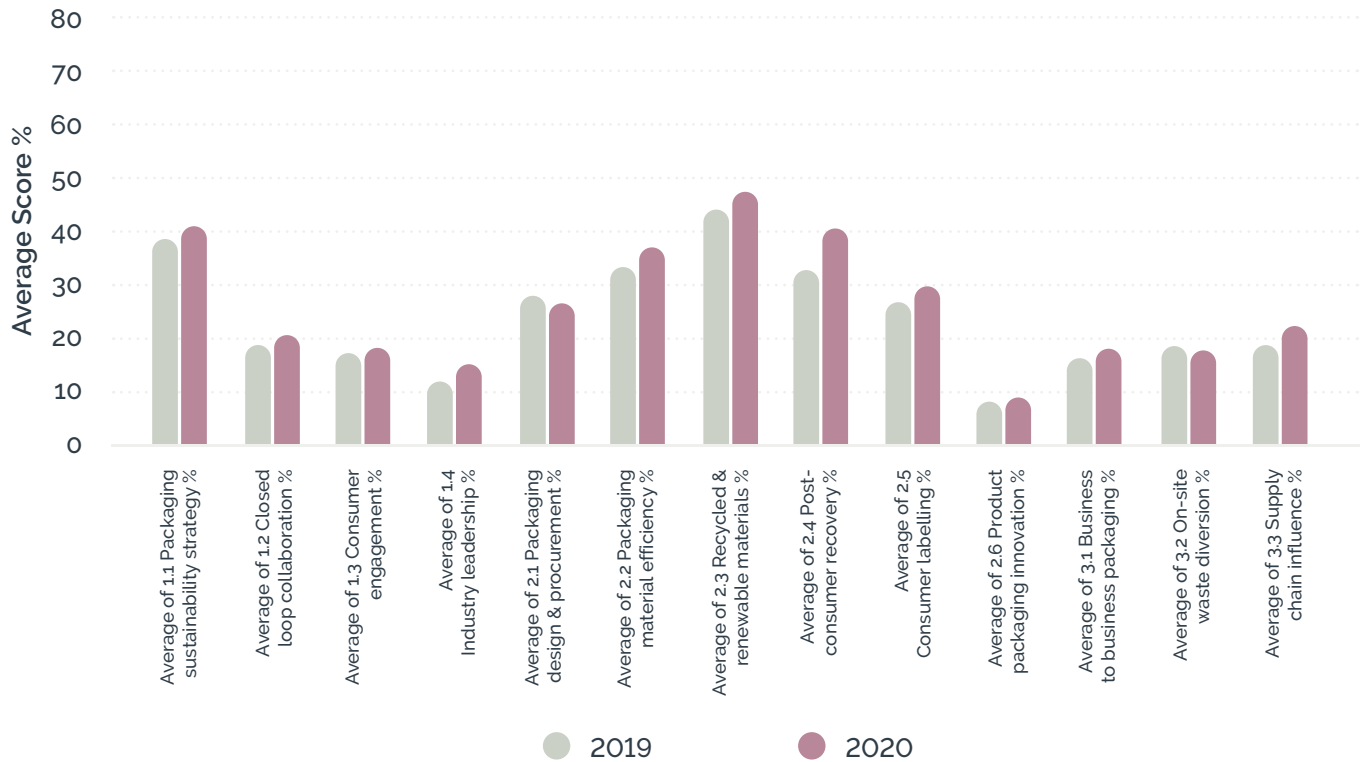


Figure 5: Consecutive Year on Year Score % for each Criteria for small Members

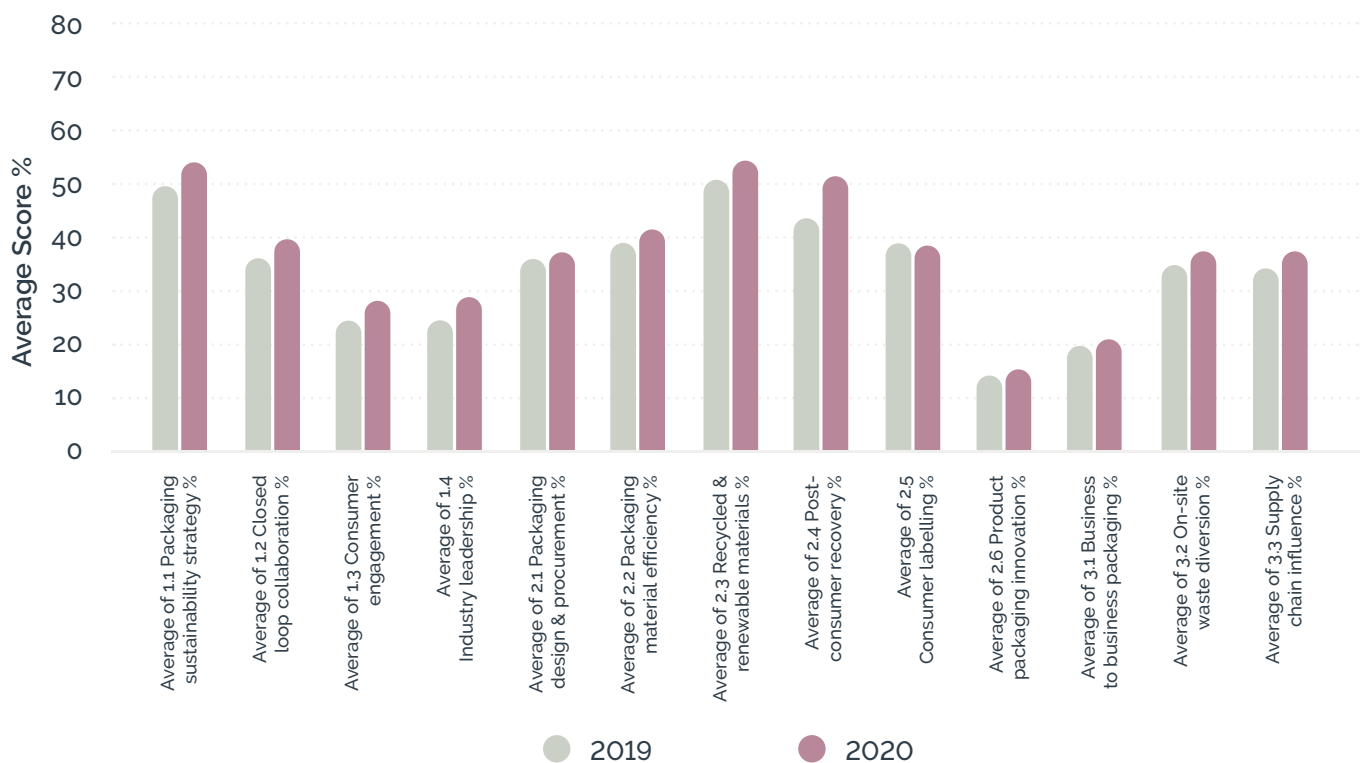


Figure 6: Consecutive Year on Year Score % for each Criteria for medium Members

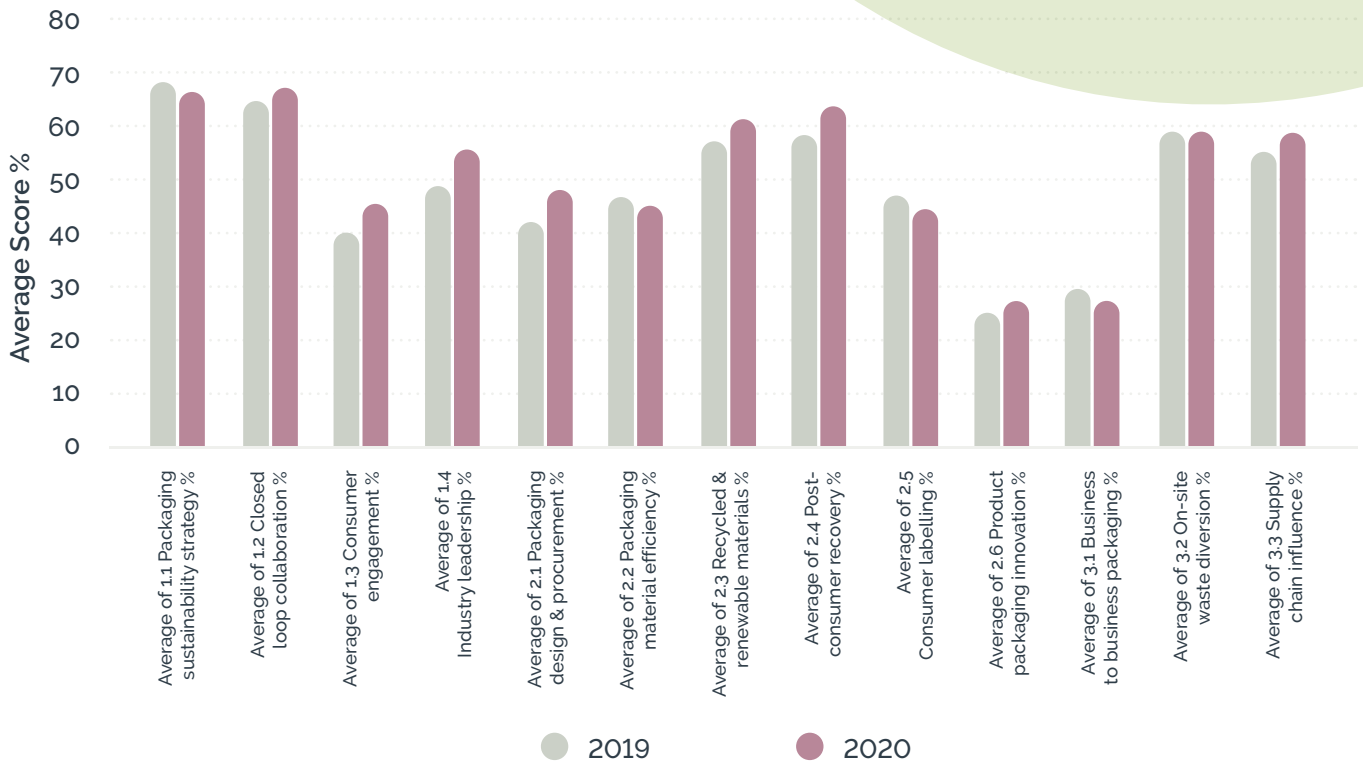


Figure 7: Consecutive Year on Year Score % for each Criteria for large Members

AUSTRALASIAN RECYCLING LABEL (ARL) PROGRAM PARTICIPANTS VS NON-PARTICIPANTS

