

GLOBUS GROUP PTY LTD

AUSTRALIAN PACKAGING

COVENANT

ACTION PLAN, 2011- 2015

Executive Summary

Globus has made significant progress in relation to its action plan and KPI's as set out in October 2005 for the period of 2006-2010 under the previous National Packaging Covenant.

There have been many changes at Globus that have contributed to the successful implementation of the action plan. These changes include new staff, machinery and processes that have led to greater efficiencies in our manufacturing processes.

As a signatory to the new Australian Packaging Covenant, Globus Group aims to continue to implement and train its staff in the sustainable packaging guidelines and recognises its responsibility to the environment. Globus has transitioned to a new computer system called IFS Version 7, designed for manufacturing companies, which continues to improve our controls over raw materials, finished goods and waste. This results in less wastage and better utilisation of resources.

Globus applies all relevant parts of the Sustainable Packaging Guidelines (SPG) in its APC action plan. This in turn leads to a minimisation of negative environmental impacts whilst maximising environmental benefits. The areas of the SPG that Globus has addressed in its APC action plan are as follows: source reductions, potential for reuse, recovery and recycling, efficient use of energy and improved pack integrity to reduce food and packaging waste. Through incorporating these areas of concern into our APC action plan and setting specific quantifiable targets (KPI's) where possible, Globus aims to show real progress towards achieving the goals of the SPG.



Mr Christopher Burt
Chief Executive Officer
Globus Group Pty Ltd

6th July, 2011

Company Overview

Globus is a specialist supplier of innovative packaging and equipment for perishable foods. Globus integrates leading technologies in barrier films, bags, casings and processing equipment, delivering solutions that make process and profit sense for our customers.

Globus Group operates converting facilities in both Sydney and Wellington. Our warehouse distribution and sales centres are in Sydney, Melbourne, Brisbane, Adelaide, Perth, Wellington and Auckland.

Production capabilities include:

- Flexographic printing
- Solvent-less lamination
- Bag making
- Shirring
- Clipping and looping
- Centre-sealing
- Slitting

The most valuable contribution that Globus can make to saving environmental waste of all types, including packaging, is to work with perishable food manufacturers to apply packaging and packaging methods to extend shelf life so that retail stores throw out as little as possible date-expired foods.

History

Globus Group was founded in Australia in 1949 by lifelong friends and business partners Paul Sten and Emanuel Fisher. As recent immigrants to Australia, Sten and Fisher saw a need for quality smallgoods products and soon began importing artificial sausage casings for local manufactures.

In 1951 with the invention of indelible, food-safe inks, Globus were the first company in Australia to give customers the option of printing brand names and logos onto food casings. So ahead of its time was Globus' branding and marketing initiative that many smallgoods manufactures initially rejected the idea.

Today it would be impossible for perishable food manufactures to succeed without professional branding and packaging design.

Globus still prides itself on being at the forefront of packaging and equipment advances, introducing numerous technical and procedural innovations over the subsequent years.

While Globus Group has evolved, grown and become a technological leader in the food packaging industry, the original aims of Paul Sten and Emanuel Fisher are still applicable.

Globus Group will always encourage and foster excellence within the Australian food industry by providing quality products, expertise, exceptional technical ability, imagination and superior service to our customers.

Customers & Products

Globus' customers range in size from small wholesale butchers' suppliers to large national and international food manufacturing businesses.

Packaging product categories are as follows:

Fibrous – a cellulosic (SPI Code 7) food casing that is primarily used in smallgoods manufacture. Product is pumped into the fibrous casing which is then smoked, dried or matured to make products such as salamis and pepperonis.

Glophane – a “cook in” food casing for whole-muscle products (for example silverside). Used solely for processing, not used for transport or retail sale. Glophane is a nylon film (SPI Code 7).

Laminated Casings – trapped, reverse printed triplex casing. These can comprise various combinations of the following films: Nylon (PA) (SPI Code 7), Polyester (PET) (SPI Code 1), Polyethylene (PE) (SPI Code 4) and polyvinylchloride (PVC) (SPI Code 3)

Functional casings – food casings that impart a physical characteristic to the filling (flavours or colours) (SPI Code 7).

