



HARVEY NORMAN HOLDINGS LIMITED

ACTION PLAN

July 2010 to June 2015

Revised Document - March 2012



Australian Packaging Covenant

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Harvey Norman Holdings Limited (Harvey Norman) incorporates environmental sustainability considerations into its operations in order to reduce the environmental impact of its operations in the best interests of its shareholders, staff, franchisees, suppliers and the community, while meeting its regulatory obligations.

This update to our Australian Packaging Covenant Action Plan allows us to retain the momentum we have set in recent years as a member of the covenant and to take a responsible and informed approach to identify, measure and monitor our initiatives to help us to continue to reduce the impact that packaging has on the environment and to manage our operations in an environmentally sustainable manner.

As we continue to provide educational tools and communication to our staff and franchisees about our sustainability initiatives, we anticipate that we will see a continuous improvement in the culture and sustainable choices made by staff and franchisees.

Harvey Norman is pleased to submit its Australian Packaging Covenant Action Plan for 2010 to 2015. We look forward to achieving the goals we have set for ourselves in this Action Plan and continuing to identify new and innovative ways to reduce waste throughout our operations.



K. L. Page
Chief Executive Officer
Harvey Norman Holdings Limited

EXECUTIVE SUMMARY

This Action Plan is the second for Harvey Norman, and further outlines our commitment to the Australian Packaging Covenant. It considers progress against Harvey Norman's Action Plan first submitted in January 2007 that covered the period from 2007 to 2010 and looks for improvements in the July 2010 to June 2015 timeframe.

As Harvey Norman and franchisees have limited ability to influence the design, manufacture or packaging of products sold by franchisees or company owned stores, Harvey Norman has taken a product stewardship approach to waste. This approach simply means sharing responsibility for packaging over a products lifecycle from design to disposal. With this approach, Harvey Norman agrees to take a shared responsibility in managing the impact that packaging and paper waste has through its lifecycle, including its disposal at end of life.

Harvey Norman's achievements from 2007 to 2010 include:

- The successful introduction of waste collection contractors and paper and cardboard recycling to all Harvey Norman, Domayne and Joyce Mayne franchised stores.
- An overall reduction in the amount of plastic bags distributed by franchised stores.
- The formation of a Sustainability Committee.
- The widespread use of Planet Ark recycling bins across Harvey Norman franchised stores as well as at the Harvey Norman corporate office.

The Sustainability Committee provides guidance and recommendations to Harvey Norman and franchisees to promote cultural change across offices, stores and warehouses, by encouraging them to operate their businesses sustainably by making more environmentally and sustainable considered choices, consistent with evolving community and stakeholder expectations. The Committee is also actively involved in supporting Harvey Norman's waste and energy reduction initiatives as well as providing information and opportunities to assist with the overall reduction of packaging waste, paper and energy.

Overall, Harvey Norman has achieved consistent results in its recycling rates and reduction of waste to landfill since becoming a National Packaging Covenant signatory. Harvey Norman will continue to encourage franchisees and staff to improve waste minimisation strategies, recycling practices and staff awareness.

From July 2010 through to June 2015, Harvey Norman aims to:

- Exceed industry standards in terms of reduction, reuse and recycling.
- Ensure continual growth in terms of recycled packaging.
- Introduce a culture of change which will see staff become more environmentally aware and that have the ability to make more sustainably considered choices.

COMPANY PROFILE

Harvey Norman Holdings Limited is an ASX listed company with its principle activities that of an integrated franchisor, retail and property entity.

The below diagram displays the geographic spread of Harvey Norman, Domayne and Joyce Mayne franchised stores as at 30 June 2010.



Harvey Norman, Norman Ross and Domayne are also represented overseas by company owned stores located in New Zealand, Northern Ireland, Singapore, Malaysia or Slovenia.

There are approximately 700 franchisees located throughout 214 franchised complexes in Australia with retail offerings including furniture, bedding, home wares, electrical, computers & communications, carpet & flooring, bathrooms and home improvements. These franchisees are independent business operators that have been granted a franchise by a subsidiary of Harvey Norman to trade as a Harvey Norman, Domayne or Joyce Mayne franchised store.

The table below describes the national spread of each brand as at March 2012.

State	Harvey Norman Franchise	Domayne Franchise	Joyce Mayne Franchise	Total
NSW	58	11	7	76
QLD	40	2	8	50
VIC	42	2	0	44
WA	25	0	0	25
SA	9	0	0	9
ACT	1	1	0	2
NT	2	0	0	2
TAS	6	0	0	6
TOTAL	183	16	15	214

PURPOSE OF THIS DOCUMENT

This document is Harvey Norman's Action Plan for 2010 to 2015.

