



**Australian Packaging Covenant
Action Plan**

July 2010 to June 2015



EXECUTIVE SUMMARY

JB Hi-Fi became a signatory to the National Packaging Covenant (NPC) on 2 August 2007 and has since become a signatory to the newly formed Australian Packaging Covenant (APC). Since joining the NPC, JB Hi-Fi has received positive feedback on all annual reports submitted and achieved significant results including:

- Changed supplier of plastic bags to a manufacturer based in Australia that was a foundation signatory to the NPC and supports the Environmental Code of Practice for Packaging;
- Elimination of Type 7 plastic (which has limited recycling options) from plastic bags;
- Reduced the weight of plastic used in each plastic bag;
- Engaged with major suppliers encouraging non-signatories to join the NPC;
- Engaged with major suppliers that are signatories to the NPC to communicate commitment and encourage a cooperative approach to packaging;
- Cardboard and paper recycling provided in all stores;
- Initiated trial of co-mingled recycling in stores; and
- Relocated support office to an environmentally friendly building with improved recycling facilities.

The key actions JB Hi-Fi is committing to in order to reduce the impact of packaging on the environment are:

- Assessing all JB Hi-Fi branded packaging in accordance with Sustainable Packaging Guidelines (SPG);
- Roll-out of co-mingled recycling to all stores where commercially viable;
- Investigate in store plastic bag recycling collection and roll out to all stores where commercially viable;
- Target reduction in plastic bag usage through clear communication at point of sale;
- Focus on buying recycled products through adoption of buy recycled policy and reviewing non-inventory related suppliers in light of policy; and
- Engage with suppliers regarding APC and their application of SPG in order to provide assistance.

JB Hi-Fi is committed to the APC and reducing the impact of packaging on the environment by working with suppliers and consumers to reduce packaging, increase recycling and increase use of recycled products.



Terry Smart
Chief Executive Officer

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1. COMPANY OVERVIEW

1.1. ABOUT US

JB Hi-Fi Limited (JB Hi-Fi) is one of Australasia's fastest growing and largest retailers of home entertainment offering the world's leading brands.

The business was established in 1974 by Mr John Barbuto, trading from a single store in East Keilor, Victoria. He had one simple philosophy: to deliver a specialist range of Hi-Fi and recorded music at Australia's lowest prices.

In July 2000 JB Hi-Fi was purchased by a private equity consortium and senior management with the aim of taking the successful model nationally. In October 2003, JB Hi-Fi was floated on the Australian Stock Exchange.

Maintaining Barbuto's original philosophy and increasing the product range, JB Hi-Fi has expanded operations each year, with 120 JB Hi-Fi stores in Australia and 10 in New Zealand at 30 June 2010.

In July 2004 JB Hi-Fi acquired the Queensland Clive Anthonys (CA) chain of stores which sell consumer electronics, white goods, cooking appliances and air-conditioning. At 30 June 2010 there were 11 Clive Anthonys stores operating across Australia.

Consolidated sales of the JB Hi-Fi group for the 2010 financial year were \$2.7 billion. Further details of the company's financial results are in the JB Hi-Fi 2010 Annual Report.

1.2. PRODUCTS AND SUPPLIERS

The product range in JB Hi-Fi stores includes televisions, home theatre, computers and laptops, portable audio, portable navigation, car sound, cameras, telecommunications, Hi-Fi and home audio, video games and consoles, CD and DVD music and DVD Movies and TV shows.

The product range in Clive Anthonys stores includes computers, televisions, cameras, portable audio, portable navigation, video games and consoles, home theatre, kitchen appliances, personal grooming, air conditioners, laundry goods, refrigeration, irons, vacuum cleaners, coffee machines, dishwashers and cooking appliances.

JB Hi-Fi sources its goods from local suppliers, with only a few exceptions including a small amount of accessories imported directly from an overseas supplier. Due to the wide range of goods that are stocked, JB Hi-Fi has in excess of 400 suppliers. Some of the major suppliers include:

- Apple
- Twentieth Century Fox
- Samsung
- Sony
- Telstra
- Panasonic
- Hewlett-Packard Australia
- Warner Bros Entertainment
- LG Electronics
- Roadshow Entertainment

1.3. AUSTRALIAN PACKAGING COVENANT COMMITMENT AND SCOPE

JB Hi-Fi became a signatory to the National Packaging Covenant (NPC) on 2nd August 2007. Details of JB Hi-Fi's commitment to the NPC were submitted in its NPC 2007-2010 Action Plan and subsequent annual reports. JB Hi-Fi has reaffirmed its commitment to reduce the impact of packaging on the environment through joining the newly formed Australian Packaging Covenant (APC) which has taken over from the NPC. This action plan details the focus areas for JB Hi-Fi in relation to packaging for the next 5 years.