Poly casings – for use with all types of “emulsion” sausage, such as Devon, pate, raw sausage mince and ham steaks. Poly casings can be used when either water cooking or steaming. (SPI Code 7)

Double-wound film – two-layer film, used for trapping print between layers for higher definition. This film has high shrink and high barrier properties. For use when steam cooking emulsified products. Double-wound film is a polyvinylidene chloride (Pvdc) film (SPI Code 7).

Barrier Bags – transparent shrinkable bags, which are produced in a number of sizes and thicknesses. Barrier bags are used for fresh meat, cheeses, cooked poultry, bacon and smallgoods. These are comprised of PE- PVDC co-extrusions (SPI Code 7).

Collagen casings – edible casing, which is used with raw, cooked or smoked sausages. Collagen casings are sold in various colours for different appearances (SPI Code 7),

Thermoform – multi-layer, high barrier film (SPI Code 7) sold for packaging in various thicknesses depending on rigidity and depth requirements. These can comprise various



combinations of the following films: Nylon (PA) (SPI Code 7), Polyester (PET) (SPI Code 1), Polyethylene (PE) (SPI Code 4), Ethylene vinyl alcohol copolymer (EVOH) (SPI Code 7) and polyvinylchloride (PVC) (SPI Code 3)

Clips - a metal clip that is closed around any bag, netting or casing.

Loops - used to hang sausages in smokehouses, smoke trolleys, on smoke sticks, during maturing, during post maturing and for display at point of sale.

Labels - are attached to sausages and have information for customers on them such as brand and expiration date.

Engineering products:

In addition to the above packaging product categories, Globus Group also supplies customers with food processing machinery, spare parts, and servicing.

Suppliers

Globus Group's packaging raw material and traded goods suppliers range in location from within Australia to Asia, Europe and America. Globus Group's policy is to focus its efforts on the products of a relatively small number of high quality suppliers who work with Globus as true partners.

Globus Group offers suppliers high quality engineering support and manufacturing/conversion capabilities. This is coupled with highly developed distribution channels, a skilled and experienced sales team and a company focussed on providing service to its customers.

Globus' history demonstrates that supplier partnerships formed are lasting partnerships. Globus enters into new arrangements only where the products offer true innovation and competitive advantage to customers.

Suppliers are selected on their ability to supply goods and services to time, cost and quality requirements. Assessment of this ability may include, as appropriate:

- Past performance
- Capability
- Management systems

The majority of Globus' raw materials are purchased from overseas – this is a function of the specialist nature of the material required. However, where possible Globus Group purchases from domestic suppliers and signatories to the Australian Packaging Covenant.

