



Australian Packaging Covenant Action Plan

HAIGH'S MANUFACTURING PTY LTD

A E HAIGH PTY LTD

Jan 2011 – Dec 2016

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1 Introduction

Haigh's Chocolates is an Australian brand associated with fine chocolate, premium gifts and outstanding retail experiences. Haigh's Chocolates are predominantly retailed through our own retail network. The stores are operated and managed by A E Haigh Pty Ltd. This organization also holds the brand and seasonal range development functions for the products. The products sold through the retail stores are manufactured, assembled and distributed by Haigh's Manufacturing Pty Ltd. Haigh's Chocolates has a proud history of carefully considering the impact its packaging and distribution methods have on the environment and the community. This report demonstrates how Haigh's Chocolates intends to meet its commitments as a member of the Australian Packaging Covenant.

2 Haigh's Chocolates

2.1. Haigh's Manufacturing Pty Ltd

Haigh's Manufacturing Pty Ltd is a privately owned family business. The organization manufactures chocolate and confectionery as a traditional small batch manufacturer. Raw materials including cocoa beans, sugar and milk powder are processed in our South Australian factory to manufacture premium quality chocolate. The chocolate is then used either in solid moulded chocolate products, combined with confectionery products manufactured in our kitchens or combined with locally sourced raw materials to create a broad range of chocolate based confectionery products.

Haigh's Manufacturing represents only a small part of the Australian chocolate market. Our best estimate based on industry data is maybe 1.1% of the total Australian chocolate market by turnover, probably a smaller portion by volume. Haigh's Manufacturing employs 120 staff including both full time and casual employees. The employees are distributed within production, warehousing & distribution, QA, purchasing and production development teams.

2.2. AE Haigh Pty Ltd

AE Haigh Pty Ltd is a privately owned family business. The organization is a specialist retailer of premium quality chocolate. The business has six stores in Greater Adelaide, six stores in Greater Melbourne and one in the Sydney CBD. The business provides a premium service model plus a range of seasonal and standard gifts. AE Haigh has all of its stock supplied by Haigh's Manufacturing. A number of the products are finished by the stores including individual unit packaging, bows and ribbons. Many of the products are also delivered to the business shelf ready.

AE Haigh represents a similar percentage of the Australian chocolate market estimated at 1.1%. AE Haigh employs 230 permanent staff across a range of full time, part time and casual employment relationships. AE Haigh provides shared services to both businesses in the areas of HR, Finance, Administration, Marketing and Seasonal Product development as well as specialist retail teams managing the store network.

2.3 Branding

The business primary operates under the Haigh's Chocolate brand. In addition historically Haigh's has a number of other brands, Images, Images of Australia and AE Haigh that we continue to own but are not active in the current offer.

3 Haigh's Chocolates Products

3.1 Haigh's Chocolates Supply Chain

Haigh's Chocolates operates under a highly vertically integrated supply chain model. The majority of the mass sold through the business is purchased as raw materials and the majority sold through own network of stores. A very small amount, less than 5% is sold through a wholesale relationship with specialist retailers who operate in niche locations which we feel promotes our store network sales.

This vertically integrated supply chain promotes excellent control over our products and a high level of freedom to promote excellence in reuse of intermediate packaging.

3.2 Packaging Materials - Retail

The look and feel of our retail offering is very traditional and authentic. This has allowed Haigh's to maintain a very minimal approach to packaging when compared to many similar products on the market.

Our boxed chocolate is based on either white A Artboard packaging and carta solida. The chocolates are placed in the

boxes by hands in paper petit cups rather than more common plastic molded trays. In our small ballotin style boxes where we needed to use trays we have moved from cardboard to corn starch bio plastics which are 100% biodegradable.

Haigh's has a small number of products which have been in a transparent PVA box which feature our products well but are not suitable for recycling. The next generation of transparent recycled and recyclable PET clear packaging may provide this range with new options in the near future.