With more than 460 organisations now signed up to the ARL Program, a large cohort of APCO's overall Membership is now part of the program. Figure 8

illustrates how Membership of the ARL Program, on average, correlates with higher reporting scores across each of the 13 criteria.

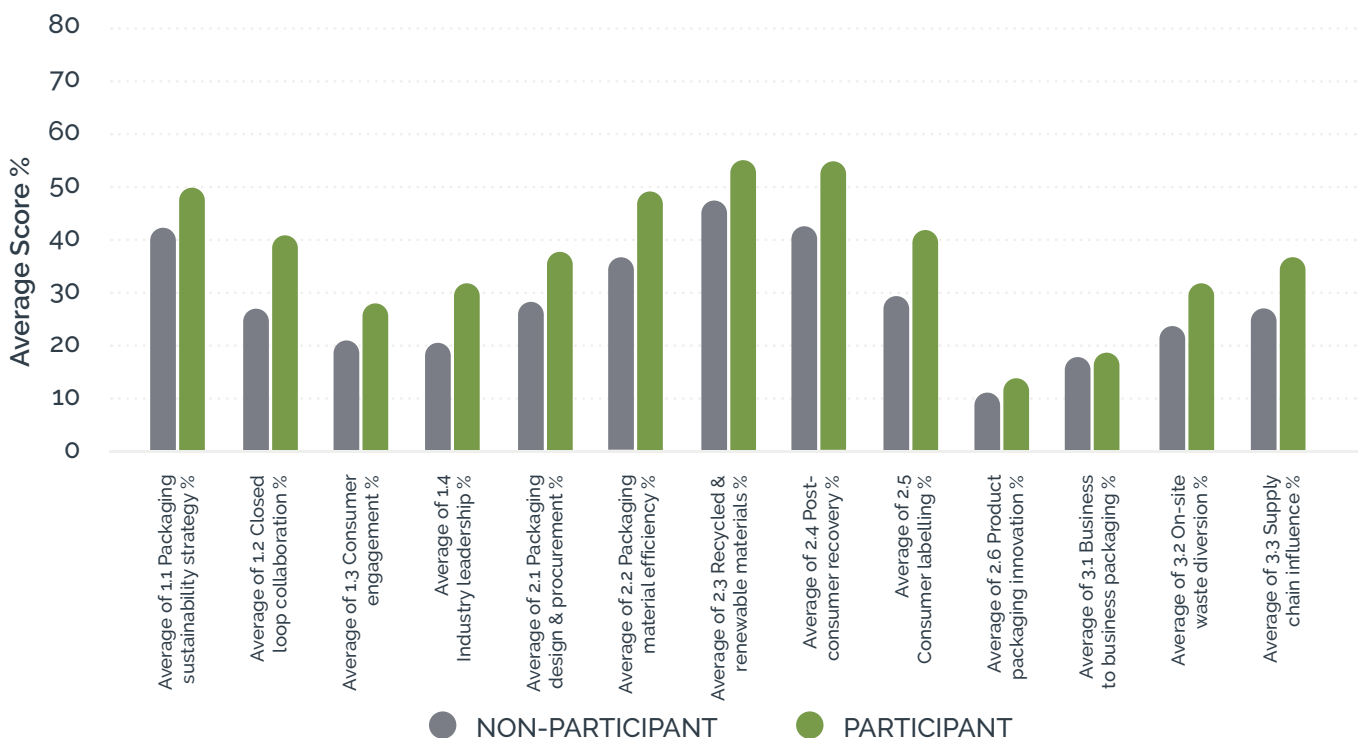


Figure 8: 2020 Score % ARL Program Members versus non-Members for each Criteria

Case study: **THE ICONIC**

For those who dabble in the world of online retail you'll be familiar with the thrill of waiting for your goods to arrive. And in May 2020, the switch from black to white delivery satchels wasn't the only change made for shoppers of leading online retailer, THE ICONIC. Behind the switch was the brand's industry leading transition to delivery satchels made from 100% post-consumer plastic waste. Through this transition, THE ICONIC estimates they will be able to recycle and reintroduce into the market roughly 60 tonnes of plastic every year. That means 60 tonnes less single-use virgin plastics being produced and ultimately sent to landfill.

