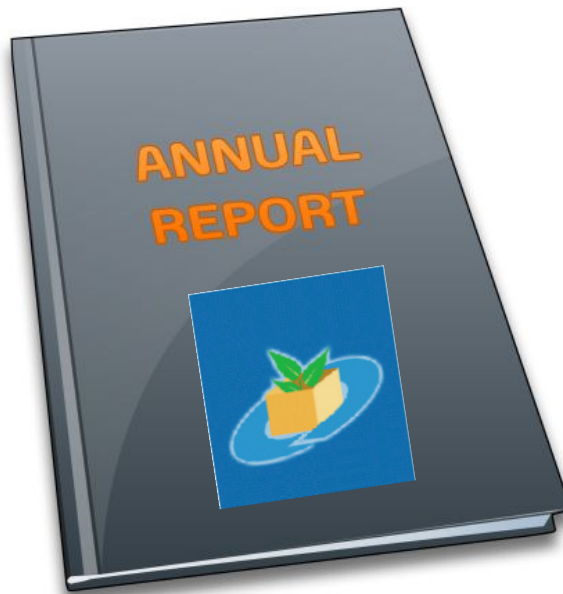




Super Cheap Auto Group National Packaging Covenant Annual Report 09/10



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Managing Director's Endorsement

Super Cheap Auto Group Limited ("SUL") supports the principles of Product Stewardship and those of the National Packaging Covenant. It is committed to achieving the goals outlined in our action plan and this report demonstrates that commitment.

The company recognises the need to incorporate the Environmental Code of Practise for Packaging when introducing new products into its market and has been working closely with its trade partners and customers to support the Covenant's principles.

All details contained within have the full endorsement and support of the Group Leadership Team of SUL.

A handwritten signature in black ink, appearing to read 'P. Birtles', written in a cursive style.

Peter Birtles
Managing Director

Date: 29th of October, 2010

Executive Summary

This is the second Annual Report for SUL for the 09/10 financial year as required by the SUL 2008-2010 Action Plan.

This report provides the status on each individual action point that was set out in the Action Plan and presents details of the progress made during the last financial year.

The key initiatives undertaken by SUL in the reporting period include:

1. Implementation of systems and procedures to collect product weight and packaging weight and type for house branded products.
2. Removing plastic shopping bags from BCF's entire national network of 64 stores, making it the first major outdoor retailer to do away with the environmental hazards. BCF environmental bags are available for \$1 as an option to customers, whilst newspaper are utilised for consumables such as frozen bait.
3. Introduction of biodegradable bags and reusable bags in Super Cheap Auto.
4. Publishment of SUL's Environmental Policy.
5. Development of processes and tools for SUL's Merchandising Teams to use in range reviews, sourcing and with new trade partners.
6. Each brand has communicated to their suppliers highlighting the NPC commitment.

Other environmental activities in the reporting period include:

7. Continued involvement with Century Yuasa, collecting customers' used batteries in SCA stores. The returned batteries are collected by Century Yuasa and delivered to specialist recycling and reprocessing centres which conform to the latest environmental legislations and processes.
8. Running a 10 days promotion to collect customers' used bicycles in Gold Cross stores and donating to "Bicycles for Humanity" to send them to communities in Africa. The promotion collected over 150 bicycles across the stores.
9. Improving Team Members' education and awareness on reducing our impact on the environment through roll-out of Environmental Awareness Program (please refer to Appendix C).
10. Independent assessment on existing environmental procedures (in comparison to the EMS Standard, AS/NZS ISO 14001:2004), to assess environmental performance parameters at three selected Queensland sites.

In the last reporting period, SUL have completed 12 out of the 19 action points set out for completion by 2010. The remaining 7 have been completed as per this report. The IDAS and the Environmental Code of Practice for Packaging have also been implemented as per our action plan

In June 2010, SUL formally acquired Ray's Outdoors which was not a Covenant signatory. Rays will be included with our other brands into our next Action Plan and will be educated and advised of our practices to be able to align with our standards.

Some challenges have been encountered with some of our Action points and will require further investigation.

Company Profile

SUL comprises four businesses: Supercheap Auto, BCF (Boating Camping and Fishing), Gold Cross Cycles and Ray's Outdoors (acquired by SUL in July 2010). Started in 1972 by Reg and Hazel Rowe, Super Cheap Auto Group has grown to become one of Australia and New Zealand's largest retailers with around 400 stores across Australia and New Zealand and annualised sales in excess of \$1 billion.

