



# **Australian Packaging Covenant Action Plan 2010-2015**



**A signatory to the  
Australian Packaging Covenant**

## Executive Summary

ITW Proline is a brand owner and distributor of fasteners and packaged hardware to the retail hardware market with an assortment of brands, products (over 7000 skus) and variety of packaging formats.

We do not have our own manufacturing facilities and instead source the majority of products fully packaged from suppliers in China, Taiwan and Australia. Our company structure and its position in the supply chain are explained on page 4.

ITW Proline has been a signatory of National Packaging Covenant since 2001 (under the ITW Retail Group). During this time, we have made significant progress in the reduction of packaging weight as well as our use of non-recyclable packaging materials. Since 2006 when measurement commenced;

- We have reduced packaging weight as a ratio to product weight from 4.9% to 4.5% through reduction in layers of packaging.
- We have reduced non-recyclable packaging as a ratio to recyclable packaging from 21.8% to 15.2%.

This has been achieved by (a) physical examination and measurement of packaging components; (b) promotion of packaging reduction and environmentally responsible behaviour to staff through the ECoPP and internal publication of a 'green' newsletter and the GM's quarterly business update; (c) elimination of excessive packaging (eg. strapping materials, plastic wrapping and inner cartons within shippers), (d) reduction in void space, (e) redesign of packaging to reduce the amount used, and (f) changes in material specifications.

We have introduced the use of recycling symbols (mobius loop, plastic classifications) and statements across our packaging as well as recycling processes within our distribution centres and offices.

ITW Proline is committed to achieving further improvement in environmental sustainability under the Australian Packaging Covenant. The following report outlines our goals, proposed actions and timings, including;

- Set up and administration
- Implement Sustainable Packaging Guidelines.
- Review product procurement policies
- Conduct internal and supplier workshops
- On-going planning for environmental sustainability and reporting.

## Company Summary

ITW Proline is a fully owned subsidiary of Illinois Tool Works Inc (ITW) a publicly list company on the NYSE. ITW has approximately 850 business units in 57 countries that employ 59,000 women and men.

ITW Proline is an Australian based importer and distributor of fasteners and packaged hardware distributing within Australia and the South West Pacific Region.

ITW Proline is a leading supplier of fasteners and hardware to the retail market with brands such as Ramset, Buildex, Zenith, Lane, Pryda and Prestige. Product lines include screws, bolts, masonry anchors, timber connectors and a broad range of hardware and security fittings (eg. hooks, hinges, locks, and door furniture). ITW Proline operates distribution warehouses in Melbourne, Brisbane and Perth.

The main distribution channels are retail hardware outlets and mass merchants. Our major customers are Bunnings Warehouse, Mitre10 and John Danks & Son. We distribute through wholesalers and direct to store.

We do not own or operate manufacturing and packaging operations. Product lines are manufactured, locally and overseas, by independent vendors. Typically, products are manufactured in Taiwanese, Chinese and Australian factories, consolidated and packaged overseas and shipped to ITW warehouses prior to distribution to customers.

