



Signatory Name: Myer Holdings Ltd

Status: Completed

The content in this APC Annual Report is hereby endorsed by the Chief Executive Officer, or equivalent officer of the organisation.

Yes

**Industry sector** (please select 1 only):

- Brand Owner / Wholesaler / Retailer
- Packaging Manufacturer
- Waste Management
- Other - Commercial Organisation
- Community Group
- Industry Association
- Government
- Raw Material Supplier
- Other:

**Industry type** (please select 1 only):

- Food & Beverage
- Pharmaceutical / Personal Care / Medical
- Hardware
- Homewares
- Communications / Electronics
- Clothing / Footwear / Fashion
- Chemicals / Agriculture
- Fuel
- Large Retailer
- Tobacco
- Shipping Company
- Airline
- Other:

Please indicate your organisation's reporting period:

- Financial Year: 1 July 2011 – 30 June 2012
- Calendar Year: 1 January 2012 – 31 December 2012

## Goal 1: Design

### KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent.

Does your company have documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent?

Yes  No

Of the types of packaging **existing at the beginning of the reporting period**, what percentage had been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

%

Have any new types of packaging been introduced during the reporting period?

Yes  No

If yes, of the **new types of packaging introduced during the reporting period**, what percentage have been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting

%

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 1

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Maintain a cross functional workgroup that reviews outcomes and steers packaging sustainability initiatives	Majority Achieved. Minuted meetings were held every six months during FY12. The workgroup has maintained cross functional representation.
2.	Build Sustainable Packaging Guidelines (SPG) into the Packaging & Labelling Request (PLR) design and development process. Document policies and procedures for the review and decision-making process and how competing form-function-cost requirements have been factored into final decisions	Achieved. A procedure and system was developed (item closed prior to FY12) that incorporates the SPG into the PLR process. A total of 614 PLRs were processed during Myer's FY12 (571 processed during FY11). Trend analysis continues on a monthly basis.
3.	Apply SPG to all new packaging of 'own brand' products	Majority Achieved. System for review was set up prior to FY12. The system continued to effectively operate throughout FY12. A total of 614 own brand PLRs were processed in FY12 ensuring evaluation of the proposed packaging against SPG imperatives. Limitation - Myer 'own brand' Christmas Trim/Food/Confectionary were not processed via the PLR system in FY12 (total of 1474 SKUs). Please note, although these items were not formally processed via the PLR system, a set of guidelines were provided to the supplier to outline packaging and labelling requirements for this line of stock.
4.	Conduct an SPG review on all existing 'own brand' consumer packaging within 2 years (i.e. a reasonable timeframe)	Achieved. The product lifecycle of most products is less than two years so the PLR system set up over two years ago has allowed for a review of all 'own brand' products introduced during this time (with the exception of Christmas SKUs)
5.	Escalate PLRs for technical and functional review when PLR responses fall outside of the SPG requirements	Achieved. A procedure and system was developed prior to FY12 and has been maintained during FY12. Items have been escalated and reviewed where appropriate. Records are maintained to demonstrate those items that are escalated and resulting outcomes.
6.	Incorporate the documented review process into the Action Plan	Achieved. Item closed prior to FY12. The process is documented and is accessible from within the PLR system.

7.	Exercise proactivity and due diligence throughout the action plan period to identify opportunities for continuous improvement in packaging, packaging design and related activities.	Achieved. A number of initiatives were identified and introduced prior to FY12 with limited opportunities presenting within FY12. One example was the identification of excess packaging material with Christmas stock. During Christmas 2011 changes were agreed with the supplier to reduce packaging.
8.	Adopt APC '10 step review process'	Majority Achieved (8 of 9 items). Only one item will be transferred to FY13 for completion - 'compile a list of packaging types used for 'own brand' products'.
9.	Build standard consumer messages and information about recycling and re-use into packaging of 'Own Brand' merchandise through the design process	Achieved. All packaging reviewed through the PLR system included recycling and re-use messages where appropriate. Single composite items are labelled with 'please think of the environment and remember to recycle'. Composite items are labelled with 'please separate packaging and re-use or recycle thoughtfully'.

