FORMRITE GROUP

NATIONAL PACKAGING COVENANT
ANNUAL REPORT
(Public Report)

July 2009 – June 2010

FormRite AUSTRALIA

Packaging and Point of Sale

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Introduction and Company Background

The FormRite Australia Pty Ltd is an Australian owned business of over 50 years that provides a complete service for customers in all Packaging and Point of Sale requirements. It operates a 6000m^2 facility at Brookvale in Sydney, which is equipped with the most up to date manufacturing technology and design capability. In house manufacture at Brookvale specialises in plastics and the company subcontracts manufacture in other materials at other sites (outside the scope of this document).

FormRite trades under the business names; FormRite Group, FormRite Packaging, FormRite Displays and FormRite Plastics. There are industrial products branded; FormCore, MultiFlex, EdgeFlex and Growth Media. All products are specifically made for clients and may have (other) company brand names.

100% of the company's product is consumed domestically.

The company's products include:-
- Display:- permanent and temporary displays, counter and floor displays, signage, printing, illuminated displays, showcases
- Packaging:- food trays, blister packs, injection moulding, PVC boxes, transportation trays, biodegradable packaging
- Medical:- pharmaceutical dispensers, pill blisters, laboratory trays
- Industrial:- transport trays, component housings, custom trays

Materials used include acrylic, polypropylene, PVC, biodegradable plastics, polystyrene, APET, polycarbonate, card, metal, glass, timber.

Additional capabilities include CAD/CAM design, in-house tool manufacture, screen printing and three axis routing.

Other stakeholders assisting in this Action Plan.

A number of organisations are involved in developing the various aspects of this action plan. The paragraphs below outline who these players are and their relationship to FormRite.

FormRite is a member of the Plastics and Chemicals Industry Association (PACIA). PACIA represents the plastics industry on the National Packaging Covenant Industry Association and the committee responsible for the Environmental Code of Practice for Packaging. FormRite is also a member of the National Packaging Covenant Industry Association (NPCIA).

PACIA manages plastics ID codes, conducts surveys on plastics recycling rates, develops codes of practice for degradable plastics, maintains a resource map for available materials and products, assists members with Covenant Action Plans, assists working groups with plastics litter reduction programs etc.

FormRite's Customers – Improvement of recycling rates for the large number of customers in the supply chain with a wide variety of applications is an ongoing challenge for this company. FormRite will continue to contribute by means of providing information and pamphlets on recycling to customers. The Packaging Covenant, the benefits of membership and FormRite's commitment to it continue to be promoted to customers.

Executive Summary and Commitment

This Annual Report covers the period 1st July 2009– 30th June 2010. It is the third and last Annual Report under the 2005 National Packaging Covenant, reporting against FormRite's second National Packaging Covenant Action Plan which commenced in 2007 for the period 2007 – 2010. FormRite will also sign the new Australian Packaging Covenant for period 2010 – 2015.

Business conditions remain challenging and reduced product volumes continue from the previous year, underlining the very competitive nature of the business. The company has implemented several efficiencies related to energy use and has new products with improved landfill biodegradability as well as recyclability.

Energy use (electricity consumption / Tonne Product) is comparable to last year, despite the high number of small jobs with substantial downtime and changeover time.

The company has met the requirements of the National Packaging Covenant to monitor and improve where possible. It has led to deeper understanding of its processes. The company looks forward to new challenges to be provided by the 2010-2015 Australian Packaging Covenant.

Results Against Targets Summary

Goal for packaging manufacturers	Aim	Target achieved?
Goal 1 KPI 2 Resources used to produce packaging by material type:	Reduction of energy/water use /unit of production * Energy (Mjoule/ tonne) * Water (kL/tonne)	N (n/a)
Goal 1 KPI 5 Packaging designed and manufactured to optimise amount of post consumer recycled content.	Recycled content in packaging manufactured	N
Goal 2 KPI 16 Collection services for post consumer packaging and paper	Provide recycling collection facilities for post-consumer packaging generated on-site.	Y
Goal 4 KPI 21 Increase recycling of used packaging	Tonnage of consumer packaging from on-site collection facilities recycled and sent to landfill. **Recycling** Cardboard and paper – Plastic: Aluminium Steel **Landfill** Cardboard and paper – Plastic: Aluminium Steel	 N N N Y N N N Y
Goal 4 KPI 22A Adoption of Environmental Code of Practice for Packaging	Continue use of Environmental Code of Practice for Packaging in new product development. Display ECOPP in office and on web site.	Y
Goal 4 KPI 26B "Buy Recycled" Purchasing Policy.	"Buy Recycled" Purchasing Policy to remain in place.	Y
Goal 4 KPI 27-29	Establishment and reporting of baseline data, lodgement of annual report against action plan and IDAS, continual improvement	Y

