

**INGHAMS ENTERPRISES NATIONAL PACKAGING  
COVENANT ANNUAL REPORT 2008**



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**EXECUTIVE SUMMARY**

Inghams Enterprises has been a signatory to the National Packaging Covenant since 2001 and re signed the revised Covenant in 2005. Inghams continues to contribute to the Covenant Funding Arrangements which resource projects on ‘away from home’ recycling, improved recycling infrastructure as well as financing the Covenant Secretariat.

Inghams operates throughout Australia and New Zealand employing over 8,000 people. We aim to remain Australia's first choice for poultry products and to be recognised for brand excellence, a commitment to employees, food safety, the environment and innovation.

The key aim of Inghams 2005 – 2010 Action Plan is to develop packaging databases, establish data baselines, improve packaging design and contribute to increased recycling rates as well as continuing to build upon the achievements made since joining the covenant including the development of our packaging specification system to accurately report on the total weight of consumer packaging sold, the total weight of product packaged and the total weight of non-recyclable packaging sold. Inghams Action Plan runs for five years and this is the third Annual Report covering the period 1 July 2007 to 30 June 2008. The Report details progress made on the Action Plan including the overarching targets, meeting the data requirements and implementation of the revised Environmental Code of Practice for Packaging.

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**Endorsement:** Inghams is committed to the principles of the National Packaging Covenant (NPC) and aims to incorporate these principles in all our operations and to promote the principles of the Covenant to our suppliers, customers and employees.

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Mr Kevin McBain  
**Chief Executive Officer**

## **1.0 INGHAMS ENTERPRISES PTY LIMITED (INGHAMS)**

Inghams Enterprises is a multifaceted company that is today a large and significant contributor to the food industry and in particular the poultry industry with over 8,000 employees and operating in all States in Australia and New Zealand.

Inghams was founded at Casula, New South Wales, in 1918 by Walter Ingham. In 1953, the business was inherited by his two sons the late Jack Ingham, and Bob Ingham, who is the Chairman and Managing Director.

Poultry production remains the core business of the corporation and Inghams has become the largest integrated producer of poultry (chicken, turkey and duck) meat products in Australia. The diagram on the following page illustrates the integrated nature of the business.

Integrated poultry operations include:

- Breeding, hatching and growing of poultry on company and contract farms
- Production of fresh, value enhanced and cooked poultry meats
- Production of other finished meat products
- Production of a range of livestock feeds
- Conversion of offal and feathers to meat meals and pet food additives
- Research into nutrition, health, animal husbandry and product development

Inghams pack under the following brand names:

- Ingham
- Chickadee
- Barons Table
- Aldinga Table Turkeys
- Various retail house brands
- Mitavite (Australian Feed Company)