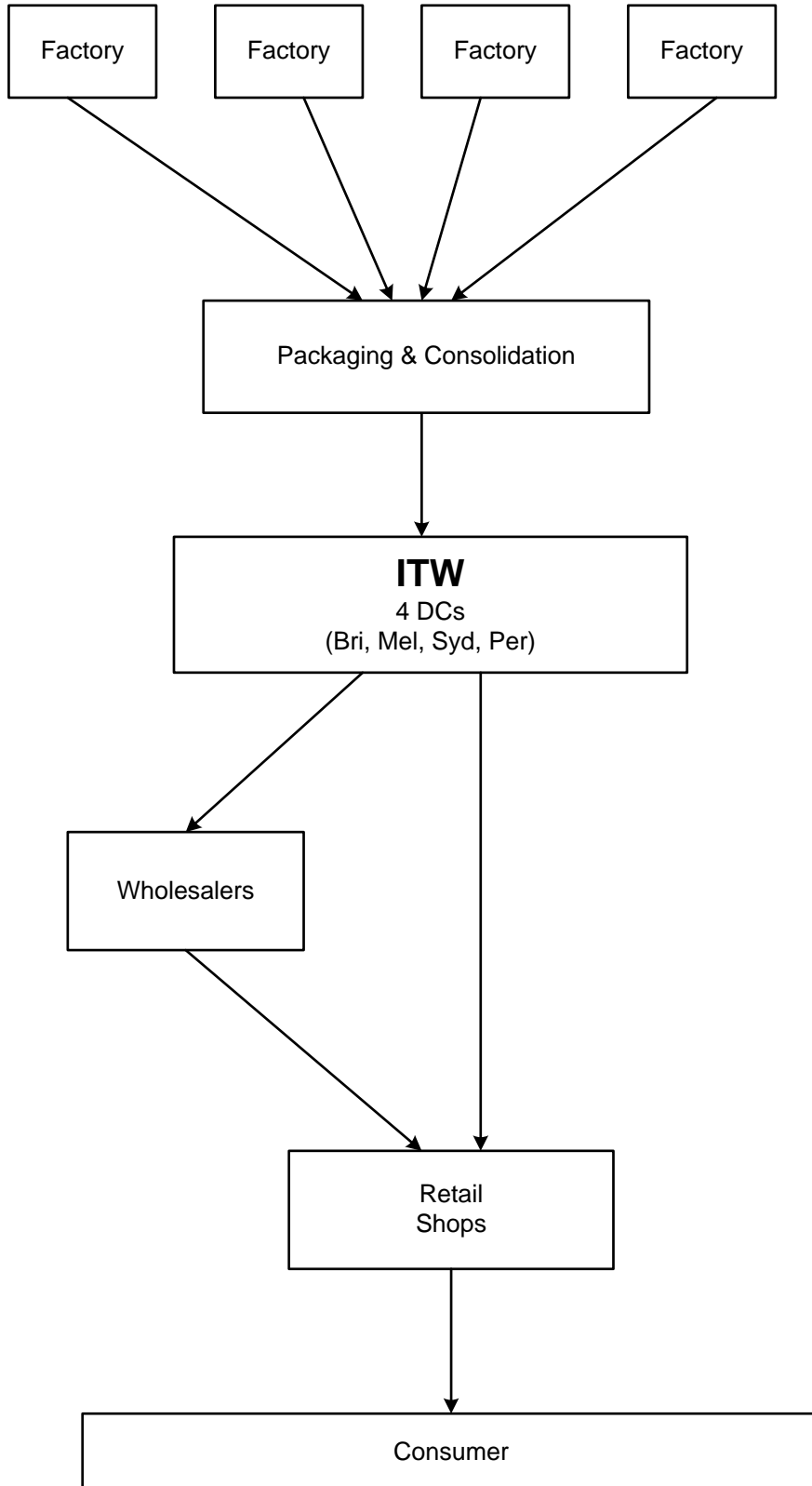
Products are typically packed on blister cards or plastic packs, then inner boxes and shipper cartons for retail distribution. As a signatory of the Australian Packaging Covenant we will pursue packaging and waste reduction through all aspects of our business activities.

## Supply Chain

ITW Retail Group source the majority of our products from Taiwan and China. Products and packaging from these sources are generally specified by ITW Proline however it is often necessary to comply with established packaging norms to achieve economies of scale and minimum order quantities. Packaging from recycled material sources is often difficult to obtain.

Some products are manufactured and packed locally by other companies in the ITW group. In these instances the products are manufactured and distributed principally to trade/industrial channels with ITW Proline acting as distributor to the retail channel.

