



TOGETHER  
TOWARDS  
A CIRCULAR  
ECONOMY

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SUSTAINABILITY REPORT 2018



# FOREWORD

Circularity is at the core of our activities at Euro Pool Group. By providing reusable packaging solutions and products, we help our customers reduce their carbon footprint and thus contribute to the transition to a circular economy. We do this in close collaboration with our customers, partners and stakeholders across the supply chain. In 2018, the societal debate about the circular economy and waste reduction gained further momentum. Reusing, sharing and efficient logistic solutions have been at the core of our business model for a quarter of a century. In fact, all of our trays are 100% recyclable and can be converted to other high-quality products; as a consequence, our business and our partners' businesses are growing in a sustainable way. This is also reflected in the increasing number of our tray and pallet movements and the further expansion of our business in, for example, Eastern Europe.

In 2017, we focused on communicating and embedding our sustainability strategy in our organisation. We are pleased to see that this is resonating with our employees and has been embraced by our customers and stakeholders. By offering sustainable solutions, we are creating shared value for a circular future. Our main ambition is to reduce our carbon footprint by 20% per movement between 2017 and 2025. This ambition contributes to the Paris Agreement, which aims to address climate change globally. To reach our target, strategic projects and activities have been initiated.

Zellik, the Reverse Logistics Distribution Centre of the future, is an important result of 2018. Together with our supply chain partners Delhaize and Auxcis, we have set up this fully automated service centre, which is state-of-the-art when it comes to transparency and optimised return logistics. We are proud of the Supply Chain Award we received for our efforts in Belgium. Furthermore, we are working towards the introduction of new sustainable modes of transport with CoolRail, to provide a more sustainable alternative to road transport, leading to a CO<sub>2</sub> reduction of 70% - 90% depending on the product transported. We expect the first results after publication of this report.

Even though we carefully set our sustainability goals and targets, we have learned that external factors can influence our results. For example, the extremely dry summer of 2018 affected the production of fresh produce, making trade-flows less predictable, and transport planning and logistics less efficient. In addition, occasional diseases in and damage to fresh produce require proper mitigation measures such as additional transport and cleaning of trays, thus once again influencing the efficiency of our operation in a negative manner.

In 2019 EPS will be working on the development of a Single Organising Idea to further define our purpose. As part of this project, our company values will be reviewed and refined in line with our goal of 'maximising circular value'. Moreover, we aim to further develop and strengthen partnerships with our customers and stakeholders, enhancing sustainability and circularity in our supply chain in order to contribute to the transition towards a circular economy.

*Gerjo Scheringa*  
CEO Euro Pool Group



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# EMBEDDING SUSTAINABILITY AT EURO POOL GROUP



TOGETHER TOWARDS A CIRCULAR ECONOMY

In 2018, our focus was on raising awareness and on further embedding the sustainability strategy at EPG. In 2017, we launched our sustainability strategy. Together with our employees, customers and partners we identified our priorities, and clustered these into the following three strategic pillars: People, Planet and Partners. In the past year, we have worked on the implementation and preparation of our sustainability strategy, which aims at creating a positive impact.

**Raising awareness**

Internal engagement is key to delivering on our sustainability goals. An internal launch was organised to inform employees about our strategy and to activate them to contribute to our circular ambition. Awareness-raising activities were developed in 2018, and these are still ongoing. For example, in our Sustainability Contest, we challenged our staff to come up with innovative ideas to make our business more sustainable. No fewer than 150 ideas were submitted from across the organisation and from all regions. Making internal approval processes paperless as much as possible was selected as the best idea and the prize for this idea was a bicycle. The internal reactions are enthusiastic, and the sustainability strategy is beginning to resonate with our employees.

The sustainability strategy was also well received by our customers and partners. Our circular business model focuses on sharing and re-using logistic carriers; by making our operations more sustainable, we are contributing to the ambitions of our customers and partners.

**Starting implementation**

The implementation of various projects and activities across EPG started in 2018. Projects and activities will be further rolled out throughout our business. In-depth investments are required in different areas, for example HR and transport, to create the desired impact in the coming years. This implementation continues in 2019, when the first key results are also expected.

