

THE BUSINESS CASE FOR PACKAGING SUSTAINABILITY

Kellogg Australia

An industry-wide stewardship solution for flexible plastics



Australian Packaging Covenant

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Summary

This case study describes how Kellogg Australia began its collaboration with RED Group to support a national recycling program for flexible plastics. Called REDcycle, the program collects post-consumer plastics including cereal liners, bread bags and confectionary packets through drop-off bins in Coles and Woolworths supermarkets.

The business case for Kellogg's involvement was always very clear. By providing a convenient recycling solution for cereal liner bags it helped to achieve a global corporate objective (increased recyclability of packaging) and one of the key objectives in the company's Australian Packaging Covenant (APC) Action Plan. Importantly, it also supports Kellogg's reputation as a responsible corporate citizen.

Lessons from this case study

- Packaging sustainability projects are more likely to get support internally if they are closely aligned with corporate strategy
- Some challenges are best addressed through collaboration with industry peers. Kellogg found a recycling solution for cereal box liners and other flexible packaging by collaborating with its industry association, a major retailer and other food brand owners to support an industry-wide stewardship program.

Figure 1: REDcycle collection bins are located in supermarkets around the country



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About the company

Kellogg (Aust.) Pty. Ltd. (Kellogg) manufactures cereal and snack products and has been providing food for the Australian community since 1924. Its brand names including Kellogg's, Be Natural and Pringles, are well-known to Australian consumers. Its products are distributed around Australia and to New Zealand and the Asia-Pacific region.

Packaging sustainability has always been an important element of the company's commitment to corporate responsibility. The updated global sustainability commitments (**Figure 3**) now include two specific objectives for packaging. These are:

- Maintain commitment to 100% 'timber-based' packaging from either recycled fibre or from certified sustainable sources.
- Further implement resource efficient packaging, as measured by improved performance for recycled content, recyclability and food-to-package ratios.

Kellogg has been a signatory of the National Packaging Covenant, (now Australian Packaging Covenant) since 2001.

"Kellogg has been using recycled material in our paper and board since the 1920s. It is foundational to our business. We have also done a lot of work to improve the sustainability of our packaging in recent years. We've formalised this through new strategic objectives for packaging in our Sustainability 2020 commitments."

Helena Cooke-Yarborough, Environment, Health & Safety Director – Kellogg Asia Pacific

Recycling flexible plastics

Genesis of the project

Kellogg's APC Action Plan (2011 - 2015) included a commitment to undertake research on recycling opportunities for post-consumer flexible plastic liner material in consultation with recyclers and industry associations. While the high density polyethylene (HDPE) plastic is highly recyclable, kerbside recycling programs generally focus on rigid containers including plastic bottles and jars. The collection of flexible plastics for recycling at kerbside is growing due to APC funding, but when Kellogg prepared their Action Plan there was no obvious solution for plastics such as cereal liner bags.

In February 2012 the Australian Food and Grocery Council (AFGC) published its Future of Packaging White Paper, which aimed to support a more strategic and proactive role for the industry in packaging sustainability. One of the projects in the white paper was to 'promote increased recovery of flexible plastics packaging in collaboration with recyclers, retailers and



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brand owners'. The RED Group project was promoted because a pilot was already underway in Melbourne.

In mid-2012 AFGC organised a series of meetings between RED Group and some of the largest food brand owners in Australia to discuss the initiative. This provided Kellogg with an effective way to meet their own commitment through a collaborative industry solution.

The initial approach from RED Group

The first meeting at Kellogg was with Helena Cooke-Yarborough (Environment Health and Safety) and Nicole Hall (Corporate Communications). The representative from RED Group, Liz Kasell, provided them with a detailed briefing on the pilot program in Victoria. Supported by APC funding, flexible plastics were being collected from Coles stores in Melbourne and delivered to RED Group's recycling partner, Replas. The plastics were processed into benches that were donated by Coles to local schools.

RED Group's proposal was to extend the program nationally through a product stewardship commitment from food brand owners. An annual financial contribution from each company would allow the company to implement a convenient collection service for consumers and to ensure that the plastics were recycled within Australia.