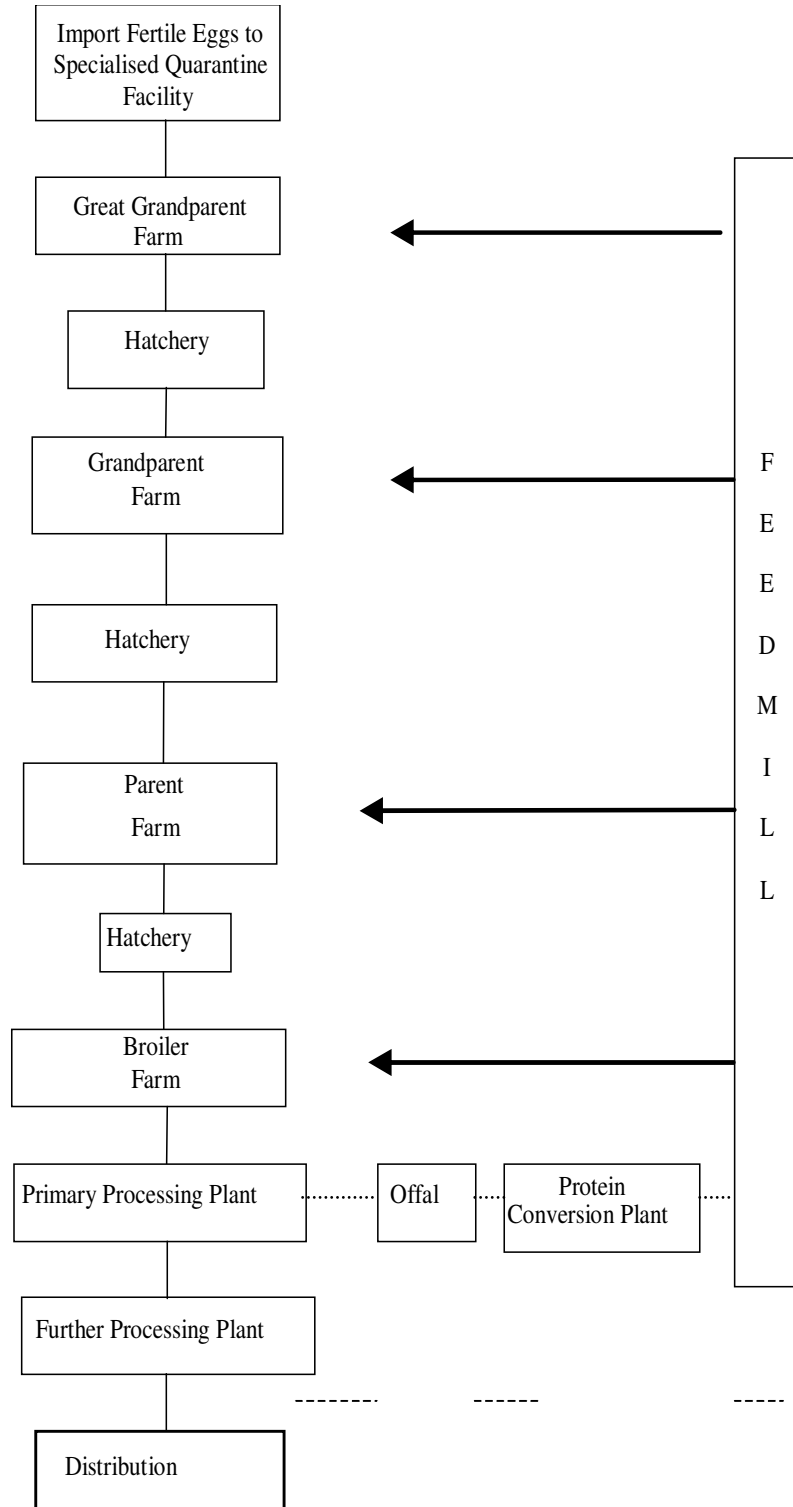
### ***Products and packaging***

Inghams has an extensive product range serving retail consumers and food service customers such as supermarkets, fast food outlets, restaurants and cafes.

Retail consumer products include:

- Fresh chicken portions
- Fresh turkey and chicken cuts
- Oven ready snacks and meals
- Freshly marinated products
- Smallgoods
- Food service product range

*The integrated poultry industry*



Food Service products include:

- Bulk fresh poultry products (chicken and turkey)
- Smallgoods (chicken and turkey)
- Further processed (chicken, turkey and red meat)

A large variety of packaging is used across Inghams operations and the general consistency in the packaging of various products across the Company will assist in the delivery and measurement of future packaging improvements.