Other Achievements to date

General Production
- The company has achieved HACCP certification. This has required much higher standards of cleanliness in the work environment and reduced wastage through removal of dust and particles.
- Upgrades to air purification systems have improved product quality. The company has achieved HACCP certification. This has required much higher standards of cleanliness
- Worker morale has improved with improved work environment.
- Increased production rate through production streamlining

Energy use
- Increased production rate has allowed reduction to one shift.
- Lighting circuits and switches have been redesigned to allow individual rows to be lit as required.
- Reduction by 50% of inventory and raw materials has allowed one warehouse to be closed. (now sub-let).

Re-use, Waste Minimisation and Recycling
- All plastic wastes types, including skeletal waste, rejects (by products) and plastic wrap except contaminated waste are collected and recycled.
- Plastic types are separated either at source or by dedicated staff.
- Increase of plastic raw material roll size up to 800kg, reducing electricity and process packaging wastage.
- Tracking of material usage job-by-job with KPI's.
- Separating waste and recycle streams and staff education encouraging recycling and waste minimisation.
- Negotiation with select customers for the return of obsolete, redundant product and manufacturing frames for inclusion in FormRite's recycling program.
- Biodegradable 'Plantic' plastic in production. 'Plantic' is made from environmentally sustainable organic source and degrades completely in water. Waste form production is recycled back to supplier.
- The company has available to customers a plastic additive which dramatically improves biodegradability in anaerobic (landfill) environment.

Design
- Design specifications evaluated for all customer new product design requests.

Education and Research
- Educating customers on environmental benefits of use of PET compared to PVC (a chlorinated compound). One large customer plans to replace PVC with PET, which will result in replacement of a large amount of our PVC product with PET.
- Continuing investigation of other biodegradable or compostable packaging materials.
- Promoting commitment to the Packaging Covenant to our customers.
- Recycling of packaging by customers is encouraged by the use of recycled logos on products.

Greg Jung,   General Manager   26 August 2010

EXECUTIVE SIGNATURE   DATE

FormRite Environmental Code of Practice for Packaging

The FormRite Environmental Code of Practice (based on the Environmental Code of Practice for Packaging, a part of the National Packaging Covenant) is a public document (www.FormRite.com.au).

- FormRite undertakes to educate its employees and customers in environmental responsibility and packaging stewardship.
- The importance of environmental responsibility, the National Packaging Covenant and the role of the employee forms part of company induction and ongoing employee training.
- The National Packaging Covenant, the benefits of becoming a signatory and the Environmental Code of Practice for Packaging will be promoted to customers and supply chain stakeholders.
- All packaging will conform to all government Acts, Regulations and Australian/ISO Standards.
- Overall strategies to reduce environmental impacts across packaging supply and recovery chains will be addressed.
- Packaging decision making process will be documented for environmental impacts by reference to the following strategies 1-7. If any conflict exists, the Waste Hierarchy and the requirement for the product to properly perform its primary function will determine the best approach.

Overall strategies (and examples of FormRite's ongoing commitment).

1. Source reduction
   - Reduction of material thickness and energy use in production wherever possible within the constraints of product viability.
   - Manufacture using 'Plantic' biodegradable plastic (plant, non-fossil fuel based raw material).
   - Raw materials and cardboard containing highest recycled content used wherever possible.
2. Potential for Re-use
   - Continued reuse then recycling of used cardboard packaging.
   - Re-use of tubular cardboard wastes by another local company.
3. Recovery and recycling
   - Inclusion of maximum feasible levels of recycled materials in production.
   - 'Buy recycled' policy (where the use of recycled content material does not affect product quality).
   - Consideration of product impact on resource recovery and recycling before introduction.
   - Introduction of single component products where possible.
   - Recycling advice to customers and end users is available through this company website.
4. Incorporating recycled content
   - Promotion of biodegradable plastic and recycling as environmentally friendly.
5. Minimising impacts of packaging.
   - Minimisation of use and avoidance of hazardous or toxic materials by substitution with more environmentally benign products, if product quality is not affected.
6. Propensity to become litter
   - Recycling logo on all new and existing tools (progressively).
   - Production and promotion of 'Plantic' plant based biodegradable plastics
7. Consumer information
   - Recycling logo promoted and incorporated into the product whenever possible.
   - Recycling information provided to customers and end users on company website and by pamphlets (http://www.environment.nsw.gov.au/households/EasyRecycling.htm).