This Action Plan follows on from Harvey Norman's earlier Action Plan of 2007 to 2010.

This Action Plan sets out the actions that Harvey Norman proposes to undertake and complete, as well as the targets it wishes to achieve over the coming five year period, in order to demonstrate continuous improvement in the packaging of retail products distributed by company owned and franchised stores.

PERIOD OF THE ACTION PLAN

This Action Plan will cover the period from 1 July 2010 to 30 June 2015. Harvey Norman will report its progress in an Annual Report each year.

OUR CONTACT OFFICER

Chris Mentis, Director and Chief Financial Officer of Harvey Norman, has overall executive responsibility for all matters relating to the Australian Packaging Covenant, including ensuring that the required resources are available to meet the covenant commitments. Chris Mentis may be contacted as per below:

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PACKAGING IN THE HARVEY NORMAN SUPPLY CHAIN

The following are the three main sources of packaging in the Harvey Norman supply chain:

1. A products own packaging.
2. A suppliers packaging used to deliver product to stores.
3. Packaging supplied by stores to customers to transport product/s or to deliver products to customers via carrier or post.

The majority of products sold include all 3 packaging types.

As Harvey Norman and franchisees do not manufacture or distribute any product into stores, Harvey Norman and franchisees are constrained by their ability to influence packaging decisions made by their supply chain partners, and the scope for reducing packaging waste is therefore limited.

Therefore, our Action Plan continues to focus its main priorities on a 'Reduce, Reuse, Recycle' program that prioritises the reduction of packaging waste generated by Harvey Norman, franchisees and stores. These priorities will continue to focus on the availability of recycling facilities as well as the contracts in place with waste consultants and contractors.

In addition, 2011 marks the start of our commitment to assess and evaluate our supplier's efforts to reduce and recycle packaging used in a product's own packaging and in its delivery into stores.

CURRENT INITIATIVES IN HARVEY NORMAN SUPPLY CHAIN

Product	Initiative	Description
Cardboard	Recycle	Franchisees are encouraged to recycle cardboard used in delivering product into store. Cardboard is separated at the store to be collected for recycling.
	Reuse	Cardboard document storage products are reused.
Paper	Reduce	Staff in office areas are encouraged to reduce paper use. Most departments have access to duplex printers, and new printer purchases are now sourced with duplex capability.
	Recycle	Paper waste is separated from other waste products and collected for recycling. Under desk recycling bins are located in offices at each workstation and secure document destruction bins are located in photocopy rooms.
	Reuse	Inter company mail is delivered in paper envelopes. The envelopes are reused for all inter office communications.
Plastic Bags	Reduce	Cashiers are trained to ask the customer if they require a bag with their purchase. There is a selection of three bag sizes. The bags use up to 50% recycled content and are degradable. Degradation of the bag is triggered by any combination of light, heat, mechanical stress and air. All franchised stores offer reusable woven cotton bags.
	Recycle	Where possible, printer ink and toner cartridges for office equipment are recycled. Planet Ark recycling bins are located in the Harvey Norman corporate office and in a majority of Harvey Norman stores.
Wooden Pallets	Reuse	Pallets are collected by the supplier and reused in the system.
White Goods	Recycle	Certain stores collect unwanted whitegoods from the customer for reuse and recycle.
Expanded Polystyrene & Plastic	Recycle	Polystyrene and plastic is collected by a third party. The polystyrene is recycled in some States to be used in diesel fuel manufacture or melted to be used as a poly resin for picture frames. Plastic packaging is separated from general waste and recycled.
Mattresses	Recycle	Third parties collect, strip and recycle materials from discarded mattresses. Customer mattresses being discarded would otherwise end up as landfill.
Plastic, Glass & Aluminium	Recycle	All corporate office waste of consumable plastic, glass and aluminium is removed from site and recycled.

COVENANT PERFORMANCE GOALS AND KPI'S

Goal 1 – Optimise packaging to achieve resource efficiency and reduce environmental impact.				
Item	Action	Baseline Data	Target or performance goal	Timeline
KPI 1 – Implementation of SPG's for design or procurement of packaging				
1	Create a data base of current suppliers which have a Sustainability Policy in place. Evaluate which are signatories to the APC.	New initiative.	Generate database, verify Covenant signatories and record.	By 31 December, 2012.
2	Read and review Signatories Action Plans and Annual Reports in regards to compliance and/ or commitment to efficient processes and environmentally responsible packaging.	New initiative.	Mark suppliers as committed and/ or compliant within above database.	By 31 June, 2013.
3	Group remaining and new suppliers by key stock categories (furniture, bedding, bathroom and tiles, computers, electrical and flooring) and review their commitment to environmentally responsible packaging. Priority for review will be given to those suppliers with whom Harvey Norman has the highest dollar spend per annum with a focus on the types materials contained within the packaging distributed (e.g. bubble wrap, polystyrene).	New initiative.	Review 100% of all new suppliers. Review enough suppliers to cover 50% of our SKUs', grouping them by stock category.	By 31 June 2015.

