

COMMUNICATION ON ENGAGEMENT

AUSTRALIAN PACKAGING COVENANT ORGANISATION

Reporting Period of this Communication on Engagement: 12 March 2018 – 12 March 2020

Part I – Statement of Continued Support by Chief Executive Officer

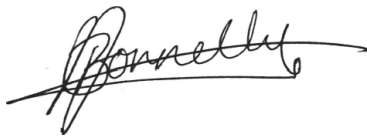
11 March 2020

To our Members and Stakeholders,

Concluding our first two years as a non-business signatory, I am pleased to reaffirm the commitment of the Australian Packaging Covenant Organisation to the United Nations Global Compact and to the ten principles in relation to Human Rights, Labour, Environment and Anti-Corruption, which underpin the accord. This is the Australian Packaging Covenant Organisation's (APCO) Communication on Engagement with the United Nations Global Compact and we welcome feedback on its contents.

In this communication, we describe the actions that our organisation has taken to support the UN Global Compact and its Principles, as suggested for an organisation such as APCO. We also commit to sharing this information with our stakeholders, using our primary channels of communication.

Yours sincerely,



Brooke Donnelly

CEO

Part II – Description of Actions

As a co-regulatory body convened by the Australian Government under the *National Environment Protection (Used Packaging Materials) Measure 2011*, APCO is charged with administering the Australian Packaging Covenant, a voluntary national product stewardship framework, which outlines the relationship between government and industry in relation to packaging efficiency, resource recovery and environmental sustainability. The Covenant is underpinned by the common objectives of:

- *Optimising resource recovery of Consumer Packaging through the supply chain*
- *Preventing the impacts of fugitive packaging on the environment*



Operating through the lens of the United Nations Sustainable Development Goals and with specific focus on *SDG 12 – Responsible Production and Consumption*, APCO has engaged in an extensive program of strategic activities over the past two years aimed at contributing to the achievement of SDG 12. This work has been further endorsed by the significant increase in global and local awareness around packaging and food waste, resource recovery and the impact of these materials as environmental pollution.

Since inception in 1999, APCO's core business has focused on supporting

members across the packaging supply chain to improve the sustainability of product packaging, through the promotion of greater environmental responsibility and by supporting the development and diffusion of environmentally friendly technologies across the industry. To this end, APCO has provided members with the necessary tools, resources, education and support services to inform business decisions around packaging sustainability. APCO also provides members with a framework for meeting annual reporting obligations as stipulated in the Covenant.

APCO's work was reframed in 2018, when it was charged with responsibility for delivering the 2025 National Packaging Targets, endorsed by Commonwealth, State and Territory governments across all Australian jurisdictions. The targets outline a clearly articulated set of objectives to improve the sustainability outcomes for all product packaging placed onto the Australian market by 2025:

- *100% reusable, recyclable or compostable packaging*
- *70% of plastic packaging being recycled or composted*
- *30% of average recycled content included in packaging*
- *The phase out of problematic and unnecessary single-use plastics packaging.*

In addition to the existing support services provided to APCO members, delivery of the targets was adopted as a key pillar of APCO's strategic plan. To deliver on the expanded remit of the organisation, APCO established a set of multi-stakeholder working groups, drawn from government, industry, academia, ENGOs and community groups, providing an open and respectful collaborative platform on which to develop a comprehensive plan for achieving the 2025 targets.

Utilising the Collective Impact Model, APCO commenced the foundation phase of implementation with an extensive analysis of packaging material flows (MFA) through the Australian marketplace and the identification of five key problematic packaging materials nominated for further detailed investigation. Against the backdrop of a rapidly changing global marketplace for waste and plastics during 2018, the findings of this work identified more

than 20 targeted projects grouped into four categories:

- National Packaging Target Implementation
- Design
- Systems and Education
- Material Circularity

Utilising the collective skills of our diverse stakeholder audience, APCO developed the collaborative framework outlined below in Figure 1 and undertook an extensive work program throughout 2019, developing the knowledge required to underpin the development of a framework for delivering the 2025 National Packaging Targets. The results of that work will be presented in a detailed report, *'Our Packaging Future'* outlining the systemic changes required to achieve the sustainability objectives of responsible production and consumption, which support the targets. *'Our Packaging Future'* will be officially launched in April 2020.



