



Kailis Bros Pty Ltd

**Australian Packaging Covenant
Action Plan for July 2015 to June 2018**

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1. Executive Summary

In August 2010 Kailis Bros Pty Ltd became a signatory to the Australian Packaging Covenant (APC). According to the terms of the Covenant, Kailis Bros is defined as a 'brand owner / Packaging user' within the packaging supply chain. As a signatory, Kailis Bros best endeavours to adhere to and take action on the requirements as outlined in the APC.

Kailis Bros Pty Ltd is committed to reducing the adverse effects of packaging waste on the environment and we continue to seek out the best economical, technical, safe and more environmentally sustainable packaging solutions.

Kailis Bros Pty Ltd is committed to waste reduction and identifying viable ways to recycle or re-use packaging products without compromising the food safety and integrity of our product.

This Action Plan is a continuation of the May 2011 – June 2015 version, and extends until June 2018. It has been prepared for Kailis Bros Pty Ltd as required by the revised Australian Packaging Covenant (1 July 2010). The overall aim of this Action Plan is to improve packaging design and contribute towards increased recycling.

We would like to achieve this through supplying more bulk loads in our Business to Business transactions, looking to minimise packaging usage, reduce packaging quantity per SKU, and to carry out where possible the reuse of packaging, and increase our effectiveness in recovering and recycling packaging including production waste, tertiary and other forms of 'back door waste'.

This Action Plan has been reviewed and updated to run until June 2018. An Annual Report will continue to be prepared and submitted to the APC Secretariat detailing progress on actions taken towards achieving the targets.

This is an opportunity for us as a company to incorporate a review mechanism of our existing packaging against the Sustainable Packaging Guidelines (SPG) to effectively implement better packaging design and recycling options for new products.

Matthew Kailis
Group Chief Executive Officer

2. Company Background

Kailis Bros Pty Ltd is one of Australia's largest and most awarded family-owned seafood and food organisations. Established in 1926 the company's production facility is based at 23 Catalano Road, Canning Vale; Western Australia. The name Kailis Bros is synonymous with seafood and throughout the food industry. With offices in Melbourne, Victoria; Sydney New South Wales; Brisbane, Queensland; Processing sites at Canning Vale, Geraldton and Fremantle and an extensive network of national and international affiliations has enabled Kailis Bros to develop global expertise in all facets of the food industry.

In April 2016 Kailis Bros entered into a strategic partnership with Legend Holdings Corporation whereby Kailis Bros seafood processing, wholesaling and exporting business forms the base of a new venture between the two companies: KB Foods.

The KB Seafood's Group consists of the original Kailis Bros Pty Ltd and National Fisheries Pty Ltd, and injected into a larger, newly-capitalized venture with Legend Holdings: KB Food.

KB Seafood's Group through its integrated divisions operate in all levels of the supply chain, from catching, to processing, manufacturing, importing, exporting, and wholesaling. As one of Australia's largest seafood companies, we are proud of our 90 years history, we remain committed to providing products and services that exceed our customer's expectations.

Our products and services are extensively tested to meet the expectations of our customers. As a quality accredited organisation, we are recognised for the outstanding standards of our products and services.

3. Covenant Contact Officer

The appointed Covenant Officer is:

Mrs Ruth Umbrello
Quality Assurance Manager –Compliance & Training
Kailis Bros Pty Ltd
Locked Bag 5
Canning Vale
Western Australia

T: 08 9455 8500

F: 03 9455 2556

Email: ruthu@kailisbros.com.au

The Covenant Officer is responsible for overseeing the implementation of this Action Plan.

4. Our brands, products and associated packaging

Kailis Bros APC Action Plan aims to focus on the following brands manufactured and distributed from its Canning Vale facility:

- Kailis Bros
- KB's
- By George
- Just Caught

Kailis Bros has a variety of fresh and frozen whole fish, fillets, fresh and frozen crustaceans, cooked fresh and frozen crustaceans, fish portions and other seafood consumer products in the market.

Fresh fish are received from local fishermen in re-usable plastic tubs, or large bins. Some whole fin fish and fillets are received in white polystyrene foam cartons. Some of these polystyrene cartons are re-used in our production facility. Fresh fish fillets are processed, packed into thermoformed packaging or modified atmosphere packaging (MAP) trays, then supplied in cardboard cartons. Live lobsters are supplied in polystyrene cartons with wood shavings and gel packs. These products are supplied in bulk loads into our businesses and customers.

Our value-added products are packed fresh or frozen into various MAP plastic trays with brand labels applied on the surface. Our MAP products have consumer facing packaging, and are sold at retail level.

