



Australian Packaging Covenant

Action Plan for Caltex Australia

**Caltex Australia 5 Year APC Action Plan
(Jan 2011 - Dec 2015) Revised to July 2017**

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1. Introduction

1.1 General

Caltex Australia Limited (Caltex) is a signatory to the Australian Packaging Covenant (APC). In accordance with the APC this Action Plan has been prepared and is for a period of five (5) years, beginning January 2011 ending December 2015.

Under definitions outlined within the APC, Caltex is defined as a Brand Owner for both its lines of fuel, oil, lubricant products and Caltex branded bread and milk. Caltex is also a part of the Packaging Supply Chain (as Caltex both is a Brand Owner and a retailer of consumer products).

Caltex is an active member of the Australian Institute of Petroleum (AIP), and on this basis also contributes to the reporting under the AIP Action Plan for the APC.

Caltex aims to develop economically viable and sustainable actions, internal guidelines and policies which will result in benefits to the environment due to minimising waste generated throughout the packaging life cycle.

1.2 Caltex Environment Policy

The Caltex Environment Policy states Caltex's vision and goal in regards to the environment as follows:

"Caltex aims to operate in such a way as to minimise adverse impacts on the environment and communities in which it operates."

In order to achieve these goals, Caltex has committed to:

- integrate environmental protection into business strategy and planning;
- reduce our environmental impact;
- maintain systems in order to identify and manage risks to the environment and community;
- measure environmental impact performance;
- document and report environmental performance;
- allocate resources to effectively manage Caltex's environmental impacts;
- comply with environmental legislation;
- audit environmental systems regularly; and
- communicate environmental protection priorities.

1.3 Caltex Covenant Contact Officer

For further information regarding to Caltex and its commitments under the APC – including this Action Plan – please contact:

Manager - Operational Excellence Marketing, Supply and Distribution
Caltex Australia Petroleum Pty Ltd

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2. Nature of Organisation

2.1 General

Caltex is Australia's largest refiner and marketer of petroleum products with an estimated 30% market share. Caltex has operations across all Australian states and territories and is the only such company that is listed on the Australian Securities Exchange.

Additionally, Caltex Australia operates one of the largest convenience retail and fuel networks in Australia with both franchised and company sites operating mostly under the Caltex Star Mart brand. Caltex is also one of Australia's biggest franchisors, with more than 550 of our sites operated by independent franchisees. Caltex

2.2 Structure

2.2.1 Retail Network

The Caltex retail network is one of the largest oil company retail lines in Australia and sell Caltex branded fuel products at over 1,100 locations under both the Caltex and Ampol brands. This also includes sites operated by Woolworths, where Caltex is the fuel supplier only. The Caltex retail network consists of:

- 94 Caltex operated retail sites (through the Calstores subsidiary); and
- 550 Caltex franchises (mostly single site franchisees but with some multi-site operations).

2.2.2 Independent Re-Seller Operations

In addition to the retail network, Caltex also sells Caltex and Ampol branded fuel products to close to 900 independent re-sellers nationally, as well as commercial clients (i.e. farmers and small transport companies).

3. Retail Packaging

3.1 General

The sale of Caltex branded products can be broadly separated into fuel, oils and lubricants, and other specialty products. In addition Caltex sells packaged goods (other than Caltex branded products) through their Calstores operated service stations.

3.2 Fuels

Caltex fuel products generally do not use any packaging through the entire supply chain. Packaging relating to the sale of fuel is no longer used, from refining of crude oil through to delivery of products to the consumer via the following typical procedures:

- Upon completion of the refining process, fuel is typically transported by pipeline or tanker to a storage terminal;
- Once at a storage terminal, fuel is stored within permanent infrastructure (i.e. above and/or below ground storage tanks) until it is transferred to tankers for delivery to service stations or commercial clients;
- Upon delivery to a service station or commercial client, fuel is typically stored within permanent above and/or below ground storage tanks of various sizes; and
- Upon a retail sale to a consumer, fuel is typically directly transferred from storage into a waiting vehicle:
 - Where fuel is decanted into a container, these containers are typically metal or plastic containers manufactured to specific Australian Standards (or equivalent) and are generally kept by the consumer for reuse.

