



AMWAY OF AUSTRALIA

NATIONAL PACKAGING COVENANT

ANNUAL REPORT

JULY 2007 – JUNE 2008

EXECUTIVE SUMMARY

Amway of Australia is the Australian affiliate of Alticor Corporation, a privately owned multi level marketing company based in the USA. Alticor sells products in over 80 countries.

Amway of Australia sells consumer products such as cosmetics, personal care products, complementary medicines and detergents. The majority of our branded products are manufactured and packaged by Alticor in the USA. and most of the packaging for our branded products is designed in the USA. for use throughout the world. Packaging materials are predominantly cardboard, aluminium and HDPE.

Amway of Australia has been a National Packaging Covenant signatory since 2003. We have implemented systems for recycling of cardboard, provided education to consumers on recycling and developed a system to report on quantities of the various types of packaging materials that we use.

Our focus has been on re-use, recycling, consumer education and use of concentrated household cleaning products to help reduce overall packaging weight.

Key results for 2007–2008 include:

- Significant re-use of cardboard cartons in our distribution centre.
- All shipping cartons purchased by Amway of Australia are made from 100% recycled material.
- Benchmarking with Australian household cleaning products shows Amway products have significantly lower packaging weights per use than similar products from leading competitors.

1. COMPANY DETAILS

Company Profile

Amway of Australia is an affiliate of Alticor Corporation, a privately owned multi level marketing company based in Michigan, USA that operates in 80 countries.

Amway of Australia sells a wide range of consumer products including cosmetics, personal care products, complementary healthcare products, household cleaners and detergents, packaged food, house wares, cook ware and household electrical products such as water filters and air filters.

Our brands include: AMWAY, NUTRIWAY, SA8, ARTISTRY, eSpring, iCook, BODY SERIES, POSITRIM, EDDIE FUNKHAUSER, LOC, PURSUE, DISH DROPS, TOLSOM and SATINIQUE, SUNTIME and XS.

Amway of Australia has approximately 180 staff that are involved in marketing, warehousing and distribution of our products to the 70,000 Amway Independent Business Owners (IBO) in Australia who purchase and sell Amway products.

Amway of Australia has been a Packaging Covenant signatory since 2003, and has subsequently implemented several programs to reduce packaging waste.

Position in Supply Chain

Most of our branded products are manufactured and packaged by our parent company in USA. They are shipped from the USA to our Australian warehouse in shipping cartons, which contain product in individual consumer packs.

Location

Amway of Australia is located at 46 Carrington Road, Castle Hill, New South Wales.

Covenant Contact

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2. PACKAGING CHAIN

Amway products are packed in a wide variety of primary packaging materials but predominantly cardboard, aluminium and HDPE.

Secondary packaging is used where necessary to provide protection to the primary packaging and to display information about the product. It consists primarily of cardboard, inks and varnishes and metallic foil.

Most products are packed into shipping cartons for transportation from USA to our Australian warehouse. The products are removed from these shipping cartons in our warehouse. The shipping cartons are either re-used to ship products to our customers or baled and sent to be recycled.

Our customers' orders are packed in our warehouse pick-pack system by either:

- Using recyclable cartons made from 100% recycled materials.
or
- Re-using cartons in which goods are received into our warehouse.

Biodegradable wheat based void fill is also used.

3. PRODUCT STEWARDSHIP

Design

Most of our household cleaners are concentrated, thus they require less packaging per use and result in less packaging waste.

In 2008, Amway compared the weight of plastic packaging per use for Amway household cleaning products to other leading brands. The Amway products listed below use between 5 and 40 times LESS plastic packaging per use than other brands.