JB Hi-Fi's principal activity is retailing products on behalf of brand owners that are sourced from local suppliers and it does not have primary control over the packaging of these products. Although JB Hi-Fi imports a small amount of products, it is anticipated this will continue to represent less than 1% of sales. Due to the small value of the stock that is imported, JB Hi-Fi has limited ability to have a material impact on its overall packaging output via changes to the packaging that is used on these products. The products imported by JB Hi-Fi will therefore not be a key focus of this packaging plan. Should the volume of goods imported increase significantly the action plan will be reconsidered.

JB Hi-Fi has primary control over the plastic and paper carry bags it supplies to customers for the transportation of products. JB Hi-Fi also sells gift cards which are attached to a cardboard backing and shrink wraps CDs and DVDs to reduce pilferage. A summary of these packaging products and materials is provided in *Table 1.1*. These packaging items will be the focus for this action plan.

Table 1.1: JB Hi-Fi Packaging Products and Material Types

Packaging Product	Material
Paper carry bags	Paper
Yellow plastic carry bags	Plastic – type 4 (LDPE)
Clive Anthony's plastic carry bags	Plastic – type 4 (LDPE)
Shrink wrap for CDs and DVDs	Plastic – type 3 (PVC)
Gift card packaging	Cardboard

2. COVENANT CONTACT OFFICER

Ms Jo Manley, Controls and Compliance Analyst, is responsible for JB Hi-Fi's commitment to the Australian Packaging Covenant. Her contact details are below.

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3. SCHEDULE FOR PACKAGING REVIEWS

The JB Hi-Fi branded packaging identified in Table 1.1 will be reviewed in accordance with the Sustainable Packaging Guidelines (SPG) as detailed in the action plan in section 4. The timeline for review of the packaging is detailed in Table 3.1.

Table 3.1: Timetable for review of JB Hi-Fi Packaging Products

Packaging Type	Timing for review
Paper carry bags	July/August 2011
Yellow plastic carry bags	July/August 2011
Clive Anthonys plastic carry bags	June 2011
Gift card packaging	March/April 2012
Shrink wrap for CDs and DVDs	October/November 2012

4. ACTION PLAN

Detailed below is JB Hi-Fi's action plan for the period from 1 July 2010 to 30 June 2015. The Covenant contact officer, Ms Jo Manley, is responsible for ensuring all planned actions outlined below are completed within the target timeframes.

Covenant Performance goals and KPI's	JB Hi-Fi Actions	Baseline data	JB Hi-Fi KPI's	Evidence	JB Hi-Fi Target Timeframe
<p>1. Design – optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety.</p> <p>KPI 1 – Proportion of signatories in the supply chain implementing the Sustainable Packaging Guidelines (SPG) for design or procurement of packaging.</p>	<ul style="list-style-type: none"> ➤ Assess all existing JB Hi-Fi branded packaging in accordance with SPG: <ul style="list-style-type: none"> ○ Paper bags ○ Plastic bags ○ Shrink wrap ○ Cardboard supporting gift cards ➤ Assess any new JB Hi-Fi branded packaging in accordance with SPG before use. ➤ Document outcomes of reviews. ➤ Assess outcomes of reviews and develop strategies for implementation of improvements. 	<p>JB Hi-Fi branded packaging has been considered in light of the Environmental Code of Practice for Packaging however it has not been formally reviewed and documented in accordance with the new SPG.</p>	<p>Review and document all JB Hi-Fi branded packaging in accordance with SPG.</p> <p>Implement required improvements to packaging following reviews in order to comply with the SPG.</p>	<p>Documentation of reviews undertaken and improvements identified.</p>	<p><i>Review and document outcomes:</i></p> <p>CA Plastic bags – June 2011 JB Plastic bags – July/Aug 2011 Paper bags – July/Aug 2011 Gift cards – March/April 2012 Shrink wrap – Oct/Nov 2012</p> <p>Implementation of improvements to occur within 12 months of packaging review.</p>

