

# SUSTAINABILITY AT PMP

PMP has maintained a strong awareness and firm commitment to its impact on the environment. As early as 1991, PMP has sought to address this impact by becoming a member of the Publishers National Environmental Bureau, and this commitment has since branched out significantly over the past decade to include further sustainability milestones for the Group in the form of accreditation, investment and achievements such as:

- reporting under the Government's NPI since 2000;
- achieving finalist status in Sydney Water's 2006 "Water Conservation Awards" for its Moorebank site;
- Forest Stewardship Council (FSC) accreditation at its Clayton and Salisbury print sites in 2007 which supports sustainable forestry; and
- PMP Board approving a 3 year Energy and Water Efficiency Programme in 2007.

With growing government, public, and stakeholder awareness on issues encompassing the environment, we acknowledge our responsibility to remain transparent on the current and emerging issues we face. Therefore, we issue this Sustainability Report which will now form a part of all future annual reports.

PMP's environmental initiatives and programmes are driven by the four key pillars of our sustainability policy which can be reviewed in more detail on PMP's internet site, [www.pmplimited.com.au](http://www.pmplimited.com.au) and on page 1 of this report.

PMP have identified the key risks and opportunities and have devised strategic programmes in response to these exposures. These programmes have been depicted in the form of a tree with each programme being represented by branches. The overall purpose is to provide a framework or reference point for the current issues and initiatives applicable to PMP at the time of reporting. As with the constantly evolving nature of environmental and sustainability issues, the tree will encapsulate the issues and activities which are relevant to PMP in the reporting period.

In compiling this report, we wanted to ensure that the report was prepared in accordance with an accepted framework for reporting on sustainable practice and performance. For this reason, the Global Reporting Initiative Framework for Sustainability Reporting has been applied in collecting data and information for the report as advised by our sustainability report consultants, Deloitte Touche Tohmatsu (Deloitte).

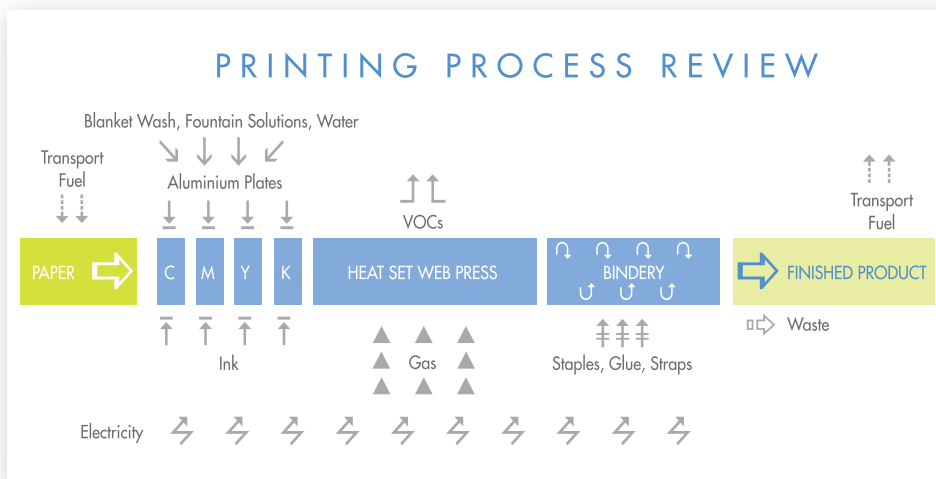
## Review of Printing Processes - Key Risks & Opportunities

### Key Risks:

- High reliance on Paper
- Electricity and gas use
- Carbon emissions arising from the ignition of ink vapours from heat-set printing operations
- Transport through the distribution process of finished product and inputs

### Key Opportunities:

- Cost savings due to improvement in energy and water efficiency
- Productivity improvements
- Potential changes in suppliers due to full life cycle carbon emission reviews
- A wider product offering in the form of sustainable products



The PMP sustainability tree was created to formally convey the initiatives and programmes undertaken by PMP in response to the current and emerging environmental issues identified within the reporting period.