PRODUCT	PLASTIC PACKAGING
L.O.C. Multi Purpose Cleaner Competitor Brand A Competitor Brand B	0.66 grams per 100 mL use solution 13.25 grams per 100 mL use solution 13.87 grams per 100 mL use solution
L.O.C. Plus Bathroom Cleaner Competitor Brand C	2.02 grams per 100 mL use solution 13.96 grams per 100 mL use solution

SA8 Liquid Laundry Detergent Competitor Brand D	1.32 grams per wash 11.58 grams per wash
SA8 Delicate Liquid Laundry Detergent Competitor Brand E	0.99 grams per wash 5.91 grams per wash
SA8 Fabric Softener Competitor Brand F	0.66 grams per wash 7.33 grams per wash
All Fabric Bleach Competitor Brand G	0.72 grams per wash 3.37 grams per wash
Pursue Hospital Grade Disinfectant Cleaner Competitor Brand H	0.19 grams per 100 mL use solution 7.67 grams per 100 mL use solution

The majority of our plastic packaging carries the SPI recycling codes.

Distribution

All products sold by Amway of Australia are delivered to our warehouse at Castle Hill. The majority of these products are removed from their shipping cartons and are put into a sophisticated paperless picking system to select and pack the products ordered by our IBOs into recyclable cardboard cartons. Biodegradable, wheat based packaging filler is used to secure products in their shipping cartons. Orders are then shipped to all parts of Australia.

Disposal

Our warehouse receives a large number of shipping cartons. Rather than sending all these cartons for recycling, we re-use approximately 320,000 of these cartons to ship smaller sized orders to our customers.

Consequently, we re-use or recycle over 99% of our incoming shipping cartons.

We have a very efficient system for baling cartons for recycling and it has been in operation for many years.

Recycling of all shrink-wrap used in our distribution operation has been achieved.

Recycling of all insulation sheets from shipping containers has been achieved.

Very little used packaging is sent to waste from our warehouse and distribution system.

One of our goals for 2007-2008 was to maximise, re-use and recycle packaging in our new interstate business centres that were forecast to open during 2007-2008. As the opening of these centres will not occur until 2008-2009, the goals on re-use and recycling of packaging will be carried forward to next year.

Education

Amway is in an excellent position to provide information to IBOs and to customers on packaging re-use and recycling. Our website www.amway.com.au is used by the majority of IBOs to place orders as well as to obtain information on our products and services. We have a page on our website specifically relating to recycling. During 2008, we prepared a significant update and expansion to the recycling section, which will go "live" in 2008. This has a potential readership of our 70,000 Amway Independent Business Owners as well as being available to the general public.

4. DATA SUMMARY FOR JULY 2007 – 2008

2007–2008 sales data for Amway of Australia was entered into an Alticor operated database to obtain a summary of the types and weight of packaging sold in Australia in this review period.

Compared below are the 2007–2008 data with our baseline data from 2005–2006 (tonnes).

Packaging	Local 2005-2006	Local 2007-2008	Local 2005-2006	Local 2007-2008
Cardboard	204	201	53	240
Aluminium	0	0	28	35
HDPE	10	6	16	33

Non-recyclable packaging10.7 tonnes

Packaged product sold1873 tonnes

Product / packaging ration: $1873 / 518 = 3.6$

This 2007–2008 data has been entered on the IDAS database.

5. GOALS FOR 2008 - 2009

In 2008–2009 Amway of Australia will work towards achieving the goals of our National Packaging Covenant Action Plan 2006–2010.

One of our goals for 2007–2008 is to develop systems to help maximise re-use and recycling of packaging in our new business centres in Queensland and Western Australia.

Because of insufficient data, we were not able to achieve our 2007–2008 goal of documenting the percentage of recycled or renewable material used to manufacture our cardboard packaging containing our products coming from the USA. We will attempt to achieve this goal in 2008–2009.

Another goal is to ensure that our expanded consumer education program goes “live” on our website in 2008.