Our Goals

- To be one of the 10 largest Australasian retail corporations.
- To achieve the highest team member retention across the specialty retail sector.
- To achieve higher customer satisfaction ratings than our competitors in the markets in which we operate.
- To provide returns to shareholders that exceeds the benchmark ASX 300 by 5%.

Differentiators

- Products & Innovation
 - Identifying and launching innovative value products, services and concepts quicker than our competitors whilst maintaining the relevance of our core range.
- Learning and Development
 - Providing development programs and career long learning opportunities that attract, develop and retain loyal and passionate team members.
- Customer Focus
 - Having a clear understanding of our customers' requirements and delivering friendly and informative customer service through whichever channel our customers choose.
- Core Systems
 - Leveraging our core systems and infrastructure to provide efficient and cost effective multi channel solutions.
- Speed and Discipline
 - Executing our plans with speed and discipline to ensure we achieve our objectives.

Our Team Members

SUL's Team's dedication and its culture have been the drivers of the company's growth. The team collectively strives towards developing and growing the business to achieve market leadership in the retailing of auto parts and accessories and outdoor leisure products across Australia and New Zealand.

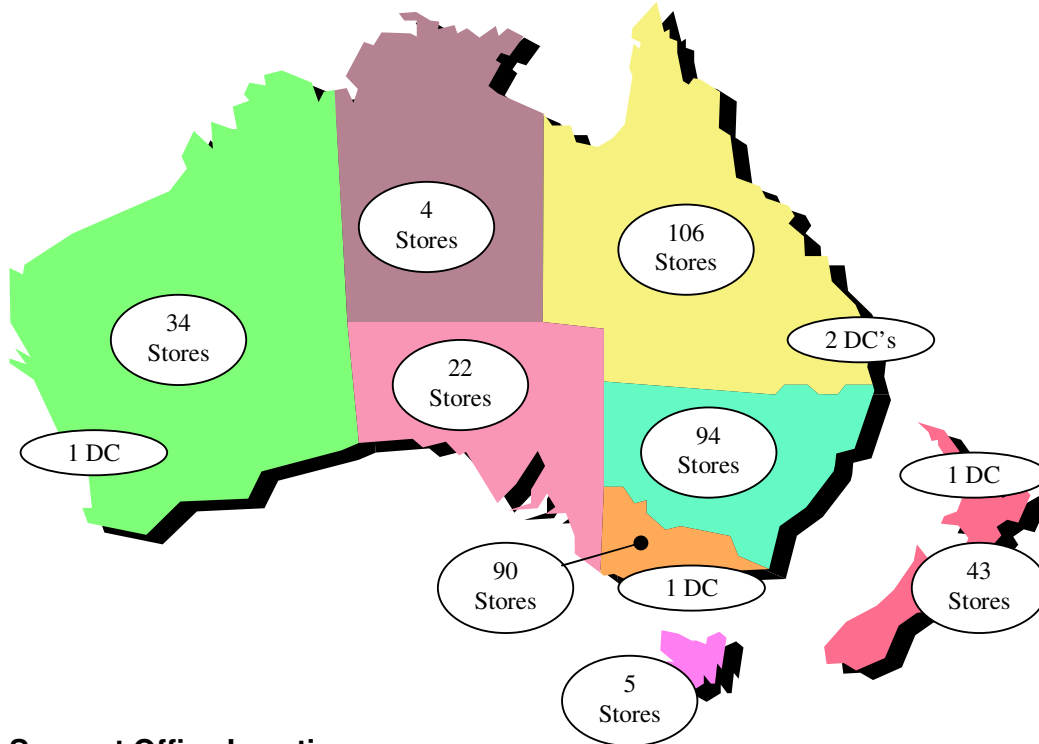
A strong sense of pride and team work can be found at all levels of the SUL's team and senior management endeavours to introduce human resource management initiatives that motivate team members to achieve their personal best, increasing job satisfaction and company performance.

Culture and Values

SUL has a commitment to its team-based culture in which each individual team member is encouraged to contribute to the success of the company and to pursue their own personal development plan. SUL's culture is underpinned by a set of five values: passion, openness, integrity, care and discipline.

Store Network

SUL has 398 stores and 5 distribution centres (DC) for SCA, BCF, Gold Cross & Rays across Australia and New Zealand.