Describe any constraints or opportunities that affected performance under this KPI

Myer continues to implement a robust submission, review and approval process for the development of new packaging. The PLR submission includes SPG relevant statements/questions that require a response with escalation occurring where responses warrant intervention/investigation.

**Limitations:**

During FY12 a number of Stock Keeping Units (SKUs) for Christmas trim/food/confectionary were not incorporated into the PLR process. This was due in part to resourcing constraints. Myer's packaging workgroup will consider alternative ways to apply SPG principles for Christmas stock in Christmas 2013.

## Goal 2: Recycling

### KPI 3: % signatories applying on-site recovery systems for used packaging.

Do you have on-site recovery systems for recycling used packaging?

- Yes at all facilities/ sites
- Yes at some, but not all facilities/ sites
- No

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 3

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	<p>Continuous improvement in methods of gathering recyclable material at Myer sites. Measurements to include:</p> <ul style="list-style-type: none"> <li>- Trend analysis for recyclables</li> <li>- Comparison of recyclable vs waste, and</li> <li>- Obtaining contamination data for recyclables (where possible)</li> </ul>	<p>Achieved: Stores continue to focus on maximising recyclables. As a result we have experienced an increase in the amount of total recyclables over the past four years. In FY12 there was a 6.6% increase in cardboard recycling recorded and a 15% increase in plastic recycling compared to FY11 data.</p> <p>Myer issued a tender to the market in 2012 to secure a waste collection service provider to further improve our recycling program. Appointment of a new contract is planned for FY13.</p>
2.	<p>Continually review methods by which unnecessary packaging can be eliminated/reduced from merchandise and from the supply chain</p>	<p>Achieved: Floor Ready Standards were reviewed and updated in FY12 to provide suppliers with greater detail on Myer's packaging requirements for different product categories.</p> <p>Another example is Myer's Supply Chain working with stakeholders to remove individual poly bags around garments. Further, removing unnecessary labelling/tape on outer boxes.</p>
3.	<p>Continue the commitment to minimising the amount of non-packaging waste that goes to landfill by implementing a range of recycle and/or re-use initiatives. By example:</p> <ul style="list-style-type: none"> <li>- Hanger recovery and reuse program</li> <li>- Security tag recovery and reuse program</li> <li>- Providing staff/customer recycle collection facilities</li> <li>- Collecting used ink cartridges and channel through a recovery process</li> <li>- Channeling redundant IT equipment through e-recycling</li> <li>- Introducing strategies and systems to minimise printer paper waste</li> </ul>	<p>Majority Achieved: These recycling strategies were introduced prior to FY12 and then effectively maintained throughout FY12. The only exception relates to the provision of staff/customer recycle collection facilities at Myer stores. This component of this action has not been implemented.</p> <p>A number of other initiatives have been introduced (not previously outlined in the action plan). For example, a metal fixture recycling program in Victoria commenced in FY12. Stores are required to send old unused fixtures back to the Distribution Centre. These are then picked up by a metal recycling company. This has redirected a large quantity of metal fixtures from landfill.</p>

Describe any constraints or opportunities that affected performance under this KPI

There are a number of reuse and recycling programs across our Stores and Support Office including programs for paper, cardboard, plastic, toner cartridges, hangers, security hard tags, e-waste and textiles. Although a number of these programs have been in place for many years, we continue to see improvements in our recycling and reuse efforts. Through our annual Sustainability Team Member Update we are able to report these achievements to our team members. This assists us to raise sustainability awareness and commitment amongst our team members - the very people who process and manage the majority of our waste.

Paper, plastic and cardboard recycling (Store Support Office):

To ensure paper recycling is maximised we continue to provide every team member with a paper recycling box at their desk and centralised paper waste stations in each printing room. General waste bins are kept to a minimum to encourage team members to dispose of waste at kitchenettes which allow for team members to sort waste into recyclables, organic recycling and general waste streams.