6. KEY PERFORMANCE INDICATORS

	Key Performance Indicators	Amway Action Plan	Date	Measure	Outcomes 2007 – 2008
1	Total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.	<p>We will work with our parent company, Alticor, to include Australian sales on their database of packaging materials. By June 2006 Amway of Australia will be able to access total weight of packaging and weight of product from the database. We will report annually.</p> <ul style="list-style-type: none"> • tonnes of packaging material sold in Australia for our branded products. • tonnes of our branded products sold. • ratio of product to packaging by weight. 	<p>Base June 06</p> <p>Annually from Oct 07</p>	Quantitative data on types of packaging used reported to NPC	<p>Consumer packaging: 517 tonnes</p> <p>Branded products: 1873 tonnes</p> <p>Product/packaging ration = 3.6</p>
3	Report on any improvements in design, manufacture, marketing and distribution to minimise the environmental impact of packaging.	The great majority of packaging for which Amway of Australia is the brand owner is imported as packaged products from our parent company in USA. Although Amway of Australia does not have direct influence on packaging design, we will report on any improvements undertaken by our parent company using EcoPP principles.	Annually From Oct 07	Report changes and include data on recycled and renewable content of packaging.	<p>Benchmarking with Australian competitors in 2008 showed that Amway household cleaners have significantly lower packaging weight per clean than competitors.</p> <p>Amway of Australia re-used 320,000 shipping cartons.</p> <p>“New” shipping cartons made from 100% recycled cardboard.</p>
6	Report the total weight by type, of “non-recyclable” packaging sold per annum into the Australia market.	<p>We will undertake to have the following information readily available in our packaging database by June 2006. We will report annually:</p> <ul style="list-style-type: none"> • tonnes of “non-recyclable” packaging sold by material type for our branded products. 	Annually from Oct 06	Quantitative data reported to NPC annually	<p>Non-recyclable packaging: 10.7 tonnes.</p> <p>Non-recyclable is 2.0% of total packaging sold.</p>

		<ul style="list-style-type: none"> total “non-recyclable” packaging sold as a % of total packaging for our branded products. 			
16	Provide on-site recycling collection facilities for post consumer packaging generated on site.	We will review and update current post consumer on site recycling collection facilities as appropriate.	Annually from Oct 06	Quantitative data reported to NPC	On site recycling was at similar high percentage as 2006–2007.
21	Estimate tonnage of consumer packaging sent (a) for recycling and (b) to landfill from on site collection facilities	We will report on amounts of consumer packaging from on-site collection that is (a) sent for recycling and (b) sent to landfill. The majority of consumer packaging will be from products that our customers have returned to us and from our office and staff canteen.	Annually from 2006	Quantitative data reported to NPC	(a) 120 tonnes (b) 4.5 tonnes
26	Implement a “buy recycled” purchasing policy.	A significant purchase that we make is cartons for shipping goods to customers. These cartons are made with recycled materials. We will report on the quantity of recycled material in these cartons.	Annually from Oct 07	Quantitative data reported	We purchased 480,000 cardboard cartons in which we shipped orders to our customers. The cartons are a very high percentage of all the packaging materials purchased by Amway of Australia. They are made from 100% recycled materials.
27	Established baseline performance data	Our aim is to have a database operational by June 2006 that will readily provide month by month and year to date information on total packaging quantity, total packaged product and types of packaging material used. Other baseline data such as quantity and percentage of cartons re-used and recycled in our distribution operation is already established.	June 06	Baseline data has been reported to NPC.	Baseline was established in 2005–2006.
28	Annual reporting against Action Plan	An annual report will be submitted in October 2006, 2007 and 2008 describing our progress towards achieving our targets.	Annually from Oct 06	Annual Report	2007–2008 report has been submitted.

29	Demonstrated improvement and achievement against individual targets and milestones.	Our performance against KPIs will be documented in our annual report.	Annually from Oct 06	Improvements measured from year to year.	Documented in this report.
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7. MANAGEMENT APPROVAL

Amway of Australia management has approved this 2007–2008 Annual Report and continues to support activities to meet the goals of Amway's National Packaging Covenant Action Plan 2006–2010.

Michial Coldwell
General Manager – Operations
Amway of Australia and New Zealand