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October 16, 2013

Australian Packaging Covenant
GPO Box 4216
Sydney NSW 2001

Att: Mr Stan Moore, Chief Executive Officer

Re: 2014 / 2016 Action Plan

Dear Sir,

John Danks & Son Pty Ltd (Danks) is pleased to submit its new Action Plan, which covers the 2014 / 2016 period.

Danks is committed to the principles of the Australian Packaging Covenant and to identifying opportunities to reduce the environmental impacts of the packaging used for the company's products.

Please feel free to contact the undersigned if you have questions about the information presented here.

Sincerely,

A handwritten signature in black ink, appearing to be 'John Danks & Son'.

John Danks & Son

Australian Packaging Covenant Action Plan 2014/2016



John Danks & Son
17 October 2013



Australian Packaging Covenant Action Plan 2014/2016

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Australian Packaging Covenant Action Plan 2014/2016

Executive Summary

John Danks & Son Pty Ltd (Danks) is a wholly-owned subsidiary of the Home Improvement joint venture between Woolworths Limited and Lowe's Companies Inc, acquired in 2009 as part of an integrated strategy to enter the home improvement sector.

Danks is a leading national hardware and garden distributor and retailer and is committed to providing a total business solution for customers via its three retail brands, Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres. Today, Danks operates under a hybrid business through the dual channels of company-owned stores and independent stores.

Danks became a signatory to the National Packaging Covenant in February 2006 and then became a signatory to the Australian Packaging Covenant in September 2010.

This Action Plan has been prepared to cover the period from July 2013 to June 2016 and to build on the Action Plans that have been implemented over the past 8 years.

The Plan documents Danks' current performance in the design and use of packaging for the company's own branded products (Category Advantage Brands – CABs) and in the management of packaging waste at the company's sites. The CABs are currently sold through the three retail brands, Home Timber & Hardware, Thrifty- Link Hardware and Plants Plus Garden Centres.

The Action Plan Summary Table outlines the actions that will be taken over the next two and a half years to meet the company's obligations as a signatory to the Covenant and ultimately, to assist the Covenant Council to achieve the goals that have been set for 2015.

Australian Packaging Covenant Action Plan 2014/2016

1 Introduction

This Action Plan covers the period from 1 July 2013 to 30 June 2016. It has been prepared by John Danks & Son (Danks) to meet the company's obligations as a signatory to the Australian Packaging Covenant.

The Action Plan presents the projects and strategies that will be progressed with the aim of improving the packaging that is used for the products that carry brands that are exclusive to Danks/Woolworths in Australia.

Danks is committed to making continual improvements to the design, material selection and labeling of packaging and the management of packaging waste and will provide an update on this Action Plan before the 31st of September each year.

2 Description of Business

Danks is a long-standing and respected Australian company with over 150 years of experience in the hardware market. In 2009, Woolworths and US home improvement retailer Lowe's acquired the Danks business as part of an integrated strategy to enter the home improvement sector.

Traditionally, Danks has always been a leading national distributor of hardware and garden products, servicing the buying and marketing needs of over 500 independently-owned and operated retail businesses through the Home Timber and Hardware, Thrifty-Link Hardware and Plants Plus Garden Centre retail brands and a further 1,500 independent non-branded stores. With a successful track record in evolving its business and brands in pursuit of growth, today the business operates under a hybrid business model, and owns and operates a growing network of retail and trade sites across Victoria, South Australia, NSW, ACT and Queensland. To date there are 27 company-owned sites. The Danks national support office is located in Braeside, Victoria, with regional offices in each state.

Danks mission is to provide products and services to assist its retail partners to thrive and prosper in an ever-changing marketplace. Its independent group member stores benefit from a comprehensive national advertising and promotional program, store development and merchandising, an extensive range of exclusive product brands, electronic retail POS systems and support, and more than 25,000 products warehoused in Danks' national distribution centres and stock from over 600 different suppliers delivered directly to stores that service the buying needs of retailers nationally.

