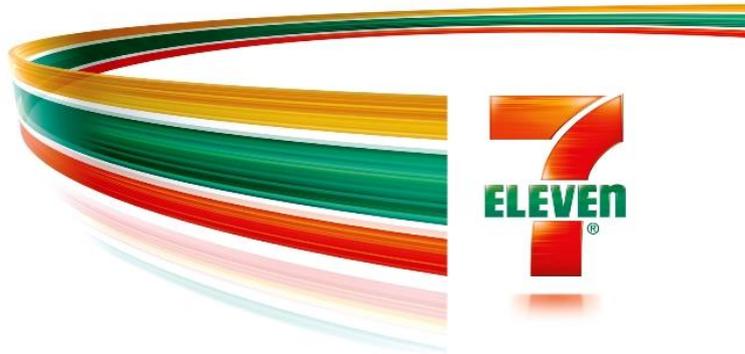




Australian Packaging Covenant

ACTION PLAN 2016 - 2018

Implementing the Sustainable Packaging Guidelines



7-ELEVEN STORES PTY LTD

ACN 005 299 427



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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 minimising where possible 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

7-Eleven’s first Action Plan was completed in December 2011 and we have updated it over time to reflect changes in the business. This latest version gives us goals to work towards for the next 2 years in line with our Sustainability Policy Statement and our broader company values. 7-Eleven is using 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.

This document outlines the detailed actions to be implemented by 7-Eleven over the next 2 years, with progress against Key Performance Indicators (KPIs) reported annually.

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 APC Annual Report.

Other Product Stewardship has a strong focus at 7-Eleven and the business is committed to continuous improvement in this area.



Corporate Overview

Company Name and Structure

7-Eleven Stores Pty Ltd (“7-Eleven”) is an Australian company owned by the Withers & Barlow families, and is the third largest private company in Australia¹. 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

7-Eleven is Australia’s first choice in convenience, and the largest convenience retailer on the eastern seaboard with approximately 36.9 per cent market share in this region². We are also the largest independent fuel retailer on the eastern seaboard, with approximately 455 fuel stores selling Mobil branded fuels.

Since opening our first Australian store in 1977, 7-Eleven has reached many exciting milestones including:

- establishing an approximately 630 strong store network in Victoria, New South Wales, the Australian Capital Territory, Queensland and Western Australia;
- attracting 400+ Franchisees to join 7-Eleven;
- serving 190 million customers every year;
- delivering annual revenue of more than \$2.5 billion, including in excess of \$1.4 billion in merchandise sales; and
- winning numerous industry awards, including the Franchise Council of Australia’s Best Franchisor four times.

¹ IBIS WORLD The Australian Deal Magazine, Top 500 Private Companies September 2016

² Aztec Eastern Seaboard Market Share July 2016 MAT



Australian 7-Eleven Sites

Below is a table showing the 7-Eleven sites currently operating in Australia. The majority of stores are either franchised or are to be franchised in the near future. The remaining stores are corporate owned. New stores are being opened regularly.

State	Fuel Sites	Non-Fuel Sites	Total stores	7-Eleven Offices
Victoria	151	91	242	2
NSW	175	45	220	1
ACT	8	0	8	0
Queensland	112	41	153	1
Western Australia	9	4	13	0
South Australia	0	0	0	0
Tasmania	0	0	0	0
NT	0	0	0	0
TOTAL AUSTRALIA	455	181	636	4



Office Address Details

7-Eleven's Australian office addresses are:

VIC	<u>Support Office</u> 357 Ferntree Gully Road Mt Waverley VIC 3149 Phone: (03) 9541 0711
NSW	Level 2 82 Waterloo Rd, Macquarie Park NSW 2113 Phone: (02) 9869 2334
QLD	Ground Floor, South Tower John Oxley Centre 339 Coronation Drive Milton QLD 4064 Phone: (07) 3291 9400

Covenant Contact Officer

Hazel Simpson
General Manager – Supply & Operations
7-Eleven Stores Pty Ltd
357 Ferntree Gully Road
Mt Waverley VIC 3149
Phone: 03 9541 0711
Email: hsi@7eleven.com.au

7-Eleven Brands

A variety of quick choice food offerings have always been part of the 7-Eleven convenience offer. These are branded under the 7-Eleven banner and include a range of hot pastries, an extensive range of sandwiches, wraps and toasties; and sweet offerings including cakes, muffins and Krispy Kreme donuts. Milk and bread are also included in the 7-Eleven branded offering.