The following is a simple flow chart of our supply chain:



## APC Steering Committee

- Ian Johns National Marketing Manager- Fasteners
- Nick Dileo National Marketing Manager- Hardware
- Brian Angwin General Manager-Supply Chain & Logistics
- Roy Lin Supply Manager
- Mark Thomy National Logistics Manager
- Mathew Excell National Human Resources Manager
- Marisa Ferrin Marketing Assistant (APC Administrator)

## Company Contact

Ian Johns, National Marketing Manager is the principal contact for enquiries on our Australian Packaging Covenant commitments.

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Phone : 0412 759 096

## Major Brand Names

ITW Retail Group owns and distributes the following brands:

Zenith	Screws, rivets, bolts, general hardware
Lane	Locks, window and door furniture
Prestige	Knobs & handles, cabinet fittings, vents
Platino	Door hardware
Ramset	Masonry anchors, hollow wall anchors
Buildex	Screws, hollow wall anchors
Pryda	Timber connectors
Paslode	Nails

## Challenges Relating To Implementation Of The APC

- I. ITW Proline has a wide assortment of product types, packaging formats and material sources. This will necessitate reviews to be conducted on packaging formats and product groups on a 80/20 priority basis. Individual product lines will be examined on a selective basis where examples of packaging are required.
- II. Many of our products are sourced from less developed countries (China, Taiwan, India) with manufacture in a large number of small factories where there may be limited access to suitably recycled materials. All suppliers will be notified of our requirements and involved in SPG assessments. Workshops will be conducted in Taiwan and China.
- III. A significant proportion of our products are sold principally through industrial markets with packaging designed to match the needs of that market. Whilst generally the packaging materials used in these items consist of cardboard and are therefore recyclable there may be resistance to using recycled materials by other parties distributing these products if there is an increase to cost.
- IV. Our major customers, whilst also signatories of the APC, frequently specify packaging requirements to meet their retail merchandising needs. There have been a number of instances where we have been required to increase packaging to address product security issues or to enable retail bar coding. For example, we have been required to move fasteners from cardboard boxes to rigid plastic containers.
- V. Implementation of the SPG must take into account the commercial requirements of the business, in particular if there are potential cost impacts how these will affect our ability to compete on an effective basis with other suppliers who may not be signatories to the APC.

## Formal Commitment of General Manager

This confirms my commitment to achieving the goals and KPIs outlined in our 5 Year APC Action Plan.

Jesmond Vella - Group General Manager, ITW Retail Group

## Action Plan Summary Table

<b>Goal 1 - Design:</b> <i>Optimise packaging to use resources efficiently &amp; reduce environmental impact without compromising product quality &amp; safety.</i>				
<b>KPI 1:</b> <i>Implementation of the SPG for design or procurement of packaging.</i>				
<b>Actions</b>	<b>Responsibility</b>	<b>Timing</b>	<b>Target</b>	<b>Evidence</b>
1.1 Incorporate SPG into the new product development process (update template).	Marketing Managers	Mar'11	Completion	NPD Process Template
1.2 Develop SPG checklist relevant to the NPD process	APC Champion	Q2 2011	Completion	New document.
1.3 Conduct meeting with marketing staff to workshop examples.	Marketing Managers	Q2 2011	Completion, commitment to SPG	Minutes of meeting
1.4 Develop APC assessment process and prepare assessment template.	APC Champion	Mar '11	Agreement by APC team	Documented process.
1.5 Decide packaging groups and timetable for assessment.	APC Champion	Mar'11	Agreement by APC team	Product Group Matrix / Timeframe.
1.6 Induct initial project teams / conduct internal SPG workshops.	APC Committee	Q2 2011	Completion, commitment to APC	Minutes & photos.