Key packaging components comprise:

ITEM	Key Material
Outer cartons	Cardboard (std)
Crates	HDPE
Inner carton	Cardboard (std)
Liner	LDPE/HDPE
Trays	HIPS, GIPS
Film wrap	PVC
Soaker pads	POLYESTER /LD
Bags	LDPE, paper
Pallet wrap	LDPE
Permeable shrink bag	
Labels	Paper,
Bag clips	Aluminum
Bone guards	Polyester cotton
Nylon strapping	

### ***2007 -2008 snapshot***

The Inghams NPC Team continued development of the intranet based packaging system designed to contain all the information necessary for Covenant reporting as well as the packaging information required by our major customers, creating a one-stop-shop for packaging information. This is a major piece of work given the size of our product range and the number of different packaging products used. Stage 1 has provided integrated packaging and product data for the Further Processed product range. Development has continued in 2008 to encompass other product ranges.

Inghams trialed and then subscribed to the PIQET program in February 2008. 15 staff were trained in its use. The PIQET tool helps to meet the requirements of the covenant by making an assessment of the packaging used with particular products as well as being able to compare different packaging types for new products.

The Covenant has continued to help drive the sustainability agenda for Inghams. We are developing and implementing a comprehensive Sustainability and Climate Change strategy and reduction of waste to landfill is a key goal of this work.

Inghams has also been engaging customers and suppliers on sustainability initiatives.

Our baseline carbon footprint calculation includes a figure for waste packaging sold with our product for the baseline year. This is a Scope 3 emission.

Inghams will join the NZ Packaging Accord in 2009.

## **2.0 THE NATIONAL PACKAGING COVENANT**

The National Packaging Covenant is the key tool for managing packaging waste in Australia. It is a voluntary agreement between members of the packaging chain and government that aims to minimise the environmental impact of consumer packaging throughout its lifecycle and close the recycling loop.

Inghams is committed to the principles of the National Packaging Covenant (NPC) signing the original Covenant on 22 June 2001 and the revised Covenant on 28 September 2005. Inghams continues to contribute to the Covenant Funding Arrangements which resource projects on 'away from home' recycling, improved recycling infrastructure as well as financing the secretariat.

### ***National Packaging Covenant Targets, Goals and Key Performance Indicators***

Targets have been developed to measure performance in the key areas to demonstrate whether the covenant is meeting its goals and contributing to better lifecycle management of packaging and specific performance goals have been developed to measure progress.

A series of KPI's have been developed and are grouped under five Covenant goals. Inghams is defined as a 'Packaging User' or 'Brand Owner' in terms of the Covenant and must report against the KPI's that are relevant to brand owners or the 'individual company data set' outlined in part 5.5 of the Covenant.

### **3.0 INGHAMS PRODUCT STEWARDSHIP**

As a signatory, Inghams has committed to take action as appropriate in all relevant areas outlined in part 4 of the Covenant, detailed below:

***Design** - In designing packaging, careful consideration will be given to its possible effect on the environment from manufacturer to end user as well as to its recovery (including reuse and recycling) and/or final disposal. Package designers should work with the packaging chain (from design to reuse) to ensure that opportunities for waste minimisation, secondary market creation and the reduction of litter are taken.*

The original code of practice for packaging used each time a packaging change is proposed or made, highlighted any covenant issues and encouraged positive packaging changes. The original code was replaced with the revised Environmental Code of Practice for Packaging in 2005. Staff involved in making changes to packaging design received training in the revised Environmental Code of Practice for Packaging in the first quarter of 2007. Inghams reviewed the use of the PIQET assessment tool in the first quarter of 2008 and decided to subscribe to the program. PIQET is now used to provide packaging information to the packaging specification system as well as for comparisons between packaging systems. See Action under KPI 3 and Appendix 2.

***Production** - Packaging will be manufactured so as to minimise the amount of material essential to guarantee the protection, safety and hygiene and shelf life of the product. Report on the source and generation of packaging materials.*

Appendix 2 provides current details.

***Distribution** - Logistics will be designed so as to reduce material and energy consumption to optimal levels while maintaining product quality.*

Inghams continues to participate in supply chain improvements as a supplier to major Supermarkets that are expected to reduce material and energy consumption in product distribution. Monitoring and internal reporting of CO<sub>2</sub>-e emissions associated with product distribution commenced in late 2007.