Partnering with REDcycle and running rigorous recyclability assessments through the Packaging Recyclability Evaluation Portal (PREP), accessible through APCO Membership, THE ICONIC Packaging Project team made the final decision to support a



shift to a circular materials economy and make the switch to satchels containing 100% post-consumer recycled plastic.

By purchasing products with post-consumer recycled content, THE ICONIC is increasing market demand for reprocessed materials. Reintroducing existing materials means supporting local recycling infrastructures and avoiding the depletion of resources. It's an approach supported by both industry and government, while creating a local market for recycled content is a critical component in driving demand and reducing cost for materials processing in Australia.

As APCO Members, THE ICONIC tapped into available resources and tools to assist in their sustainable packaging solutions. The team used material guides to understand the status of recoverability and processing of materials in the market.

Case study: **HENSCHKE**

Small-to-medium businesses frequently report a desire to adopt sustainable practices, but perceive they lack the sufficient resources. For Henschke, incorporating packaging sustainability has created unforeseen benefits of cost-savings, brand strengthening and numerous opportunities derived from collaboration.

At the beginning of its journey, incorporating sustainable packaging had presented some challenges for Henschke. As a small business, management shared concerns over whether they had "the necessary resources and influence to negotiate better deals with suppliers", so that sustainability would not present a significant cost-factor.

Tim Hackett, Quality Safety & Environment Manager at Henschke, advises businesses who share these concerns, but want to adopt more sustainable packaging practices to "try to see past the initial commitment of time and associated costs" and to "encourage someone in your business to be the champion to this

cause. If an individual in a business is committed and driven to deliver in this area, the business will eventually see dividends in cost-savings as well as brand and sales growth."

He further recommends that "if you can spare a little time up front to participate in industry groups, it will pay dividends in the long run, because the time invested will translate not only into more sustainable practices that you can promote to your customers, but also potential cost savings in areas such as reducing waste in your production processes."

Since 2010, Henschke has been a consistently high performing APCO Member and continues to demonstrate industry leadership throughout its involvement in APCO working groups and industry collectives.





Case study: OFFICEWORKS

Officeworks has continued to make positive progress with sustainable packaging, including successfully phasing out all polystyrene packaging across its own brand furniture and shredders. Eager to forge the way into a zero-waste future, they are now sharing their success story with the wider supply chain and are encouraging collaboration and knowledge sharing with their suppliers.

The Officeworks team is directly supporting suppliers in making this change, through sustainable design packaging sessions, which provide practical advice to overcoming common challenges. Through their example and whole-supply chain approach, Officeworks shredders suppliers have already eliminated polystyrene from their ranges, and their aim is to see progress extended into other technology products.

"Transitioning to sustainable packaging solutions isn't just about reducing environmental impact, but also providing customers with a better experience by helping them to easily recycle their packaging waste, make better use of the resources that we have and design out waste that reduces associated costs", says

Ryan Swenson, Head of Sustainable Development.

For Officeworks, the removal of polystyrene has been part of a much greater sustainability agenda. In October, Officeworks launched its five-year sustainability strategy, which outlines a range of ambitious and measurable commitments in support of the 2025 National Packaging Targets. This involves a targeted approach to optimising recyclability across all 7,000 private label product-packaging by December 2021, as well as a roadmap for phasing out problematic plastics such as Polystyrene, PVC and glitter by 2025 across both packaging and products.

Likewise, their broader sustainability targets are geared towards eliminating overall waste. Throughout July and August, Officeworks recycled an impressive 91.5% of all operational waste and are now aiming to become a zero-waste business. Their approach reflects the values of the waste hierarchy, and includes a goal to repair, repurpose and recycle 17,000 tonnes of unwanted product, as well as providing customers with greener choices that align with the principals of the circular economy.

Recognising the achievements of Australian industry

The APCO community came together again in November 2019 to celebrate Australian organisations that are leading the way in sustainable packaging design and innovation.

This year's award ceremony was an opportunity to celebrate the achievements of organisations that are leading the way in making the 2025 Targets a reality.

The Hon Trevor Evans, Assistant Minister for Waste Reduction and Environmental Management, joined more than 180 guests to celebrate the achievements of the 18 award-winning organisations, representing a broad range of sectors, including manufacturing, retail, technology, hospitality and pharmaceuticals.

The award ceremony was an opportunity to celebrate the achievements of organisations that are leading the way in making the 2025 Targets a reality. We look forward to continuing to work with them in close partnership, in order to share the learning, insights and innovative thinking required to build a circular economy here in Australia.