Our seasonal range is uniquely packaged each year but our packaging is designed around two key principles. Firstly where packaging is purely about protecting the product we minimize. This is evident in the Easter range where almost all eggs are sold foiled with no cardboard or plastic packaging.

Secondly where the premium range of products require the support of premium packaging the packaging is designed as re-useable making the package part of the gift. Distinctive but sensitively branded tin ware, boxes and tubes can either be re filled with Haigh's products or used for storage or as keep sakes. For example, each year Haigh's produce a Teddy Tin with a unique picture on the front. Many customers have the full collection of Teddy Tin designs and anticipate the product each year.

The standard range of products is packaged along a minimalist theme. For many years Haigh's used cellophane as the primary material for bagging the standard range of products. This has been used due to the higher bio degradability of this product over Poly Propylene based materials. A number of these bags

are being trialed for replacement by Bio Film products which are becoming increasingly acceptable as a replacement.

3.3 Packaging Materials – Distribution

As a vertically integrated manufacturer and retailer Haigh's has been able to control and deliver a very high standard of return and reuse of our distribution packaging. All products are distributed in one of four standard packaging boxes. The boxes use virgin kraft card board. Using plastic bag liners the boxes are returned from the retail stores and sorted for reuse. Boards are sorted for reuse based upon their condition and number of previous cycles. Recently, due to a number of flavor contamination issues the decision was made that boxes that had stored flavoured chocolate, such as orange and pepper mint are no longer suitable for reuse. These are only a small number of products in the range.

Boxes are used up to four times if their condition is suitable. Once they are used four times or deemed unsuitable the boxes are then recycled through a commercial recycling facility

4 Action Plan Period

This action plan is intended to cover the five years 2011 – 2016 and will be reported on annually. The action plan incorporates the Australian Packaging Covenant Sustainable Packaging guidelines. These guidelines cover a number of principals that Haigh's already use when planning and developing packaging. The formal reporting structures will be new to Haigh's so the goals of the action plan reflect our ambitions for this period.

The contact officer responsible for the implementing, reporting and monitoring of the action plan is the Supply Chain Manager. This role reports to the CEO and is a member of the Executive Team of the organization. This gives the action plan representation with authority to manage the strategic, budgetary and planning requirements of the plan.

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5 Goal 1 – Optimized Packaging

Haigh's Chocolates has long been concerned about the minimization and sustainability of packaging choices. The principles reflected in the Sustainable Packaging Guidelines have been incorporated in the design, selection and planning of our packaging for many years. Therefore our actions are designed not around changing our processes but more around formalizing the recording and reporting behind these processes.

When considering packaging Haigh's has chosen to reflect its commitments in two broad categories, seasonal range and standard range.

5.1 Seasonal Packaging

Each year Haigh's Chocolates develops a unique range of colours, shapes and materials for our Christmas and Easter range of products. This range is generally sourced from a small range of regular suppliers who work with Haigh's to develop unique branded products. These products are at times 'one off' and other times modification of previous designs. Occasionally the range will also incorporate some 'off the shelf' products that meet the colour and design requirements of the season branded with labels and seals. Many of these products are designed to be collectable. An example of this is our Teddy Tin which incorporates a unique annual design which are popular with customers who look for the new design each year.

As this is a seasonal range it provides us with the opportunity to test new products and opportunities with new packaging products.

5.2 Standard Packaging

In contrast to the seasonal packaging, our standard packaging is based upon long standing designs that are rarely changed. The majority of our packaging has not significantly changed in design over the last 5 years with many very similar over the last 10 years. Opportunities to review these designs are infrequent and many of the current designs reflect very traditional standard

product offerings. For example, our White Presentation boxes are based on hand placed chocolates. These boxes have been used for well over 10 years and we intend to continue to offer these products through the life of this action plan. As a hand filled box the product to packaging ratio, and overall dimensions are very small when compared to comparable alternatives offered in the market by machine filled boxes.

