Australian Packaging Covenant

ACTION PLAN, 2010 - 2015

Implementing the Sustainable Packaging Guidelines

7-ELEVEN STORES PTY LTD
ACN 005 299 427

Developed by
manor
SUSTAINABILITY CONSULTING
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Executive Summary

7-Eleven Stores Pty Ltd ("7-Eleven") is a signatory to the Australian Packaging Covenant (APC). We are committed to the Covenant’s goals and targets, and to making a difference to minimise the environmental impacts of packaging.

We are committed to:

- Protecting and delivering goods efficiently with minimum environmental impact
- Using materials, water and energy efficiently
- Reducing the amount of waste and litter generated by packaging through facilitating the waste hierarchy – Avoid, Re-use, Recycle, Recover, Contain, Dispose
- Minimising negative impacts of packaging and packaged products on humans and the natural environment
- Ensuring effective and clearly demonstrated practices are in place to address environmental concerns in the Product Development and Review process for packaging and packaged products

This document outlines a detailed Action Plan to be implemented by 7-Eleven over the next 5 years, with progress against Key Performance Indicators (KPIs) reported annually. We will use the first year of the APC period to refine our data collection and formalise written policies. 7-Eleven will use the Action Plan and the key principles of the Sustainable Packaging Guidelines (SPG) to ensure that our consumer product packaging is fit for purpose, resource efficient, made from low impact materials and, where possible, recyclable or reusable at the end of its useful life.

Although many of 7-Eleven’s products are pre-packaged, 7-Eleven is committed to resource conservation and product stewardship and will work towards ensuring that all the members of its packaging supply chain continue to evolve packaging in line with the goals of the Australian Packaging Covenant.

7-Eleven is committed to making continual improvement to the design, material selection and labelling of packaging and will provide an update on this Action Plan in the Company’s first APC Annual Report.
Corporate Overview

Company Name and Structure
7-Eleven Stores Pty Ltd (“7-Eleven”) is an Australian company owned by the Withers family. The company develops and franchises 7-Eleven stores in Australia under license from 7-Eleven Inc. of Dallas, Texas. 7-Eleven signed up to the Australian Packaging Covenant in 2010 and was previously a signatory to the National Packaging Covenant since 2007.

The Nature of the Organisation
In October 2010, 7-Eleven acquired the Mobil Retail Network of over 300 stores and is currently in the process of converting the majority of the network to the 7-Eleven brand. As at June 2011, 7-Eleven operates approximately 615 stores in Australia under both the 7-Eleven and Mobil brand. Through 7-Eleven Inc. and its licensees, there are approximately 34,000 stores operating worldwide. With annual sales of AU$1.1bn, 7-Eleven was awarded the title of Franchisor of the Year 2008 & 2009 by the Franchising Council of Australia and has recently been awarded the Australian Retailer of the Year 2011 by the Australian Retailers Association.

Australian 7-Eleven Sites
Below is a table showing the 7-Eleven sites currently operating in Australia. All stores are either franchised or are to be franchised in the near future, except one corporate owned store in Victoria.

<table>
<thead>
<tr>
<th>State</th>
<th>Fuel Sites</th>
<th>Non-Fuel Sites</th>
<th>Total stores</th>
<th>7-Eleven Offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria</td>
<td>156</td>
<td>91</td>
<td>248</td>
<td>1</td>
</tr>
<tr>
<td>NSW</td>
<td>150</td>
<td>60</td>
<td>211</td>
<td>1</td>
</tr>
<tr>
<td>ACT</td>
<td>8</td>
<td>0</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Queensland</td>
<td>93</td>
<td>57</td>
<td>148</td>
<td>1</td>
</tr>
<tr>
<td>Western Australia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>South Australia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tasmania</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NT</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL AUSTRALIA</td>
<td>407</td>
<td>208</td>
<td>615</td>
<td>3</td>
</tr>
</tbody>
</table>
Office Address Details
7-Eleven’s Australian office addresses are:

VIC  Head Office
357 Ferntree Gully Road  
Mt Waverley VIC 3149  
Phone: (03) 9541 0711

NSW  Suite 2, Level 4  
168 Liverpool Rd,  
Ashfield NSW 2131  
Phone: (02) 9798 1200