THE WINNING COMPANIES OF THE 2019 APCO AWARDS WERE:

Sustainable Packaging Excellence:

CHEP Australia

Outstanding Achievement in Industry Leadership:

BioPak
Outstanding Achievement in Packaging Design:

Panasonic Australia
Outstanding Achievement in Sustainable Packaging Operations:

Amgen Australia
APCO Sustainability Champion:

Diarmaid O'Mordha
High Performing New Member:

Marechal Australia
Chemicals & Agriculture Sector:

LyondellBasell Australia

Clothing, Footwear & Fashion Sector:

Hugo Boss Australia

Electronics Sector:

Dell Australia

Food & Beverage Sector:

Red Rooster Foods

Homewares Sector:

LEGO Australia

Large Retailer Sector:

Coles Supermarkets Australia

Logistics Sector:

CHEP Australia

Machinery & Hardware Sector:

RYCO Group

Packaging Manufacturer Sector:

Detmold Packaging

Personal Care Sector:

ABC Tissue Products

Pharmaceuticals Sector:

Amgen Australia

Telecommunications Sector:

Optus



Australian Packaging Covenant Organisation
2019 Award Winner
Sustainable Packaging Excellence
CHEP Australia



OUTSTANDING ACHIEVEMENT IN INDUSTRY LEADERSHIP: **BIOPAK**

Food service packaging manufacturer BioPak has played an active role in packaging sustainability in Australia, participating in the 2018 APCO Working Groups, working with the Australasian Bioplastics Association (ABA) on the marketing team that promotes the seedling logo, and working with the Australian Organics Recycling Association (AORA) to divert food waste from landfill by utilising compostable packaging for single-use food service items. BioPak works with customers to connect them with organics collection programs to allow for the composting of their packaging. A thorough review of all packaging has also led BioPak to design a new lid for cold cups that avoids the need for straws, and investigate opportunities to replace plastic sleeves with an alternative material type.



OUTSTANDING ACHIEVEMENT IN PACKAGING DESIGN: **PANASONIC AUSTRALIA**

Whilst being active participants in numerous product stewardship schemes, Panasonic Australia has also been working on a range of reductions and material efficiency initiatives for its packaging. In 2017 and 2018, the organisation delivered consecutive reductions to the packaging size of the Panasonic 4K BD Player, resulting in an overall reduction of 57% for individual packaging. This has also driven additional reductions in the size of shipping packaging. Packaging reviews by engineers have ensured increased material efficiency and recycled content where possible, without compromising on product protection.



OUTSTANDING ACHIEVEMENT IN SUSTAINABLE PACKAGING OPERATIONS: **AMGEN AUSTRALIA**

Amgen Australia uses its Green Packaging Tool to integrate sustainability considerations into all areas of packaging design, allowing the organisation to make great strides on its journey to achieving its 2020 packaging targets. Amgen continues to strive for more sustainable solutions within its cold chain product distribution with the main aim to remove as much single use packaging and adopt reusable solutions where compliantly possible. The organisation is also actively researching and testing alternative tray types to increase ease of recycling in health care facilities.



APCO SUSTAINABILITY CHAMPION: DIARMAID O'MORDHA

Diarmaid O'Mordha is the Quality and Sustainability Manager at Endeavour Drinks (BWS, Dan Murphy's) and is a lead organiser of the Wine Industry Sustainable Packaging Alliance (WISPA), a collaborative group working to improve packaging sustainability across the wine supply chain. Diarmaid has worked in partnership with APCO to develop a set of Sustainable Packaging Guidelines for the beverage industry, and launched several projects targeted at helping the wine industry to achieve the 2025 Targets.



HIGH PERFORMING NEW MEMBER: MARECHAL AUSTRALIA

In its first reporting year, Marechal Australia has shown great initiative, having reviewed all SKUs against the Sustainable Packaging Guidelines. The team has achieved material efficiency optimisation across all SKUs and is using the lowest quantity of recyclable cardboard possible, while still ensuring the safety of the brand's high value electrical goods. Currently 100% of Marechal Australia's solid waste is being recovered.



2019 SUSTAINABLE PACKAGING EXCELLENCE: CHEP AUSTRALIA

Circularity and sustainability are at the heart of the CHEP Australia business model. The organisation collaborates with a broad range of businesses across several industries, including many APCO Members, to build and support sustainable supply chains. CHEP continually innovates to increase material efficiency and all platforms are circular, meaning they are shared and reused many times reducing the need for single-use alternatives. CHEP's platforms are also made from either certified sustainable timber or other materials such as plastics which are recovered and recycled once reaching end-of-life.