3.3 Oils and Lubricants (Caltex Lines)

Packaging of Caltex brand lines is associated primarily with the range of lubricating oils and other automotive and industrial and domestic fluid products, including:

- automotive oils (i.e. passenger car engine oils, diesel engine oils, gas engine oils, automotive gear oils and heavy duty gear oils);
- coolants;
- detergents and degreasers;
- domestic products (i.e. heating oil, kerosene and propane);
- grease;
- hydraulic oils;
- industrial oils;
- marine engine oils;
- metal working oils;
- railroad diesel engine oils;
- speciality products (i.e. anti-wet and penetrating fluid, chain and bar oil, mould oils and transformer oil); and
- two and four stroke engine oils.

Caltex complies with the APC Action Plan prepared by the Australian Institute of Petroleum (AIP). The AIP will submit a five (5) year APC Action Plan for the period of Jan 2011-Dec 2015. This Action Plan will be submitted by AIP on behalf of Caltex and four other major petroleum companies for the period in regard to lubricant oil bottles up to 10L capacity, used for the packaging of lubricating oil products for the retail and light commercial markets.

The previous AIP Action Plan (prepared under the NPC - National Packaging Covenant) notes: *The major users (of lubricating oil in Australia) are industrial and mining companies, primary producers, transport companies and the automotive industry. These commercial users account for about 85-90 per cent of sales of lubricating oil. These sales are almost entirely made in bulk, or in steel drums, directly from the lubricating oil companies or their distributors.*

The balance of sales, approximately 70 ML/year, is made in packaged form, predominately to light commercial industry, motorists and home DIY oil changers. This retail sales channel gives rise to a waste stream, comprised of used oil and used oil packaging – i.e. plastic oil bottles.

Caltex supports the AIP in undertaking the goals and associated actions outlined in their previous NPC Action Plan, and soon to be submitted APC Action Plan. As such, Caltex does not seek to replicate the work outlined within the AIP Action Plan, but will continue to work through AIP to optimise lubricating oil packaging, involving container recovery and recycling.

3.4 Spray Oils (Caltex Lines)

Caltex branded spray oils (known as Precision Spray Oils™) are packaged in four sizes; 1000L, 205L, 20L and 5L. Caltex Precision Spray Oils packaged in 205L, 20L and 5L sizes are now proud participants in the Agsafe *drumMUSTER*® program.

A levy of 4 cents per litre has been applied to participants in the program. This product stewardship scheme means that customers are able to access the recycling program that *drumMUSTER*® provides. Containers are then eligible for collection under the Industry Waste Reduction Scheme.

There is no *drumMUSTER*® charge on the 1000L container as it is either reusable or returnable by customers. *drumMUSTER*® charges only apply for non-reuseable containers that require proper disposal methods handled by *drumMUSTER*®.

3.5 Bread and Milk (Caltex Lines)

Caltex branded bread and milk carry the StarMart brand. Milk is packaged in one size only, a 2 litre plastic milk bottle. Contents are supplied to Caltex by a third party who is also a signatory of the APC. Bread is supplied to Caltex also by a third party, however the plastic packaging is manufactured by another party.

3.6 Packaging (Non-Caltex Lines)

Caltex retail outlets (such as Star Mart, Star Shop and Caltex Woolworths co-branded outlets) offer a range of goods which include (but not necessarily inclusive of or limited to):

- automotive supplies (other than oils etc);
- cold drinks;
- fresh bread and pastries;
- groceries and personal care items;
- magazines;
- snacks and convenience foods;
- StarCash gift cards; and
- telecommunications items (i.e. prepaid phone credit etc).

Over half of the main suppliers to the Caltex retail network (Calstores) are current APC signatories. It is noted that this assessment of the status of APC membership has been compiled utilising the information available on the APC website.

Pre and post-consumer packaging waste from the products provided by the suppliers listed in Table 1 are likely to include (but not necessarily limited to):

- Paper and cardboard;
- Plastics (various);
- Wood (predominantly tertiary packaging eg wooden pallets);
- Glass (bottles);
- Food wastes; and
- Metals (various but expected to be predominately aluminium drink cans and steel roll cages as tertiary packaging for deliveries).

4. Retail Packaging Waste

4.1 Waste Generation

4.1.1 Retail Packaging Waste Generation

Packaging waste is likely to represent the primary waste type generated by retail sites and is likely to be predominately produced during:

- product delivery and shelf stocking - waste include primary, secondary and tertiary packaging, and
- operations – waste predominately consist of primary packaging, although some secondary packaging (i.e. disposable plastic carry bags) wastes are generated:
 - this includes the sale of packaged stock items to customers who then consume/use the product and dispose of any packaging on the retail site.

