

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 its Board membership of the Publishers National Environmental Bureau and the Australian Catalogue Association (ACA), and this commitment has since branched out 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 (National Pollutant Inventory) since 2000;
- Achieving finalist status in Sydney Water's 2006 'Water Conservation' Awards for its Moorebank site;
- ISO 14001 accreditation at Salisbury and Moorebank;
- Joint FSC and PEFC accreditation at our print sites at Clayton, Moorebank, Salisbury & Wacol; and
- PMP Board approving a 3 year Energy and Water Efficiency Programme in 2007.

PMP's recent achievements have been:

- Joint FSC and PEFC accreditation in June 2010 at our print sites at Bibra Lake and Warkworth; and
- Launch of a Greenhouse Gas Estimator in the Griffin Press business to provide carbon invoicing to customers.

PMP's environmental initiatives and programmes are driven by the four key pillars of its sustainability policy – reduce, re-use, recycle and then replace. With growing government, public, and stakeholder awareness on issues encompassing the environment, PMP acknowledges its responsibility to remain transparent on the current and emerging exposures that the company faces.

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.

In compiling this report, the Global Reporting Initiative Framework for Sustainability Reporting has been applied in collecting data and information for the report.

Review of Printing Processes - Key Risks & Opportunities

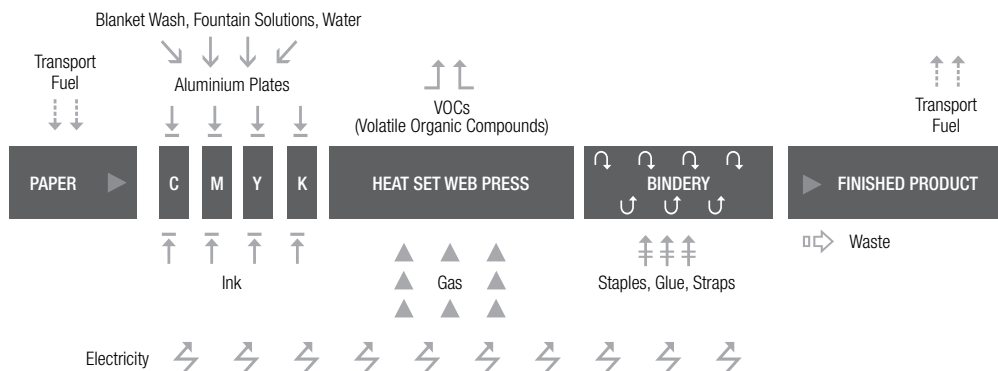
Key Risks:

- High reliance on paper;
- Electricity and gas use;
- Carbon emissions arising from the ignition of ink vapours from heatset printing operations; and
- Transport through the distribution process of finished product and inputs.

Key Opportunities:

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

PRINTING PROCESS REVIEW



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 an annual review process, the PMP Board in 2007 approved a 3 year investment plan in energy and water efficiency projects. Projects that have been installed or equipment due for delivery amounts to 90% of this 3 year plan. The remaining projects are currently being reviewed by management. A new 3 year plan has been approved by the Board recently.

Two new quick bake ovens have been installed at Clayton. Work is currently being carried out at the Salisbury site to install voltage optimisation devices and a new energy efficient compressor. Other projects that have been initiated or completed are as follows:

- Compressor upgrades;
- Power correction factor upgrades;
- Lighting upgrades;
- Upgraded metering programme; and
- Rainwater and stormwater catchment programmes.

2. Carbon Footprint

A high proportion of PMP's carbon footprint is attributable to its printing business (> 97%). PMP has now included other subsidiaries in its greenhouse gas inventory. PMP has used the services of Perenia Carbon Australia Pty Ltd (previously SMEC) to build its carbon emission inventory over the past 4 financial years for its Print divisions. The scope of the carbon inventory included verification of all Scope 1 and Scope 2 emissions and selected Scope 3 emissions including taxis, air travel, waste and indirect electricity and gas related emissions.

The largest emission source is electricity, contributing 67% of total emissions. Other key sources of GHG emissions include the combustion of natural gas and VOCs from the heat set ink. Total Scope 1 and 2 emissions for Australia were 115 kilotonnes, which is above the current corporate threshold of 87.5 kilotonnes under the Australian National Greenhouse and Energy Reporting (NGER) Act 2007. PMP is therefore required to monitor and report its Scope 1 and 2 GHG emissions, energy consumption and energy production for all facilities under its operational control.

Greenhouse gas emissions (kilotonnes of Equivalent Carbon Dioxide "CO₂-e")

	PMP LTD FY 09/10	PMP LTD FY 08/09	PMP AUS FY 09/10	PMP AUS FY 08/09	PMP NZ FY 09/10	PMP NZ FY 08/09
Scope 1	27	32	20	24	7	8
Scope 2	98	108	95	105	4	3
Scope 3	21	24	19	22	2	2

*The figures shown above for PMP Australia FY09 have been revised slightly since the 2008/09 Annual Report, in line with the final GHG emissions calculated for the purpose of GHG reporting under the NGER Act, which was completed in October 2009. All PMP subsidiaries are included in both FY09 and FY10 figures.