PMP's long term objective is to "grow" this tree as we seek to address the environmental and sustainability issues relevant to our businesses. The initiatives and programmes are represented by the branches of the tree. The branch framework provides our stakeholders with a reference point of our activities together with the progress, performance and achievements resulting from these activities.



## PMP's 12 Branch Initiatives

PMP achieves its leadership objective in sustainability through the following programmes:

### 1. Energy and Water Efficiency Programmes

PMP has continually reviewed its consumption of energy and water. As part of this annual review process, the PMP Board in 2007 approved a three year investment plan in energy and water efficiency projects. Projects that have been installed or delivery of equipment that is on its way amounts to 80% of this three year plan. The remaining projects are currently being reviewed by management.

A new regenerative thermal oxidiser at PMP's print site was installed at Moorebank in March 2008. This afterburner ignites the ink vapours from the printing process and collects the residue in solid form which is disposed to landfill. Electricity consumption has been reduced as well as gas. Other projects that have been initiated or completed are as follows:

- Afterburner upgrades at Clayton and Bibra Lake
- Power correction factor upgrades
- Quick bake ovens
- Compressor upgrades
- Lighting Upgrades
- Upgraded metering programme
- Rainwater and stormwater catchment programmes

### 2. Carbon Footprint

PMP has used the services of SMEC Australia Pty Ltd (SMEC) to build its carbon emission inventory over the past two financial years. Deloitte have been appointed to verify the carbon emission inventory for FY08. The scope of the carbon inventory included verification of all Scope 1 and Scope 2 emissions and selected Scope 3 emissions including taxis, LPG, waste and indirect electricity.

FY08	PMP AUST	PMP NZ
(kilotonnes of CO2)		
Scope 1	29	8
Scope 2	107	4
Scope 3	26	2
Scope 1 largest site	10	4

Gas and electricity contribute 94% of Scope 1 and Scope 2 emissions. The carbon emissions from ink increase the figure to 99%. A high proportion of PMP's carbon footprint is attributable to its printing businesses. These figures have been compiled by SMEC and are being verified by Deloitte. A conservative emissions rate per MWhr of electricity has been adopted for New Zealand.

PMP's largest carbon footprint site is at Moorebank for Scope 1 emissions with 10,053 tonnes of emissions. This level of emission is below the current minimum facility limit of 25,000 tonnes which was released by the Federal Government under their Green Paper announced in July 2008. Therefore under current requirements, PMP will not be required to join the trading scheme which is planned to commence from 1st July 2010. However, as the total energy consumption by PMP Australia sites assessed equates to 0.8 PJ, PMP exceeds the 0.5 PJ minimum criteria for reporting under the National Greenhouse & Energy Reporting Act (NGER's). PMP will continue to formally monitor consumption under this Act from FY09 onwards.

PMP is using the services of SMEC to carry out full life cycle analyses on certain printing jobs. Together with the information being collected by PMP's suppliers, an additional programme of work is to provide carbon invoicing to our customers.

### 3. Environmental Accreditation

The accreditation programmes focus mainly on FSC/PEFC accreditation and ISO14001 accreditation. The completed projects and projected rollout of these accreditation programmes are as follows:

- FSC accredited in July 2007 at Clayton and Salisbury printing sites
- FSC & PEFC accreditation at Clayton, Salisbury and Moorebank Aug 08
- FSC & PEFC accreditation at Wacol and Bibra Lake Oct 08
- Salisbury ISO 14001 accreditation Jan 09
- Clayton & Moorebank ISO14001 accreditation June 09

### 4. Renewable Energy

PMP's electricity consumption at all major heat-set print sites in NZ have been purchased in FY08 from a supplier who uses 100% renewable resources with the majority being hydro and approximately 5% wind power. This supplier is the first company in New Zealand to achieve carbonZero cert TM certification of the retail

and generation of electricity.

Gordon and Gotch Australia has purchased approximately 50% of its electricity consumption from renewable sources and is working with some of its landlords to share the purchasing of energy from renewable sources.