Central Return Centre (CRC):

Myer utilises a Central Return Centre (CRC) to recycle merchandise that is soiled or damaged and cannot be returned to our suppliers. In the CRC, merchandise is prepared for on-selling to alternative markets, preventing disposal of items as landfill. During financial year 2012, 278.1 tonnes of merchandise was on-sold through the CRC. This is compared to 252.1 tonnes in financial year 2011 and 160.4 tonnes in 2008. From a packaging perspective, 30.7 tonnes of cardboard and 2.9 tonnes of plastic used during the returns process was recycled in the CRC.

Improving waste recycling:

Myer issued a tender to the market in 2012 to secure a waste collection service provider to further improve our recycling program and increase awareness across our Stores and Regional Distribution Centres. The goal in FY13 is to streamline services across the business, improve reporting and further enhance current waste management strategies. A key focus will be on the training and education of team members to ensure we can maximise the impact of any new strategies introduced to the business. Myer will also focus on continuous improvement by asking our service provider to recommend cost reduction, innovation and sustainability initiatives. These will include (but are not limited to) strategies designed to minimise waste streams transported to land fill and maximisation of recyclable waste collection.

**KPI 4: Signatories implement formal policy of buying packaging made from recycled products.**

Does your company have a formal policy of buying packaging made from recycled packaging?

Yes  No

Is this policy actively used?

Yes  No

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 4

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Implement a 'buy recycled' consideration into future procurement contracts relating to packaging	Part Achieved: A 'buy recycled' statement was developed in FY12 and has been submitted to Myer's legal department for review. The statement is aligned to the requirements of the APC. This will be finalised in FY13 with a view that it is incorporated into all relevant supplier agreements.  There have been no packaging related procurement contracts awarded during FY12.

Describe any constraints or opportunities that affected performance under this KPI

### Goal 3: Product Stewardship

#### KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.

Does your company have formal processes in place for collaborating with other companies or organisations on improved packaging designs and/or recycling which aims to reduce or eliminate waste?

Yes

No

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 6

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Develop a 'Packaging Sustainability Commitment' statement. Ensure this commitment is communicated to and shared by all parties engaged in production and supply of packaging materials	Not Achieved: This action has not been developed or implemented. Carry over to FY13
2.	Communication and training: Ensure all parties involved in the design, development, manufacture and supply of packaging are aware of Myer's commitments and the obligations Myer Team Members and Myer packaging partners have in achieving the packaging sustainability goals.	Achieved & Ongoing. Packaging & Labelling Manager (P&L Mgr) at Myer exposed to regular training and workshops. Internal teams trained by P&L Manager. Buyers are aware of Myer's commitments via the PLR process that links directly to SPG guidelines and questions. Floor Ready Standards were further developed in FY12 and will be recommunicated in FY13 to suppliers.

3.	Conduct regular reviews of the effectiveness of supply chain in-transit (tertiary) packaging initiatives (e.g. on a six monthly or annual basis)	Achieved: Formal compliance checking program in place during FY12. A total of 1048 audits were conducted to identify non-compliance issues against Myer's Floor Ready Standards. Informal audits were also conducted of in-transit (tertiary) packaging however the program is less structured.
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Describe any constraints or opportunities that affected performance under this KPI

Please see below for two examples of progress against this KPI.

**Floor Ready Standards:**

Improving the 'floor ready' state of our merchandise involves delivering stock to the shop floor with reduced packaging, that is pre-hung, folded and security tagged. As well as reducing waste, the initiative also improves operational efficiency in Stores, as goods can be quickly unpacked and placed onto the selling floor with minimum effort by store teams. All new suppliers are required to adopt these standards and to commit to reducing packaging waste.

In July 2012 (end FY12) 60 % of all merchandise received was compliant with the packaging, price marking and protection details outlined in the Floor Ready Agreement. This result has significantly increased from approximately 33% in August 2011, highlighting our Supplier's strong commitment to the Floor Ready Program.