Figure 1 - APCO Collaborative Operating Framework

Transitioning into the development phase of implementation, APCO will continue this work into 2020 and beyond, by undertaking the next stage of project work outlined in *'Our Packaging Future'*. Proposed projects include, inter alia:

- regular MFA reporting
- phase out of priority plastics
- guidelines around content / processing claims
- reusable packaging models
- expanded labelling and consumer education
- remote and regional waste handling
- compostable packaging and food waste

Further to this work, APCO entered into partnership with PREP Design and Planet Ark in 2018, to deliver recycling evaluation and labelling tools, aimed at increasing the recyclability of packaging materials entering the market and reducing the contamination of materials entering the waste stream after use.

Calibrated to existing household collection, sortation and processing capacity across Australia, these tools enable APCO members to:

- Evaluate the recyclability of their packaging choices prior to placing a product on the market utilising the Packaging Recyclability Evaluation Portal (PREP)
- Implement on-pack labelling to inform consumers of correct disposal, through the application of the Australasian Recycling Label.



Figure 2 - Australasian Recycling Label

In addition to supporting members to improve the recyclability and recycling of their packaging materials, the tools

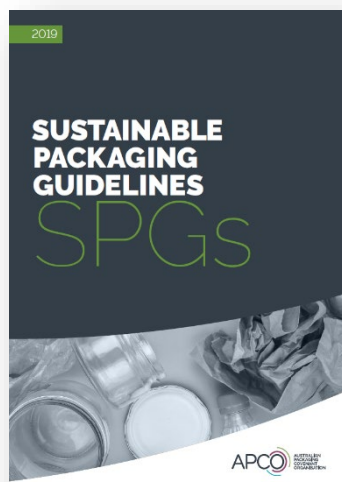


Figure 3 - APCO Sustainable Packaging Guidelines

complement a broader resource base supporting the waste hierarchy principles of avoidance, reduction and reuse. These principles are embedded in the APCO Sustainable Packaging Guidelines, against which all signatories to the Covenant are obliged to review product packaging. The latest update to the SPGs was launched in November 2019 and is accompanied by a growing series of 'Quick Start' guides to assist new members with commencing their packaging sustainability program.

Annual member reporting represents a significant component of the organisation's purview. APCO provides a well-developed reporting and planning framework for members to report their packaging sustainability outcomes, both in line with Covenant obligations, but also in CSR reporting to stakeholders. With members ranging from large multinational corporations to small local producers, this reporting framework encourages sustainability reporting across the breadth of the Australian packaging market.

APCO's work has also focused on driving public procurement policy to create domestic end-markets for recycled content in packaging. Extensive work conducted across all levels of government has influenced the recent commitment made by the Commonwealth Government at the inaugural National Plastics Summit in March 2020, to consider recycled content in all future procurement decisions. The potential impact of this commitment on the creation of domestic demand for recycled content, is not to be underestimated.

Also in early 2020, APCO announced its international collaboration with the Ellen MacArthur Foundation and WRAP UK, to establish a Plastics Pact covering Australia, New Zealand and the Pacific region. Focusing on the deleterious impacts of plastic pollution, the ANZPAC Plastics Pact will engage the plastics supply chain across the region to establish and deliver on a focused set of targets around plastics use, recovery and end-of-life management. It will also provide support to vulnerable Pacific Island nations, to develop capacity and implement technologies addressing the impacts of plastic pollution, particularly on the marine environment.

APCO's commitments to the UN Global Compact align with the foundational sustainability objectives of the organisation, particularly in relation to the international supply chains across which, many of our members operate. Actively encouraging engagement and transparency across the supply chain, APCO utilises regular member interface opportunities, such as industry fora and member events, to extend that message beyond packaging sustainability and into issues of human rights, including inter alia, modern slavery, child labour, cultural, religious and gender diversity and anti-discrimination. APCO is an equal opportunity employer, highly supportive of a diverse workplace and governed by Australian Employment Law.

Part III – Measurement of Outcomes

- APCO Membership**

A 50% increase in APCO brand-owner membership over the current reporting period corresponds with a parallel increase in touchpoints across industry, amplifying APCO’s dissemination of the sustainable development objectives encapsulated in the UN Global Compact principles.