The Waste Hierarchy

Materials should be conserved through more efficient use, the avoidance of unnecessary consumption and the encouragement of re-use, recycling and energy recovery. The waste hierarchy states that wastes should be managed in accordance with the following order of preference:

* Avoidance (source reduction)
* Re-use
* Recycling
* Energy Recovery
* Disposal

Signed:. . . . . .Greg Jung,   General Manager,   FormRite Australia Pty. Ltd.

Commitments related to the Environmental Code of Practice for Packaging

Packaging should conform to all government Acts, Regulations and Australian Standards
Responsibility: Production, Design Sections
- The Design section ensures that product specifications comply with all relevant standards
- Design and Operations staff periodically check samples from all product lines to ensure that specifications are met.
- Supplied incomings goods meet all design specification criteria.
- Any change or update to relevant standards is automatically notified by relevant authority (SAI Global Standards Watch) to the Design Manager.
- The statement "Packaging should conform to all government Acts, Regulations and Australian Standards" has been included in the Quality Manual.

Packaging decision-making process should be documented for beneficial and adverse environmental impacts.
Responsibility: Design Section
- The Environmental Code of Practice for Packaging Form is being used for new product development or changes to product.
- This document considers overall strategies to address environmental impacts:
    - Source reduction
    - Potential for Re-use
    - Recovery and recycling
    - Incorporating recycled content
    - Minimising impacts of packaging
    - Propensity to become litter
    - Consumer information
- Examples: (i) avoidance of composite products where a single material product performs equally well,
- Raw materials and cardboard containing highest recycled content used wherever possible.
- Recycling instructions are provided on website for customers and end users.
- The Company's Environmental Code of Practice for Packaging bearing the General Manager's signature is displayed in public areas of our business and on the company website.

Avoidance of use of hazardous toxic substances
Responsibility: Production, Design Sections
- The company is to avoid the use of hazardous or toxic substances in manufacturing process if the quality of the finished packaging product is not compromised.
- At present the company uses a limited amount of hazardous and toxic substances in the screen-printing and assembly area. Few viable alternatives exist at present, but relevant personnel are aware of this commitment and will watch for safer alternatives.
- The Quality Manual and Purchasing Procedure have been amended to include statement on hazardous substances.
- The Environmental Code of Practice for Packaging Form will be used in the development of new products.

Implementation of 'Buy Recycled' Purchasing Policy
Responsibility: Purchasing
- The Purchasing procedure and Quality Manual have had a clause added "Where practical the company will consider products with highest recycled content in purchasing decisions if neither product quality or cost is compromised".

Product Stewardship Commitments

Consider packaging design including recovery, reuse, recycling, and litter reduction.
> Responsibility: Design Sections
> Consideration to be given to design in following areas:

- Process design: product packaging processes to include recycling and re-use considerations (use of [Environmental Code of Practice for Packaging Form](#))

Minimisation of amount of material used in production
> Responsibility: Purchasing, Design Sections

- Appropriate tooling design and material gauge selection to minimise raw material use and ensure compliance to customer specified requirements.
- Encouraging reuse of all packaging cardboard and pallets. Pallets are repaired to extend their life and only broken pallet materials are discarded.
- An arrangement exists with some customers for return and re-use of cardboard cartons.
- Cardboard from suppliers collected for commercial recycling.

Reduce material and energy consumption in distribution

- Product deliveries are made by company truck.
- Investigation on reduction of product transport movements with a larger truck is on-going.
- Repair and re-use of wooden pallets reducing wood waste.

Facilitate safe and easy disposal (recovery, reuse, recycling etc) minimising environmental impact

- Biodegradable plastic product is in production.
- Biodegradable plastic promoted as environmentally friendly choice.
- **O**

Facilitate research re supply, use and recovery of packaging, identification of new uses and markets and reduction of amount of packaging

- FormRite continues membership of PACIA, which conducts such research.