These results were driven by the introduction of a formal compliance checking program in FY12. A total of 1048 audits were conducted to identify non-compliance issues. Feedback was then provided to the relevant suppliers with the aim of improving compliance to the Floor Ready standards. A Floor Ready Workgroup was also set up in February 2012 to analyse compliance data, review the amount and type of distribution packaging used in the supply chain and to focus on improving the standards themselves.

The Floor Ready standards underwent revision in July 2012 with the aim of developing and promoting more sustainable work practices, whilst achieving greater efficiencies in the Supply Chain channel. These standards were released in September 2012 and will form the basis of all Supplier negotiations and acceptable work practices going forward.

**Myer Merchandise Protection Hard Tag Reuse and Recycle Program:**

This program allows our suppliers to apply EAS Hard Tags and Myer Branded Shell Ink Tags to merchandise at the source, which are removed at the point-of-sale and returned to Checkpoint (merchandise protection solutions provider) for reuse. The program is a joint venture between Myer, Checkpoint and Wallara industries (hard tag sorting partner). Each EAS tag can be reused up to 12 times through this program. At the end of their lifecycle (approx two to three years) the tags are recycled by being crushed and used in the production of plastic furniture and other plastic products. The program commenced in 2010 and since that time approximately 82 tonnes have been recovered for reuse in our stores and a further 34 tonnes for recycling.

**KPI 7: % signatories showing other Product Stewardship outcomes.**

Since the beginning of the reporting period, has your company had any other outcomes related to product stewardship?

- Yes  No

If yes, please give examples of other product stewardship outcomes

Myer's Floor Ready initiative has resulted in a reduction of unnecessary packaging materials by suppliers. In July 2012 (end FY12) we recorded a 60% compliance rate for our signed suppliers to our 'floor ready' standards. This demonstrates a strong commitment by our suppliers to changing the way merchandise is packed and protected.

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 7

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Extend APC/SPG principles and Myer's sustainability commitment into the Myer supply chain in-transit (tertiary) packaging of 'own brand' products	Achieved for FY12: Supply chain identified opportunity to reduce cardboard box waste at Cargo Services by stipulating minimum standards to suppliers for box size/quality that is received. This will maximise our capacity to re-use these boxes which would ordinarily would be recycled. Strategy identified and investigated in FY12 and to be launched in FY13.
2.	Communicate Myer's commitments externally, and seek further commitments from Myer's key packaging partners	Achieved: Second annual Sustainability Team Member Update released 2012 (FY12 update). Sustainability reporting included as part of Myer's annual reporting requirements (Annual Report FY12). Communication of Floor Ready Standards to suppliers in September 2012 (FY13)
3.	Exercise due diligence and vigilance throughout the action plan period to identify opportunities for continuous improvement in packaging, packaging design and related activities	Achieved. Examples included throughout report to demonstrate that new opportunities have been developed / investigated or implemented. A number of additional opportunities have been identified and investigated however implementation will carry over into FY13. These will be reported in the next APC annual report.
4.	Consider opportunities to integrate a review of APC sustainability into Quality Assurance factory audits	Achieved: This was investigated in FY12 however is not considered appropriate to include at this stage. Remains a consideration for the future.
5.	Extend APC/SPG principles and Myer's sustainability commitment into 'non own-brand' product packaging and in-transit (tertiary) packaging (whenever possible)	Achieved: Floor Ready Program as previously outlined has effectively run throughout FY12.

Describe any constraints or opportunities that affected performance under this KPI



**KPI 8: Reductions in packaging items in the litter stream.**

Please indicate your progress this year towards achieving your annual targets and milestones for KPI 8

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Look for opportunities to minimise the likelihood of consumer packaging/paper becoming litter. Specific consideration to be given to: <ul style="list-style-type: none"><li>- Consumer carry bags</li><li>- Receipts / dockets</li><li>- Brochures, catalogues</li></ul>	Achieved: Limitation - There were no new litter risks identified as a priority for action in FY12.

