

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 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;
- 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.

PMP's recent achievements have been:

- Joint FSC and PEFC accreditation at our print sites at Clayton, Moorebank, Salisbury & Wacol;
- ISO 14001 accreditation at Salisbury; and
- 6% reduction in overall carbon emissions in FY09 and a further 6% reduction in carbon emissions intensity.

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.

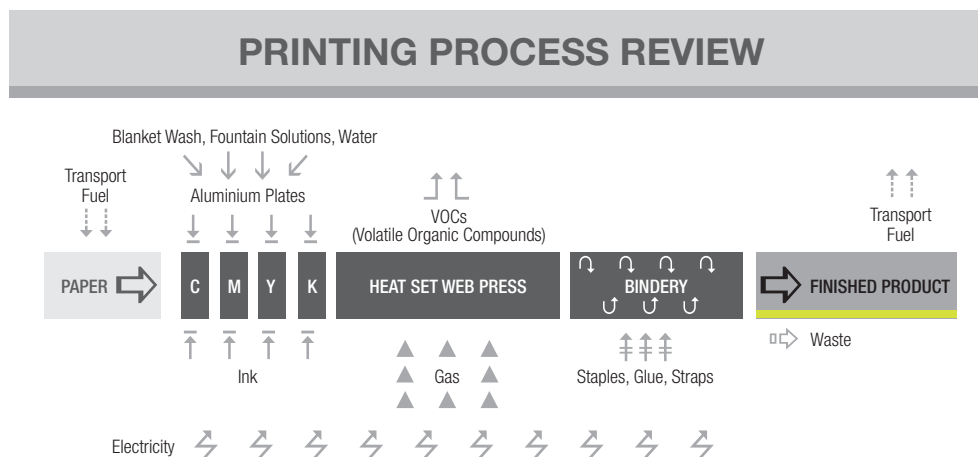
Review of Printing Processes - Key Risks & Opportunities

Key Risks:

- High reliance on paper;
- Electricity and gas use;
- Carbon emissions arising from the ignition of ink vapours from heat-set 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;
- Potential positive changes in suppliers due to full life cycle carbon emission reviews; and
- A wider product offering in the form of environmentally-driven 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 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 85% of this 3 year plan. The remaining projects are currently being reviewed by management.

A new regenerative thermal oxidiser at PMP's print site at Clayton was installed in November 2008 and a reconstructed after-burner at Bibra Lake in October 2008. An afterburner ignites the ink vapours from the printing process and collects the residue in solid form which is disposed to landfill. Electricity consumption is reduced as well as gas. Other projects that have been initiated or completed are as follows:

- Quick bake ovens;
- Compressor upgrades;
- Power correction factor upgrades;
- Lighting upgrades;
- Upgraded metering programme; and
- Rainwater and storm water catchment programmes.

2. Carbon Footprint

A high proportion of PMP's carbon footprint is attributable to its printing business (> 97%). PMP is now working on extending the greenhouse gas inventory to include the emissions associated with its other major subsidiaries. PMP has used the services of Perenia Carbon Australia Pty Ltd (previously SMEC) to build its carbon emission inventory over the past 3 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, LPG, waste and indirect electricity.

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

	PMP AUS FY 07/08	PMP AUS FY 08/09	PMP NZ FY 07/08	PMP NZ FY 08/09
Scope 1	29	25	8	8
Scope 2	105	101	4	3
Scope 3	26	22	2	2

Gas and electricity contribute 92% of scope 1 and scope 2 greenhouse gas emissions. Scope 1 emissions from ink VOCs increases this to 98%.

PMP's largest carbon footprint site is Moorebank with scope 1 emissions of 9.8 kilotonnes CO2-e. This is below the current facility threshold of 25 kilotonnes CO2-e in the draft legislation of the Federal Government's proposed Carbon Pollution Reduction Scheme. Therefore, under current requirements, PMP will not be required to join the first round of the carbon pollution reduction scheme which is planned to commence in July 2011.

PMP's scope 1 and 2 emissions from its Australian sites is 126.6 kt CO2-e which exceeds the threshold of 125 kt CO2-e under the National Greenhouse and Energy Reporting (NGER) Act, 2007 for the 2008/09 reporting year. In addition, PMP's energy consumption from its Australian sites is 0.7 PJ which exceeds the threshold of 0.5 PJ for reporting under the NGER Act. 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 is using external consultants to assist in completing a life cycle analysis on certain printing jobs. Together with information being collected by PMP's suppliers, an additional program of work is to provide carbon invoicing to certain 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 March 09;
- Salisbury ISO 14001 accreditation May 09;
- FSC & PEFC accreditation at Bibra Lake December 09; and

- Clayton & Moorebank ISO14001 accreditation June 10.