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1.7 Conduct meetings & workshops with key suppliers in Taiwan & China.	APC Champion Supply Manager	Q2 2011	Completion, commitment of participants	Minutes & images.
1.8 Complete assessment initial packaging group using SPG.	APC Team	Q3 2011	Complete review of approx. 20% of products.	Minutes, actions, & images.
1.9 Complete assessment of a further two packaging groups.	APC Team	Q4 2012	Complete review of 40% of products	Minutes, actions, & images.
1.10 Complete assessment of all significant packaging groups.	APC Team	Q3 2015	> 80% of product items.	Minutes, actions & images.
1.11 Complete assessment of distribution packaging/ palletisation practices from overseas suppliers to reduce packaging.	Supply Manager / National Logistics Manager	Q3 2012	Reduction in packaging use	Minutes, photos

## Action Plan Summary Table

<b>Goal 2 - Recycling:</b> <i>Achieve efficient collection and recycling of packaging.</i>				
<b>KPI 3:</b> <i>On-site recovery systems for recycling used packaging.</i>				
<b>Actions</b>	<b>Responsibility</b>	<b>Timing</b>	<b>Target</b>	<b>Evidence</b>
3.1 Maximise re-use of shipping cartons for distribution of products onto customers.	National Logistics Manager	Q4 2001	50% of cartons recycled	Photos
3.2 Maximise (measure) use on-site recycling bins for waste disposal.	National Logistics Manager	Q4 2011	> 75% of waste material	Correspondence with recyclers, photos
3.3 Assess & promote paper collection activities at all desks and work stations throughout the business.	Green Committee	Q4 2011	Maximise	Documentation & photos
<b>KPI 4:</b> <i>Policy to buy products made from recycled packaging.</i>				
4.1 Include policy into our Supplier Specifications document.	Supply Manager	Q2 2011	Updated document	Documentation
4.2 Notify suppliers in writing and during workshops.	Supply Manager	Q2 2011	Acknowledgement & commitment	Correspondence
4.3 Examine options to use recycled materials in stationery.	National HR Manager	Q3 2011	Complete assessment, take action	Correspondence, summary of outcomes

## Action Plan Summary Table

<b>Goal 3 - Product Stewardship:</b> <i>Demonstrated commitment to product stewardship by the supply chain and other signatories.</i>				
<b>KPI 6:</b> <i>Formal processes for working with others to improve packaging design and recycling of packaging.</i>				
<b>Actions</b>	<b>Responsibility</b>	<b>Timing</b>	<b>Target</b>	<b>Evidence</b>
6.1 Update 'Supplier Specifications' & notify suppliers of APC requirements & obligations.	Supply Manager & Marketing Managers	Q2 2011	Completion.	Documentation & correspondence.
6.2 Conduct workshops with key suppliers on a face to face basis	Supply Manager & Marketing Managers	Q2 2011	Completion & commitment	Minutes & images.
6.3 Appoint 'Vendor Relationship Manager' in China to direct and monitor compliance to SPG.	Supply Manager	Q2 2011	Completed appointment	Organisational Chart
<b>KPI 7:</b> <i>Other actions to support product stewardship outcomes.</i>				
7.1 Identify other relevant suppliers (stationery, marketing, transport, etc) and advise obligations.	APC Team	Q2 2011	Completion of action	Correspondence
7.2 Obtain commitments to positive environmental outcomes.	APC Team	Q4 2011	Commitment & action	Documentation
7.3 Set up environmental policy statement on ITW Proline website.	National HR Manager	Q2 2011	Completion	ITW Proline web site
7.4 Promote APC membership through use of logo on stationery, emails, marketing materials.	Marketing Managers	Q4 2011	Widespread usage of APC logo	Business materials & correspondence

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<b>Goal 3 - Product Stewardship:</b> <i>Demonstrated commitment to product stewardship by the supply chain and other signatories.</i>				
<b>KPI 8:</b> <i>Reduction in number of packaging items in the litter stream.</i>				
<b>Actions</b>	<b>Responsibility</b>	<b>Timing</b>	<b>Target</b>	<b>Evidence</b>
8.1 Maximise use of recycling statements and symbology on packaging, address within SPG assessment process.	Marketing Managers	Q3 2015	Maximum usage	Appearance on packaging