5.3 Sustainable Packaging Guidelines

The Australian Packaging Covenant calls on the Sustainable Packaging guidelines to be used in the design and procurement of packaging. Appendix A is Haigh's Chocolates Seasonal Item Checklist. This check list began as a working document to track progress for teams co-operatively developing products. It has been modified using the Sustainable Packaging Guidelines to fully document consideration for the recyclability and sustainability of packaging design. In the packaging covenant section of this table, space is given to document consideration of to each element of the Sustainable Packaging Guidelines. This is designed to be used in conjunction with the full guidelines document to encourage full consideration of the implications of design and procurement

Haigh's Chocolates goals are that the entire product range is reviewed using the Sustainable Packaging Guidelines over the life of this actions plan. As the Seasonal range is developed on an annual cycle, this will take the pilot role to develop the systems and templates for this review. As a logical consequence of this annual seasonal product development is new standard range products will be assessed against the guidelines.

As the organization grows more confident using the SPG a team will review the existing products against these guidelines. Over the life of the action plan Haigh's will be able to demonstrate that all products on offer have been reviewed against the guidelines.

There are four teams which will lead the review over the life of the action plan.

The seasonal product team will handle seasonal products.

- Corporate Brand Manager

- Merchandising Manager

- Product Development Coordinator

- Graphic Designer (Contractor)

- Supplier Representative

- QA Manager

New Product Development Team

- Supply Chain Manager

- Corporate Brand Manager

- Technical and Product Development Manager

- Product Development coordinator

- Graphic Designer (Contractor)

- Supplier Representative

- QA Manager

Standard Product Review Team

Supply Chain Manager

Corporate Brand Manager

QA Manager

Information and System Manager

Product Development coordinator

Graphic Designer (Contractor)

Supplier Representative

Distribution Systems Review Team

Supply Chain Manager

Logistics Manager

Information and System Manager

Warehouse Supervisor

Retail Area Manager

Store Manager

6 Goal 2 Efficient Collection and Recycling of Packaging

6.1 Site Recycling

Haigh's Chocolates has pride in its commitment to reuse and recycling of packaging. For the last ten years recycling methods and systems have been available at each retail outlet and at the manufacturing facility. While Haigh's is confident in the operation of the system, with time, employee turnover and

system changes it is necessary to review the effectiveness of this program. Over the life of this action plan a bi annual review of the systems will be conducted to ensure the maintenance and effectiveness of the program.

6.2 Buy Recycled

Clearly establishing a “buy recycled” policy has been difficult to implement at Haigh’s Chocolates. The purchasing policies have been informal and in the hands of individuals rather than being managed at a policy level. While there has been a commitment from executive level managers to buy and use recycled materials where possible this has yet to be formalized into a policy. The commitment can be demonstrated in our formal preferred supplier tenders but need to be established as a policy. Over the life of this action plan Haigh’s intends to formalize its purchasing policies including a buy recycled policy.

7 Goal 3 Product Stewardship

Haigh’s Chocolates has long been a leader in the development of sustainable packaging solutions in our industry. This can be demonstrated in our commitment to developing re-useable packaging, finding biodegradable packaging solutions and maintaining traditional minimal packaging solutions. This commitment has been supported with a focus on communicating and educating our customers on our initiatives.

In order to demonstrate our commitment to product stewardship Haigh’s offers three commitments

- Demonstrate ongoing communication with our customers on sustainability and packaging through promotions, brochures and social media
- Demonstrate ongoing communication with our suppliers on new ideas, products and printing media.
- Link in our ongoing communication back to the Australian Packaging Covenant commitment to promote other APC initiatives.