**Sustainable Development Goals**

The Sustainable Development Goals (SDGs) address the global challenges that we need to overcome to achieve a better and more sustainable future for all. We aim to contribute to the SDGs by means of the strategic pillars and activities that we have defined. The pillar 'People', our focus on the development and wellbeing of our employees, contributes to SDG 8. Activities related to the pillar 'Planet' contribute to SDGs 7, 8, 12 and 13. Partnerships are important to us, which is why our third pillar focuses on partners. By working together in the supply chain, we are able to achieve more impact, and this contributes to SDG 17.



# SUMMARY OF GOALS AND RESULTS

For each strategic pillar of our sustainability strategy – People, Planet and Partners – the overall goals towards 2025 and the key results of 2018 are summarised below<sup>1</sup>. A preview of key activities for 2019 is also included.

Strategic Pillar	Material Topic <sup>1</sup>	Goals	Key results 2018	Activities 2019	Link to SDGs
PEOPLE PILLAR 1	Employee training and development	We aim to strengthen and develop teams as well as to have realised a learning and training environment for all employees by 2025	Preparations have been made to realise a group-wide training environment and expand the e-learning portal from LPR to EPS	Rolling out the e-learning portal to EPS, which will be made available through the new digital HR system	
	Employee health and safety	We aim to have a sustainable employability policy in place for all of our employees by 2025	Repetitive work has been reduced by automation of manual processes in Bornheim and Zellik	Improvement of the performance management Further reduction of repetitive work	
PLANET PILLAR 2	Lower carbon footprint	Our aim is to reduce our carbon footprint by 20% per movement by 2025 (compared to 2017)  By 2025, 5% of our pallet carbon footprint will have been compensated by reforestation	Our carbon footprint per movement has been reduced by 0.2% compared to 2017	Setting annual targets for the reduction of the carbon footprint per movement	   
	Sustainable transport		Preparations have been made to set-up CoolRail: energy efficient refrigerated transport from Spain to Holland by rail  A planning system that optimises transport has been implemented	CoolRail is launched to transport fresh produce by rail from Spain to Holland	
	Energy efficiency	By 2025, we will have green energy contracts at all EPS service centres	LPR has compensated 8% of the pallet footprint; 46 hectares have been reforested (57,500 trees)  All EPS service centres in Spain with direct energy contracts have switched to green energy	Setting water reduction targets and starting implementation of water-saving technologies  Maintaining at least 5% compensation of our pallet footprint and continuing reforestation activities  Continue the switch to green energy contract at EPS service centres in other countries	
PARTNERS PILLAR 3	Pro-active collaboration with stakeholders	We build strong partnerships to work together towards a circular supply chain, in turn contributing to a circular economy	Progress is made with pilots with Internet of Things technologies for intelligent fruit logistics, as part of the European IoF2020 project.  Together with Delhaize, EPS has won the Supply Chain Award for the reversed logistics distribution centre in Zellik	The first pilots on intelligent fruit logistics have been completed, results are available and have been shared with the IoF2020 community	

<sup>1</sup>The material topics under each pillar have been identified by means of a materiality analysis for which internal and external stakeholders have been consulted. The materiality analysis was conducted under supervision of the Management Committee, and the materiality matrix and topic selection are included in the Sustainability Report 2017.



# PEOPLE

## PILLAR 1

Our people are the key assets to our business, and we are committed to providing training and development opportunities to strengthen our teams in all regions. We take measures across the organisation to contribute to the health and safety of our employees.



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# PILLAR 1: PEOPLE



*“EPG’s Leadership Programme focuses on building a sustainable collaboration that is based on trust.”*

Gerlinde Silvis  
Programme Director  
Cedep

In 2018 we laid the foundation for further professionalisation of our human resources operations. To support further development and the rolling out of training and development policies, a digital HR system will be implemented in 2019, which will help us to track progress on our targets for 2025.

### Employee training and development

#### Training & development

The leadership programme ‘Leaders for the Future’ continued in 2018. A total of 103 participants received training sessions on topics including leading change and transformations, value innovation and working across cultures between 2015 and 2018. Other training sessions provided by EPG focused on project management, business and commerce, and LinkedIn. There will be a follow-up to these training sessions in 2019. At LPR, employees have access to a digital learning portal with tailor-made e-learning modules on capitalisation of business knowledge. In addition, a full Introduction programme and Personal Development modules are accessible to all employees. Based on the training needs discussed during the performance appraisal, either individual or collective training programmes are selected, and sometimes these need to be created fit for purpose.