In addition to our MAP products, we have recently introduced skin pack trays with a slim tray design, and an over-wrap card sleeve that holds a marinade or finishing sauce within the sleeve. The trays are filled with seafood, vacuum sealed, then chilled or frozen, and packed into cardboard cartons. This method of packaging offers better storage and handling of the trays.

This Action Plan will have a focus on the review all of the packaging associated with supplying MAP product into supermarkets and to the consumer.

The majority of our packaging waste comes from our wet processing facility in Canning Vale Western Australia. Fishermen supply fresh fish and seafood in re-usable lidded plastic tubs with minimum packaging waste (some have plastic liners). As mentioned above fresh fish is also received in polystyrene (foam) cartons.

Overall Packaging waste:

- | | | |
|---------------------|----------------------|-------------------------|
| • Plastic bags | • Plastic containers | • Lids |
| • Buckets | • Plastic drums | • Nylon strapping |
| • Labels | • Broken pallets | • Dividers & lids |
| • Polystyrene boxes | • Cardboard cartons | • Plastic pouches |
| • Stretch wrap | • Trim waste | • Cellophane sheet |
| • Salt bags | • Lid film | • Elastic bands |
| • Plastic trays | • Bubble wrap | • Thermasorb
soakers |

Supply to Supermarkets packaging waste:

- | | | |
|---|------------------------------|-------------------------|
| • Cardboard Cartons
(wax coated) | • Shelf ready trays | • Stretch wrap |
| • Cardboard inserts
(where applicable) | • Assorted vacuum
pouches | • Thermasorb
soakers |
| • Polystyrene boxes &
lids | • Poly liners | • Tape |
| • Cardboard Cartons
(plain) | • Labels | • Card Sleeves |
| • Lidding film | • Sauce pouches | |

Post consumer packaging waste:

- | | |
|----------------------|----------------|
| • Shelf ready trays | • Labels |
| • Thermasorb soakers | • Lidding film |

5. Action Plan Management & Responsibilities: July 2015- June 2018

Kailis Bros has developed this Action Plan to address both the Covenant Product Stewardship Categories and the Covenant Key Performance Indicators.

Kailis Bros’s Action Plan outlines how the company proposes to implement and measure the actions and commitments under the Covenant.

This Action Plan is a continuation of our previous plan for another three-year period, from July 2015 until June 2018.

Implementation – Kailis Bros APC Cross functional team will carry overall responsibility for the direction of the Action Plan.

Cross Functional Team	Responsibility
Miquel Buccellato	Chief Operations Officer
Carly Penny	Quality Assurance Manager
Ruth Umbrello	Quality Assurance Manager –Compliance & Training
Matt Perry	Operations Manager - Processing
Ryan Fuller	Export Sales & Lobster Production Manager
Paul Rayment	Purchasing Manager - Branded
Toby Abbott	Fresh Fish Trading Manager

6. Sustainable Packaging Design:

This version of our APC Action plan takes the Sustainable Packaging Guidelines (SPGs); a key element of the Australian Packaging Covenant to focus our packaging design and development for new packaging.

Our aim is to utilise the SPG’s for consumer packaging and make efficient use of resources, reduce environmental impact without compromising product quality and safety.

The table below breaks down the SPG design principles which we intend to use in our product label reviews, packaging design and development process.

SPG design principle	SPG aspect	Kailis Bros Policy & Procedures
1. Fit for purpose	<ul style="list-style-type: none"> - Meet technical performance requirements - Meet consumer needs and expectations - Minimise supply chain costs 	<p>APC Policy <i>“Ensure all new packaging designed & purchased takes into account the Sustainable Packaging Guidelines (except where it is cost prohibitive)”</i></p>
2. Resource efficiency	<ul style="list-style-type: none"> - Minimise materials - Use recycled materials - Minimise transport impacts - Maximise water and energy efficiency 	<p>APC Policy <i>“Through regular review of our packaging design & procurement practices & our operational procedures we aim to minimise the amount of litter & waste generated and the negative impact that the disposal of waste packaging may have on the environment”</i></p>
3. Low impact materials	<ul style="list-style-type: none"> - Minimise risks associated with potentially toxic and hazardous materials - Use renewable or recyclable materials - Use materials from responsible suppliers 	<p>Approved Supplier Program and Packaging Supplier Questionnaire</p>
4. Resource recovery	<ul style="list-style-type: none"> - Design for reuse where appropriate - Design for recovery - Design for litter reduction - Inform consumers about appropriate disposal 	<p>APC Policy <i>“Reuse some secondary packaging materials Increase the amount of onsite recycling Actively look at market development opportunities for waste materials”</i> Product Design & Development Procedure Label Reviews</p>

7. Schedule for packaging reviews:

As mentioned in section 4 of this plan, we have various packaging materials used within our production facility at Canning Vale. We've grouped our packaging into the following:

1. Modified Atmosphere Packaging (MAP)
2. Vacuum packaging (Thermoformed)
3. Skin Pack trays
4. Secondary and tertiary packaging
5. Bought in during procurement of raw materials.