Peter Brisbane
Government Partnership
Manager, APCO

An update from our work with government

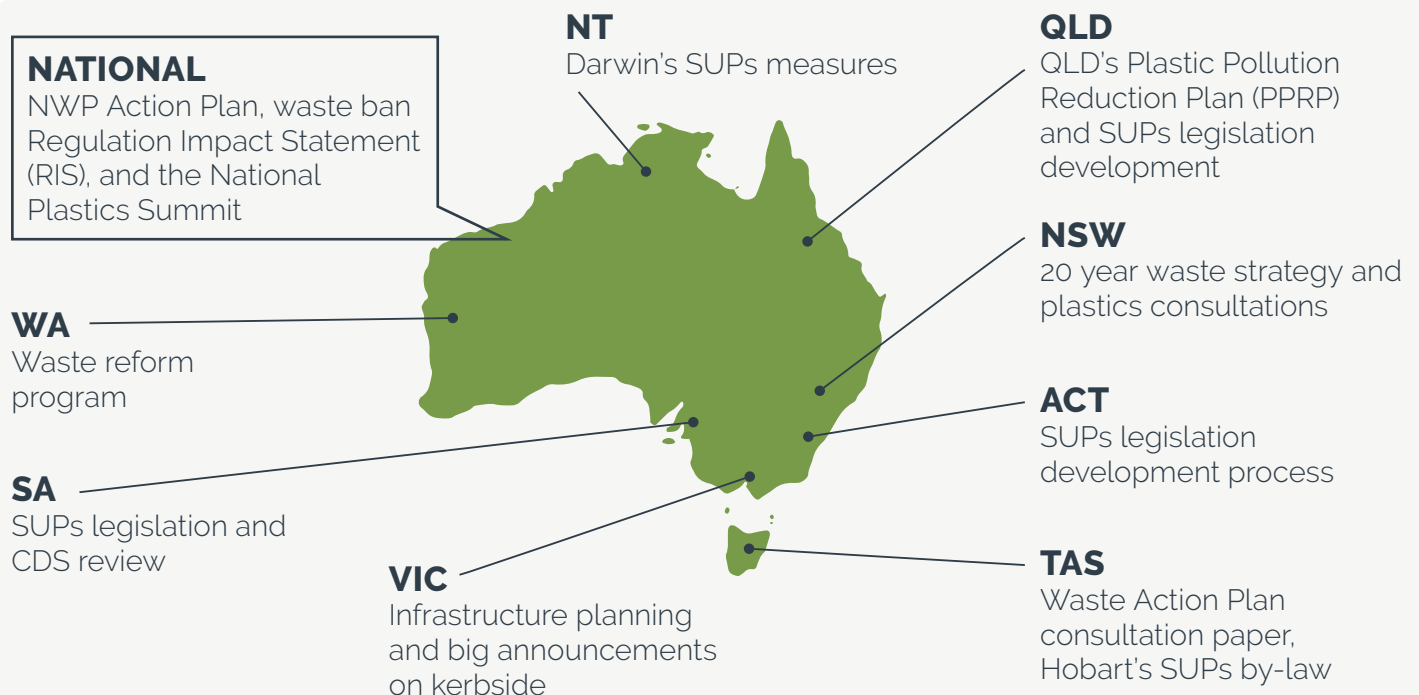
APCO's involvement with all three tiers of government increased in 2019/20 as policy development, government expectations of industry, and investment in infrastructure and research gained momentum. Developments included:

- Ministers' agreement to the National Waste Policy (NWP) Action Plan.
- Single-use plastics (SUP) policy under development in most states, and the first SUPs legislation tabled in South Australia.
- Plans to enhance organics and kerbside recycling, including a four-bin system in Victoria.
- New plastics, waste and circular economy policies.

Our involvement in these activities included regular meetings, written submissions and participation in consultation forums. APCO continued to administer the formal governance structure of the Australian Packaging Covenant and government officials' participation in APCO's committees, working groups and events.



MAJOR WASTE ANNOUNCEMENTS BY THE COMMONWEALTH AND STATE AND TERRITORY GOVERNMENTS IN 2019/20



The Australian Packaging Covenant Government Officials Group (GOG) includes senior officials from the federal, state and territory governments and the Australian Local Government Association. Matters progressed with the GOG in 2019/20 included preparation for a review of National Environment Protection (Used Packaging Materials) Measure 2011 (the NEPM), and establishment of a stakeholder engagement working group with GOG Members to communicate and engage with industry about compliance with the NEPM.

APCO's meetings with ministers, advisors and agencies helped build support for APCO's work, maintain alignment between industry and government on sustainable packaging and enable collaboration. APCO provided 20 written submissions to processes including parliamentary inquiries into the waste and recycling sector and product stewardship, development of legislation on single-use plastics, the National Waste Policy Action Plan and the waste export ban.

In 2019/20, APCO was involved in numerous consultation forums, including:

- The National Waste Policy Industry Reference Group.
- COVID-19 Hand Sanitiser Roundtable convened by Federal Industry Minister Andrews.
- South Australian Single-Use Plastics Stakeholder Taskforce.
- South Australian Container Deposit Stakeholder Reference Group.
- ACT Plastics Reduction Taskforce.
- Western Australian Waste Reform Advisory Group.
- EPA Victoria Waste and Recycling Reference Group.
- Victorian Government Plastic Pollution Reference Group.
- Infrastructure Victoria Resource Recovery & Recycling Advice - Sector Advisory Group.
- NSW Circular Economy Network Steering Committee.
- Queensland Circular Economy Lab.
- Queensland Plastic Pollution Reduction Plan Reference Group.