Help establish and finance circulation of reliable information for consumers to assist choice

- FormRite's membership assists PACIA, a provider of reuse/recycling information pamphlets.
- Pamphlets describing industrial and kerbside recycling are available through company website and company representatives to customers and end users.

Accurate consumer information and labelling to encourage recycling

- Plastic recycling logo is routinely placed in new product designs. For customer specific designs, at approval stage customer may specifically request for recycle logo to be removed (opt-out).

Provision of point of sale recycling information.

- FormRite promotes to customers the principles of the Covenant and the benefits of becoming a signatory.
- Pamphlets for distribution to customers and end users have been obtained for distribution by sales staff (http://www.environment.nsw.gov.au/households/EasyRecycling.htm).

Baseline Data, Action Plan KPI Targets and Results

Goal for packaging manufact'rs	Aim	Baseline Data	Target	Results (MJ/T)
Goal 1 KPI 2 Resources used to produce packaging by material type: Energy (Mjoule/tonne) Water (kL/tonne)	Reduction of overall energy use per unit of production Energy (Mjoule/ tonne) Not applicable	Initial baseline data: Electricity use : total mass of packaging product (1 July 2006 – 30 June 2007) <table><tr><td>Parameter</td><td>Result</td></tr><tr><td>Electricity (MJ/y)</td><td>xxx</td></tr><tr><td>Product (tonne/y)</td><td>xxx</td></tr><tr><td>Energy use per unit of production (MJ/tonne)</td><td>xxx</td></tr></table>	Reduction in energy use per tonne of packaging produced by 2% p.a.. (6% over three years of plan through energy efficiency. <table><tr><td>Date</td><td>Energy/unit of production (MJ/tonne)</td></tr><tr><td>July 2007-June 2008</td><td>5784</td></tr><tr><td>July 2008-June 2009</td><td>5669</td></tr><tr><td>July 2009-June 2010</td><td>5556</td></tr></table>	Electricity use / total mass of packaging product (I July 2008– 30 June 2009). <table><tr><td>Parameter</td><td>Result July 2009-June 2010</td></tr><tr><td>Electricity (MJ/y)</td><td>xxx</td></tr><tr><td>Product (tonne/y)</td><td>xxx</td></tr><tr><td>Total Energy use per unit of production (MJ/tonne)</td><td>6058</td></tr></table> It is not possible to apportion energy use per type of plastic produced; therefore this figure is reported for each plastic type produced. <table><tr><td>Product</td><td>Tonne /y</td></tr><tr><td>Plastic Type 1 PET</td><td>xxx</td></tr><tr><td>Plastic Type 3 PVC</td><td>xxx</td></tr><tr><td>Plastic Type 6 PS</td><td>xxx</td></tr><tr><td>Plastic Type 7 PC/ Bio material</td><td>xxx</td></tr><tr><td>Total (tonne/yr)</td><td>xxx</td></tr></table> **Target achieved? No**

Goal for packaging manufact'rs	Aim	Baseline Data				Target	Result

Goal for packaging manufact'rs	Aim	Baseline Data	Target	Result
Goal 1 KPI 5 Packaging designed and manufactured to optimise amount of post consumer recycled content.	Recycled content in packaging manufactured	**Revision**: Reviewed and amended from previous plan. Amount of packaging produced using virgin materials and recycled content (1/7/06 – 30/6/07)[i]	Purchasing remains mindful of the need to buy raw materials of highest recycled content, however barring a technological breakthrough, production of plastics with non-virgin material (except PVC, polystyrene and polycarbonate) is not possible.	Manufactured packaging recycled content (%)

Baseline Data table:

Type	Virgin material use (T/y)	Recyled Mateial use (T/y)	recycled content %
Type 1 PET	85.5	0	0%
Type 2 HDPE	0	0	n/a
Type 3 PVC	276.52	0	0%
Type 4 LDPE	0	0	n/a
Type 5 PP	0	0	n/a
Type 6 PS	99.56	21.82	18.0%
Type 7 OTHER	38.48	0	0%
Non recyclables	0	0	n/a

Target table:

Material Type / Recycled content (%)	Reslt 2006-2007	Plan 2007-2008	Plan 2008-2009	Plan 2009-2010
Type 1 PET	0			
Type 2 HDPE	0			
Type 3 PVC	0			
Type 4 LDPE	0			
Type 5 PP	0			
Type 6 PS	>18.0%	>18.0%	>18.0%	>18.0%
Type 7 Other	0			
Non recyclables	0			

Result column:

Manufactured packaging recycled content (%)

Type 7 OTHER	30%

Due to production quality problems and supplier issues, purchase and manufacture of polystyrene with recycled content is no longer viable at this time.