***Disposal** - Packaging should be designed to facilitate its safe and easy disposal by consumers when it reaches the end of its lifecycle. In this context, disposal includes reuse, recycling and other forms of recovery to minimise environmental impact.*

Disposal advice appears on all Australian and New Zealand's retail packs. See Action under Covenant Goal 3.

***Research** – There is a need to conduct and facilitate research into environmental and lifecycle issues involving the manufacture, distribution, recovery and/or disposal of packaging. This research should seek, among other things, to identify new end uses for secondary materials that are essential for the sustainability of the recycling system. The*

*research should also aim to reduce the amount of packaging and collect data on its use.*

Inghams contributed to research projects at RMIT in 2007 and will continue to participate in packaging research where relevant. Inghams commissioned some Life Cycle Analysis work on a packaging system in 2008. See Action under KPI 3.

***Market Development*** - *Expanded markets for recyclable materials are essential to the sustainability of the recycling system. Frameworks need to be established to ensure that new product development using recovered materials is accelerated and that inappropriate barriers to marketing of recycled products are removed.*

Inghams purchases recycled products in accordance with its Purchasing Policy where the product is comparable in price and performance. For example recycled content hand towels, recyclable disposable coffee cups and white office paper with up to 35% recycled content are commonly used. An audit to measure the success of the Policy has been re-scheduled and will be reported on in a future Annual Report. See Action under KPI 26.

***Education*** – *it is essential that reliable information be developed to assist consumers in making informed purchasing choices. The responsibility for establishing and financing a balanced information campaign for the general community and school students must be shared by all those in the packaging supply chain and all governments.*

Contributions to consumer education include pack labelling, articles in consumer newsletter “Club Ingham” and on the website ([www.ingham.com.au](http://www.ingham.com.au)). We participated in research and contributed to covenant development through presentations made to SPA in February 2007 and the PCA in April 2007. See Action under Covenant Goal 3.

***Labelling*** - *Accurate consumer information and labelling on packaging is important to encourage appropriate recycling and/or disposal. To this end, packaging should bear appropriate information either on the packaging itself or on the label.*

Inghams provides recycling and disposal advice on all retail packaging. See comments under ‘Disposal’ above.

***Wholesaling and Retailing*** – *Contribute data on changes in packaging made in response to changes in consumer demand and assist in educating the community on the role of packaging and the best way to handle packaging waste consistent with the specific requirements of local conditions. Ensure point-of-sale, display and promotional materials are designed so as to minimise the quantity of recovered materials used and to maximise their re-utilisation.*

Inghams will cooperate with retailers as required.

***Recycling and Reprocessing*** – *Assist the packaging chain by providing data on quantities of packaging recovered and design issues affecting material recoverability. Report on the utilisation of recovered material by secondary markets and the disposal of*

*residual packaging waste to landfill.*

Inghams will observe data results.

#### **4.0 ANNUAL REPORT 2008**

The Annual Report details the progress made during 2007 – 2008 on the Actions contained on the 2005 - 2010 Action Plan, specifically development of packaging databases and baselines, use of assessment tools such as PIQET and, against the required key performance indicators.

The key objectives of the NPC Action Plan are to measure and report on the areas below:

- Total weight of consumer packaging sold and total weight of product packaged
- Total weight of non-recyclable packaging sold
- Establishment of baselines for measuring continuous improvement
- Details of all on-site collection and recycling facilities
- Improvements in design, manufacture and marketing and distribution of packaging.
- Safety, hygiene and protection issues, including innovation in extending shelf life of products
- Encouraging a higher paper, glass, steel, aluminum and plastics recycling rate, contributing to an overall recycling rate of 65%

The National Packaging Covenant has set 5 goals to achieve the objectives. All brand owner action plans are to address these goals, listed below:

**Goal 1** – packaging optimised to integrate considerations about resource efficiency, maximum resource utilisation, product protection, safety and hygiene