Support Office Location

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Ph: 07 3205 8511

Key Contact Details

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(Space Planning Manager)

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Kellie Powell
(Compliance Manager)

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House Brands

House brands are a core focus of SUL and we are committed to the ongoing stewardship of this diverse range to ensure their environmental sustainability.



Value you can trust



BOATING # CAMPING # FISHING

FLIGHT



Cloud

BEST BUY

BlueLine

BOATING ACCESSORIES & EQUIPMENT

Cavalier

NITRO

ZABER

Overview of Action Plan

= completed

= in progress

KPI	Product Stewardship Category	Action points	Details	Status
1.) Total weight of consumer packaging (domestic and imported) sold per annum into the Australian market and the total weight of products packaged.	Design, production	1.) Develop a system of data collection for packaging weight and type (house brands).	Systems and procedures developed and in place. Please refer to appendix A	<input checked="" type="checkbox"/>
		2.) Develop a system of data collection for measuring product weight (house brands).		<input checked="" type="checkbox"/>
		3.) Develop and maintain the reporting procedures and standards.		<input checked="" type="checkbox"/>
3.) Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.	Design, production and distribution	4.) Develop internal procedures to assess opportunities for packaging improvement in the Range Review Process	Completed (and ongoing): SUL has been communicating its brands in a regular basis reinforcing NPC and EcoPP requirements. A committee has also been formed to develop a guide to assist new packaging design in accordance with the new APC & SPG. Ray's Outdoors will be included in the next Action plan to be in line with SUL's requirements.	<input checked="" type="checkbox"/>
		5.) Internal procedures for Overseas Sourcing Team reviewed and updated to include packaging focus.	As above	<input checked="" type="checkbox"/>
		6.) Develop internal procedures for Merch team to follow when ranging new lines.	As above	<input checked="" type="checkbox"/>
		7.) Review distribution methods and assess opportunities.	Completed as per last report	<input checked="" type="checkbox"/>
		8.) Investigate the reduction or removal of plastic bag usage in stores.	Completed. BCF stores are now plastic bag free and SCA stores are using biodegradable bags.	<input checked="" type="checkbox"/>
		9.) Investigate the opportunity of using Biodegradable or Compostable plastic bags.	Investigations completed. SCA stores are using biodegradable bags.	<input checked="" type="checkbox"/>
		10.) Develop information kit for trade partners (house & non-house brands) outlining our focus on packaging improvement.	The information kit has been incorporated into the Trade Partner Information Guide developed for all trade partners and is readily available on the SUL's website under the trade partner information link.	<input checked="" type="checkbox"/>
4.) Changes to protection, safety, hygiene, shelf-life or supply chain considerations	Design, production, distribution, disposal, research,	10.) Develop information kit for trade partners (house & non-house brands) outlining our focus on packaging improvement.	As above	<input checked="" type="checkbox"/>

affecting amount and type of packaging used.	labelling, wholesaling or retailing	11.) Report positive and negative industry changes that affect the amount and type of packaging used.	No industry changes have taken place that affect the way in which SUL products are packaged.	<input checked="" type="checkbox"/>
6.) Total weight, by type, of "non-recyclable" consumer packaging sold per annum into the Australian market.	Design, production	1.) Develop a system of data collection for packaging weight and type (house brands).	Systems and procedures developed and in place	<input checked="" type="checkbox"/>

16.) Percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.	Recycling and reprocessing	12.) Investigate opportunities to incorporate recycling facilities at all sites and implement where possible (DC's, stores and support office).	Completed (and ongoing). Cardboard and stretch film are recycled in our DCs. Our Support Office has recycling bins for collection of cardboard, paper, plastic, aluminum, glass and steel and our stores have cardboard skips to collect cardboards and send to recycling facilities. We will investigate further opportunities as per recent EMS assessment conducted by third party and include in our next Action Plan.	<input checked="" type="checkbox"/>
		13.) Investigate the options and feasibility of using recycled products in-house and develop an "all departments" policy.	Investigations completed and found unviable at this stage. We have however reduced the number of stationary orders by recycling used paper in-house (i.e preparing spiral notebooks with one side used paper) and using double side printers.	<input checked="" type="checkbox"/>
21.) Estimated tonnage of consumer packaging sent a) for recycling and b) to landfill from on-site collection facilities.	Recycling and reprocessing	14.) Develop systems with waste and recycling disposal providers to record output and report on a regular basis.	Completed. Waste sent to landfill was reduced by 2% and the waste sent to recycling facilities was increased by 2%. (see appendix B). However, it has been identified that this data does not accurately reflect the contents of the refuse in all services and is set at a default amount per collection due to lack of systems and facility capabilities of the service provider.	<input checked="" type="checkbox"/>
22.) Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.	Covers all Product Stewardship Categories	15.) Adoption of the Environmental Code of Practise for Packaging (ECoPP).	Completed	<input checked="" type="checkbox"/>
		16.) Develop an Environmental Management System (Environmental Policy).	Ongoing. We have released our Environmental Policy and Ethical Sourcing Policy as per last report and have engaged a third party to undertake an assessment of our existing environmental procedures (in comparison to the EMS standard AS/NZS	<input checked="" type="checkbox"/>