In recent years we have extended our range to focus on 'healthier' options including fresh salads, low fat options, fruit offers, nuts 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 its 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 include the following materials:

Material / Item	Notes / Actions
bags, bottles, caps	PET, recycling code 1
bottles, caps	HDPE, recycling code 2
wrappers	cling / stretch film, recyclable, plastic code to be identified
heat-sealed bags	polyester, plastic code to be identified
foil lids	most likely laminated aluminium-plastic composite, to be confirmed
plastic caps, wads	LDPE, recycling code 4
large cup	PS, recycling code 6
paper cup	polymer-coated paper composite

7-Eleven's Action Plan Period

The updated Action Plan covers the period June 2016 to June 2018. For each APC Annual Report, the period analysed is the previous calendar year (e.g. the 2017 Annual Report will be based upon data from January 2016 - December 2016).

Top Level Support

7-Eleven's environmental sustainability initiatives include activities under APC guidelines, activities encompassing waste, water & energy reductions and activities under the banner of Corporate Social Responsibility. Sustainability initiatives have the full support of management. The company is embracing change and is proactively pursuing sustainability in its operations.



Summary of Previous Achievements

7-Eleven is committed to reducing its ecological footprint and activities aimed at achieving this are constantly being implemented. In the last 12 months we have:

- Implemented an improved waste management system with a focus on reducing waste to landfill and optimising recyclability
- Introduced “follow me” printing throughout our Support and Accounts Administration Offices to reduce paper usage
- Trialled power optimisation technology in store to smooth power fluctuations, protecting equipment and reducing power usage
- Supported the transition of Envirobank reverse vending machines to be re-located in community and/or sporting facilities with ongoing support provided from 7-Eleven in the form of redemption vouchers for deposits of recyclable items

Some examples of activities undertaken by 7-Eleven previously are:

- Construction of an environmentally friendly “Green Store” in suburban Melbourne
- Upgrade to low energy in-store lighting for new builds and upgraded stores
- Introduction of cardboard recycling at store level
- Replacement of carbon triplicate order books with tablet technology
- Reducing Supply Chain delivery miles by approximately 5 million kilometres per year
- Replacement of fluorescent lighting in refrigerators with LEDs
- Elimination of cardboard delivery boxes by increasing the number of re-usable plastic delivery totes

Further opportunities are constantly being investigated, including the following:

Energy Efficiency

A variety of initiatives have been introduced, or are being trialled, to increase the energy efficiency of our stores. Solar panels and sky lights are being trialled at our Tooronga Valley store and a business case is currently being prepared to extend the solar trial to a further 6 stores and then expanding across our store network. Fuel store pylon advertising signage has been retrofitted across the network with LEDs to replace the previous fluorescent globes. LED external lighting, including under-canopy lighting and flood lights, have recently been introduced at trial stores in Victoria and NSW and, so far, have been shown to offer significant reductions in energy usage. A variety of modifications to cool room refrigeration and air conditioning are being investigated and trialled to assess the cost/benefit of these changes.



In-Store Packaging Recycling

Our waste management contractors have progressed past the first stage of infrastructure installation and are now working towards optimisation of service. This involves ongoing waste audits to assess service delivery timetables, thereby reducing collection miles, plus the development of information and education programs to encourage increased recycling rates.

Distribution

7-Eleven is continually working towards reducing the environmental impact of our 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. For boxed items, our distribution agents utilise reusable wooden pallets and recyclable stretch wrap. They strive to use the lightest weight and minimum amount of stretch wrap possible to safely deliver goods to store. We have increased the number of plastic totes available for deliveries in order to eliminate the use of cardboard boxes from our distribution agents. Excess cardboard remaining at store after distribution is disposed of in recycling bins supplied by our waste contractor.