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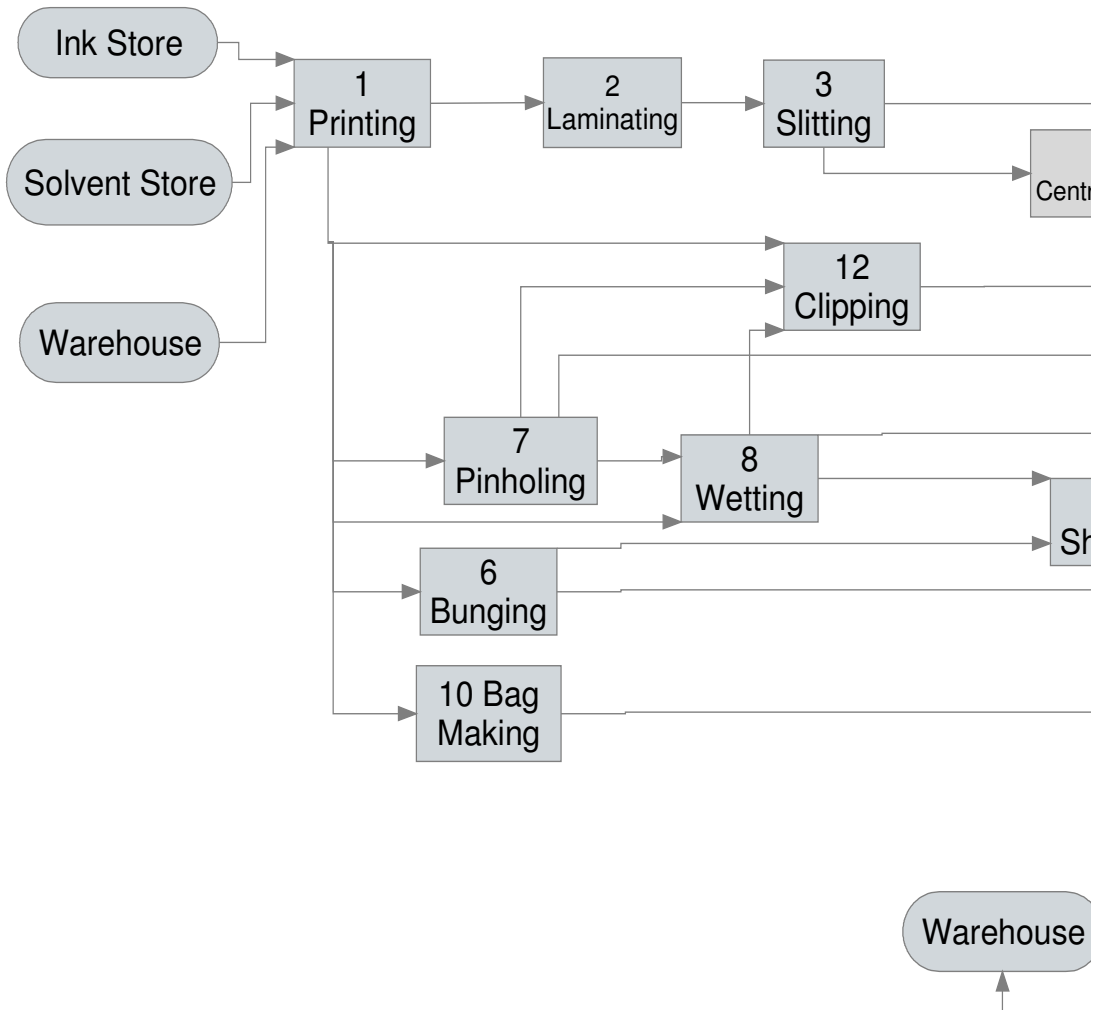


Process Overview

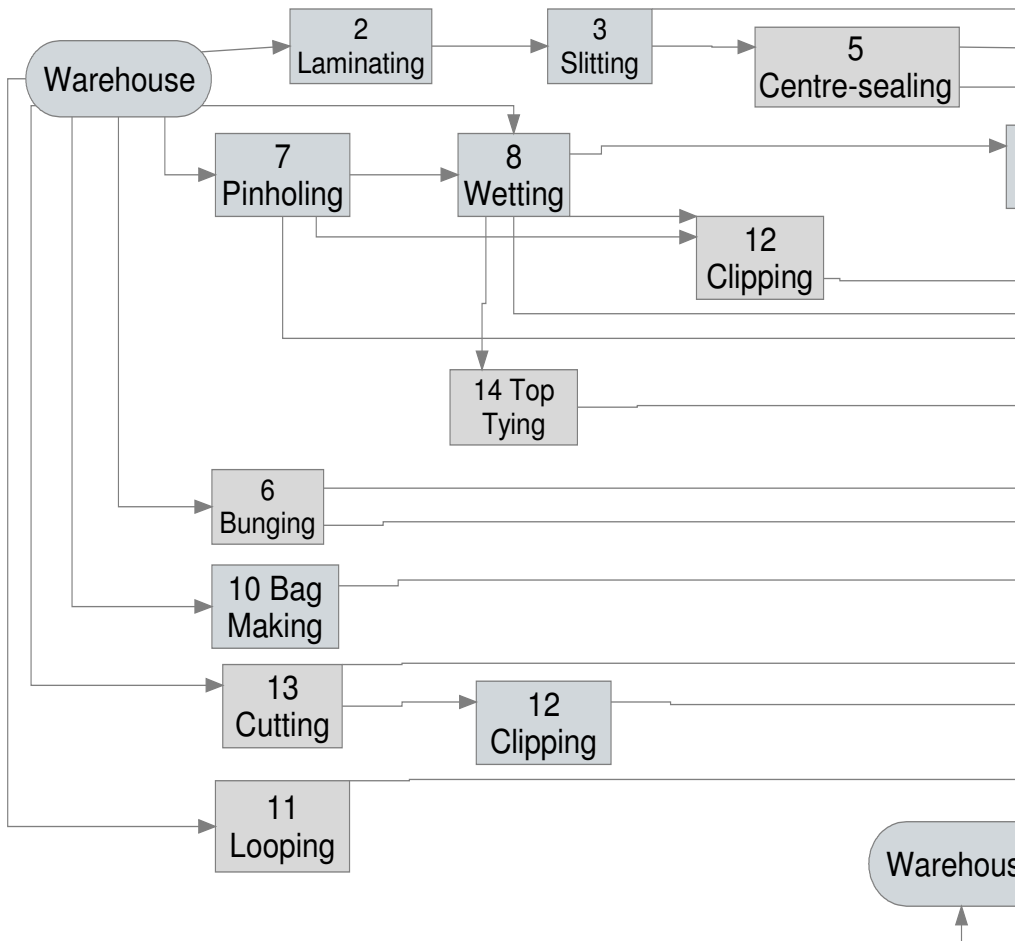
1. Raw material is purchased from one of Globus' suppliers. It is stored in its primary packaging in the warehouse until required by the manufacturing facility.
2. The material is transported to the factory where, depending on the nature of finished product required, it is passed through one or more processes.
3. If the product is to be printed with customer logos, nutritional information and product descriptions, this is the first process.
4. Printed or plain material depending on the material type may then be converted into bags or pieces of various lengths and finished with clips or loops to seal the material at one end. The bags or pieces would then be packed tightly in cartons and stored until requested by the customer.
5. Some material (either printed or plain) is pre-shirred. Pre-shirring is a process that takes a tube of material and concertinas it into a stick. 25-40 metres of material can be 'squashed' into a uniform stick, with a length of approximately 50 cm. This process itself actually reduces the amount of packaging required for despatch. These sticks of material are then packed into cartons for despatch.
6. Once goods are shipped to the customer, the casings are filled with the customer's product (e.g. meat, cheese, pet food etc). Subsequent processes may include cooking or maturing (within the Globus casing) prior to sale. The casing supplied by Globus Group may or may not be seen by the end consumer.