			ISO 14001:2004). The results of the analysis indicated that SUL's current environmental management approach is compliant with some of the ISO 14001 requirements. However, there are a number of elements that are currently not being addressed or are only partially addressed. We are currently assessing the gaps and will include measures to rectify them in our next Action Plan.	
26.) Implementation of buy-recycled purchasing policy or practices.	Recycling and reprocessing	13.) Investigate the options and feasibility of using recycled products in-house and develop an "all departments" policy.	Investigations completed and found unviable. We have however reduced the number of stationary orders by recycling used paper in-house (i.e preparing spiral notebooks with one side used paper) and using double side printers.	<input checked="" type="checkbox"/>
27.) Establishment of baseline performance data.	For all actions and NPC KPIs across Product Stewardship Categories	17.) Baseline data to be reported in line with actions 1, 2 & 3. (Future targets to be developed once baseline performance data is established.)	Completed	<input checked="" type="checkbox"/>
28.) Annual reporting against action plan.	For all actions and NPC KPIs across Product Stewardship Categories	18.) Data collection and additional information/results to be collated from responsible departments and annual report submitted within NPC timeframes.	Completed	<input checked="" type="checkbox"/>
29.) Demonstrated improvement and achievements against individual targets and milestones.	For all actions and NPC KPIs across Product Stewardship Categories	18.) Data collection and additional information/results to be collated from responsible departments and annual report submitted within NPC timeframes.	Completed	<input checked="" type="checkbox"/>
		19.) Report on other environmental improvements, (eg: savings on water, power, stationary, etc...).	Please refer to "General Environmental Activities" section	<input checked="" type="checkbox"/>

Challenges

There are four main areas in which challenges have presented themselves as follows:

Data Collection

Being able to obtain data from our trade partners for our house branded products in our new line ranging process has proven to be quite a challenge to our Category Managers (all brands). We have set up the systems and procedures to collect, store and report data however moving forward we will need to review our procedures to establish the most appropriate time for collection of NPC data.

Recycling Program

Providing a viable recycling program in our stores has been quite difficult. Our initial assessment found that the cost to maintain recycling bins in our stores (for materials other than cardboard) outweighs the benefits. Finding a single provider for all stores has also been a challenge.

Internal Resources

With the recent acquisition of Rays Outdoors it has been challenging to get all the applicable resources available at the required times. Our Packaging Manager, who was the responsible officer for the NPC, has been on maternity leave during most of the reporting period which made some tasks more difficult.

Environmental Management Systems

Whilst environmental programs are in place, we have underestimated the difficulty of implementing a comprehensive, systematic, planned and documented EMS in accordance with the AS/NZS ISO 14001:2004.

General Environmental Activities

Invoicing: For the last 24 months we have been requesting our trade partners to email invoices direct to our Finance Department rather than sending a printed copy with the goods, which has proved very successful. SUL receives approximately 500,000 invoices per annum for store stock orders and now 70% of these are coming direct via email reducing the overall amount of paper being produced and therefore reducing our recycling output. SUL aims to increase this percentage to 95% of invoices being emailed. Focus on implementing EDI continues to further reduce the paper usage in ordering/payment processes. With the acquisition of Ray's Outdoors this implementation has been rescheduled to 2010-11 and a small group of trade partners has been identified to pilot the EDI program. We will be exploring the ability to automate trade partner reconciliations which will further assist in reducing internal printed paper usage.