Labelling and Disposal of Packaging

7-Eleven prints disposal instructions and recyclability markings on the majority of its packaging. Over the course of our packaging materials review and keeping in mind the SPG, we will be looking for opportunities to reduce or eliminate packaging, include recycled materials and optimise packaging design.

Office Recycling

Waste office paper is recycled at desk level in separate bins. Each of the kitchen areas throughout the Support Office complex has a comingled recycling bin, separate to general waste. Each Support Office site also has a cardboard recycling bin. Copier toner cartridges are returned to the supplier for recycling and for a number of years 7-Eleven has also participated in recycling mobile phones through the annual Mobile Muster program. We have also participated in a “take back” program with our IT partners to recycle hundreds of monitors and system components which were upgraded across our stores and offices.

Corporate Awareness

At 7-Eleven we believe that cultural change is most effectively driven from the higher levels of management. We recently developed a Sustainability Policy Statement and we continue to propagate awareness of responsibilities associated with environmental performance and sustainability throughout the business by developing formal processes and training.



Framework for Implementing the Sustainable Packaging Guidelines (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.

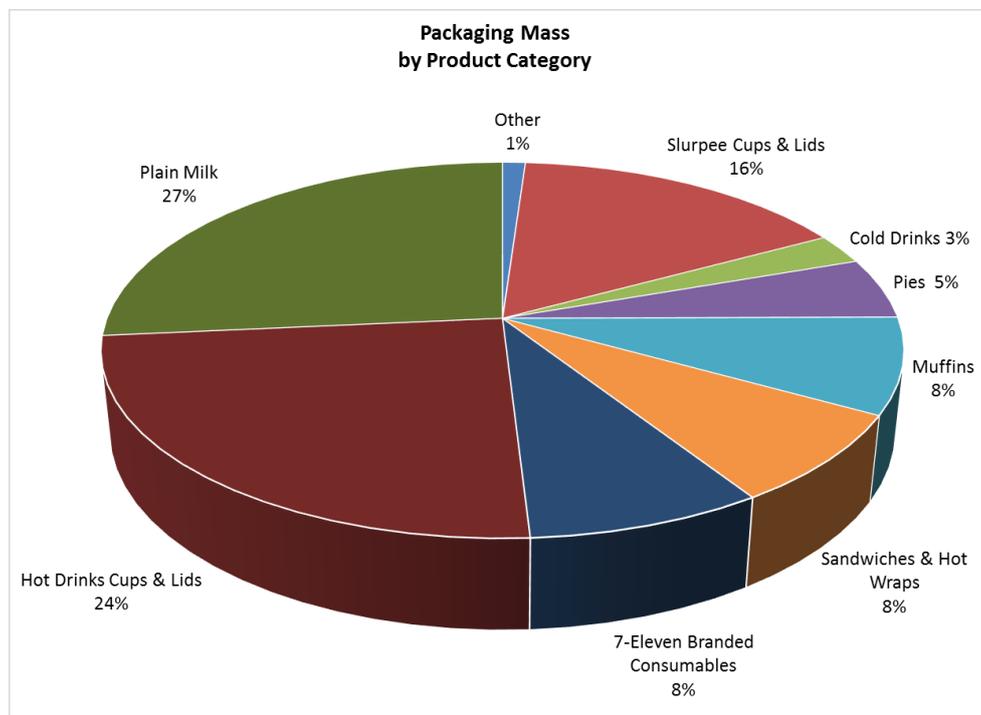
Packaging Review

In line with the APC's requirements, 7-Eleven has already reviewed more than 75% of our existing packaging against the Sustainable Packaging Guidelines (SPG). Although there is no *documented* process for assessing new packaging against the SPG, 7-Eleven recognises that our suppliers have an excellent working knowledge of their own products and processes, and we intend to continue working closely with key suppliers to improve the sustainability of our packaging.

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

Existing packaging by category

The 7-Eleven brand includes a variety of products with diverse packaging. The pie chart below shows the relative mass of materials in our 2014 packaging inventory, by product category:





Slurpee cups, plain milk packaging and coffee cups (including secondary packaging for distribution) account for around 67% of the total mass of 7-Eleven's branded packaging inventory. These items have been the focus of our packaging review against the SPG. For completeness, Slurpee cup lids and coffee cup lids are included in the review, as in practice the cups are usually sold with lids.