Similarly, as signatories to the Australian Packaging Covenant, members are required to report on packaging sustainability outcomes. Growing membership signals an increase in reporting on packaging sustainability as per Covenant obligations, contributing to a corresponding increase in the number of companies publishing sustainability reports.

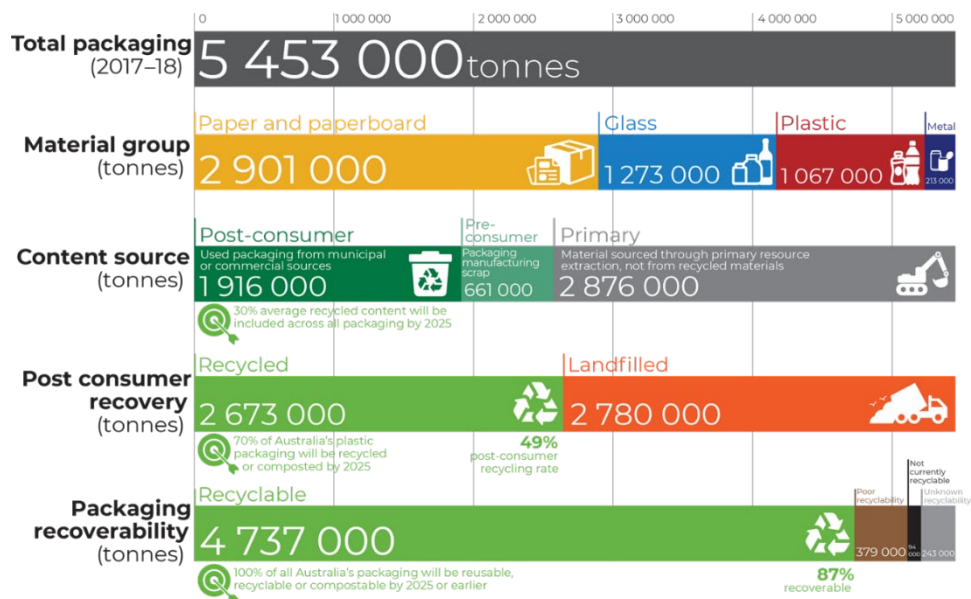
Establishment of affiliate and individual membership structures, in conjunction with an open engagement strategy across all actors in the Australian packaging ecosystem, has created a highly diverse internal and external stakeholder group through which APCO disseminates the UN Global Compact principles. Sharing a number of members in common and working with many more members of the UN GC Network Australia, the continued growth of the APCO stakeholder audience provides a broader platform for cross-pollination of UNGC principles, ensuring alignment with, and on-going amplification of the UN GC message through collaborative activities.

- Packaging Recyclability Evaluation Portal (PREP) Tool / Australasian Reporting Label (ARL)**

APCO’s adoption of the PREP Design tool and the corresponding Australasian Recycling Label for use by brand owner members, saw more than 6000 member SKUs registered to carry the ARL in the first nine months immediately after the launch.

Annual reporting by members for the latest period is currently underway. It is estimated that the number of registered SKUs has more than tripled in the past year and final tallies are expected to show more than 15,000 registered SKUs for the year to December 31st 2019.

- National Recycling Data (Packaging) – Material Flow Analysis Summary:**



- **Member Events / Public Appearances / Participation**

APCO delivers an on-going education program available to all members and delivered through a mixture of media including hard copy resources, newsletters, face to face events and webinars.

APCO is regularly invited to speak at sustainability events, hosted by industry, government, academia, community and not-for-profit groups. During 2019, APCO had formal speaking roles at 77 events, 46 of which were by invitation from members and external stakeholders. Opportunities range from hosting targeted member-only events, to delivering keynote addresses, to leading and / or participating in panel discussions.

APCO publicly acknowledges our commitment to the UN Global Compact at all public events, particularly when articulating our initiatives in the context of an international network of sustainability-focused organisations. Figure 4 displays the Global Partnerships graphic utilised across our corporate communications and collateral, which provides the base from which to discuss our Global Compact commitment.



Figure 4 - APCO International Networks - Corporate Slide Deck