Goal 2: The efficient collection and recycling of packaging				
Item	Action	Baseline Data	Target or performance goal	Timeline
KPI 3 – On-site recovery systems for recycling used packaging				
1	Introduce battery, plastic, glass and aluminium recycling service at Harvey Norman corporate office.	New initiative.	Introduce service. Report and review recycled rates quarterly.	By March 2011. From July 2011.
2	To increase waste diverted from landfill by continuing to implement current recycling initiatives.	22.31% diverted in 2009 / 2010.	To divert 25% of waste from landfill in 2010/2011, and a further 1% annually. Report and review recycled rates quarterly.	By June 2011, and then annually. From July 2011.
3	Recommend Harvey Norman franchised stores to promote 'Cartridges for Planet Ark' campaign and increase units collected.	14.829 Tonnes collected in 2009 / 2010.	Increase number of units collected by 5% and a further 1% annually. Make recommendation for Joyce Mayne and Domayne franchised stores. Report and review collection rates quarterly.	By June 2012, and then annually. By June 2012 From July 2011.
4	Recommend Harvey Norman franchised stores to promote Mobile Phone recycling and increase units collected.	TBA	100% of stores. Report and review collection rates quarterly.	Currently in stores. From July 2011.
5	Recommend franchisees reduce plastic bags distributed.	52 tonnes of plastic bags distributed by franchisees in 2009 / 2010.	To distribute no greater than 52 tonnes of plastic bags in franchised stores in 2010 / 2011, and see a 1% decrease annually. Report and review rates quarterly.	By June 2011, and then annually. From July 2011.
6	Recommend franchisees offer collection of unwanted white goods and mattresses.	Stores currently use local collectors for white goods and 248.82 Tonnes collected in 2009/2010	70% of franchisees using local collectors. Report and review rates quarterly.	By December 2014. From October 2011.
KPI 4 – Implement formal policy of buying packaging made from recycled products				
1	Assess online suppliers to ensure they are providing packaging made from recycled materials.	New Incentive	100% of online suppliers use recycled materials in their packaging.	Review new suppliers as needed
2	Produce a formal procurement policy for purchasing packaging made from recycled material.	New Incentive	Policy to be written and implemented.	By 31 December, 2013

Goal 3: Product Stewardship - A demonstrated commitment to product stewardship by the supply chain and other signatories				
Item	Action	Baseline Data	Target or performance goal	Timeline
KPI 6 – Formal Processes to work collaboratively on packaging design and/or recycling				
1	Integrate sustainability considerations into existing and new policies and procedures as they are introduced and/or updated.	New initiative.	Incorporate sustainability into all existing and new policies and procedures.	As required.
2	Recommend to franchisees that as products are delivered, the packaging is removed from the customer's home so it has a higher chance of being appropriately disposed and recycled.	New initiative.	50% of packaging returned for reuse or recycling.	By June 2015.
3	Establish an intranet that will be a resource for information relating to sustainable practices and initiatives.	New initiative.	Launch.	By April 2011.
4	Engage 4 suppliers annually to discuss our commitment to the Covenant and seek opportunities to work collaboratively to ensure we receive environmentally responsible packaging that encourages recycling within all avenues of the supply chain.	New initiative.	Respond actively to recommendations made	Annually from July 2011
KPI 7 – Greater Product Stewardship Outcomes				
1	Actively engage consumers via an internet survey to collect information regarding how they disposed of the packaging their purchased product came in. Consumers will also be able to offer suggestions on areas for improvement.	New initiative.	Generate survey and make it available on the Harvey Norman website.	By December 2012.
2	10 franchised complexes will participate in an environmental certification program.	New initiative.	10 franchised complexes to complete program.	By August 2011.
3	Conduct an internal assessment in regards to how stores and warehouses reuse, recycle and/ or dispose of packaging materials received with delivered goods (e.g. plastic film securing loose items on pallets).	New initiative.	Review internal processes and educate employees to ensure maximum waste is diverted from landfill.	By 31 June 2015.
KPI 8 – Reductions in packaging items in the litter stream				
1	Host an annual 'Clean Up Business Day' in Harvey Norman corporate office and franchised stores.	New Initiative.	90% staff participation.	By June 2015.