By using available information for comparing environmental credentials of different materials for our existing and future packaging needs, we aim to identify opportunities for improvement to be implemented as we update our packaging and introduce new products to our range.

Goal 1- Design

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 for our company brands and in collaboration with our supply chain manufacturers.

Our aim is 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 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 a degree of control over the production process for our primary brands and will 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 three principal ways:

1. Efficient collection of used primary and secondary packaging waste at store and at Support Office via an in-house recycling collection system (currently managed by a contractor).
2. Marking our recyclable consumer packaging with information both for educating the consumer and informing the recycling industry (e.g. recycle logos, plastic codes)
3. Ongoing support of Envirobank reverse vending machines in community and sporting venues to capture used plastic and aluminium beverage containers which may otherwise end up as litter. 7-Eleven will continue to support this initiative by providing vouchers for redemption at 7-Eleven stores.

Goal 3- Other Product Stewardship

Energy Efficiency

7-Eleven are actively pursuing options to improve energy efficiency across our store network and at Support Office sites. A variety of lighting options including LED's, skylights and solar panels are being trialled as well as optimisation of refrigeration equipment such as anti-fog coating on doors (to replace heaters), LED internal lighting, self-closing doors and temperature controls. New energy saving technologies and opportunities are constantly being reviewed for suitability to 7-Eleven.



Measurement

Key Performance Indicator	Measurement
<p>KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging</p>	<p>7-Eleven is applying the SPG to procurement of packaging throughout our supply chain via a documented Sustainability Policy Statement, a Supplier Management Framework (in development), a database to collect and collate communications (both internally and with suppliers) and the quarterly Retail Review of franchisees and stores.</p>
<p>KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging</p>	<p>7-Eleven outsources collection of recyclable items to a waste management contractor. The contract for this service has recently been re-let through a rigorous RFP process and the business is now working in partnership with this contractor on continuous improvement in waste management, particularly around the separation and collection of recyclables.</p>
<p>KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging</p>	<p>7-Eleven has committed in the Sustainability Policy Statement to actively source sustainable components for each of our products and to work with suppliers to encourage them to continually reassess available alternatives.</p>
<p>KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging</p>	<p>7-Eleven communicates our desire to improve our sustainability credentials by using our Sustainability Policy Statement to demonstrate our commitment to the APC to suppliers and stakeholders. Procedures to monitor, measure and report improvements are being implemented.</p>
<p>KPI 7 Proportion of signatories demonstrating other product stewardship outcomes</p>	<p>7-Eleven actively seeks and implements new technologies and innovations to reduce our energy and water usage and to eliminate waste.</p>
<p>KPI 8 Reduction in the number of packaging items in the litter stream</p>	<p>7-Eleven is currently re-assessing its waste management structure with a view to improving collection of waste and recyclables, particularly at store level. We will look to involve other stakeholders to assist us and to incorporate this KPI into our stores' Retail Review criteria.</p>



APC Action Plan Summary

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

APC Performance Goal 1 – Design

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

	Action	Responsibility	Target date	Target	Evidence
<p>KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging</p>	<p>Integrate SPG into packaging procurement governance by designing a procedure to assess new packaging against SPG requirements and alignment to 7-Eleven’s Sustainability Policy Statement.</p>	<p>Senior Leadership Team</p>	<p>Jun 2018</p>	<p>Review the current status (as at 2016) and document the Supply Chain for 7-Eleven branded products from end-to-end.</p> <p>Packaging procurement documentation includes direct reference to SPG and Sustainability Policy Statement.</p> <p>All new product packaging assessed against the SPG.</p>	<ul style="list-style-type: none"> - Independent audit / evaluation of the current packaging supply chain for 7-Eleven branded products to ensure QA/QC standards are being met, identify gaps and offer solutions, as and when contracts are renewed. - Correspondence regarding packaging review to be included in a communications repository including emails & meeting minutes (as per KPI 6).