APCO's meetings with ministers, advisors and agencies helped build support for APCO's work, maintain alignment between industry and government on sustainable packaging and enable collaboration.

APCO held two national workshops bringing together all three tiers of government with APCO Members, including workshops on SUPs in Adelaide in October and an online workshop on remote and regional waste management in June. APCO also joined with the Institute for Sustainable Futures, the University of Queensland and RMIT University to host a workshop with universities, governments and industry on the Circular Plastics Research Initiative in Melbourne in February.

In early 2020, the Federal Government released funding for two APCO priority projects, including \$1.1 million to support a National Consumer Education Program and \$1.6 million to Planet Ark for the Circular Economy Hub, of which APCO is a partner. In June, APCO supported university partners in applying for funding to establish a Sustainable Communities and Waste Hub under the National Environmental Science Program. The outcome of this process will be known in late 2020.



Building the ANZPAC Plastics Pact

In March 2020, APCO announced plans to develop the ANZPAC Plastics Pact (ANZPAC), the latest to join the Ellen MacArthur Foundation's global Plastics Pact network. The announcement took place at the Federal Government's National Plastics Summit and was attended by Juliet Lennon, Project Manager, New Plastics Economy at the Ellen MacArthur Foundation and David Rogers, Head of International Resource Management at WRAP, alongside a huge contingent of our Members.



"The Australian Food and Grocery Council (AFGC) is collaborating to develop whole-of supply chain solutions so our sector can meet the National Packaging Targets to benefit the community and the environment.

We are proud to be supporting the development of the new ANZPAC program, alongside the ongoing work of APCO and the vital role the organisation is playing in developing a circular economy for packaging and increasing recycling rates across our region."

Dr Geoffrey Annison
AFGC Acting CEO



ANZPAC, which will formally launch to the public in early 2021, will work with businesses, governments and NGOs from across the plastics value chain in Australia, New Zealand and Pacific Island nations to develop a common vision of the circular economy for plastics.

Under the ANZPAC program, participants will commit to deliver a series of concrete, ambitious and time-bound targets. Then under the ANZPAC Mobilisation Plan, participants will work to deliver a range of projects, clear reporting guidelines, and the development of the Circular Plastics Research Initiative, a new innovation hub that will bring together researchers, investors and industry to share knowledge and align efforts. Finally, all ANZPAC Members will be required to commit to publicly report on their progress each year.

"We welcome the announcement of the ANZPAC Plastics Pact and look forward to working together with the governments and industry of Australia, New Zealand and the Pacific Islands to drive real change towards a circular economy for plastic, by eliminating problematic and unnecessary plastic items, innovating to ensure that the plastics they do need are reusable, recyclable, or compostable, and circulating the plastic items they use to keep them in the economy and out of the environment. Together we can create a world without plastic waste or pollution."

Sander Defruyt

New Plastics Economy Lead, Ellen MacArthur Foundation



Lily Barnett
ARL Program Manager

Leadership through labelling

Since the Australasian Recycling Label (ARL) Program launched in 2018, we are delighted to confirm that more than 460 organisations have joined the Program, and we are continuing to welcome new Members every day. Tens of thousands of products now carry the label, and a 2020 study by the Australian Council of Recycling (ACOR) found 23% of products surveyed featured the ARL. A huge thank you to our industry champions who have adopted the label and are leading the way for other businesses in their sector.

It's always hard to provide context around how successful program uptake has been, however some recent figures from similar programs delivered overseas show that Australia is well on track. The United States' How2Recycle Program (which began in 2012), reported 225 brand owner and retailer Members across North America in 2019. Meanwhile the UK's OPRL Program (which launched in 2009) reported 500 Members in 2020.

This widespread uptake was one of the factors that was commended in a recent report from the UN Environment Programme. The ARL Program was recognised as a world-leading consumer education initiative, celebrated for its clarity, reliability and accessibility. The report also singled out one of the program's critical success factors – the importance of transparent and evidence-based governance. For a business to adopt the label, they first must assess their packaging's recyclability using the Packaging Recyclability Evaluation Portal (PREP).

Looking ahead, the ARL Program will continue to expand and evolve. In October 2020 we launched the new Check It! Before You Chuck It campaign to improve recycling behaviours by encouraging all Australians to look for the ARL every time they are at the bin.



More than 460 organisations have joined the Program, and we are continuing to welcome new Members.

The high-profile campaign features a cast of new characters and a catchy song to be used in advertising across Australia. All of the campaign resources are available in a series of resource toolkits (free to download - www.arl.org.au).