This was the start of a dialogue between RED Group, Kellogg and other brand owners to progress the design of a national flexible plastics stewardship program.

Support from Kellogg

Kellogg responded positively to the proposal, for several reasons:

- It was consistent with their global environmental targets and their commitment to the APC
- It provided an immediate solution to a problem that had been clearly identified in their APC Action Plan: the lack of a convenient recycling solution for plastic cereal liner bags
- The pilot program had already delivered proven results
- RED Group had structured its proposal in a way that would clearly work for Kellogg.

The project was approved after review by Kellogg's Supply Chain Director and Legal Team. This was a relatively straightforward process because the project didn't require significant investment or behaviour change, and because it helped to address an existing corporate commitment.

"RED Group provided us with a solution to a problem that we hadn't yet been able to solve, which was providing consumers with a recycling options for our cereal liners. In our Covenant action plan we had committed to looking for a solution. RED Group also brought to the table a very well-structured proposal on how commercial partners could work with their organisation. It was a compelling solution that helped us make progress against our corporate commitments."

Nicole Hall, Senior Communications Manager – Kellogg Australia New Zealand



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Outcomes

In 2013 REDcycle was launched with the support of Coles and ten brand owners including Kellogg. After a gradual roll-out across the country it is now in place in 480 Coles and 100 Woolworths supermarkets. The program collects flexible plastics such as bread bags, frozen food bags, confectionary packets and shopping bags for recycling into durable products (Figure 2).

In 2013, a total quantity of 193.6 tonnes of plastic bags and packaging was recovered, including 65.8 tonnes of grocery packaging. Over 800,000 Kellogg wrappers and cereal box liners were recovered.

Figure 2: Kellogg cereal box liners recovered from supermarkets become recycled plastic products



Business benefits

There are several business benefits for Kellogg from supporting the REDcycle program:

- It supports the achievement of one of their corporate sustainability objectives, which is to improve packaging recyclability
- It addresses the commitment in Kellogg's APC Action Plan to find a recycling solution for cereal liner bags
- It supports the brand's reputation as a responsible corporate citizen by showing leadership in packaging sustainability
- It supports Kellogg's relationship with one of their major retail partners.

RED Group provides Kellogg with six-monthly reports on progress, which include data on how much of Kellogg's packaging is being diverted from landfill. This data is reported to senior managers and helps to maintain internal support for the project.

The next step is to maximise the benefits of participation by promoting it further to staff and customers. From a customer perspective Kellogg is considering using the REDcycle logo and recycling symbol on their packaging to promote the fact that cereal bags and snack food wrappers are recyclable and that collection points are available. One of the challenges is that Kellogg's products are also sold in New Zealand, and the logo could mislead consumers if they don't have access to the same collection service.



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This is being addressed in two ways:

- Kellogg is planning to upgrade their website to provide more information on the program for Australian consumers
- RED Group is investigating the feasibility of extending the program to New Zealand.

"We have an opportunity to drive further internal awareness of this program, when our employees do hear out about it they think it's an amazing initiative. We're very proud that Kellogg was one of the founding commercial partners."

Nicole Hall, Senior Communications Manager – Kellogg Australia New Zealand

Selling the benefits of a project to stakeholders: keys to success

- **Leverage corporate strategies and commitments.** The Environment, Health and Safety Manager at Kellogg was able to show how REDcycle would meet some very specific corporate and APC packaging commitments. It 'ticked a lot of boxes'.
- **Demonstrate how the project will support your corporate brand and reputation.** For Kellogg one of the benefits of this project was its compatibility with the values of the brand. The company has a longstanding commitment to recyclable packaging and the use of recycled materials.
- **Link the project to commercial goals.** The benefits of REDcycle were promoted to Kellogg's ANZ leadership team by showing how one of Kellogg's major retail customers was a founding partner.
- **Use a pilot to demonstrate how the project will work.** It is always easier to get support for a project if you can demonstrate the feasibility and benefits of the project. RED Group was able to show Kellogg the results of their pilot and this gave them confidence that it would work.



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Figure 3: Kellogg Company's Global Sustainability 2020 Commitments