4. Renewable Energy

PMP's electricity consumption at all major heat-set print sites in NZ have 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 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. PMP Print is working with one of its major suppliers to purchase 100% renewable energy for one of the print sites.

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's recycling activities continue to provide a net revenue stream for the company. 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 & 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 on working conditions for employees as well as carbon emissions and water.

8. Environmental Reporting

PMP's reporting obligations are:

- National Pollutants Inventory (NPI) reporting since 2000;
- EEOP reporting since Dec 2007;
- International Carbon Disclosure Project Report reporting since May 2008;
- NGER's reporting from 1st July 2008;
- In the event that Government minimum thresholds change at the last moment, preparation to join carbon pollution reduction scheme in July 2011 (although under current minimum threshold criteria, PMP will be required to join subsequent rounds); 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.

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 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 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 in its supplier tenders.

11. Information Technology Initiatives

PMP Information Services has a number of programs in place under its "Strategic Green IT Initiatives" to actively reduce PMP's environmental footprint through power saving and recycling initiatives designed to limit carbon emissions.

Initiatives completed included recycling of 460 kilograms of redundant back up tapes through Sims Metals, 40 kilograms of mobile phones & accessories through the "Mobile Muster" program and 40 physical servers recycled through Dell.

PMP IS have also invested in Blade Chassis Technologies with reduced power consumption and server rack density, along with significant "Virtualisation" of PMP server infrastructure (around 45% to date) reducing power consumption by an estimated 310 MWh per year initially.

The centralised implementation of desktop and laptop power management policies, including the turning off monitors, hard drives and imposing "system standby" for inactivity triggers, is estimated to reduce the everyday Laptop & Desktop power consumption by 524 MWh annually.

Further "Virtualisation", rationalisation & consolidation, will see PMP reach targets of 70% Intel virtual server hardware by 2010.

12. Targets

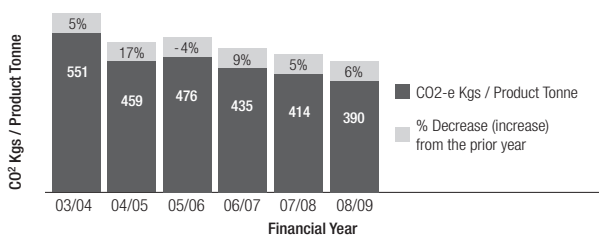
PMP's Board approved a carbon intensity reduction target of 15% by end of 2010/11 financial year using the 2006/07 performance as the baseline for Scope 1 & 2 emissions. (Carbon intensity is defined as carbon emissions per tonne of printed product). PMP has achieved an 11% reduction up to end of June 09. 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 - Aust & NZ

Scope 1 & 2 Carbon Emissions for PMP Print Group



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 and 08/09.

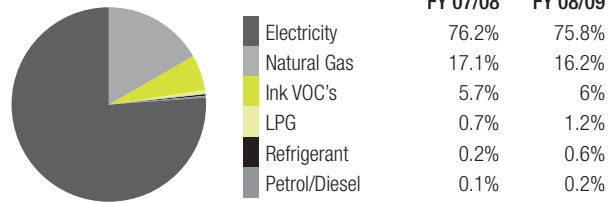
The improvements between FY07/08 and FY08/09 are largely due to gas consumption per tonne of product falling by 7% and electricity falling by 5% per tonne of product. This translates to a reduction in carbon emission of 6% per tonne of product. Therefore, PMP has achieved a 11% reduction in its carbon emissions intensity since July 07 – well on its way to its target of 15% by June 2011.

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 heat-set operations whereas there is minimal gas consumption for its cold-set 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 FY08 & FY09.

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 can augment 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;
- Adopt a level of recycled fibre usage;
- Use a PMP sheet-fed 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 Sappi's "Harvest Recycled" which is an acid free, double coated, biodegradable, recyclable and innovative product that uses alternative fibre in its manufacturing. Harvest Recycled contains 60% recycled sugar cane fibre and 40% FSC Chain of Custody certified pulp.

The paper is manufactured at the Stanger Mill in South Africa as part of their Triple Green Initiative, which is an initiative which aims to protect natural resources and promote sustainability. This mill is one of only a few in the world to use sugar cane as its primary source of pulp. It is an annually renewable resource and the fibre derived after sugar extraction is in effect a recycled raw material. The sugar cane requires less energy to refine the cane husks into fibre form in readiness for paper making. Also, the sugar cane is sourced close to the mill and so requires minimum use of transportation, thus a lower amount of greenhouse gas emissions is produced.

The paper is manufactured under environmental Management System ISO4001, using Elemental Chlorine Free fibre sourced from Well Managed Forests and the end result is an A2 Art Paper suitable for quality printing.

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.