**Goal 2** - Efficient resource recovery systems for consumer packaging and paper

**Goal 3** - Consumers able to make informed decisions about consumption, use and disposal of packaging of products

**Goal 4** - Supply chain members and other signatories able to demonstrate how their actions contribute to Goals 1 -3 above

**Goal 5** - All signatories demonstrate continuous improvement in their management of packaging through their individual action plans and reports

The specific actions listed in the following Inghams 2008 Annual Report address each of the relevant key performance indicators and are grouped under the five Covenant goals. The KPI's are consistent with the *Individual Company Data Set* outlined in Part 5 of Schedule 2 of the National Packaging Covenant.

**INGHAMS ENTERPRISES NPC ANNUAL REPORT 2008**

Goal	KPI <sup>1</sup>	Action	Measure	Status
<p>Goal 1 – packaging optimised to integrate considerations about resource efficiency, maximum resource utilisation, product protection, safety and hygiene</p>	<p>1 Total weight of consumer packaging sold per annum into the Australian market and the total weight of products packaged</p>	<p>Develop electronic information capture and data analysis tool</p> <p>Implement at all processing sites for all products in stages</p>	<p>Tonnes of packaging by material type. Tonnes of product packaged</p> <p>Ratio of product to packaging (by weight)</p> <p>The database includes new Inghams packaging code numbers, the type of packaging including the weight and dimensions, the supplier, and supplier sales code and which plants use the packaging product.</p>	<p>Interim system established for Further Processing plants to report on total packaging sold by type and total weight of product packaged and ratio of product to packaging is established. A new system captures data for all sites including Primary Processing Plants (PPP) through the packaging specification and sales reporting system. This is currently limited to basic PPP packaging information including crates/cartons, liners, tray or bag packed. Over the next year, as the packaging specification system grows capturing more information on packaging materials (such as clips, ties, pallet wrap, pallet sheets) will be possible.</p>

<sup>1</sup> Note that number refers to the relevant NPC KPI number and they are not sequential

Goal	KPI <sup>2</sup>	Action	Measure	Status
	2 Resources (MJ of energy and kL water) used to produce packaging by material type	Inghams does not manufacture any packaging and therefore proposes no action, but will consider resource information when considering packaging changes		Information on resources used to manufacture packaging is requested of all packaging suppliers through the packaging specification system designed to capture, collate and report on covenant data.
	3 Improvements in design, manufacture, marketing and distribution to minimise the environmental impact of packaging	Collate list of all packaging used at each site.  Continue to progress poly project (see appendix 2 for details)	Comprehensive packaging list.  Report on trials of selected products in the new retail boxes	Suppliers have been requested to complete the comprehensive 'packaging specification' form for KPI4. Key suppliers have provided most information however material type and recyclability information is scant and data from some smaller suppliers is yet to be provided.  The QLD poly project is complete and work is now being undertaken to reduce the thickness of the board and on another project (see appendix 2 for details).

<sup>2</sup> Note that number refers to the relevant NPC KPI number and they are not sequential

Goal	KPI <sup>3</sup>	Action	Measure	Status
	4 Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting the amount and type of packaging used	Develop appropriate section in the product specification system to ensure any changes affecting the amount of packaging are reviewed and recorded	Development of field in national packaging specifications	A 'history' field in the packaging specification system developed for KPI 1 keeps a record of all packaging changes and provides a record of the change and what impact it has if any.
	5 Average % per annum, of post-consumer recycled content in packaging manufactured	Conduct review of all packaging in collated list in KPI 3	Results of audit reported to NPC	Information provided by end 2006-2007 indicates no post consumer recycled content, further information is required from suppliers and the target date for completion of the audit report has been extended to 2008.
	6 Total weight, by type, of 'non-recyclable' packaging sold per annum into the Australian market	Collate using packaging database and sales data	Weight of non recyclable packaging sold	Data on 'recyclable' and 'non-recyclable' packaging is provided in appendix 1.
Goal 2 - Efficient resource recovery systems for consumer packaging and paper	16 Percentage of signatories providing recycling collection facilities for post consumer packaging generated on-site	Implement recycling facilities at all Inghams sites where not already implemented and estimate volumes collected	Provide data on number of sites with facilities and amount of material recycled.	See appendix 3 for information (updated for 2007-2008 annual report).