### 5. Offset Transactions

PMP Australia has paid for the planting of trees from Greenfleet Australia in order to offset its emissions from its company car emissions. PMP is developing a number of programmes for customers to share in the planting of new trees for its print activities.

PMP has also purchased carbon offsets relating to a landfill project in NSW and a national project relating to electricity and water efficiency projects in NSW. PMP is currently reviewing carbon projects in renewable energy and avoided deforestation.

### 6. Recycling

PMP has actively sought out the best-fit partner for removal of its waste by detailed examination of the suppliers disposal process and ensuring the disposal activities involve the most recycling possible of the waste product.

### 7. Research & Development

PMP has progressed a number of programmes to a mature stage of development which contribute to positive sustainability outcomes as well as production improvements. These are managed by our Technical Services Department which has delivered on improvements in a number of our major inputs, thereby reducing carbon emission impacts.

### 8. Environmental Reporting

PMP's reporting obligations are:

- National Pollutants Inventory (NPI) reporting since 2000
- EEOP report lodged Dec 2007
- Report lodged May 2008 under International Carbon Disclosure Project
- NGER's reporting from 1st July 2008
- Planning to join carbon trading scheme in July 2010 (although under current minimum threshold criteria)
- The Victorian energy reporting programme, EREP, and the NSW programme, EGAS

### 9. Employee, Customer and Government Awareness Programmes

PMP has launched an internal intranet website which has provided its employees with factual information on sustainability together with research links to valuable sites. It has also provided employees with a business and personal checklist to assist them in their evaluation of their impact on the environment and ways in which they can make a positive contribution. The website also describes the programmes and initiatives that PMP is pursuing in which they can participate. We are tracking the success of the education programme through compiling the web hits.

PMP is using its membership and representation at the PNEB and the PIAA (Printing Industries Association of Australia) in order to ensure the federal and state governments receive a fair and reasonable understanding of the printing industry's activities and initiatives in sustainability.

### 10. Supply Chain Initiatives

PMP has sought from its suppliers a greater level of information on energy use and carbon footprint in order to supply to our customers detailed information on sustainability aspects of PMP's business. PMP has recently sent specification profiles to its paper suppliers and aluminium plate suppliers which will enable greater accuracy in PMP's life cycle analyses.

PMP also seeks information on suppliers sustainability programmes in order to assess how their developments will affect PMP's carbon footprint.

PMP is now including carbon emission costing in its tender evaluation process with its suppliers. It also requests carbon footprint invoicing be provided.

### 11. Information Technology Initiatives

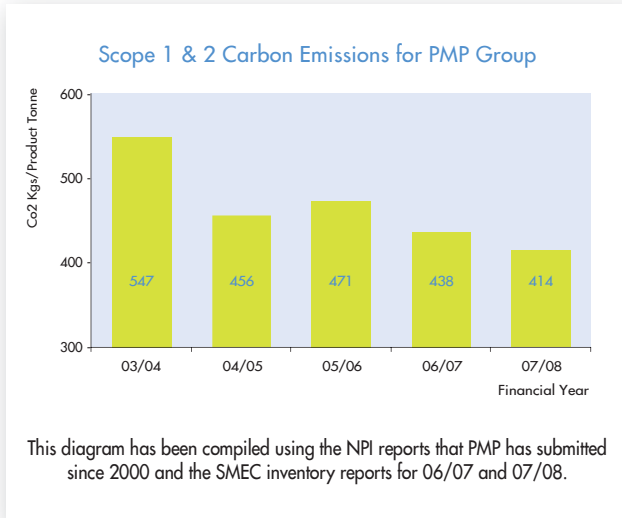
PMP's information technology department has a number of programmes in place under its Green IT initiatives. The main programmes relate to recycling of hardware and tapes. A new initiative will be the "virtualization" of its servers which will result in a significant reduction in product development servers. Group IT also enforces electricity efficiency measures through its computer technology such as automatic shutdown.

### 12. Targets

An emissions target has been proposed to executive management and the Board. This target is a intensity rate of greenhouse emissions per tonne of printed product for 2010 using the 2006/07 performance as the baseline for Scope 1 & 2 emissions. This target will shortly be announced to shareholders and the market.