Covenant Performance goals and KPI's	JB Hi-Fi Actions	Baseline data	JB Hi-Fi KPI's	Evidence	JB Hi-Fi Target Timeframe
<p>2. Recycling – the efficient collection and recycling of packaging.</p> <p>KPI 2 – National recycling rate for packaging.</p> <p>KPI 3 – Proportion of signatories with on-site recovery systems for recycling used packaging.</p>	<ul style="list-style-type: none"> ➤ Analyse outcomes of co-mingled recycling bin trials and determine if appropriate to implement across all stores. ➤ Investigate plastic bag recycling collection in stores. 	<p>36% of all stores currently have co-mingled recycling facilities.</p> <p>Currently no plastic bag recycling collection available in stores.</p>	<p>100% of stores to have co-mingled recycling facilities provided commercially viable.*</p> <p>100% of stores to have plastic bag recycling collection provided commercially viable.*</p>	<p>Documentation of outcome from trial and recommendation.</p> <p>Documentation of investigations undertaken and recommendations.</p>	<p>Assessment of co-mingled trials to occur by June 2011. Implementation to occur within 6 months following assessment.</p> <p>Feasibility study to be conducted during 2012. Assessment and rollout to occur within 6 months following feasibility study.</p>
<p>KPI 4 – Proportion of signatories with a policy to buy products made from recycled packaging.</p>	<ul style="list-style-type: none"> ➤ Formally adopt a buy recycled policy. ➤ Review of existing packaging supplier contracts in light of buy recycled policy. ➤ Review of other supplier contracts (excluding stock suppliers^) in light of buy recycled policy. 	<p>Buying recycled products is operating haphazardly in practice and a formal policy has not been adopted.</p>	<p>Formally adopt a policy to buy recycled products.</p> <p>Review all packaging supply contracts in light of buy recycled policy.</p> <p>Review of top 30 other supplier contracts (excluding stock suppliers) in light of buy recycled policy. [Note top 30 non-stock suppliers cover over 50% of all non-stock purchases (excluding packaging)].</p>	<p>Buy recycled policy.</p> <p>Documentation of reviews undertaken and outcomes.</p> <p>Documentation of reviews undertaken and outcomes.</p>	<p>Develop and adopt policy by December 2011.</p> <p>To be conducted during 2012 following adoption of buy recycled policy.</p> <p>To be conducted during 2013.</p>

* Commercially viable is defined as less than 2% increase in cost from current practice, capped at \$40,000 per annum across the company.

^ Stock suppliers are not going to be reviewed in light of the buy recycled policy as stock is purchased based on customer preferences/demands and availability of recycled products is limited in our store range.

Covenant Performance goals and KPI's	JB Hi-Fi Actions	Baseline data	JB Hi-Fi KPI's	Evidence	JB Hi-Fi Target Timeframe
<p>3. Product stewardship – a demonstrated commitment to product stewardship by the supply chain and other signatories.</p> <p>KPI 6 – Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging.</p> <p>KPI 7 – Proportion of signatories demonstrating other product stewardship outcomes for packaging.</p> <p>KPI 8 – Reduction in the number of packaging items in litter.</p>	<ul style="list-style-type: none"> ➤ Engage with current and new suppliers to encourage membership of the ACP. ➤ Engage with suppliers who are signatories to the APC regarding their application of the SPG and provide input and assistance where required. ➤ Reduce bag usage through Point of Sale (POS) staff communication. 	<p>Last engagement with suppliers regarding NPC was in 2009 but no ongoing engagement.</p> <p>Have not engaged with any suppliers regarding their application of the SPG.</p> <p>Currently no standard procedure for POS staff regarding using bags.</p>	<p>Annual supplier agreements to include a section regarding APC and encouraging membership.</p> <p>Engage with top 30 suppliers who are signatories to the APC regarding their application of the SPG and provide input and assistance where required.</p> <p>POS instruction manual to be updated with communication guidelines regarding plastic bag usage.</p>	<p>Supplier agreements.</p> <p>Documentation of engagement with suppliers.</p> <p>POS instruction manual.</p>	<p>To be drafted and included in supplier agreement during the 2011 year.</p> <p>Engagement to occur on an ongoing basis, commencing during the 2012 year.</p> <p>To be implemented in stores by June 2011</p>