QLD  Ground Floor, South Tower  
John Oxley Centre  
339 Coronation Drive  
Milton QLD 4064  
Phone: (07) 3291 9400

Covenant Contact Officer

David Raymond
Environmental and Sustainability Manager
7-Eleven Stores Pty Ltd
357 Ferntree Gully Road
Mt Waverley VIC 3149
Phone: 03 9541 0856
Email: dxr@7eleven.com.au

7-Eleven Brands
‘Food on the go’ has always been part of the 7-Eleven convenience offer. In 2006, the company launched a proprietary range of food under the “munch” label. 7-Eleven food is segmented into 3 categories:

- Hot Stuff – includes Hot Pastry;
- Good Stuff – an extensive range of sandwiches and wraps; and
- Sweet Stuff – includes muffins and donuts.

In recent years we have extended our range to focus on ‘healthier’ options including fresh salads, a fruit offer and sushi.

Position of 7-Eleven in the Supply Chain
7-Eleven is a grocery retailer and is a brand owner under the Australian Packaging Covenant.
Packaging Materials and Formats used by 7-Eleven

7-Eleven procures all own-brand products from outsourced production facilities, pre-packaged and ready for distribution to its retail outlets. Distribution of the products is via third party distribution companies.

Existing primary, secondary and tertiary packaging for 7-Eleven products includes the following materials:

<table>
<thead>
<tr>
<th>Material / Item</th>
<th>Notes / Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>bags, bottles, caps</td>
<td>PET, recycling code 1</td>
</tr>
<tr>
<td>bottles, caps</td>
<td>HDPE, recycling code 2</td>
</tr>
<tr>
<td>wrappers</td>
<td>cling / stretch film, recyclable, plastic code to be identified</td>
</tr>
<tr>
<td>heat-sealed bags</td>
<td>polyester, plastic code to be identified</td>
</tr>
<tr>
<td>foil lids</td>
<td>most likely laminated aluminium-plastic composite, to be confirmed</td>
</tr>
<tr>
<td>yoghurt tubs, labels</td>
<td>PP, recycling code 5</td>
</tr>
<tr>
<td>plastic caps, wads</td>
<td>LDPE, recycling code 4</td>
</tr>
<tr>
<td>large cup</td>
<td>PS, recycling code 6</td>
</tr>
<tr>
<td>paper cup</td>
<td>polymer-coated paper composite</td>
</tr>
<tr>
<td>carton / tray</td>
<td>paperboard</td>
</tr>
</tbody>
</table>

7-Eleven’s Action Plan Period

The current Action Plan covers the period December 2011 to June 2015. For each APC Annual Report, the period analysed is the previous financial year (e.g. the 2012 Annual Report will be based upon data from July 2011 - June 2012).

Top Level Support

7-Eleven’s environmental sustainability initiatives include activities under APC guidelines and have the full support of management. The company is embracing change and is proactively pursuing sustainability in its operations.
Action Plan Development

7-Eleven has engaged the services of Manor Sustainability Consulting Pty Ltd to produce the Australian Packaging Covenant Action Plan. Members of the 7-Eleven APC Team include Mr David Raymond, Ms Michelle Raymond and external consultant Dr Barry Manor.

Summary of Previous Achievements

7-Eleven is committed to reducing its ecological footprint. We are taking a holistic approach by focusing on our large energy-consuming equipment, typically consisting of lighting, refrigeration and HVAC. An in-store packaging recycling trial is also currently underway.

Energy Efficiency

Lighting trials are currently underway to replace old T8 fluorescent tube fixtures with the more efficient T5 luminaires. A program is in place to convert 100 stores to T5 fluorescents within the next 3 months. All newly converted stores have T5 fluorescents as well as LED tubes as standard.

We are currently on track to implement a refrigeration energy saving tool which monitors the food temperature rather than ambient air in the refrigerated space. A 25% reduction in electricity use has been achieved in trials using this simple device. We are also installing eco saving cool room doors.

In HVAC trials, we are exhausting and recycling heated air from in-store equipment to reduce load on AC systems.