The generation of retail packaging waste is mitigated, to a degree, by both Caltex initiatives and during product delivery to any given retail outlet. For example:

- In an effort to reduce packaging waste from disposable plastic carry bags, and in support of the Clean Up Australia 'Say No to Plastic Bags' initiative, Caltex offers its customers at point of sale a choice to use a plastic bag or not;
- Caltex is currently considering a national approach to using biodegradable plastic bags across all Calstores for secondary packaging of consumer purchases; and
- as part of general stock delivery operations, some suppliers reduce the primary and some secondary packaging wastes generated on Caltex retail sites by:
 - utilising reusable and/or recyclable secondary and tertiary packaging (i.e. milk crates, bread trays and pallets) and collecting any of these types of packaging which have been stockpiled from previous deliveries; and
 - the collection of stock items that are past or near the expiry date (i.e. milk, bread, some snack food suppliers).

4.2 Waste Disposal

Waste disposal is managed by Caltex for the Caltex operated retail sites (Calstores), whereas each franchisee owner manages waste disposal for their individual site/s.

Waste is normally disposed of on-site through a number of bins located on the forecourt area (typically between fuel bowsers and beside entry/exit doors) and receptacles located at various locations throughout the shop area (within the actual shop, behind the service counter, in administration areas and bathroom areas etc).

From these individual receptacles, waste is emptied daily into larger skip bins to await collection by a waste collection contractor. Presently, Caltex contracts waste removal to SITA Environmental Solutions, a current signatory of the APC. Waste collection typically occurs twice weekly at Caltex operated retail sites.

It should be noted that cardboard recycling skips are generally located on each site, for the recycling of paper and cardboard packaging waste produced during product delivery and self stocking. Collection of recyclable paper and cardboard typically occurs once weekly.

5. APC Action Plan

5.1 General

5.1.1 APC Environmental Performance Goals

The APC's clearly stated objective is to minimise the overall environmental impacts of packaging. In order to achieve this, the APC has established three performance goals:

- Goal 1 **Design**: Optimise packaging to use resources efficiently and reduce environmental impact without compromising product quality and safety.

Caltex supports the principle of optimisation of packaging to make efficient use of resources and reduce environmental impact without compromising product safety and quality. Under this Action Plan Caltex will review suppliers of Caltex branded products for the retail network (Calstores), with a focus on implementation of the Sustainable Packaging Guidelines.

- Goal 2 **Recycling**: Efficiently collect and recycle packaging.

Caltex supports the principle of efficient collection and recycling of packaging. Caltex currently implements recycling initiatives across the retail network (Calstores), and these recycling and waste management processes will continue. Under this Action Plan, Caltex will review existing recovery systems, and procurement policy as part of an ongoing process of continual improvement.

- Goal 3 **Product Stewardship**: Demonstrate commitment by all signatories.

Caltex supports the principle of product stewardship and accepts that all members of the packaging supply chain share responsibility for adverse environmental impacts of packaging associated with their activities. Under this Action Plan Caltex will continue its ongoing liaison with Caltex branded product suppliers focusing on design and Sustainable Packaging Guidelines. Caltex will move towards mandating the use of biodegradable bags across the retail network (Calstores) for secondary packaging of consumer purchases. Caltex will continue to participate in the Agsafe *drumMUSTER*® program.

5.1.2 APC Key Performance Indicators

The APC has outlined an appropriate Key Performance Indicator(s) (KPIs) against each goal. Of the eight KPIs outlined within the APC documentation as follows:

- KPI #1 (Goal 1): Proportion of signatories in the supply chain implementing the Sustainable Packaging Guidelines for design or procurement of packaging;
- KPI #2 (Goal 2): National recycling rate for packaging;
- KPI #3 (Goal 2): Proportion of signatories with on-site recovery systems for recycling used packaging;
- KPI #4 (Goal 2): Proportion of signatories with a policy to buy products made from recycled packaging;
- KPI #5 (Goal 2): Additional tonnes of material reprocessed in primary and secondary markets as a result of Covenant funded projects;
- KPI #6 (Goal 3): Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging;
- KPI #7 (Goal 3): Proportion of signatories demonstrating other product stewardship outcomes; and
- KPI #8 (Goal 3): Reduction in the number of packaging items in the litter stream.