#### Stimulating women in management roles

Last year we set the goal of realising a participation ratio of 25% female employees by 2022. This target was met in 2018. At EPG, 34% of the workforce is female. At LPR, almost half of the workforce is female (49%), whereas the participation rate of women is 28% at EPS. Even though we are pleased with these results, the participation rate of women in management roles remains limited. Therefore, we will focus our attention on the ratio of women in management roles in the coming year, and we will explore how this can be improved.

**FACT**  
Employees:  
34% female  
66% male

**FACT**  
Employees:  
1,012 at EPG  
713 at EPS  
299 at LPR

### Employee health and safety

In 2018 the overall absence rate was 3.6%; this includes all types of absence such as illness and injury. This is a marginal increase compared to the 2017 absence rate of 3.5%. The number of recorded accidents was 36 and related absence resulted in a total lost time of 425 days. Our definition of accidents is accidents that occurred during work leading to an absence rate of 1 day or more.

### Health & safety at the workplace

A healthy and safe environment for all our employees and visitors at all locations is one of our key priorities. To ensure safety, we have strict policies and a code of conduct in place. We regularly check whether rules are being followed and we provide continuous training in safety issues. We encourage desired behaviour, and we have safety jackets available to increase visibility on site. At EPS, slip, trip and fall prevention measures have been put in place to avoid accidents. Driving-risk programmes have been provided to increase safety on the road. Health and safety at the workplace have been further improved by process automation, which reduces the amount of repetitive work, for example opening and closing of trays, stacking, de-stacking and palletising. Automation results in less heavy manual and repetitive work, and it reduces the risk of accident and contributes to our employees’ health. At our service centre in Bornheim, we continued the automation of operations in 2018, and the service centre Zellik is now also fully automated. These developments have led to a reduced need for manual work. EPG provides support to employees to find a new job within or outside the organisation.

### Healthy employees

In October 2018, EPG co-organised a health week for its employees. This week was about creating awareness of health aspects, such as a good working posture and healthy food. In Spain, employees were provided with fresh fruit and vegetables through the ‘five-a-day’ programme. The EPG Sports Challenge continued in 2018. Throughout the year, a total of 165 employees spent over 18,211 hours in sports activities such as running, cycling and swimming. EPG matches the total amount of time with funds, and this year the money was donated to the Ocean Cleanup Project. All of these activities will continue in 2019. Depending on legislation per country, health checks are available on request. In practice, it appears not all employees make use of this opportunity on their own initiative. In some locations, for example in Spain, a health check is mandatory.

**FACT**  
18,211 hours  
spent on EPG Sport  
Challenge Days

### Employee engagement

In 2018, our ambition was to actively inform and engage our employees in the sustainability strategy with the help of inspirational movies, posters and infographics. Our campaign ‘Let’s make our circular ambitions grow’ challenged employees to test their knowledge of sustainability facts in an online quiz. They were inspired by sustainability stories from colleagues and could post their own ideas in an online ideas room and win a bicycle. This yielded more than 150 wonderful ideas from all the regions in which we operate. Other internal engagement activities were prepared in 2018, and these started in the second week of 2019.



**FACT**  
Absence rate:  
3.6%



*"In Central and Eastern Europe we have set up additional learning programmes to stimulate the development of our employees, driving our circular ambitions."*

Beata Brodova  
Regional HR Manager CEE

In 2018, we started the development of a Single Organising Idea (SOI) for EPS. An SOI® is a simple, memorable call to action and captures the core purpose of our business, of which circularity is a key element. It is a guiding star towards more meaningful growth. We engaged about 20% of our employees, asking them to provide us with input and feedback on the development of EPS's SOI. In 2019, we aim to fine-tune our company values and make them more circular. Workshops will be organised throughout the organisation to engage all our staff. We aim to integrate the SOI into our strategy by 2020.

For the fourth time, LPR will conduct an internal European Employee Satisfaction Survey using an anonymous questionnaire designed by the Culture Group. This survey gives insight into the strengths and weaknesses of our organisation as perceived by our employees, and it recommends concrete actions for improvement.