In-Store Packaging Recycling

In a new recycling initiative, we are trialling “reverse” vending machines at three of our stores. The vending machines will accept packaging material (cans, plastic bottles, slurpee cups) and provide vouchers to be redeemed within the store. In the 20 weeks since the trial began, over 8,000 items have been recycled. This equates to an energy saving the equivalent of running a 60W light bulb for over 2,000 days. Our aim is to roll this technology out to 150 stores in the next 6 months.

Distribution

7-Eleven supports “greening” of the supply chain. We deliver most items to store in plastic “totes” or on pallets, both of which are returned to the distribution warehouse for re-use. Our distribution agents utilise recyclable stretch wrap and strive to use the lightest weight and minimum amount possible to safely deliver goods to store. Our aim is to minimise the use of cardboard boxes for delivery from our distribution agents. Excess cardboard remaining at store after distribution is disposed of in recycling bins supplied by waste contractor Visy.

Labelling and Disposal of Packaging

7-Eleven prints disposal instructions and recyclability markings on most of its packaging. Much of our packaging already contains recyclable material and we hope to identify opportunities to increase this proportion over the course of our packaging materials review.

Office Recycling

Waste office paper is recycled at desk level in separate bins. Each of the kitchen areas throughout the Head Office complex has a comingled recycling bin separate to general waste.
Corporate Awareness
At 7-Eleven we believe that cultural change is most effectively driven from the higher levels of management. We are propagating awareness of responsibilities associated with environmental performance and sustainability throughout the business by developing formal documentation for staff induction and training.

Framework for Implementing the SPG
Specific actions proposed by 7-Eleven for implementing the commitments under the APC and supporting the achievement of the APC’s objective and goals are presented in the sections below.

Packaging Review
In line with the APC’s requirements, 7-Eleven will develop a documented policy and procedure for evaluating and procuring packaging using the SPG.

This will include a documented process and timetable for review of at least 50% of our existing packaging against the SPG by 2015, and a documented process for assessing new packaging introduced in the same period.

7-Eleven will use available information for comparing environmental credentials of different materials for our existing and future packaging needs. We hope to identify opportunities for improvement that can be implemented as we update existing packaging and reduce substandard packaging for future products.

7-Eleven recognises that our suppliers have an excellent working knowledge of their own products and processes, and we intend to work more closely with key suppliers to improve the sustainability of our packaging.

Goal 1 - Design
7-Eleven will endeavour to optimise packaging for efficient resource use and reduced environmental impact without compromising product quality and safety. We will achieve this through systematic review of our packaging within the APC timeframe (2015) and continue to seek improvement through integration of APC commitments into our business processes. Our review process will be conducted both internally and with the assistance of external expertise.

7-Eleven is continuing on the path toward sustainable packaging design. We have some degree of control over the production process for our primary brands and hope to be able to influence manufacturing and packaging designs in line with best practice.

Goal 2 - Recycling
7-Eleven currently promotes the SPG’s goal of recycling and supporting secondary materials markets in two principle ways:

1. Efficient collection of used secondary and tertiary packaging waste via an in-house recycling collection system (managed by Wasteflex).

2. Marking our recyclable consumer packaging with information both for educating the consumer and informing the recycling industry (e.g. recycle logos, plastic codes)
Office Paper Supply
7-Eleven is proposing a trial of recycled paper in our offices to be concluded by December 2012. We will examine the potential for introducing a formal “Buy Recycled” purchasing policy (from September 2013) with the aim of replacing virgin office paper with recycled paper where possible, if the trial is successful. We will also examine the feasibility of replacing our corporate letterhead paper with recycled paper with the aim of beginning implementation from March 2013. We will also investigate the possibility of setting printers throughout the Head Office complex to auto duplexing and black ink printing as the machine default in order to reduce paper & printer ink wastage.

Goal 3- Product Stewardship
7-Eleven recognises that Product Stewardship underpins the APC and the SPG, and that we share responsibility for the life cycle environmental impacts of our packaging at every stage of the supply chain. We endeavour to work on sustainable design within our company and with our manufacturers.

Distribution
7-Eleven will work with our distributors to understand and improve our delivery systems. We are currently exploring ways to improve energy efficiency in our distribution operations. We aim to have a review completed by August 2012 and, if feasible, have changes in place by November 2012. This action, if implemented, will reduce energy consumption in the distribution of our products and packaging.