PMP will formally monitor its greenhouse gas emissions and energy consumption under the NGER Act annually. PMP is using greenhouse gas intensity as a way of monitoring changes in emissions as the business grows.

PMP has extended its GHG inventory to include the emissions associated with its major subsidiaries.

PMP has used external consultants to assist in completing a life cycle analysis on certain printing jobs. Together with information that has been collected by PMP's suppliers, PMP is now able to provide carbon invoicing to the customers of Griffin Press.

3. Environmental Accreditation

The accreditation programmes focus mainly on FSC®/PEFC® accreditation and ISO 14001 accreditation. Clayton, Salisbury, Moorebank, Wacol, Bibra Lake and Warkworth sites have all gained FSC & PEFC accreditation. Salisbury, Moorebank and Clayton are all ISO 14001 accredited.

*FSC: Forest Stewardship Council.

®PEFC: Programme for the Endorsement of Forest Certification.

4. Renewable Energy

PMP's electricity consumed at all major heatset print sites in NZ has been purchased since 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™ certification of the retail and generation of electricity.

Gordon and Gotch Australia has purchased approximately 50% of its electricity consumption 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 has also purchased carbon offsets relating to a wind farm project in Turkey. This project was chosen as it helps reduce GHG emissions by providing a substitution for fossil fuel generated electricity while also providing a positive impact on social and economic factors in the Canakkale-Intepe Region as well as providing employment opportunities.

PMP is currently reviewing carbon projects in renewable energy and avoided deforestation.

6. Recycling

PMP's recycling activities continue to provide a net revenue stream for the company with a new 3 year target established in the 3 year plan. PMP has actively sought out the best-fit partner for removal of its waste by detailed examination of the supplier's disposal process and ensuring the disposal activities involve the most recycling possible of the waste product.

An example of this strategy is the public announcement in June 09 of the joint venture between PMP's Griffin Press and the Hilton Hotel in Adelaide whereby the paper dust from Griffin's book printing operation has been combined with the food waste from the Hilton's kitchens to provide a binding mulch which is applied to the base of some of South Australia's vineyards.

7. Research and 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. A portion of these projects are managed by our Technical Services Department which has delivered on improvements in a number of our major inputs, thereby reducing carbon emission impacts. The balance is driven by the business units together with Corporate with two major projects identified at our main print sites which will deliver improvements in working conditions for employees as well as carbon emissions and water.

Significant research has been carried out through PMP's Board representation and its industry associations in the PNEB and the ACA which has focused on a number of sustainability related issues such as recycled fibre versus virgin fibre and hard copy versus soft copy media. This research is available either through the PNEB website or is available through the new campaign regarding paper media sustainability called "Paper – Part of Every Day" which has been produced through an affiliation of a number of industry associations lead by the Australian Paper Industry Association which PMP has now become a member. The campaign aims to educate the consumer that Paper and Print are sustainable foundation stones of Australia's communications industry.

8. Environmental Reporting

PMP's reporting obligations are:

- National Pollutants Inventory (NPI) reporting since 2000;
- EEO reporting since December 2007;
- International Carbon Disclosure Project Report reporting since May 2008;
- NGER's reporting from 1st July 2008; and
- The Victorian energy reporting programme, EREP, and the NSW programme, EGAS.

9. Employee, Customer and Government Awareness Programmes

PMP has continued to update its 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 not only at work but also at home. The website also describes the programmes and initiatives that PMP is pursuing in which they can participate.

The South Australian Government has completed a case study of the environmental achievements of the Salisbury site and has published the study on its website. The case study not only refers to projects completed to date but also focuses on continuous improvement projects. The case study can be reviewed on <http://www.zerowaste.sa.gov.au/About.mvc/IndustryCaseStudies>.

PMP is using its membership and representation at the PNEB, the PIAA (Printing Industries Association of Australia) and the ACA (Australian Catalogue Association) 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. The ACA is a member of the Sustainable Print Alliance which dispels a number of myths on the sustainability of paper and its attributes when compared to the internet. The research can be reviewed on <http://www.sustainableprint.net.au>.

10. Supply Chain and Procurement 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 sends environmental specification profiles to its suppliers annually which provides greater accuracy for PMP's life cycle analyses and it assists Group Procurement in assessing the development of its suppliers in understanding the environmental footprint of its raw materials and manufacture.

PMP is now including carbon emission costing in its tender evaluation process with its suppliers. It also requests carbon footprint invoicing be provided in its supplier tenders. PMP's customers are increasing their demand for this information in their own tenders.

11. Information Technology Initiatives

PMP IS have virtualised over 55% of its Intel server fleet infrastructure, with further capital projects expected to see this figure increase to between 60% and 70% by 2011.

PMP Information Services have actively participated in hardware recycle programme to dispose of obsolete equipment along with 10 kilograms of mobile phones and accessories through the "Mobile Muster" programme.