<sup>3</sup> Note that number refers to the relevant NPC KPI number and they are not sequential

Goal	KPI <sup>4</sup>	Action	Measure	Status
Goal 3 - Consumers able to make informed decisions about consumption, use and disposal of packaging of products	Provision of consumer information to enable more informed behaviour	Ensure appropriate recycling or disposal advice is provided on all retail packs	Provide data to NPC (and monitor through product specification system)	Recycle or responsible disposal advice appears on all Ingham branded retail packaging. The packaging specification system is used to monitor this for all completed product ranges.
Goal 4 - Supply chain members and other signatories able to demonstrate how their actions contribute to Goals 1 -3 above	21 Estimated tonnage of consumer packaging recycled and sent to landfill respectively, from on-site collection facilities	Collect data from each site	Data reported for all sites in October 2006 and annually thereafter	Data is reported each week on a product tonnage basis and has been used in a benchmarking exercise in 2008 under our Sustainability Strategy.  [NB: Determining proportion of post consumer packaging sent to landfill is unfeasible].
	22 Number of signatories who have formally adopted the EcoPP and developed systems for it's implementation	Previous EcoPP adopted replaced with the revised Environmental Code of Practice for Packaging and used in the same way. EcoPP replaced with PIQET in February 2008.	PIQET assessment made each time a packaging change is proposed or made, highlighting any covenant issues and encouraging positive packaging changes. To be monitored through the specification system.	Trials using PIQET assessment tool complete, subscription to PIQET and staff training completed in February 2008.

<sup>4</sup> Note that number refers to the relevant NPC KPI number and they are not sequential

Goal	KPI <sup>5</sup>	Action	Measure	Status
	26 Implementation of Buy Recycled purchasing policy or practices	Policy introduced in March 2004. Audit one site purchasing pattern and review	Report on audit findings	The target completion date for the audit report has been extended to November 2008.
Goal 5 - All signatories demonstrate continuous improvement in their management of packaging through their individual action plans and reports	27 Establishment of baseline performance data	Key element of KPI 1. Data capture system to be developed and implemented in stages Nationally	Data reported periodically to the executive	The report in appendix 1 is the third and will be presented to the Executive during 2009.
	28 Annual reporting against Action Plan	Incorporate NPC Annual Report into National Environmental Reporting Schedule.	Annual report submitted	October 2006 and annually thereafter
	29 Demonstrated improvement and achievements against individual targets and milestones	5 year Action Plan submitted in 2005. Review to be undertaken prior to October each year	Improvements measured (quantitative and qualitative) and reported annually.	As per reports prepared for KPI 27 and KPI 28

<sup>5</sup> Note that number refers to the relevant NPC KPI number and they are not sequential

## **5.0 IMPLEMENTATION**

The Inghams NPC Team will manage the overall implementation and reporting responsibilities of the Action Plan and assist in preparation of the 2008 Annual Report. The NPC Team comprises staff from National Environment, Operations and Marketing Departments and all relevant Plant Managers. The Team will continue to:

- develop the Intranet based packaging data capture and analysis tool and the development of baseline data for all processing sites and all products in stages over the next 12 months
- use the history function in the packaging specification system to ensure any changes affecting the amount of packaging are reviewed and recorded
- review packaging by material type and recyclability based on information available
- use PIQET to undertake assessment of packaging and compare different packaging systems
- report on the packaging project mentioned under KPI 3
- use PIQET each time a packaging change is proposed or made, highlighting any covenant issues and encouraging positive packaging changes
- review one sites recycled goods purchasing pattern
- increase the number of recycling facilities and continue to record volumes of waste to organic disposal or recycling and to landfill as a Sustainability KPI
- ensuring appropriate recycling or disposal advice is provided on all retail packs

Some completion dates were changed in the 2005 - 2010 NPC Action Plan and PIQET was trialed and subscribed to in early 2008.