Existing Packaging Review:

Although this Action Plan has a focus on the review of all the packaging associated with supplying Modified Atmosphere Packaging (MAP) product into supermarkets and to the consumer, we aim to review any modifications to the existing lines by June 2017.

New Packaging Review:

Kailis Bros Pty Ltd has developed policies and procedures to review new packaging and will continue to use these tools when sourcing packaging for new products as part of the New Product Development process.

8. Action Plan KPI summary table

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

KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging

Actions	Responsibility	Baseline data	Target or performance goal	Timeline/ Milestones (MM/YY)	Evidence collected
Review existing MAP Packaging taking into account Sustainable Packaging Guidelines (SPG).	Quality Assurance & Production Managers	Label & Packaging review	Document review of all existing MAP Packaging as per SPG.	Extended to 30 June 2017	Documented MAP packaging and label review.
Ensure all new packaging takes into account Sustainable Packaging Guidelines (SPG).	Quality Assurance & Production Managers	Label & Packaging review	Document a procedure for new packaging taking into account the SPG; and commence review for new packaging.	Extended to 30 June 2017	Documented Packaging review
Undertake gap analysis of all MAP packaging lines and identify opportunity to integrate into future packaging design & plans.	Quality Assurance & Production Managers	Label & Packaging review	Engage with packaging suppliers for opportunity to integrate SPC design principles and aspects (ref section 5 of this plan)	30 June 2018	Collate data for new packaging design briefs with the aim of reusability, recovery, and litter reduction.
Design all new packaging to SPG guidelines	Quality Assurance/Marketing/ Production Managers	No process currently in place	100% of all new packaging being reviewed	30 June 2018	Completed reviews

Goal 2. Recycling: The efficient collection and recycling of packaging

KPI 3. Proportion of signatories with on-site recovery systems for recycling used packaging

KPI 4. Proportion of signatories with a policy to buy products made from recycled packaging

Actions	Responsibility	Baseline data	Target or performance goal	Timeline/ Milestones (MM/YY)	Evidence collected
Collect data for all onsite recycling (used packaging, paper, plastic, wet waste, other)	Covenant contact officer / APC Cross functional team	Data from waste collection contractors	Collect data for all onsite recycled packaging materials.	ongoing	Data from waste collection contractors
Determine baseline data for recycled content of existing packaging.	Covenant contact officer / Production Managers	Packaging Suppliers	Collect baseline data for all packaging	Ongoing	Packaging specifications
Identify opportunities to recycle, re-use Or reduce litter.	Covenant contact officer / APC Cross functional team	Packaging Suppliers	Recover all recyclable materials in house, re-use packaging where possible, and return packaging to supplier for re-use	30 June 2017	Collaborate with supply chain partners to meet this target
Determine opportunities to source packaging products manufactured from recycled packaging.	Purchasing & Production team	Packaging Suppliers	Define clear guidelines into Packaging sourcing procedure to buy products made from recycled packaging	30 June 2018	Policy & Supplier / Contractor agreements. Packaging Specifications

Goal 3. Product stewardship: A demonstrated commitment to product stewardship by the supply chain and other signatories

KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging

KPI 7 Proportion of signatories demonstrating other product stewardship outcomes

KPI 8 Reduction in the number of packaging items in litter

Actions	Responsibility	Baseline data	Target or performance goal	Timeline/ Milestones (MM/YY)	Evidence collected
Determine opportunities to increase recycled content of new and existing packaging	APC Cross functional team	Packaging Suppliers	100% of all new packaging being reviewed, develop formal process to include SPG at packaging design stage	Extended until 30 June 2017	Packaging Specifications
Consider SPG in all supply contracts.	APC Cross functional team	No formal process currently in place	Develop formal process to ensure SPG are considered in all new supply agreements.	Extended until 30 June 2017	Supplier / contractor agreements.
Mapping supply chain to identify opportunities to engage other partners	APC Cross functional team	No formal process currently in place	Engage with retailers to develop packaging which can be recycled or reused	30 June 2018	New packaging design including SPC design principles
Sustainable sourcing of seafood items through other Environmental Sustainable Initiatives, such as Marine Stewardship Council Chain of Custody (MSC CoC) and Aquaculture Stewardship Council Chain of Custody (ASC – CoC).					
Waste collection and contracts as per Goal 2 .					