APC Performance Goal 2 – Recycling

Aim: The efficient collection and recycling of packaging.

	Action	Responsibility	Target date	Target	Evidence
<p>KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging</p>	<p>Conduct waste audit at selected stores to determine baseline.</p> <p>Identify opportunities & solutions for waste management across our network of stores.</p> <p>Provide infrastructure, training & support for HO staff, cleaning contractors, Franchisees & store staff to improve recycling habits.</p>	<p>Senior Leadership Team</p>	<p>Jun 2020</p>	<p>80% of total waste from stores & HO directed away from landfill by 2020.</p>	<ul style="list-style-type: none"> - Baseline waste management report to be produced by waste management contractor. - Documented recommendations for improvements. - Monthly collection reports from waste management contractor. - Infrastructure installed. - Franchisee operating procedures updated & applied. - HO staff & cleaning contractors trained in correct recycling practices.
<p>KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging</p>	<p>Investigate opportunities to purchase products and packaging which include recycled content.</p>	<p>Senior Leadership Team</p>	<p>Dec 2017</p>	<p>Maintain (and increase where possible) recycled material content in primary or secondary packaging of 7-Eleven branded products.</p>	<ul style="list-style-type: none"> - Packaging specifications.



APC Performance Goal 3 – Product Stewardship

Aim: A demonstrated commitment to product stewardship by the supply chain and other signatories.	Action	Responsibility	Target date	Target	Evidence
KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging	Develop a communications repository to collect and collate information from suppliers & stakeholders regarding packaging.	Senior Leadership Team	Ongoing	Information on packaging decisions and measurement of initiatives is captured.	- Repository is active and easily accessible.
	Collaborate with our supply partners and other interested parties to reduce the number of single use coffee cups being disposed of in landfill.	Senior Leadership Team	Jun 2018	Invest in finding options and solutions for the end-to-end lifecycle of single use coffee cups with a view to reducing the number of cups to landfill.	- Communications with supply partners and interested parties
KPI 7 Proportion of signatories demonstrating other product stewardship outcomes	Ongoing investigation of opportunities to increase diversion of contaminated soil from landfill in NSW to remediation and/or recycling facilities.	Senior Leadership Team	Ongoing	Divert contaminated soil from landfill to remediation and/or recycling facilities for re-use wherever possible.	- Communications with contractor. - Environmental reporting.



Aim: A demonstrated commitment to product stewardship by the supply chain and other signatories.	Action	Responsibility	Target date	Target	Evidence
KPI 7 Proportion of signatories demonstrating other product stewardship outcomes (continued)	Construct business case for installation of solar energy generation at applicable 7-Eleven stores.	Senior Leadership Team	Jun 2017	Business case for installation of solar panels at 6 stores to be presented to Board by Dec 2016. Upon acceptance, installation of units at 6 stores by Mar 2017. Cost/benefit analysis to be completed by Dec 2017 with a view to implementing a staged rollout to selected stores from Mar 2018.	<ul style="list-style-type: none"> - Cost/benefit assessment based on 6 installations to be completed by Dec 2017. - Agreement from Board to implement staged rollout. - Report on savings to Senior Leadership Team annually.
	Energy efficient lighting upgrade.	Senior Leadership Team	Ongoing	All stores to be fitted with energy efficient lighting throughout - to be completed as store upgrades occur. Investigate business case for program of retro-fit across all stores.	<ul style="list-style-type: none"> - Specifications to contractors for new stores & store upgrades. - Business case.
KPI 8 Reduction in the number of packaging items in the litter stream	Continued support for Envirobank reverse vending machines in community and/or sporting facilities.	Senior Leadership Team	Ongoing	7-Eleven to provide ongoing support for the Envirobank system by supplying “reward” vouchers for deposits of recyclable items.	<ul style="list-style-type: none"> - Report from Envirobank on voucher allocation and redemption.

Retention of data for packaging audits

In recognition of the APC’s stated aim of conducting 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.



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.

Hazel Simpson
General Manager – Supply & Operations
7-Eleven Stores Pty Ltd