Danks is a signatory to Australian Packaging Covenant because it owns brands and holds exclusive licenses for a wide range of consumer products that are sold in Australia through the network of stores. Details of the three main retail chains are presented in Section 2.1

2.1 Retail Network



Home Timber & Hardware is the premier national brand of the Danks group. With a network fast approaching 300 stores nationally – a combination of independently-owned and company-owned stores – there are stores located in every state.

The group consists traditionally of medium to large businesses, with a broad mix of timber, building materials, hardware and greenlife offers.

For Home, it's all about servicing the needs of its core customer groups – Tradies and Serious DIYers – with quality products, help and service from the staff at Home, many of whom have come from a trades background.

Our advice, expertise and customer service are our key strengths, and a huge point of difference in the market. That's why our brand strategy revolves around the promise of 'Go Where The Tradies Go'.



Thrifty-Link Hardware is your local convenience hardware store. Most stores are small format DIY businesses with a focus on providing expert, easy-to-understand advice on a range of traditional hardware products and services.

Every Thrifty-Link store is individually owned and operated by local members of your community with a commitment to satisfying the demands of local customers, backed up by its 'Nothing's Too Hard' brand promise.



As the largest specialist garden centre group in the country, Plants Plus Garden Centres offer the advice, inspiration, products and service to satisfy every gardener's needs.

The group are all independently-owned by people who understand that cultivating the perfect look for your garden isn't just about plants. They offer their customers a total gardening solution.

At Plants Plus, you'll discover friendly staff that can provide easy solutions with expert advice and inspiring ideas. Whether you garden in pots, beds or acres, Plants Plus Garden Centres have the plants or seedlings you desire, the gardening gear you need and all the right advice to help your garden flourish.

There are over 70 garden centres waiting to help you to achieve something special. Plants Plus – We Know Gardens

3 Danks Products

Table 1 presents a list of the consumer brands that are either owned by Danks or have been directly imported by Danks for sale in Australia.

These products include about 2,000 SKUs (Stock Keeping Units) that are handled by the business, such as power tools, gardening tools, barbecues, paint and outdoor furniture. There are a further 35,000 SKUs handled by the business and sold through the stores but these are not covered by this Action Plan given that the brands are owned by other entities.

Table 2 presents a summary of the control that Danks holds over each of the major brands.

Table 1
Category Advantage Brands (CABs) in Australia



Table 2
Scope of Control

Description	Scope of Control
Generic - Non branded	Non-branded products. Fully controlled by Danks.
Goanna Gear	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Handi	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Home	Danks owned brand. Fully controlled by Danks.
My Place	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Olsent	Danks owned brand. Ranged by other Woolworth's Group stores. Limited control.
Plants Plus	Danks owned brand. Fully controlled by Danks.
Plumbworx	Danks owned brand. Ranged by other Woolworth's Group stores. Limited control
Red Centre	Danks owned brand. Ranged by other Woolworth's Group stores. Limited control
Rockworth	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Sirdar	Danks owned brand. Ranged by other Woolworth's Group stores. Limited control
Tekraft	Danks owned brand. Ranged by other Woolworth's Group stores. Limited control
Thrifty-Link	Danks owned brand. Fully controlled by Danks.
Xceed	Supplier owned brand created exclusively for Danks. Limited control.
Profile Kitchens	Serviced by Hafele. Relationship managed by Danks with Hafele. Brand owned by Hafele.
Principal Kitchens	Serviced by Hafele. Relationship managed by Danks with Hafele. Brand owned by Hafele.
Del Terra	Danks owned brand. Ranged by other Woolworth's Group stores. Limited control
Earthcore	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Mirage	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Illusions	Danks owned brand. Products may be sourced by Danks or Woolworths Limited buying teams. Limited control.
Endura Trade	Supplier owned brand created exclusively for Danks. Limited control.

