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# Supply Chain Guidelines:

Generating value and improving  
packaging sustainability  
throughout your supply chain





# Introduction

This guide outlines some key principles our Members may wish to consider in the development of value and supply chain management strategies.

Greater knowledge of your value and supply chains can help you to manage the broader environmental impacts of packaging, address product stewardship and meet the requirements of the Covenant.

## A supply chain and a value chain – what's the difference?

There can be significant benefits for those who take the time to engage with their supply chain partners in order to better understand their businesses, collaborate to solve problems, and innovate for new solutions.

Members such as Kathmandu and Blackmores are examples of businesses that have recently won an APCO award for taking steps to assess and understand their supply chains. The result has led to higher rates of recycled packaging, a reduction in packaging and an understanding of alternatives to the manufacture, transport and disposal of their goods.

**Supply chains = a string of companies working together to satisfy market demands for a particular product or service (THE WHO)**

Supply chains can be complex, global and inter-connected. For Australian-based organisations, a mixture of domestic and international suppliers and customers may be included in different stages of their supply chain. Packaging plays a pivotal role at almost every stage as it protects and promotes materials and products. Packaging is more than just what contains a product at retail; there may be significant amounts of packaging generated and wasted at all stages of the supply chain. For Members, this represents an opportunity to investigate current practices and strive towards improving these as part of formal strategies.

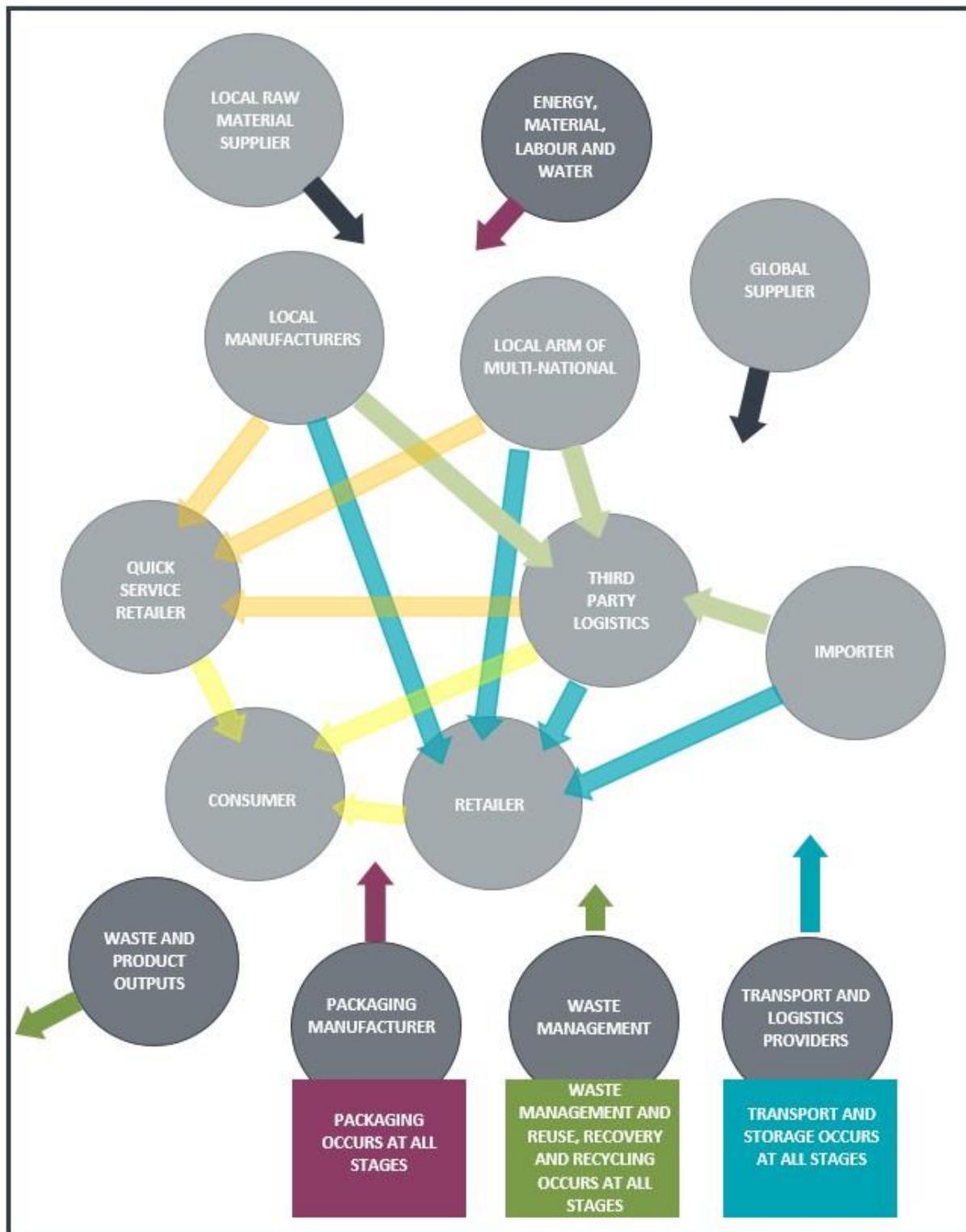
**Value chain = the inputs and outputs of all the activities along the supply chain to satisfy market demands for a particular product or service (THE WHAT)**

Taking a value chain approach to your supply chain involves understanding the places in your supply chain where inputs and outputs are required, used, generated, and disposed of. Inputs include labour, energy, water and resources. Outputs include emissions, waste and wastewater. Understanding where in your supply chain the most significant inputs and outputs occur is likely to result in opportunities for increased efficiencies, and more often than not, in cost savings by reducing labour, energy, water and resource use.