Check It! will be the first major focus of a broader national consumer education campaign, which will run from July 2020 until June 2022.

Case study: FONTERRA

APCO Member Fonterra Australia continually reviews its packaging to make it more sustainable. The company has global sustainability targets that align with the National Packaging Target of 100 per cent of packaging to be “reusable, recyclable or compostable” by 2025, and was one of the initial businesses to support APCO in joining PREP. In 2018, Fonterra also joined REDcycle, and since then has updated the artwork on over 120 SKUs to include the ARL.

The company is currently working on removing PVC from all Australian packaging, with one recent milestone reached with the clamshell packaging found on Bega Cheese slices. Every year, Fonterra sells over 25 million packs of Bega, Mainland and private label natural cheese slices in clamshells, some of the most popular cheese products in Australian homes. Previously made from non-recyclable frosted PVC, in early 2020 Fonterra approved the change of these clamshell units to clear PET to improve recyclability.



Fonterra's Packaging Development and Technology Manager, Jenny Phillips, said there were several technical and cost challenges needed to be overcome to make this switch viable: “PET generates more static electricity compared to PVC, making the empty clamshell packs stick together in the magazine prior to filling. Many production trials were required to find the right denesting solution, and we're happy to say we got there. The persistence from the packaging specialists means we now have an ARL labelled, recyclable pack with an equivalent performance in fridges around Australia – a great result”.

Case study: NESTLÉ

APCO Member Nestlé is one of the world's largest food and beverage companies, representing more than 2,000 brands worldwide. Since joining the ARL Program in 2017, Nestlé has become a leading proponent of the ARL. With its first two products to feature the ARL hitting the shelves in August 2018, a further 470 products featuring the label have since been released, with a commitment to apply the ARL on all locally controlled artwork by the end of 2020. More broadly, the company aims to make 100% of its packaging recyclable and reusable by 2025, in line with Australia's 2025 Targets. Nestlé's packaging team is well on the way to achieving its goals, with more than 1,800 SKUs (as of 2019) already assessed through PREP.



Building the profile of sustainable packaging in Australia

APCO has continued to invest in communications resources and activities to help build awareness and understanding of packaging sustainability within the Australian supply chain.

This included building the profile of APCO, its Membership programs, tools and resources, with a range of stakeholders, the media and across our social media channels. We have also sought to highlight and support leadership and innovation from within the Member base.

Despite the challenges of COVID-19, we adapted to deliver a rich events program through our weekly webinar series. This platform enabled us to launch our major reports and project announcements, explore a diverse range of sustainability topics and profile the achievements of our partners and community.

A core communications focus was to build awareness of the significant volume of APCO reports and resources unveiled throughout the year, with highlights including the Our Packaging Future strategic roadmap and Considerations for Compostable Plastic Packaging.

Extensive planning, strategy development and consultation has also been delivered ahead of the launch of our new National Consumer Education Campaign in October 2020.

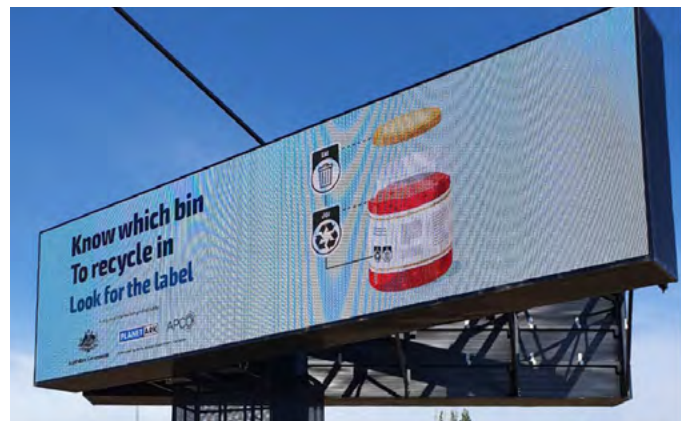


Case study: **THE SOFT PLASTICS RECYCLING CHALLENGE**

In May and June, the #SoftPlasticsRecyclingChallenge swept social media, with many of the sustainable packaging world's best and brightest taking part. The challenge, undertaken at the height of lockdown for many Australians, saw participants take photos or videos

of themselves dropping off their soft plastics in a local REDcycle collection bin and encouraging their network to do the same. We were very fortunate to also have the Hon Ministers Sussan Ley and Trevor Evans join us for the challenge!





Case study: **FEDERAL GOVERNMENT CHAMPIONING THE ARL**

In November 2019, APCO worked closely with federal government to develop a new advertising campaign highlighting the Australasian Recycling Label during National Recycling Week. The campaign rolled out in digital and outdoor advertising on billboards across

Sydney, Melbourne and Canberra. It's fantastic to see our federal government continuing to champion the ARL as a positive environmental tool for Australian communities.



To contact APCO please visit our website
www.apco.org.au