Payroll: All SUL team members receive their weekly payslips electronically and all time sheets are completed online. Payslips on a weekly basis for 5000+ team members equates to a reduction of up to 520 reams of paper not being used every year on top of the 260,000 envelopes used. Since June 2010 all Group Certificates, applications for leave and approvals are also available online for all team members which has further reduced our paper usage.

Product Recycling

Battery recycling program initiative started last year as SUL teamed up with Century Yuasa to provide the product return service to SUL customers and the local community in general. Returned batteries are still being collected by Century Yuasa and delivered to specialist recycling and reprocessing centres which conform to the latest environmental legislations and processes. Component metals, acids and plastics are reclaimed, recycled and put back into the manufacturing process to build more batteries and household products. This helps reduce the impact on natural resources and protects the environment for future generations.

Used bicycles – Gold Cross Cycles recently teamed up with Bicycles for Humanity and Toll Transport for a 10 days promotion to collect customers' used bicycles in Gold Cross stores and send them to communities in Africa. The promotion collected over 150 bicycles across the stores, which would potentially be sent to the landfill.

Electricity: SUL continues to review other ways in which the electricity consumption can be reduced at all SUL sites and has recently introduced an Energy Reduction Initiative. This initiative aims to phase out all inefficient incandescent light bulbs from SUL's sites. This phase out will deliver considerable savings to the environment through a reduction of up to 84,000 Kwh of electricity or the equivalent to 87 tonnes of Green House Gases each year.

Water: Completion of support office refurbishment introduced the first SUL rain water tanks that are plumbed into 50% of the facilities toilets to reduce water

consumption. During store refurbishments it is now compulsory to upgrade all toilets to dual flush to further reduce consumption.

Catalogues: SUL is committed to utilising paper that is produced from fully sustainable diverse rainforests that are independently certified and are fully recyclable. Supercheap Auto & Gold Cross Cycles catalogues are now produced in line with this commitment with BCF soon to follow. BCF's catalogues are currently printed on a paper that varies between 60 to 80% recycled paper. Further to this, an audit of catalogue collection from stores revealed that a 50% reduction could be made in the amount of spare catalogues sent to stores during promotional periods and a subsequent reduction was implemented earlier in the year.

Customers: Located on the [Gold Cross Cycles website](#), the [carbon calculator](#) allows cyclists to pledge their commitment to our planet by swapping carbon high transport for earth friendly cycling. After keying in information including weekly destinations, car type and engine size, price paid for petrol etc, the calculator shows your contribution in terms of CO2 reduction, calories burned and dollars saved on petrol.

Trade Partners: Early in 2010 a new SUL Logistics, Packaging, Labelling and Bar coding specifications including NPC information and requirements was released to SCA and Gold Cross Trade Partners.

Appendix A

1. Tonnes of Packaging material

Packaging Type	STOCK - IMPORT	STOCK - LOCAL
	YTD 2009/10	YTD 2009/10
Paper	2.358 TO	0.007 TO
Cardboard - Std	14.658 TO	17.197 TO
Plastics – Type 1	0.267 TO	0.636 TO
Plastics – Type 2	0.000 TO	4.515 TO
Plastics – Type 3	12.798 TO	1.962 TO
Plastics – Type 4	0.004 TO	0.015 TO
Plastics – Type 5	0.016 TO	1.087 TO
Plastics – Type 7	0.091 TO	0.000 TO
Aluminium	0.030 TO	0.000 TO
Overall Result	30.223 TO	25.419 TO

2. Tonnes of Product Sold

Purchasing group	YTD 2009/10
STOCK - IMPORT	516.078 TO
STOCK - LOCAL	106.395 TO

3. Ratio of Product to Packaging

Purchasing group		YTD 2009/10
STOCK - IMPORT	Product to Packaging	5.856 %
	Gross Weight - Net	516.078 TO
	Package Weight - Net	30.223 TO
STOCK - LOCAL	Product to Packaging	23.891 %
	Gross Weight - Net	106.395 TO
	Package Weight - Net	25.419 TO
Overall Result	Product to Packaging	8.939 %
	Gross Weight - Net	622.474 TO
	Package Weight - Net	55.643 TO

4. Weight of Non-recyclable Packaging

Packaging Type		YTD 2009/10
Plastics – Type 4	Package Weight - Net	0.019 TO
Plastics – Type 5	Package Weight - Net	1.103 TO
Plastics – Type 7	Package Weight - Net	0.091 TO
Overall Result	Package Weight - Net	1.214 TO