Grouping existing packaging for review
The 7-Eleven brand includes a variety of products with diverse packaging. 7-Eleven’s approach to grouping current packaging for review against the SPG goals and criteria is centred upon the APC’s stated aim of signatories assessing at least 50% of existing packaging against the SPG. The pie chart below shows the relative mass of materials in our 2011 packaging inventory, by product category:

Packaging Mass by Product Category

- Coffee cups: 7.3%
- Sandwiches: 7.2%
- Water: 6.5%
- Pies: 5.3%
- Singlet Bag: 3.3%
- Flavoured Milk: 2.8%
- Other: 10.3%
- Plain milk: 27.8%
- Slurpee Cups: 29.6%
Slurpee cups, plain milk packaging and coffee cups (including secondary packaging for distribution) account for around 65% of the total mass of 7-Eleven’s branded packaging inventory. These items will be the focus of our packaging review against the SPG. For completeness, slurpee cup lids (1.9%) and coffee cup lids (1.4%) will be included in the review, because in practice the cups are usually sold with lids. Thus, the proportion of 7-Eleven’s existing branded packaging inventory selected for review is 68%.

It is our hope that review of these materials will improve the environmental credentials of 7-Eleven’s consumer packaging within the next four years. By using available information for comparing environmental credentials of different materials for our existing and future packaging needs, we hope to identify opportunities for improvement to be implemented as we update our packaging and introduce new products to our range.

**Baseline Data**

<table>
<thead>
<tr>
<th>Key Performance Indicator</th>
<th>Baseline Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KPI 1</strong> Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging</td>
<td>7-Eleven has not yet formally implemented the SPG for design or procurement of packaging.</td>
</tr>
<tr>
<td><strong>KPI 3</strong> Proportion of signatories with on-site recovery systems for recycling used packaging</td>
<td>7-Eleven outsources distribution of branded goods and has recovery systems for cardboard at stores. Our offices have separate recovery systems for cardboard/paper and other comingled recyclables. “Envirobank” recycling machines are being trialled in three stores.</td>
</tr>
<tr>
<td><strong>KPI 4</strong> Proportion of signatories with a policy to buy products made from recycled packaging</td>
<td>7-Eleven currently has no policy to buy products made from recycled packaging.</td>
</tr>
<tr>
<td><strong>KPI 6</strong> Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging</td>
<td>7-Eleven does not currently have a formal policy for working with our suppliers to improve design and recycling of packaging. We print recycling logos and messages on our packaging to encourage distributors, retailers and consumers to recycle packaging.</td>
</tr>
<tr>
<td><strong>KPI 7</strong> Proportion of signatories demonstrating other product stewardship outcomes</td>
<td>7-Eleven is currently trialling a range of energy-saving technologies, including lighting, refrigeration and HVAC.</td>
</tr>
</tbody>
</table>
**KPI 8 Reduction in the number of packaging items in the litter stream**

Selected packaging items already have anti-litter design. For example, sandwich packaging opens on a hinge and does not have easily separable components.

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**Retention of data for packaging audits**

In recognition of the APC’s stated aim of conducting packaging audits on selected signatories, 7-Eleven will keep appropriate records of internal communications, discussions with members of the supply chain and other data in a manner that is transparent and supportive of the APC’s overall goals.
APC Action Plan Summary

7-Eleven’s proposed actions for each SPG goal and KPI, together with responsibilities, timeframes, targets and evidence and are summarised in the tables below.

APC Performance Goal 1 - Design

**Aim:** To optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Target</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrate SPG into packaging procurement policy</td>
<td>D Raymond</td>
<td>end Sep 13</td>
<td>Procurement policy with SPG integrated</td>
<td>Formal documented policy</td>
</tr>
<tr>
<td>Inform suppliers of APC &amp; SPG requirements</td>
<td>D Raymond</td>
<td>end Sep 13</td>
<td>All suppliers will be aware of APC &amp; SPG basics</td>
<td>Copy of letters sent to suppliers</td>
</tr>
<tr>
<td>Apply SPG checklist to new packaging</td>
<td>D Raymond</td>
<td>Ongoing through to 2015</td>
<td>All new product packaging assessed against SPG</td>
<td>Documented checklist comparison process</td>
</tr>
</tbody>
</table>
### APC Performance Goal 2 - Recycling

