



## Australian Packaging Covenant

# ACTION PLAN, JULY 2010 – JUNE 2015

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Implementing the Sustainable Packaging Guidelines

**OROTONGROUP**

**OROTONGROUP LIMITED**

ACN 000 038 675

Developed by  
**menor**  
SUSTAINABILITY CONSULTING

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## Executive Summary

As a signatory to the Australian Packaging Covenant (APC), OrotonGroup Ltd is committed to the Covenant's goals and targets, and to making a difference to minimise the environmental impacts of packaging.

We are committed where possible and practical to:

- Protecting and delivering goods efficiently with minimum environmental impact
- Using materials and resources more efficiently
- Reducing the amount of waste and litter generated by packaging through facilitating the waste hierarchy – Avoid, Re-use, Recycle, Recover, Contain, Dispose
- Minimising negative impacts of packaging and packaged products on humans and the natural environment
- Ensuring effective and clearly demonstrated practices are in place to implement the APC's Sustainable Packaging Guidelines in the product review and development process for packaging and packaged products

This document outlines a detailed Action Plan to be implemented by OrotonGroup over the next 5 years, with progress against Key Performance Indicators (KPIs) reported annually. We will use the first year of the APC period to develop our packaging inventory and formalise written policies.

OrotonGroup will use the Action Plan and the key principles of the Sustainable Packaging Guidelines to ensure that our consumer product packaging is where possible and practical fit for purpose, resource efficient, made from low impact materials and recyclable or reusable at the end of its useful life.

Although OrotonGroup's products are imported and pre-packaged, we are committed to resource conservation and product stewardship, and will work towards ensuring that all the members of our packaging supply chain continue to evolve packaging in line with the goals of the APC.

OrotonGroup is committed to making continual improvement to the design, material selection and labelling of packaging and will provide an update on this Action Plan in our first APC Annual Report.

## Corporate Overview

### Company Name and Structure

OrotonGroup Limited (“OrotonGroup”) is an ASX-listed company which holds OrotonGroup (Australia) Pty Ltd, the trading company for the Group in Australia.

OrotonGroup Limited  
 ACN: 000 038 675  
 Level 2, 409 George St  
 Waterloo NSW 2017

### The Nature of the Organisation

OrotonGroup currently operates approximately seventy-four retail stores within Australia. Sixteen of the stores are concessional stores within the Department stores David Jones or Myer, and the remainder are almost all located within Shopping centre complexes.

	Channel	Stores (at 30 June 2010)
<b>Oroton</b>	1 <sup>st</sup> Retail	39
	Concession	2
	Factory	7
	<b>Total</b>	<b>48</b>
<b>Polo</b>	1 <sup>st</sup> Retail	7
	Concession	14
	Factory	5
	<b>Total</b>	<b>26</b>
<b>Grand Total</b>		<b>74</b>

The Group also operates an online sales business ([www.orothon.com](http://www.orothon.com)) for which products are picked and sent from the Distribution Centre in Melbourne.

In addition to the Distribution Centre in Melbourne, the Group also operates in another Distribution Centre in Hong Kong. Both DCs are outsourced and operated by a third party.

OrotonGroup’s revenue for the FY09/10 year was approximately \$146 million, with the majority of the revenue from Australian operations.

## Position of OrotonGroup in the Supply Chain

OrotonGroup is a retailer and wholesaler of leather goods, fashion, apparel and related accessories in the Australian retail market sector, and is a **brand owner** under the Australian Packaging Covenant.

## OrotonGroup Brands

OrotonGroup is the brand owner of Oroton and extends complete control over all aspects of packaging for all Oroton products. OrotonGroup is an Australian distribution licensee for the brand Polo Ralph Lauren, and has little influence over packaging of Polo Ralph Lauren products.

## OrotonGroup Product Range

The Oroton product range includes men’s and women’s leather handbags and wallets. In addition to this, there is a small selection of jewellery, belts, sunglasses, shoes, knitwear, lingerie and assorted metal accessories such as keyrings and cufflinks.

The Polo Ralph Lauren product range includes men’s and women’s apparel. The product range includes men’s mesh polo shirts, short and long-sleeved printed cotton shirts, trousers, jackets, sweaters, dresses, women’s shirts and childrenswear. There is a small selection of accessories, including scarves, belts, hats, wallets, handbags and shoes. The Polo Ralph Lauren range also includes a small selection of perfumes and homewares (e.g. picture frames and candles).

## Packaging Materials and Formats used by OrotonGroup

OrotonGroup imports all products from outsourced production facilities.