Each KPI has associated reporting requirements relating to the APC Annual Report that is to be submitted annually by 31 October.

5.2 Summary of Intent for Actions in Year 1

The full Caltex APC Action Plan for the period January 2011 – December 2015 is presented in Table T1, within the Tables section of this document.

In summary, the first year of the Action Plan is intended to be a period of data collection and review of existing waste recovery systems, procurement policy, and liaison with and encouragement of all Caltex branded product suppliers to become signatories of the Australian Packaging Covenant, to establish baselines into the position of Caltex in relation to generation and management of packaging wastes, and to begin to identify specific actions to address areas where improved management of packaging wastes is required. This may also include the establishment of changes (if any) to operations and/or procedures that may be required to ensure compliance against the APC Goals and KPIs.

5.3 Summary of Intent for Actions in Years 2 to 5 (inclusive)

The full Caltex APC Action Plan for the period January 2011 – December 2015 is presented in Table T1, within the Tables section of this document.

In summary, all subsequent years (i.e. second to fifth, inclusive) of the Action Plan are intended to implement any programs and/or changes to procedure that have been identified during Year 1 and to monitor and evaluate progress against the Action Plan, with the aim of continuous improvement.

In addition, Year 5 is also intended to be a period where Caltex undertakes its own review in regard to the generation and management of packaging wastes (as compared to its position as established at the end of Year 1). This information should be utilised in the generation of the

next Action Plan and should also be used to identify any uncompleted actions to be prioritised for implementation and/or inclusion in the next Action Plan (if required).

Update - July 2016

In May of 2016 the APC requested a review and update of our Action Plan to include new or extended targets/activities through to at least the 30th June 2017 in order to:

- allow for ease of reporting in March 2017;
- ensure continued momentum of current initiatives;
- provide an opportunity to remove any targets/actions that are no longer appropriate and;
- allow the chance to develop some fresh targets to work on over the next year.

Our Action plan has previously had a focus on Calstores (Caltex owned and operated service stations) and Caltex branded food products. Along with our current initiatives we will look to include infrastructure operations by commencing review of opportunities for recycling within our larger sites across Caltex – Terminals and offices. Table T1 has been revised to include this action under Goal 2 – Recycling.

Tables

Table T1: Caltex Action Plan (January 2011 to December 2015) – Revised to July 2017

Goal & relevant KPI	Action	Proposed Timeframe / Target
Goal 1 – Design KPI # 1	KPI #1 <ul style="list-style-type: none"> Percentage (%) of suppliers of Caltex branded products who are signatories to the Australian Packaging Covenant Percentage (%) of suppliers of Caltex branded products who comply with the Sustainable Packaging Guidelines 	100% by Dec 2012 100% by Dec 2013
Goal 2 - Recycling KPI's # 2, 3, 4 & 5	KPI #2, 3, 5 <ul style="list-style-type: none"> Discussions with waste management contractor Review of existing waste management contracts Review and report waste management data for Calstores Conduct waste audit (Calstores) Review onsite recovery systems to better suit type(s) of waste generated (within site limits) Modification of onsite recovery systems where necessary/appropriate and cost effective Increase the percentage (%) of Calstores that have onsite waste recovery systems Review of opportunities for recycling within our infrastructure operations (larger sites across Caltex – Terminals and offices) KPI #4 <ul style="list-style-type: none"> Review existing Caltex Procurement Policy Prepare modified policy to incorporate Sustainable Packaging	Dec 2011 Dec 2012 Annually June 2012 Dec 2012 Dec 2014 Incorporate into network planning by Dec 2013 July 2017 Dec 2011 Dec 2012
Goal 3 – Product Stewardship KPI's # 6, 7 & 8	KPI #6 <ul style="list-style-type: none"> Design review of Caltex Branded products Liaise with Caltex branded product suppliers to ensure SPG's are followed KPI #7 <ul style="list-style-type: none"> Mandating use of biodegradable bags across all Calstores for secondary packaging of consumer purchases Continue participation in the Agsafe drumMUSTER® program KPI #8 <ul style="list-style-type: none"> Ensure 100% of Calstores have litter bins 	Existing products- by Dec 2012; New products- prior to introduction Embed in procurement process Dec 2012 Annually Dec 2012