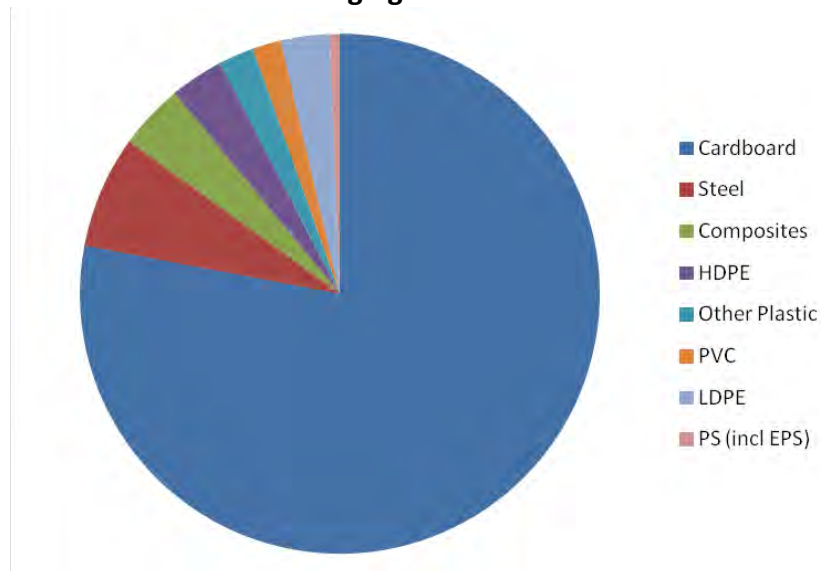
4 Current Packaging Performance

4.1 Packaging Types & Weights

Prior to 2010, Danks conducted an assessment of the packaging materials that were used for the Category Advantage Brands to determine the amount and type of packaging that entered the market. It is estimated that about 1,000 tonnes of packaging is used for the CABs each year.

As presented in Figure 1, the packaging used for the containment of the CABs consists mainly of recyclable materials including cardboard and steel. The steel is primarily used for the paint products and the remaining packaging consists of a variety of plastics and composites, which make up a small proportion of the overall packaging mix.

Figure 1
Packaging Mix for CABs



4.2 Work completed to date

In developing this new Action Plan a review of the previous work completed by Danks has been reviewed to learn what approaches have worked well in the past and what processes could be improved.

4.2.1 Review of Top 20 Tekraft Products

In 2010, a review of the top 20 Tekraft products was conducted with reference to the Sustainable Packaging Guidelines. This review identified the recycled content of the packaging materials used for these products and determined changes that could be made to individual SKUs. However, given that many of these products were part of a category family, changes could not be made on an individual product without affecting the look of the overall family.

As a result of this learning, this Action Plan will be built around the assessment of product families. The product families will be selected based on both the type of packaging and on the category family so that when changes are implemented they will be done with due consideration of the other products in the category family.

4.2.2 Packaging Checklist

A Packaging Checklist has been developed by Danks with reference to the Sustainable Packaging Guidelines. The Checklist has been used for the assessment of new and existing CABs since the start of 2011.

5 Packaging Waste Management

In the 2013 year, approximately 88% of packaging waste generated at the distribution centres and corporate offices was sent to recycling facilities, which is higher than previous years. This increased diversion rate has been achieved given that additional plastic film and cardboard is being received with product imports and all of this material is recovered for recycling.

6 Acknowledgement

Danks acknowledges the support provided by GreenChip in facilitating the preparation of this Action Plan.

7 Covenant Contact

Danks welcomes feedback on this Action Plan from its customers, suppliers and the general public. Questions or comments can be directed to the Danks Covenant Coordinator:

Neena Tulaskar
Brand Specialist – Category Advantage Brands
414 Lower Dandenong Rd
Braeside VIC 3195
Tel: (03) 9264 5093
Email: NTulaskar@danks.com.au

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Table 3 follows and completes this Action Plan