## **6.0 CONCLUSION**

The 2008 Annual Report provides information on data collected and collated to date and progress made towards an integrated system to accurately report on the total weight of consumer packaging sold, the total weight of product packaged and the total weight of non-recyclable packaging sold. The Report also provides a snap shot of advances made towards meeting covenant targets and implementation of the PIQET assessment tool.

**Appendix 1 - KPI1, KPI6, KPI27**

Total weight of consumer packaging sold per annum into the Australian Market and the total weight of products packaged. Please note that the current system can now record data from the further processed product range and key packaging items in the primary products range. Further refinement of the data collection and packaging specification system is underway.

(Please note that the figures provided in this report include all packaging currently recorded).

Inghams Enterprises	Further Processed Product (FPP) Range	Further Processed Product (FPP) Range	FPP and Key Packaging used in Primary Product range
	2005/2006	2006/2007	2007/2008
Total weight of consumer packaging sold (kg)	4,221,989 (2006 report 1,141,197)	4,105,183	19,169,188
Total weight of products packaged (kg)	50,837,190	45,488,560	212,078,328
Total weight of 'recyclable' packaging sold (kg)	3,638,218 (2006 report 722,042)	3,471,274	15,869,488
Total weight of 'non-recyclable' packaging sold (kg)	583,772 (2006 report 419,154)	633,908	3,299,699
Product and packaging ratio	7.7%	8.3%	8.3%
% recyclable packaging	86.2	84.6	82.79%
% non recyclable packaging	13.8	15.4	17.21%

## ***Appendix 2 - KPI3***

### ***Packaging Projects - Queensland***

The Queensland site has been using the non-poly inner cartons successfully for some time. Unlike the old inner that was sourced from the US, the new inner board is from NZ. Benefits acquired include Reducing usage of plastic material by 40 tonne annually; shorter lead-time from order to delivery from average of 12 weeks reduced down to 5-6 weeks.

The site is now trialling the viability of reducing the thickness of the board of 550um to 500um. Benefits acquired include:

- An approximate reduction in usage of board material by from the current 168 tonne to 151 tonne (a reduction of 10% of total board material used).
- A reduction in overall cost.

### ***Packaging Projects - Victoria***

A similar system for the plant in Victoria is still under consideration including:

- Hot Melt Glue sealing facility
- Plastic bagging of products

The cost involved to convert the current heat sealing to hot melt glue systems means the project is unlikely to proceed in the short to medium term. Further, the Victorian plant produces products that do not have to be bagged. With hot melt gluing, we would be able to go to one side poly coating. Trials utilising wax based alternatives for the inside have been unsuccessful to date.

### ***'Family Pack' Bags (Ingham branded Buffalo Wings, Tempura Breast Nuggets, Family Nuggets)***

- The current plastic type is a combination of 2 kinds of plastic – which combined make a total of 90 micron in thickness. It makes it quite a rigid plastic and suppliers have been asked to look at reducing the micron levels of the bag by 10-20 microns. This would mean using less plastic as well as reducing cost. The supplier will be trialling a 75um and a 80um to confirm suitability and viability in the New Year.

**Appendix 3 - KPI16, KPI21**

Site	Amount Recycled kg per tonne of product produced (average Jan to September 2008)
Murarrie	4.3
Hoxton Park	0.6
Cardiff	0
Tahmoor	3.2
Somerville	1.2
Bolivar	2.7
Osborne Park	2
Sorell	0
Te Aroha (NZ)	2.1
Foggo Road	4