The company still sells polystyrene scrap to other suppliers to be recycled

Target achieved? No

Note: Biological (cornstarch) based scrap material continues to be returned to supplier for inclusion in purchased raw material.

Goal for packaging manufact'rs	Aim	Baseline Data	Target	Result
Goal 2 KPI 16 Provision of collection services for post consumer packaging and paper	Provide recycling collection facilities for post-consumer packaging generated on-site.	Established for production plastics, plastic wrap, cardboard, office paper, and aluminium cans. Other metals from production also recycled (aluminium and steel)	Continue and improve for all plastics, cardboard, office paper, aluminium cans, and metals aluminium and steel from production.	**Target achieved? Yes**

Goal for packaging manufact'rs	Aim	Baseline Data					Target					Result		

Goal 4 KPI 21
Increase recycling of used packaging

Estimated tonnage of consumer packaging from on-site collection facilities recycled and sent to landfill respectively.

Recycled

Material Type (T/y)	Baseline Result 2006-2007	Plan 2007-2008	Plan 2008-2009	Plan 2009-2010
Cardboard/ paper	13.4	14.1	14.7	15.4
Plastic	200	210	220	230
Aluminium cans	0.1	0.105	0.11	0.115
Aluminium	0.1	0.105	0.11	0.115
Steel	0.9	0.95	0.99	1.04

Target is to increase amount recycled by 5% / year.

Disposed to landfill (per year)

Material Type (T/y)	Result 2006-2007	Plan 2007-2008	Plan 2008-2009	Plan 2009-2010
Cardboard/ paper	0.5	0.475	0.45	0.425
Plastic	0.5	0.475	0.45	0.425
Aluminium cans	0.004	0.0038	0.0036	0.0034
Aluminium	0.1	0.1	0.1	0.1
Steel	0.5	0.475	0.45	0.425

Recycled

(T/y)	Result 1/7/08 – 30/6/09	Target achieved
Cardboard	14.7	N
Plastic	215.9	N
Aluminium	0.05	N
Steel	3.9	Y
Totals	234.6	

Disposed to landfill (per year)

(T/y)	Result 1/7/08 – 30/6/09	Target achieved
Cardboard	0.94	N
Plastic	2.1	N
Aluminium	0.01	N
Steel	0.16	Y
Totals	3.21	

Goal for packaging manufact'rs	Aim	Target	Results
Goal 4 KPI 22A	Adoption of Environmental Code of Practice for Packaging	Continue use of Environmental Code of Practice for Packaging in new product development (ECOPP form). Display company Environmental Policy in office and on web site.	FormRite continues use of Environmental Code of Practice for Packaging in new product development (ECOPP form) and displays company Environmental Policy in office and on web site. **Target achieved? Yes.**
Goal 4 KPI 26B	Adoption of "Buy Recycled" Purchasing Policy.	"Buy Recycled" Purchasing Policy to remain in place. Evidence of recycled material purchase.	"Buy Recycled" Purchasing Policy is in place. 40.7 T/y of material with recycled content was purchased and used composed of 17.2 T/y (plastic type 7), 23.4 T/y cardboard. The company has used copy paper with recycled content 0.025 T/y. Reductions in total with recycled content this year are due to lower overall production. **Target achieved? Yes**.
Goal 4 KPI 27-29 Establishment and reporting of baseline data, lodgement of annual report against action plan and IDAS, continual improvement			**Target achieved? Yes.**

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[i] **Definitions of plastics types**
Plastic type Definitions
Type 1 PETE (Includes APET and PETG), Type 2 HDPE, Type 3 PVC, Type 4 LDPE, Type 5 PP, Type 6 PS (all forms of polystyrene including High Impact PS)
Type 7 Other (includes ABS (acrylonitrile-butadiene-styrene), polycarbonate, acrylic and biodegradable.

Note: while types 4, 5, 6 and 7 are regarded as "non-recyclable" due to low recycling rates in the marketplace, in FormRite production they are all recycled by bundling separately and sale to an external recycling company. Plantic biodegradable plastic waste is returned to Plantic manufacturer.