Flowcharts of the Globus manufacturing process can be seen on the following pages.

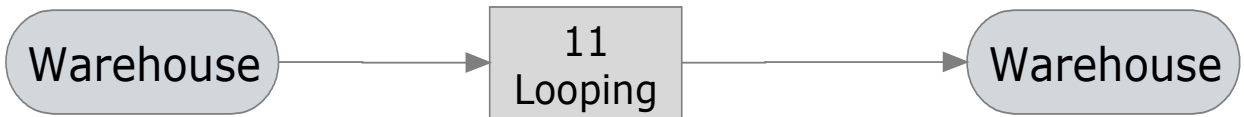
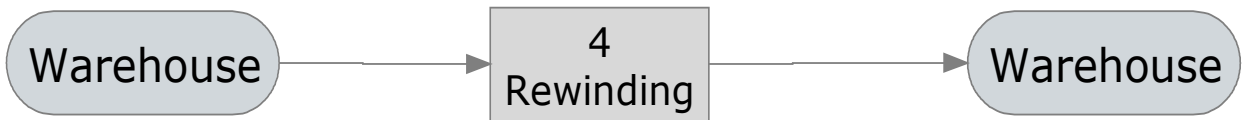
Production Process Flow Diagram - Pri



Production Process Flow Diagram - Non-F



Production Process Flow Diagram - Other



Globus Group locations and primary activities

Globus Group employs approximately 70 staff across Australia, broken up between the following sites.

Bankstown, NSW

- Head Office
- Raw material store
- Manufacturing facility
- Finished goods store
- NSW, ACT, SA and QLD customer distribution
- Distribution to regional warehouses in VIC and WA (WA operated by third party provider)

Campbellfield, VIC

- Sales, administration and distribution – VIC,TAS

Fairview Park, SA

- Sales office, SA

Welshpool, WA

- Sales and distribution (via third party)

Coopers Plains, QLD

- Sales office, QLD

Australian Packaging Covenant and Globus' Commitment

Globus Group became a signatory to the National Packaging Covenant in April 2003 and re-signed to the Australian Packaging Covenant in November, 2010. Globus' CEO and executive management team remain 100% committed to the program, its principles and its obligations as signatory.

This commitment has been, and shall continue to be, displayed through:

- Assigning responsibility for covenant compliance and action plan monitoring to the Technical Manager. The current incumbent and contact details are:

Mr Gordon Greenaway

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- Contribution to the annual financial contribution.
- Covenant action plan points becoming an agenda item in management review meetings.
- A review of processes that lead to scrapped material from the factory.
- Purchase of new machinery that produce less waste or allow for more efficient use of materials.