**Country case: HR & employee engagement in Central and Eastern Europe**

In the Central and Eastern European (CEE) region, we stimulate community involvement, encourage volunteering and support initiatives from our employees. For example, as part of our annual Team Building event, the entire CEE team from six countries, together with non-profit organisations, dedicated one day to the cleaning of national forests. Our team in Romania set up 'Let's Go Romania' and planted 2,000 trees in 2018. We have been developing HR business plans which include activities related to sustainability in all countries in the CEE region.

The training and development of our employees is key. In addition to existing EPG-wide learning programmes, we will be launching an additional regional CEE leadership training programme for our middle management next year. A key activity in the Czech Republic next year is organising workshops on Zero Waste to increase awareness among employees and improve waste management at the office. We plan to expand this programme to other countries in the region towards 2020.



*"Circularity is part of the DNA of Euro Pool Group. We are committed to support our partners with our sustainable solutions."*

Ruud van der Steeg  
CFO Euro Pool Group

**Key facts & figures**

**2018**

**Total # employees (FTE)**

Total: 1,012  
EPS: 713  
LPR: 299

**Male/Female (headcount)**

EPG male: 684 (66%)  
EPG female: 356 (34%)

**Hours spent in EPG Sport Challenge Days**

18,211 hours by 165 employees

**Absence rate**

EPG: 3.6%  
LPR: 2.1%  
EPS: 4.3%

**Hours spent on training**

Total for the entire organisation: 7,017 hours  
Average per employee: 6.75 hours

**Number and type of accidents and lost time injury rate**

Total lost time: 425 days  
Number of accidents: 36  
Ergonomic cause: 8 cases  
Long-term absence: 3 cases  
No fatalities



## PLANET PILLAR 2

By increasing efficiency in our supply chain and transport, deploying alternative modes of transport and optimally designing our products, we decrease our carbon footprint and contribute to the sustainability targets of our customers.



# 3

## PILLAR 2: PLANET

### Reduction of carbon footprint

We aim to reduce our carbon footprint by 20% per movement between 2017 and 2025. This reduction target applies to both our trays and our pallets. In 2017, we developed a model to gain insight into the full scope of our carbon footprint<sup>2</sup>. Last year these calculations were further refined and adjusted where necessary. This resulted in some minor changes in the baseline figures compared to last year<sup>3</sup>.

In 2018, the number of movements for both LPR and EPS increased from 1.08 billion to over 1.14 billion. For both divisions, the net emissions were also higher than in 2017. Company-wide, a CO<sub>2</sub> reduction of 0.2% per movement was realised. At EPS, the emissions per movement decreased by 1% to 0.1824 kg CO<sub>2</sub>eq, while at LPR a slight increase in emissions of 1.3% per movement was observed. This increase is mainly caused by a relatively high production of new pallets compared to 2017. For EPS, expansion of operations in East-Europe influenced the CO<sub>2</sub> reductions negatively due to longer transport distances and less modern trucks.

### Renewable energy

In comparison to the LPR service centres, the service centres at EPS use more electricity due to the intensive cleaning process of the trays. In 2018, we succeeded in achieving our ambition to have green energy contracts in place for all EPS-operated service centres in Spain, where we have direct contracts with the energy supplier. In total, these service centres consumed 219,068 kWh of green energy. Only two Spanish service centres remain on grey electricity. These are located at premises of our partners. We do not hold direct energy contracts, but we are discussing a similar approach with our partners.

The transition to green energy is ongoing, and the ambition for 2019 is to sign green energy contracts for at least 30% of all the EPS service centres. At LPR, we have started to use a new line of trucks that run on biogas as an alternative to diesel for part of our road transport.

### Transport optimisation

To optimise the use of the existing transport capacity in our supply chain, we implemented an advanced planning system (Orbit) at EPS. LPR is working with a similar system since 2015. This system allows for better planning and control of transport flows and delivers optimised transport plans with a minimal number of movements. Because these tactical transport plans guide our operational planning, the number of total transport kilometres can be reduced.