PMP IS are currently testing the new Windows 7 operating system to take advantage of further power saving and power management features.

Further initiatives planned for FY11 will see consolidation in large storage area network (SAN) technologies, resulting in significant reduced power consumption and further physical database server consolidation.

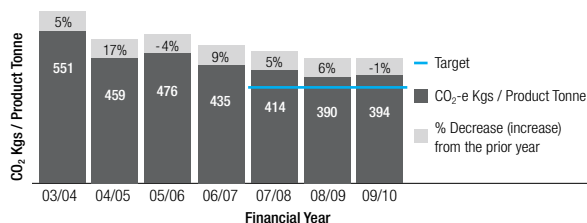
12. Targets

PMP's Board approved a carbon intensity reduction target of 15% (370 kgCO₂-e/ product tonne) by end of FY11 using the FY07 performance as the baseline for scope 1 & 2 emissions. (Carbon intensity is defined as carbon emissions per tonne of printed product). PMP has achieved a 9% reduction up to end of FY10, with strategies and initiatives in place to try and close the gap. This reduction target will reduce PMP's exposure to future carbon costs together with the impact of higher energy prices.

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 6 year period.

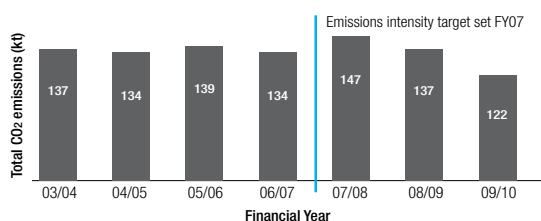
PMP Print Group CO₂-e emissions intensity – Aust & NZ Scope 1 & 2 emissions intensity



This diagram has been compiled using the NPI reports that PMP has submitted since 2000 and the Perenia Carbon inventory reports for 06/07, 07/08, 08/09 and 09/10. Note: these figures are for PMP Print and exclude other subsidiaries.

There has been a marginal increase in the emissions per tonne of product between FY09 and FY10 due to a reduction in the overall tonnage (which does not result in a corresponding reduction in emissions due to fixed overhead emissions). Overall, PMP Print has reduced emissions by 9% from 134 kt CO₂-e in FY07 to 122 kt CO₂-e in FY10. Total scope 1 & 2 emissions for PMP Print Australia and PMP Print NZ over the past seven years are displayed in the following chart.

PMP Print Group total CO₂-e emissions – Aust & NZ Scope 1 & 2 emissions

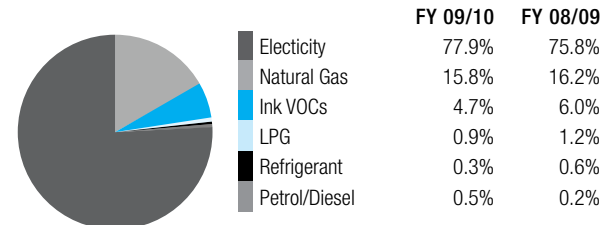


This diagram has been compiled using PMP's NPI reports (FY04-FY06) and Perenia Carbon inventory reports (FY07-FY10).

The bulk of the emissions from PMP's print divisions in Australia and New Zealand 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 VOC's.

Natural gas and ink VOC's emissions are attributable to PMP's heatset operations whereas there is minimal gas consumption for its coldset printing operations (directories, books and sheetfed) which require no baking of the inks. The following chart displays the Scope 1 and Scope 2 emission components for FY09 and FY10.

Scope 1 & 2 Carbon Emissions for PMP Group



Customer Product Development

PMP has completed initiatives which enable it to provide its customers a range of environmentally-driven products:

Level 1: FSC & PEFC accredited paper which involves the verification of the environmental compliance of the forestry of the paper used in printing.

Level 2: Carbon neutral paper through Australian paper.

Level 3: Carbon offsets for the carbon emissions for both printing and paper.

Level 4: Carbon offsets for the carbon emissions of the full life cycle of the printed product.

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

Alternative Equipment or Alternative Media

PMP's Griffin Press in South Australia offers short-run book clients the option to use digital printing, which has a lighter carbon footprint. Also, PMP Distribution augments the printed catalogue product with an internet based solution, "Catalogues4U".

Selection of Paper Grades for Annual Report

PMP required that 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 readers and advertisers that an environmentally-driven product has been published. PMP's criteria were as follows:

- Support paper suppliers who are striving to achieve the highest sustainability programmes;
- Insist on FSC or PEFC accredited paper;
- Use a PMP sheetfed print operation which consumes minimal gas;
- Align the printing and paper production with operations which use a high level of renewable energy; and
- Offset all carbon emissions.

After considering many alternatives, PMP has chosen to use a stock which is an environmentally responsible high quality, high white A1 coated art paper manufactured under the environmental management system ISO 14001, using Element Chlorine Free, FSC Certified Mixed Source pulp, sourced from well managed and legally harvested forests.

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.

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.