Globus has maintained a reputation for innovation, research and development within the food packaging industry since its inception over 60 years ago. Commitment to the cause and ideology of the Australian Packaging Covenant is therefore inherent in the business' make up.

- Globus is committed to minimising excess and inappropriate packaging and its impact on the environment
- Globus is committed to further researching materials currently used for packaging being mindful of recyclability
- Globus is committed to educating its staff in the areas of packaging waste and disposal
- Globus is committed to working with partners in the supply chain for the betterment of waste management and recycling practices in Australia
- Globus is committed to the packaging covenant key concepts of shared responsibility and product stewardship
- Globus is committed to the use of the Sustainable Packaging Guidelines as part of its business practice and decision process.

The Sustainable Packaging Guidelines (SPG)

Globus supports the sustainable packaging guidelines which assist Covenant signatories and others to review and optimise consumer packaging to make efficient use of resources and reduce environmental impact without compromising product quality and safety. Packaging should be designed to have a minimum net impact on the environment in terms of waste, water, energy, emissions while also fully preserving the integrity of the product it contains.

As the SPG recognises, packaging provides convenient, safe, and cost efficient delivery of products to customers. Globus' packaging also ensures products are protected, have increased shelf life, and are clearly branded and marketed for end consumers at the point of sale.

Globus applies all relevant parts of the SPG in its APC action plan. This in turn leads to a minimisation of negative environmental impacts whilst maximising environmental benefits. The areas of the SPG that Globus has addressed in its APC action plan are as follows: source reductions, potential for reuse, recovery and recycling, efficient use of energy and improved pack integrity to reduce food and packaging waste. Through incorporating these areas of concern into our APC action plan and setting specific quantifiable targets (KPI's) where possible, Globus aims to show real progress towards achieving the goals of the SPG.

These actions address the three Goals of the APC, namely:

Goal 1: Design – To optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety.

Goal 2: Recycling – The efficient collection and recycling of packaging to achieve a contribution to improved recovery of packaging from households and away-from-home sources.

Goal 3: Product Stewardship – To demonstrate signatories in the supply chain working with others to improve packaging design and recovery, and to achieve a reduction in litter.

Annual reporting against action plan

Globus is committed to lodge a report against its APC Action Plan to the Australian Packaging Covenant annually

Reports submitted are to clearly demonstrate continuous improvement and performance against individual targets (KPI's) and timelines in the attached action plan.

Waste Minimisation and Recycling

There are a number of existing programs within Globus Group positively impacting waste management, disposal and material recycling.

New machinery in the factory

There are five main new machines that have led to a decrease in scrap material and excess material reaching the end user.

The two new bag machines have allowed operators to ensure seal quality on barrier bags to minimise breakage in the market place resulting in less reject bags that end up in landfill. Our fourth machine was the second new bag machine commissioned in 2009.

The new state-of-the-art flexographic printing press allows for more efficient start-up and improved control of print quality resulting in less set up waste between jobs and throughout each print job.

The new solvent-less laminator provides efficient lamination of various film substrates to produce multi-function laminates which provide barrier protection and pack integrity. This results in less product spoilage in the marketplace which directly results in less landfill waste.

Lastly, the new slitter allows the laminates or film to be slit at faster speeds and with less trim waste than the previous much older slitter resulting in energy and material savings.

Recycled Waste

In addition to the current collection of paper and cardboard waste for recycling, plastic film is now also collected for recycling. This has been facilitated by the purchase of three waste compacting machines during the past year.

Also, non-conforming film is, where applicable, is used for “make-ready” film for setting up print jobs.

Measurement system for production waste implemented and reported.

The current ERP (Enterprise Resource Planning) system allows for a quantitative measure of material wastage. This is measured against a target which is reported to the senior management team and directors on a monthly basis. The Technical Manager oversees product quality which has resulted in Globus reducing quality problems with its products and hence decreasing wastage. Factory employees are made aware of the relationship between waste and commercial success through details in their job descriptions.

Globus Group Pty Ltd



Management Commitment

Significant opportunities for improvement exist with Globus' business. The company relocated its production to Bankstown in 2006 which has resulted in improvements in efficiencies and waste management.