The goods arrive at OrotonGroup’s warehouse bulk packed in shipping containers and are unpacked, repacked and palletised for distribution. Recyclable stretch wrap is used to bundle goods on hired pallets that are returned and reused.

Excess cardboard, plastic packaging and stretch wrap remaining at the warehouse is disposed of in recycling bins supplied by waste contractor Australian Paper Recyclers (APR).

Existing primary, secondary and tertiary packaging for OrotonGroup products includes the following, presented in the existing OrotonGroup packaging categories with relevant notes and actions to be completed prior to the 2011 APC Annual Report:

Material / Item	Notes / Actions
<b>Cardboard</b>	
<b>Non-Woven Polyester</b>	
<b>Paper</b>	
<b>Plastic</b>	plastic codes to be identified
<b>Fabric</b>	faux suede

<b>Tissue</b>	details to be identified
<b>Stretch Wrap (“Recyclable”)</b>	plastic type / recycling code to be identified
<b>Tape</b>	details to be identified
<b>Other</b>	materials to be identified

### OrotonGroup’s Action Plan Period

The current Action Plan covers the Australian financial years from July 2010 to June 2015.

### Covenant Contact Officer

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 Australia

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### Top Level Support

OrotonGroup’s environmental sustainability initiatives under APC guidelines have the full support of management. The company is embracing change and is pursuing sustainability in its operations where possible and practical.

### Action Plan Development

OrotonGroup has engaged the services of Manor Sustainability Consulting Pty Ltd to produce the Australian Packaging Covenant Action Plan. Members of the OrotonGroup APC Team include:

Miranda Couston – Marketing (Oroton)

Glen Watts – Logistics Manager (across both brands)

Sharon Miranda – Commercial Manager (Polo Ralph Lauren)

Various members of the Oroton design team

### Summary of Previous Achievements

OrotonGroup is committed to minimising overall life cycle environmental impacts of packaging and packaged products, including efficient use of resources during manufacture and distribution.



OrotonGroup's existing Product Stewardship initiatives include:

- Re-use of cardboard boxes within the Distribution Centre where possible – i.e. boxes containing products that are sent to DCs are re-used for when products are sent out to stores from the DCs
- Use of differently sized carry bags for different products – both brands use differently sized carry bags to ensure that excessive packaging is not used where not deemed necessary

### Suppliers

A key supplier of OrotonGroup's Polo Ralph Lauren packaging has obtained both Sustainable Forestry Initiative (SFI Certification Number: SGS-SFI/COC-US10/80095) and Forest Stewardship Council (FSC Certification Number: SGSNA-COC-000064) certifications to link the chain of custody from our suppliers to our customers.

A key supplier for Oroton packaging operates their Primary Production Facility under the Program for the Endorsement of Forest Certification Schemes (PEFC)/Chain of Custody. The Program scope includes use of PEFC-certified pulp and recycled raw materials in manufacturing and sales of minimum 70% PEFC certified paper and converting products (Certificate SGS-PEFC/COC-0302). The Primary Production Facility is also accredited under ISO 14001:2004 (environmental management systems) and ISO 9001:2008 (quality management standard).

### Distribution

OrotonGroup supports "greening" of the supply chain. Our Third Party warehouse in Australia uses recyclable stretch wrap for palletising goods and employs a recycling collection service for disposal.

### Labelling and Disposal of Packaging

OrotonGroup prints the content of recycled paper in a proportion of the carry bags provided to consumers. Recycled content and disposal instructions are not currently printed on any Warehouse packaging. Much of our packaging already contains recyclable material and we hope to identify opportunities to increase this proportion over the course of our packaging materials review. In addition, we will investigate the potential to add markings for recyclability as well as recycled content for all bags.

### Office Recycling

OrotonGroup currently has a confidential disposal service for shredding and recycling the majority of office paper. We also have a service that collects comingled recyclable waste from our Head Office building. A system for estimating the quantity of waste sent for recycling is currently under development.

### Corporate Awareness

At OrotonGroup we believe that cultural change is most effectively driven from the higher levels of management. We are propagating awareness of responsibilities associated with environmental performance and sustainability throughout the business by developing formal documentation for staff induction and training.



## Framework for Implementing the SPG

Specific actions proposed by OrotonGroup for implementing the commitments under the APC and supporting the achievement of the APC's objective and goals are presented in the sections below.

### Packaging Review

In line with the APC's requirements, OrotonGroup will develop a documented policy and procedure for evaluating and procuring packaging using the SPG.

This will include a documented process and timetable for review of at least 50% of our existing packaging against the SPG by 2015, and a documented process for assessing new packaging introduced in the same period.