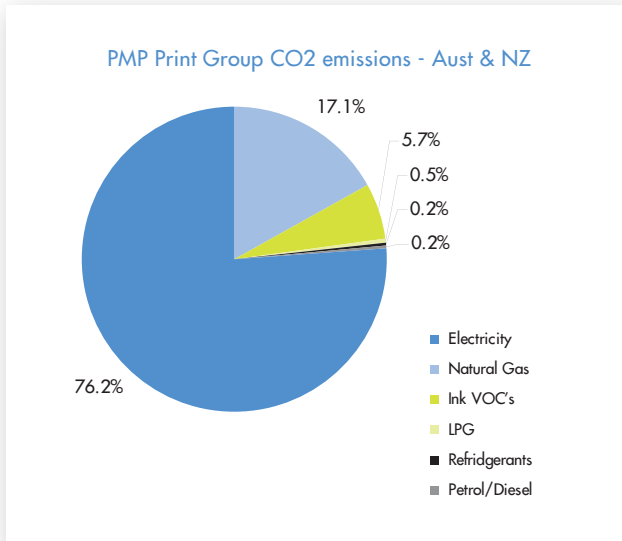
## Historical Performance

The performance of PMP Print Australia and PMP Print NZ's Scope 1 and Scope 2 emissions are displayed in the following chart which shows reductions over the 5 year period.



The improvements between FY07 and FY08 is largely due to gas consumption per tonne of product falling 11% with electricity down 4% per tonne of product. This translates to a reduction of greenhouse emissions of 6% per tonne of product.

The bulk of the emissions from PMP's print divisions in Australia and New Zealand in FY08 are due to electricity and natural gas consumption. The main capital expenditure is focused on efficiencies in these areas of consumption as well as ink emissions. Natural gas and ink emissions are attributable to PMP's heat-set operations but not to its directories, book and sheetfed printing operations due to the cold-set printing processes adopted which require no baking of the inks. The chart below displays the Scope 1 and Scope 2 emission components for FY08.



## Product Development

PMP is geared towards providing its customers a range of sustainable products. This range varies from a product with sustainability verification of its forestry (FSC/PEFC) through to a product where the carbon emissions are offset for both the printing and paper component. PMP can provide assistance to the ultimate level where the customer offsets the carbon emissions of the full-life cycle of the product.

A second alternative to offsetting emissions is to replace the traditional printing process with other processes such as digital printing which has a lighter carbon footprint.

A final alternative is where PMP can provide a web-based solution for the printed product.

This range of options is presented through PMP's Green Blueprint marketing programme.

## Selection of Paper Grades for Annual Report

PMP required certain criteria be met when deciding what paper would be used for its annual report. This decision process highlights the new criteria that PMP's customers are evaluating in order to satisfy their customers that a sustainable product has been published. PMP's criteria were as follows:

- support paper suppliers who are striving to achieve the highest sustainability programmes
- insist on a chain of custody accredited paper
- adopt a level of recycled fibre usage
- use a PMP sheet-fed print operation
- align the printing and paper production with operations which use a high level of renewable energy
- adopt a carbon neutral paper product where acceptable
- offset all carbon emissions

PMP's sheetfed printing facility is located in New Zealand at its Maxum plant. This plant purchases electricity from a supplier which sources its energy from hydro, geothermal and natural gas.

After considering many alternatives, PMP has chosen to use the 9lives paper made by Cartiere Burgo from Italy. The 9lives satin coated paper is chain of custody certified and has 55% recycled fibre. The Maxum plant is not yet chain of custody certified but PMP plans to deliver accreditation on this site over the next year. The Cartiere Burgo group is energy-self sufficient through ownership of thermoelectric, hydro and biomass cogeneration plants. The bleaching process is elemental chlorine free.

A full life cycle emissions analysis was carried out on the production of this annual report. Greenhouse emission offsets through the Greenfleet programme have been transacted to offset a conservative 125% of the estimated full life cycle emissions from the annual report.

Brian R Evans  
Managing Director and Chief Executive Officer