**Aim:** The efficient collection and recycling of packaging

<table>
<thead>
<tr>
<th>KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging</th>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Target</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review existing Head Office recovery system for recycling office paper and packaging waste</td>
<td>D Raymond</td>
<td>end Aug 2012</td>
<td>Verification of existing Head Office recovery system effectiveness</td>
<td>Zero recyclable waste in landfill stream</td>
<td></td>
</tr>
<tr>
<td>Roll out “Envirobank” reverse-vending machines to 150 stores</td>
<td>D Raymond</td>
<td>end Jul 2012</td>
<td>“Envirobank” machines in 150 stores</td>
<td>“Envirobank” machine in each nominated store</td>
<td></td>
</tr>
<tr>
<td>Conduct waste audit at selected representative stores to determine how product waste is disposed of</td>
<td>D Raymond</td>
<td>by Dec 2012</td>
<td>Understand packaging disposal behaviour</td>
<td>Documentation of audit outcome</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging</th>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Target</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct trial of recycled office paper</td>
<td>D Raymond</td>
<td>end Dec 2012</td>
<td>Confirmation that recycled office paper is acceptable</td>
<td>Documentation of trial outcome</td>
<td></td>
</tr>
<tr>
<td>Introduce a formal “Buy Recycled” purchasing policy for office paper (if trial successful)</td>
<td>D Raymond</td>
<td>by Aug 2012</td>
<td>All virgin paper replaced by recycled paper</td>
<td>Documented “Buy Recycled” policy; No virgin paper used</td>
<td></td>
</tr>
<tr>
<td>Introduce a formal “Buy Recycled” purchasing policy for cardboard cartons</td>
<td>D Raymond</td>
<td>by Aug 2013</td>
<td>All cartons made from recycled material</td>
<td>Documented “Buy Recycled” purchasing policy</td>
<td></td>
</tr>
</tbody>
</table>
### APC Performance Goal 3 - Product Stewardship

**Aim:** A demonstrated commitment to product stewardship by the supply chain and other signatories

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Target</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish communication with key suppliers re-packaging design &amp; recycling</td>
<td>D Raymond</td>
<td>end Mar 2013</td>
<td>Key suppliers understand APC aims and SPG goals</td>
<td>Communication records</td>
</tr>
<tr>
<td>Investigate feasibility of redesigning slurpee and coffee product packaging to include recyclable material</td>
<td>D Raymond</td>
<td>end Nov 2013</td>
<td>All nominated packaging includes a recycled component</td>
<td>Communication records and other documented research</td>
</tr>
<tr>
<td>Replace carbon order books with tablets to reduce paper use and increase delivery efficiency</td>
<td>D Raymond</td>
<td>end Jun 2012</td>
<td>Eliminate use of carbon order books</td>
<td>Only tablets in use</td>
</tr>
<tr>
<td>Work with distributors to improve delivery system energy efficiency</td>
<td>D Raymond</td>
<td>by Nov 2012</td>
<td>Reduction in energy consumption for product &amp; packaging distribution</td>
<td>Documented evidence of improved delivery system energy efficiency</td>
</tr>
<tr>
<td>KPI 8 Reduction in the number of packaging items in the litter stream</td>
<td>Assess feasibility of redesign for selected packaging items with easily separable components</td>
<td>D Raymond</td>
<td>end Nov 2012</td>
<td>Identification of opportunities for improvement in anti-litter design</td>
</tr>
</tbody>
</table>
Formal Commitment by 7-Eleven to Implement the Action Plan

The management of 7-Eleven Stores Pty Ltd is fully committed to minimising the impact of 7-Eleven’s operations on the environment and firmly supports the Australian Packaging Covenant’s performance goals and framework.

As a brand owner, 7-Eleven is undertaking to adopt product stewardship policies and practices and to implement the Sustainable Packaging Guidelines in order to improve the design, recyclability and recycled content of packaging and to improve collection and reprocessing systems for post-consumer packaging.

7-Eleven is committed to working together with all its product suppliers to achieve goals and targets as identified in this Action Plan and to report annually against relevant KPIs.

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David Raymond
Environmental and Sustainability Manager
7-Eleven Stores Pty Ltd