OrotonGroup will use available information for comparing environmental credentials of different materials for our existing and future packaging needs. We hope to identify opportunities for improvement that can be implemented as we update existing packaging and introduce new packaging for future products.

OrotonGroup recognises that our suppliers have an excellent working knowledge of their own products and processes, and we intend to work more closely with key suppliers to improve the sustainability of our packaging.

### Goal 1- Design

OrotonGroup will endeavour to optimise packaging for efficient resource use and reduced environmental impact without compromising product quality and safety. We will achieve this through systematic review of our packaging within the APC timeframe (2015) as we continue to seek improvement through integration of APC commitments into our business processes. Our review process will be conducted internally and with the assistance of external expertise as necessary.

OrotonGroup is continuing on the path toward sustainable packaging design. Although all our products sold in Australia are imported, we control the design / production process for our primary brand and hope to be able to influence manufacturing and packaging designs in line with best practice.

### Goal 2- Recycling

OrotonGroup currently promotes the SPG's goal of recycling and supporting secondary materials markets by collecting secondary and tertiary paper and cardboard packaging waste in our warehouse via an in-house collection system provided by Australian Paper Recyclers (APR).

### Office Paper Supply

OrotonGroup is proposing a trial of recycled paper at our corporate site in Waterloo, NSW, to be concluded by December 2011. We will introduce a formal "Buy Recycled" purchasing policy (from February 2012) with the aim of replacing virgin office paper with recycled paper where possible, if the trial is successful. We will phase in the recycled paper, commencing by loading a tray in the photocopier / printer with recycled office paper instead of virgin blank paper. In the next phase, we will examine the feasibility of replacing our corporate letterhead paper with recycled paper and begin implementation from August, 2012.



### ***Goal 3- Product Stewardship***

OrotonGroup recognises that Product Stewardship underpins the APC and the SPG, and that we share responsibility for the life cycle environmental impacts of our packaging at every stage of the supply chain. We endeavour to work on sustainable design within our company and our manufacturers.

Currently we support responsible consumer choice by marking recyclable material content on a portion of our carry bags.

#### **Production and Distribution**

OrotonGroup will work with international suppliers to understand and improve current packaging systems.

#### **Grouping of existing packaging for review**

OrotonGroup's branded products are distributed and sold using a range of packaging items and materials. Our approach to grouping current packaging for review against the SPG goals and criteria is centred upon the APC's stated aim of signatories assessing 50% of existing packaging against the SPG.

We intend to group packaging by product line, focusing on products with the greatest sales volumes and progressing until at least 50% of existing packaging is reviewed (by 2015). By using available information for comparing environmental credentials of different materials for our existing and future packaging needs, we hope to identify opportunities for improvement and implement those with highest positive impact as we update our packaging and introduce new products to our range.



## Benchmark Data

Key Performance Indicator	Baseline Data
<p><b>KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging</b></p>	<p>OrotonGroup does not currently have formally documented implementation of ECoPP or SPG in packaging procurement policies.</p>
<p><b>KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging</b></p>	<p>OrotonGroup currently has a recovery service for recyclable office paper. Confidential materials are recycled via a secure shredder bin.</p> <p>The majority of OrotonGroup stores are located within shopping complexes. Staff members are encouraged to recycle packaging materials in line with shopping centre guidelines, but there is no formal policy.</p> <p>OrotonGroup outsources distribution and handling of goods. The Melbourne Distribution Centre has recovery systems for recyclable packaging materials (e.g. tertiary packaging stretch wrap).</p>
<p><b>KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging</b></p>	<p>OrotonGroup does not currently have a formal policy to buy products made from recycled packaging, however all OrotonGroup’s cartons for consumer product distribution are made from recycled material.</p>
<p><b>KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging</b></p>	<p>OrotonGroup currently does not have formal processes for working with overseas suppliers and local distributors to improve design and recycling of packaging.</p>
<p><b>KPI 7 Proportion of signatories demonstrating other product stewardship outcomes</b></p>	<p>OrotonGroup currently does not have other formal product stewardship policies in place, although we do have a number of informal practises which embody this theme.</p> <p>For example, we currently produce our Annual Report in electronic form and several key OrotonGroup suppliers have certifications for responsible forestry-sourced pulp and ISO 9000 quality control.</p>
<p><b>KPI 8 Reduction in the number of</b></p>	<p>OrotonGroup has no designs or policies</p>

**packaging items in the litter stream**

specifically addressing litter reduction at present. Most of our packaging is unlikely to contribute to the litter stream due to the nature of the product.