Table 3
Danks Action Plan Summary Table 2014-2016

APC Goals	KPI	APC 2015 Target	2013 Baseline	2014 Target	2015 Target	2016 Target
1. Design – optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety	KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging	70% of Covenant signatories with documented policies and procedures for evaluating and procuring packaging using the SPG or equivalent	A review of the top 20 Tekraft range has been completed.	Q2. Conduct a review of the 2013 year to assess the effectiveness of the packaging checklist in identifying and delivering environmental and cost savings and update as required (Marketing). Q3. Sort all CABs into product families to streamline the packaging assessment program	Q1. Use the Packaging Recyclability Evaluation Portal (PREP) launched by the APC to assess the recyclability of packaging	Q1. Include the Mobius loop on new recyclable packaging in accordance with the PREP classifications
		Assessing 100% of new packaging against the SPG	New packaging currently being reviewed against the packaging checklist.	Q2. Use SPG Checklist for 50% of new packaging designs (Marketing & Merchandise)	Q1. Use SPG Checklist for 75% of new packaging designs (Marketing & Merchandise)	Q1. Use SPG Checklist for 100% of new packaging designs (Marketing & Merchandise)
		Assessing 50% of existing packaging against the SPG	10% of existing packaging has been reviewed against the packaging checklist.	Q2. 20% of CABs to be assessed using SPG Checklist (Marketing & Merchandise)	Q2. 35% of CABs to be assessed using SPG Checklist (Marketing & Merchandise)	Q2. 50% of CABs to be assessed using SPG Checklist (Marketing & Merchandise)
2. Recycling – the efficient collection and recycling of packaging	KPI 3 Proportion of signatories with on-site recovery systems for recycling packaging	Continuous improvement in the recycling rate	Currently recycle 88% of packaging waste generated at the distribution centres	Q2. Conduct a recycling audit to determine the opportunities for further recycling of packaging and implement findings after completion of business case.	Q4. Increase the packaging landfill diversion rate to 89%.	Q4. Increase the packaging landfill diversion rate to 90%.
	KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging	All Covenant signatories will have a formal, documented policy of buying recycled products or materials	No policy exists to promote the increased usage of recycled content in packaging	Q2. Review examples of other companies that have implemented policies to introduce greater recycled content in packaging and other items (e.g. office stationery) to confirm the business case.	Q2. Review recycled content in 2 product lines and determine what feasible changes could be made. (Marketing, Merch & Supply Chain).	Q2. Increase the level of recycled content in 2 product lines

Table 3 (Continued)
Danks Action Plan Summary Table 2014-2016

APC Goals	KPI	APC 2015 Target	2013 Baseline	2014 Target	2015 Target	2016 Target
3. Product stewardship – a demonstrated commitment to product stewardship by the supply chain and other signatories	KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging	70% of Covenant signatories are implementing formal policies and procedures in working with others to improve design, procurement and recovery of packaging	Packaging checklist has been provided to all of the major suppliers to provide guidance in the design of packaging for the CABs	Q2. Consult major suppliers to determine whether the packaging checklist has been used to drive improvements in packaging design.	Q1. Provide awards and/or recognition to suppliers that assist Danks to reduce the environmental impacts of its packaging. (Marketing, Merchandise & Supply Chain).	Q4. Establish an online portal for suppliers to complete the packaging checklist for new products
	KPI 7 Proportion of signatories demonstrating other product stewardship outcomes			Q2. Recycling audit to include the assessment of other materials including e-waste and office paper	Q1. Review the environmental credentials of the paper used for the store brochures and prepare report on the options for environmental certified paper	Q1. Develop high level guidelines for any new buildings that are owned or leased by the company to encourage a achievement of a high star rating under the Green Building Council of Australia www.gbca.org.au
	KPI 8 Reduction in the number of packaging items in the litter stream	Continuous reduction in the number of packaging items in litter	The Danks Category Advantage Brands are not considered to pose a litter risk.	Q4. Maintain a clean area for smokers so that no butts become airborne litter or enter the stormwater system.	Q4. Maintain a clean area for smokers so that no butts become airborne litter or enter the stormwater system.	Q4. Maintain a clean area for smokers so that no butts become airborne litter or enter the stormwater system.