The diagram below is a basic depiction of where packaging exists in the Australian value chain, including major stakeholders, their interaction with each other and some of the other inputs and outputs that exist. It should be noted that packaging occurs at all stages of the chain in the transfer of goods from one stakeholder to the next.

**Diagram 1: The Australian packaging value chain. Arrows represent material and service flows.**





# Activity

## 1) Map your organisation's packaging value chain

With a cross-functional group representing several business functions (for example this may include operations, procurement, marketing, design), choose a key product that your company makes, retails, distributes, collects, and/or disposes of, and map its supply chain.

### Questions to consider:

- Who makes the product?
- How is the product transported? (Note: this may involve multiple components that are sourced, manufactured and transported from various locations – include this level of detail if you can).
- How is the product packaged during transport?
- What happens to packaging at each stage of the supply chain?
- What is the packaging made from and how is it disposed of?
- Do any of your suppliers have packaging design criteria that include environmental considerations?
- Do any of your customers have packaging design criteria that include environmental considerations?
- Mark on the supply chain where and how packaging is used (Tip: if you do not know, this is an opportunity to engage with suppliers or customers).

## 2) Applying sustainability goals to your value chain

Using the packaging value chain from the above exercise, mark whereabouts on your value chain the sustainability goals of design, recycling and packaging stewardship best fit.

For example, does design apply at the commencing stages of your value chain or the end? Does packaging stewardship best apply to suppliers, retailers and/or customers or other stakeholders elsewhere in the value chain?

## 3) Bringing the value chain to life in your organisation

Now that you have identified where along your value chain these goals best apply, it is time to determine how to bring those identified opportunities to life and potentially integrate them into your strategies.

### Work through the following questions:

#### Goal One: Design

- Draw a circle around where your packaging is designed (at what points throughout the whole value chain)
- Tip: Start by focusing on the areas over which you have control or direct influence





- Where in the value chain can the design of your packaging be influenced?
- Who is responsible for designing packaging in your value chain? Is it customers, retailers, recyclers? (Identify who this is and write it down – names, companies, stakeholders)
- Rate the quality of relationships you have with these organisations
- If your influence on the design of packaging is limited, can you develop procurement criteria aligned to the Sustainable Packaging Guidelines? Who would this be communicated to and how?

## Goal Two: Recycling

- Draw a circle around where your packaging is recycled (throughout the whole value chain)
- Where in the value chain can the recycling of your packaging be influenced?
- Where should or could it be recycled that it currently is not?
- Who is responsible for recycling packaging in your value chain? Is it customers, retailers, recyclers?
- Rate the quality of relationships you have with these organisations/groups
- Looking at where products are purchased throughout your own operations, are there opportunities to include recycled content (thinking beyond packaging)
- Who do you need to work with to understand and increase the amount of recycled content being used?
- Rate the quality of relationships you have with these organisations.

## Goal Three: Packaging Stewardship

- Who is responsible for the environmental and social impacts of packaging in your value chain?
- Where are the major impacts and how can you work with those responsible to improve outcomes?
- How can you 'formalise' any programs or activities with those responsible?
- Where in the value chain can the disposal and end-of-life solutions of your packaging be influenced and who is responsible?
- What waste streams are generated and what end-of-life solutions exist for these?
- Who is responsible for managing relationships with end-of-life solutions providers (i.e. waste service contractors, cleaners) within your organisation?
- Rate the quality of relationships your company has with these organisations
- Are any of your packaging or waste streams difficult to dispose of without sending to landfill? Have you investigated potential opportunities for reusing or recycling this material?
- Would it be possible for your organisation to participate in any product/packaging take-back schemes that allow consumers to return used products or packaging for reuse or recycling?

## 4) Advancing towards your goals

Write down any actions you have identified for consideration and implementation.

TIP: Investigative actions can be included in your Annual Report. This process of investigation will enable you to develop a baseline understanding of supplier performance, which will in turn assist you in developing an





action that responds to any potential gaps that have been identified through this research, rather than jumping ahead to include an action that may not be realistic, attainable, necessary, or even possible.

## Conclusion

Each Member supply chain is likely to include significant opportunities to improve the sustainability of packaging through either design, recycling and/or packaging stewardship. Creating a cross-functional team to develop and implement this process is likely to deliver your business more than just a reduction in the environmental impacts of packaging, but also cost savings and other associated benefits, such as improved innovation and collaboration internally and externally, and stronger supplier and customer relations.



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