**Retention of data for packaging audits**

In recognition of the APC's stated aim of conducting packaging audits on selected signatories, OrotonGroup will endeavour to retain appropriate records of internal communications, discussions with members of the supply chain and other data in a manner that is transparent and supportive of the APC's overall goals.

## APC Action Plan Summary

OrotonGroup’s proposed actions for each SPG goal and KPI, together with timeframes, targets and evidence and are summarised in the tables below. It will be the responsibility of the Australian Packaging Covenant Committee at Oroton to carry out all of these actions.

### APC Performance Goal 1- Design

**Aim:** To optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety

	Action	Responsibility	Timeframe	Target	Evidence
<b>KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging</b>	Complete inventory of all packaging according to product categories	Logistics Manager (GW)	End Jul 2012	All products to listed in spreadsheet with packaging details	Completed spreadsheet
	Review at least 50% of existing packaging by product and material type	All	Ongoing through to 2015	Review 10% of packaging per year, by category & material	Review document-ation
	Integrate SPG into packaging procurement policy	Company Secretariat (AB)/ Logistics Manager (GW)	End Jun 2012	Procurement policy with SPG integrated	Formal documented policy
	Apply SPG checklist to new packaging	CFO (KF)	Ongoing through to 2015	All new product packaging assessed against SPG	Documented checklist comparison process
	Assess feasibility of excluding polymer coating from paper carry bags	Commercial Manager – Polo (SM)/ Oroton Creative	Assessment by Jun 2012, implementation by Oct 2013	Transition to bags with higher content of recyclable material	Documented assessment

**APC Performance Goal 2- Recycling**

**Aim: The efficient collection and recycling of packaging**

	Action	Responsibility	Timeframe	Target	Evidence
<b>KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging</b>	Review on-site recovery systems for recycling packaging waste at DC and shopping centres	Logistics Manager (GW)	End Sep 2012	Confirmation that existing on-site recovery system is functioning effectively	Majority of recyclable waste diverted from landfill stream
	Establish formal recycling policies for DC and shopping centre outlets	Company Secretariat (AB)/ Logistics Manager (GW)	End Mar 2013	Formal recycling policies developed & communicated to stakeholders	Documented recycling policy
<b>KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging</b>	Conduct trial of recycled plain office paper	Company Secretariat (AB)	End Dec 2011	Confirmation that recycled office paper is acceptable	Documentation of trial outcome
	Introduce a formal “Buy Recycled” usage policy for suppliers to purchase – cardboard cartons	Logistics Manager (GW)	End Aug 2012	All cartons made from recycled material	Documented “Buy Recycled” purchasing policy

**APC Performance Goal 3- Product Stewardship**

**Aim: A demonstrated commitment to product stewardship by the supply chain and other signatories**

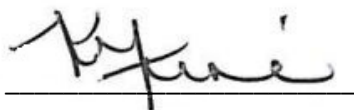
	Action	Responsibility	Timeframe	Target	Evidence
<b>KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging</b>	Establish communication with key suppliers regarding packaging design & recycling	Commercial Manager – Polo (SM)/ Oroton Creative	End Sep 2012	Key suppliers understand APC aims and SPG goals	Communication records
<b>KPI 7 Proportion of signatories demonstrating other product stewardship outcomes</b>	Establish policies for improving energy and resource management in OrotonGroup’s corporate HQ	Company Secretariat (AB)	End Nov 2011	Automatic timers on lights & air conditioning used only as necessary at HQ, communication with stores via intranet/email	Documented policies and evidence of implementation
<b>KPI 8 Reduction in the number of packaging items in the litter stream</b>	Explore consolidation of swingtags to reduce number of tags on individual products	Commercial Manager – Polo (SM)/ Oroton Creative	End Mar 2012	Single swingtag per product	Documented investigation of opportunity

## Formal Commitment by OrotonGroup to Implement the Action Plan

The management of OrotonGroup (Australia) Pty Ltd supports the Australian Packaging Covenant's performance goals and framework and is fully committed to minimising the adverse environmental impacts of our operations.

As a brand owner, OrotonGroup is striving to adopt product stewardship policies and practices. We intend to implement the Sustainable Packaging Guidelines in order to improve the design, recyclability and recycled content of packaging, and to improve collection and reprocessing systems for post-consumer packaging.

OrotonGroup is committed to working together with all its product suppliers to achieve goals and targets as identified in this Action Plan and to report annually against relevant KPIs.



Kevin Fine  
*Chief Financial Officer*  
OrotonGroup (Australia) Pty Ltd