	Actions	Responsibility	Baseline Data	Target	Timeline
Goal 1					
Seasonal Products					
Christmas Packaging	Using the Seasonal Item Checklist	Seasonal Development team	0%	70%	2012
				85%	2016
Easter Packaging	Using the Seasonal Item Checklist	Seasonal Development team	0%	70%	2012
				85%	2016
Other Seasonal Packaging	Using the Seasonal Item Checklist	Seasonal Development team	0%	70%	2012
				85%	2016

Standard Products					
Store Bags	Review of Item Range	Product Review Committee	0%	100%	2011
Cellophane Bags	Review of Item Range	Product Review Committee	0%	100%	2012
Ballotin Boxes	Review of Item Range	Product Review Committee	0%	100%	2013
Distribution Centre Packaging	Review of Distribution Systems	Warehouse and Retail team	0%	100%	2013
White Presentation Boxes	Review of Item Range	Product Review Committee	0%	100%	2014
Other Gift Boxes	Review of Item Range	Product Review Committee	0%	100%	2015
New Products					
New Products using SPG	Using Seasonal Item checklist	Product Development	0%	85%	2013

		Committee			
Gift Range	Using the Seasonal Item Checklist	Seasonal Development team	0%	85%	2013
Goal 2					
Site Recycling	Conduct an Audit of each retail site to confirm availability and use of recycling facilities	Retail Area managers	100%	100%	2011
				100%	2013
Buy Recycled	Create a formal policy for purchasing including a buy recycled element	Supply Chain Manager		100%	2012

Goal 3					
Customer Education	Demonstrate an ongoing commitment to communication of sustainability to customers	Communication Team		1 New or updated forum annually	Annual
Supplier Education	Demonstrate an ongoing commitment to influencing our suppliers	Product Development team		Evidence of a joint initiative	Annual
Supporting Australian Packaging Covenant	Demonstrate the connection between our sustainability initiative and the APC	Communication Team		Evidence of ongoing links between our communication and the APC	
	Submit Annual reports	Supply Chain Manager		Annual report	Annual

SEASONAL ITEM CHECKLIST**SEASON:****STOCK CODE:****ITEM:****PLU CODE:**

ACTION	DETAIL	BY	DATE
ARTWORK APPROVED			
DESIGNED TO COMPLY WITH PACKAGING COVENANT	REFER TO APPENDIX B		
SUPPLIER			
SAMPLE RECEIVED			
MATERIALS ADVISED			
CONTENTS CONFIRMED			
WEIGHTS AND MATERIALS CHECKED BY FACTORY			
CHECKED BY MERCH MANAGER IF RETAIL PROD			
QUOTE RECEIVED			
UNIT QTY REQUESTED			
STOCK CODE ALLOCATED			
PLU CODE ALLOCATED			
SPEC SHEET GENERATED			
ORDERED BY			
LAUNCH PRODUCTION QUANTITY CONFIRMED			

QTY ORDERED			
NUTRITIONAL ARTWORK APPROVED			
ARTWORK SUPPLIED			
EXPECTED DELIVERY DATE			
PRE-PRODUCTION SAMPLE APPROVED/PRESS CHECK			
PRODUCTION SHEET TO FACTORY			
FACT/RET PROD SAMPLE MADE			
SHIPPER QTY CONFIRMED			
PROVISIONAL BOM DEVELOPED			
RIBBON/BOW ORDERED IF APPLIC			
DECORATIVE ITEMS ORDERED IF APPLIC			
LABELS/SEAL ORDERED IF APPLIC			
GOODS RECEIVED			
QUALITY CHECKED			
FINAL BOM SUPPLIED			
FIRST PRODUCTION RUN DATE			
PRODUCT COSTED TO RETAIL PRICE			
PRODUCT ENTRY FORM ACTIONED			
STORE ALLOCATION			
STORE MAKE UP SHEET			
PHOTOGRAPHED			

PACKAGING COVENANT APPENDIX B	DETAIL	BY	DATE
3.2			

MINIMISE MATERIALS			
3.3 USE RECYCLED MATERIALS			
3.4 USE RENEWABLE OR RECYCLICAL MATERIALS			
3.5 NO TOXIC OR HAZARDOUS MATERIALS			
3.6 RESPONSIBLE SUPPLIER			
3.7 DESIGNED FOR TRANSPORT			
3.8 DESIGNED FOR RE-USE			
3.9 DESIGNED FOR RECOVERY			
3.10 DESIGNED FOR LITTER REDUCTION			