Describe any constraints or opportunities that affected performance under this KPI

Hanger Reuse and Recycle Program:

Myer continues to collect hangers for the purpose of re-use and recycling. By collecting these at the point-of-sale we aim to reduce the chance of these items being littered. Approximately 13 million hangers were collected in for the period between July 2011 and June 2012 representing 368 tonnes. We continue to monitor this program to ensure that the collection, recovery, sorting and re-use of hangers runs efficiently in all of our stores. Damaged hangers are reground and mixed with virgin materials to create new hangers.

Messages to Customers:

Myer includes relevant messages on packaging where appropriate. These messages encourage the customer to consider the environment prior to disposing of waste. Messages include 'please think of the environment and remember to recycle' or 'please separate packaging and re-use or recycle thoughtfully'

## Your Experiences

This section lets you share with us any achievements, good news stories and areas of difficulties in making progress against your plan and the Covenant goals and KPIs.

### Key achievements or good news stories

#### Reduction in use of Myer plastic bags:

Myer introduced a point of sale (POS) consolidation strategy during FY12. This strategy involved a reduction in the number of POS counters in Myer stores. The strategy aimed to improve customer service, reduce security related issues and improve efficiency. This project commenced roll out in August 2011 (FY12) with phase three completed by November 2012. Approximately 50% of Myer stores were included in this strategy with the remaining stores scheduled to follow suit at a later time. A benefit Myer has noticed as a result of this strategy is a reduction in the number of Myer plastic bags issued to customers. With less POS options in each Myer store, the customer is required to take items from different departments to one of the available POS counters. They then receive all items in the one bag. This contrasts to customer trends observed prior to POS consolidation strategy rollout. In the past a customer could purchase from several different POS counters and subsequently receive several Myer bags. We have reviewed our procurement data and it has revealed that Myer has purchased 1,555,000 fewer Myer plastic bags in FY12 compared to what was purchased in FY11. Further, we have reviewed five years of data and the quantity of bags purchased in FY12 represents the lowest recorded amount during this five year period.

#### Textile Recycling:

Myer recognises that used textiles have a huge impact on landfill. For this reason we have continued to partner with the 'Fitted for Work' organisation. 'Fitted for Work' supports disadvantaged women by providing recycled clothing to assist in obtaining employment and attending job interviews. In February 2012, Myer conducted a clothing donation drive at our Support Office to support this worthy cause.

Textile recycling also occurs in the merchandise areas of our business. The majority of our apparel samples are sold through sample sales, while the remainder of our samples are processed through our Central Return Centre (CRC). In FY12 we recycled 11,700 units of apparel and more than 600 pairs of shoes through the CRC.

#### Visual Merchandise initiatives:

With a number of store closures, new stores and refurbishments occurring at Myer during FY12, our Visual Merchandising team continued to innovate and look for new ways to reduce the impact of our operations on the environment. The team made a concerted effort to re-use fixtures, ticket stock and mannequins, relocating large numbers of fixtures from store closures in FY12.

In addition to reusing store fittings and fixtures, the VM team worked with our key mannequin supplier in FY12 to reduce the use of protective polystyrene packaging when shipping mannequins.

New mannequins now arrive packed with off-cut pieces of foam (waste created during the production of bra's). Once mannequins have been received, the majority of this foam is returned to the supplier to be reused to pack future mannequins.

Lastly, the VM team developed a new branding strategy in FY11 that has continued to operate successfully in FY12. Traditionally, brands were promoted by decals attached to pillars on the shop floor. When a brand relocated, a new decal and adhesives would be ordered. With the new system, branding is placed behind a Perspex shield and can be easily removed and reinserted at a different location.

### Areas of difficulties in making progress against your plan, Covenant goals or KPIs

Please note that Myer has changed from reporting the calendar year (last report) to reporting on the financial year (this report). This change was necessary given the majority of statistics maintained and analysed at Myer are aligned to the reported financial year. In addition, reporting on our sustainability efforts (internal Sustainability Team Member Update and Myer Annual Report) are as per the financial year.