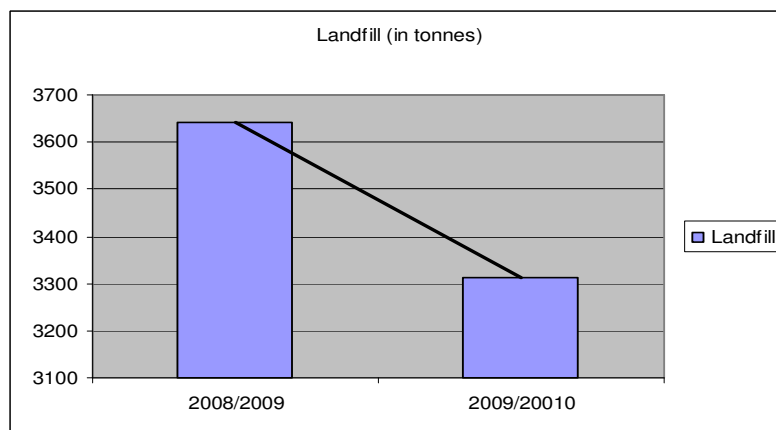
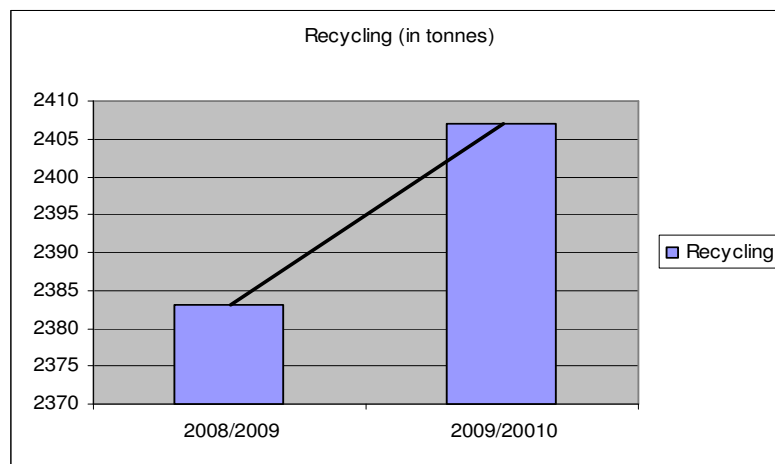
5. Weight of Packaging Recycled

Purchasing group		YTD 2009/10
STOCK - IMPORT	Package Weight - Recycled Net	0.025 TO
STOCK - LOCAL	Package Weight - Recycled Net	0.058 TO
Overall Result	Package Weight - Recycled Net	0.082 TO

Appendix B

Recycling & Disposal	2008/09	2009/10
Recycling	2383.11 tonnes or 40%	2407.08 tonnes or 42%
Landfill	3643.4 tonnes or 60%	3313.57 tonnes or 58%
Total	6026.51 tonnes	5720.65 tonnes

Trends:



Appendix C

Environmental Awareness Program




YOU HAVE THE POWER!

Making a difference to the environment is about doing little things right.

TIPS FOR YOU

- **Cardboard Recycling**
 - Reduce – Flatten cardboard boxes
 - Reuse – Use for customers instead of plastic bags
 - Recycle – Put recyclables in the correct bin
- **Getting to and from work**
 - Challenge yourself, can you walk, ride a bike or take public transport?
- **A/C Temperature settings**
 - Is your Air Conditioning set correctly?
 - Check Basil for the correct seasonal setting
- **Roller doors and store entry**
 - Save power by making sure that doors are kept closed when not in use
- **Water**
 - Dripping tap or continually running toilet?
 - Report it to your store manager
- **Computers, Printers, Lights & Appliances**
 - If not in use, turn it off, every bit makes a difference

You can make a world of difference

This poster is printed on Carbon Neutral paper

CO9479

Environmental Awareness Program Monthly Themes

July	Incandescent bulb removal. Total removal by Dec 31 2010
August	If not in use turn off the juice
September	Awareness campaign launch.
October	Waste – Cardboard recycling.
November	Air Con settings – Seasonal change.
December	Doors – Keep closed.
January	If not in use turn off the juice
February	Be clean and green wise choices.
March	Earth Hour/ Month
April	Air Con settings – Seasonal change
May	Burn carbohydrates not hydrocarbons
June	TBA