Globus is certified to ISO9001 - 2008 Quality Management System, covering all areas of the manufacturing process, and the management systems that underpin the business. Within the documented quality system particular emphasis is placed upon customer satisfaction and management of improvement strategies.

Globus is also certified to AS ISO22000 – 2005 Food Safety Management System (HACCP) which further confirms the commitment from Globus in recognising the needs of its customers, consumers and our society.

The Management Team are fully aware of the negative impact waste has on the environment and the commercial performance of the business, and through management of the Action Plan outlined in this document feel that both areas can be impacted. Performance against major KPI's will become an agenda item for monthly management meetings. The Chief Executive Officer accepts responsibility for ensuring team members are assigned appropriate tasks and perform activities so that due dates are met.

Additional information

For additional information, please contact Globus Group's
Australian Packaging Covenant representative:

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Action Plan 2011 - 2015 (as at July, 2011)

<u>Covenant Performance Goals and KPIs</u>	<u>Actions</u>	<u>Responsibility</u>	<u>Baseline Data</u>	<u>Target or Performance Goal</u>	<u>By</u>	<u>Evidence</u>
Goal 1: Design - To optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety.						
<u>KPI No.1</u> Ensure all current and new products are designed to minimise the quantity of material used without compromising the products properties or end-use performance. Globus supplies about 1500 products.	Review the structure of 50% of existing products (packaging) against the SPGs	Technical Department	Not started yet	50% of existing products (packaging)	30 June, 2015	Documentation of all reviews, and the results thereof, shall be retained.
	Review the structure of 100% of new products (packaging) against the SPGs	Technical Department	Not started yet	100% of new products (packaging)	30 June, 2015	Documentation of all reviews, and the results thereof, shall be retained.
Goal 2: Recycling – The efficient collection and recycling of packaging to achieve a contribution to improved recovery of packaging from households and away-from-home sources.						
<u>KPI No.3:</u> Operation of on-site recovery systems for recycling used packaging.	Continue to operate on-site recovery systems for used packaging.	Purchasing Department	Globus already has onsite recovery systems for used packaging.	To ensure all used packaging is recovered and recycled, where appropriate.	30 June, 2015, reviewed annually	Documentation of current on-site recovery system.
<u>KPI No.4:</u> Implementation of a policy to buy products made from recycled packaging.	Investigate the possibility of creating a “buy recycled” policy, in line with regulations and the specific needs of our customers.	Technical Department	Globus does not have a “Buy Recycled” policy.	To establish a formal, documented policy for the purchasing of recycled products, where appropriate, for specific products.	30 June, 2015	A formal documented policy will be provided.



<u>Covenant Performance Goals and KPIs</u>	<u>Actions</u>	<u>Responsibility</u>	<u>Baseline Data</u>	<u>Target or Performance Goal</u>	<u>By</u>	<u>Evidence</u>
Goal 3: Product Stewardship – To demonstrate signatories in the supply chain working with others to improve packaging design and recovery, and to achieve a reduction in litter.						
KPI No.6 Ensure the packaging of raw materials supplied to Globus is not excessive or inappropriate to the requirements.	Establish a formal process for communicating with our suppliers and customers regarding the design of recyclability of our packaging.	Technical Department	Globus currently has no formal process for working with others to improve the design and recyclability of our packaging.	To establish a formal documented policy for working with our suppliers and customers to improve the design and recyclability of our packaging.	30 June 2012	A formal documented policy will be provided.
KPI No.7 Promote Globus' commitment to the APC to customers and suppliers.	Globus will formally advise our customers and Australian suppliers of our participation and commitment to the APC, and encourage them to also commit.	Sales Department	Globus does not formally promote our covenant commitment.	To communicate the covenant commitments we have made via the Globus Group website, by communicating our "Buy Recycled Policy" and our on-site recovery system to our suppliers and customers.	30 June, 2015	Globus will retain evidence of any communication with our suppliers and customers regarding the APC.
KPI No.8 Reduction in the number of packaging items in the litter.	Investigate the use of disposal instructions on all packaging.	Technical Department	None of our packaging displays the recycling logo.	To ensure all packaging has the correct, appropriate labelling instructions for recycling, or, where a product is not recyclable, instructions to "please dispose of thoughtfully".	30 June, 2015	A documented list of all products and their respective disposal instructions.

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