### CoolRail

Besides investing in more efficient transport, we are also investing in new forms of transportation. Since 2016, we have been working with our partners to set up CoolRail, a refrigerated rail service from Spain to the Netherlands to transport fresh fruit and vegetables. The first CoolRail train provides a connection between Valencia and Rotterdam. Compared to conventional trucks, CO<sub>2</sub> emissions can be reduced by between 70 to 90%. CoolRail also contributes to the shift from road transport to rail transport to unburden the road network. Our goal for 2018 was to further prepare CoolRail for implementation, and this is what we did. In the past year, partnerships have been developed and the transport network has been set up to ensure sufficiently effective loading for the train to become cost-effective. Key partners include Shuttlewise, responsible for logistic operations, and Bakker Barendrecht – one of the major fresh produce companies in the Netherlands – who transport purchased fruits and vegetables by rail. CoolRail is expected to be operational in the second quarter of 2019. After a successful introduction, we aim at upscaling and deploying more trains that will run year-round. A challenge for upscaling could be finding partners for the reversed transport from the Netherlands to Spain.



Emissions (ton CO <sub>2</sub> eq)	EURO POOL SYSTEM		LPR	
	2018	2017	2018	2017
Transportation	89,288	85,287	53,441	52,036
Own operations	39,757	39,671	8,787	8,145
Upstream Production	57,714	52,074	32,375	25,962
Other	13,798	14,317	3,691	3,360
End of Life	-8,185	-6,647	1,899	1,671
Total	192,372	184,702	100,193	91,174

<sup>2</sup>The carbon footprint presented includes all scope 1 and 2 emissions of Euro Pool's own operations and all relevant scope 3 upstream and downstream emissions.

<sup>3</sup>The 2017 carbon footprint emissions have been restated due to a change in the calculation methodology of national grid averages (kg CO<sub>2</sub> / kWh) by the European Environmental Agency (EEA) and an update of emission factors for transport modalities by DEFRA. EPG calculates scope 2 carbon footprint using the market-based method. With the location-based method, the footprint would be slightly higher (1,130 ton CO<sub>2</sub>)\*



### Energy efficiency

Energy efficiency is a focus area at EPS. The implementation of centrifuges makes the washing process of trays more efficient. For example, in Bilbao we replaced a conventional blow dryer with an energy-efficient centrifuge that uses only 10% of the energy consumed by the conventional dryer. This resulted in annual energy savings of 125,000 kWh in 2018. These centrifuges have also been installed at the service centres in Zellik and Ploiesti. A roll-out plan is in place to implement more efficient washing equipment at other locations in 2019 and 2020.

### Reforestation

At LPR, our ambition is to have compensated 5% of the pallet carbon footprint through reforestation by 2025. Since 2016, more than 100,000 trees have been planted through a partnership with the association *Plantons pour l'Avenir* in France. In 2018, 57,500 trees were planted. *Plantons pour l'Avenir* is an initiative that works directly with the forest owners to support their reforestation operations. In 2018, we compensated 8% of our pallet footprint. We were able to realise this increase with funding received from the of EPG Sports Challenge.

### Product innovations

All our trays are made of high-quality HDPE, and managing our tray pool responsibly is one of our core tasks. In the transition phase towards 3 cm trays, the 'old' trays will be recycled and partly used for the production of new trays and of other high-quality products. In 2018, Wageningen Food & Bio-based Research conducted research into replacing HDPE-based folding trays with bio-based alternatives. The report is expected in the first quarter of 2019. Another innovation is the foldable banana tray, which makes reusable packaging available for bananas. It is the first tray with the same flexible properties as cardboard packaging, but it can be folded and is reusable. This tray was developed in collaboration with Bekuplast. In 2018, we received the German Pro-K award for this new innovation.

### Continued efforts

Due to the use of reusable logistic carriers, product damage to fresh foods and vegetables is much lower compared to other carriers. This results in a minimal amount of food waste of only 0.1%, compared to approximately 4% for other carriers. Moreover, the amount of operational waste in the retail supply chain is reduced by our collection solutions for other waste streams along with our customers' empty trays. These activities contribute to our sustainability goals and will continue in 2019.

### Country case: Zellik, the depot of the future

At the reverse logistic distribution centre Zellik in Belgium, EPS and Delhaize have formed a partnership to optimise the use of reusable carriers within the supply chain. In 2018, Zellik won the prestigious Supply Chain Award for 'Project of the year'. This price is awarded to innovative initiatives that enhance the efficiency of their supply chain. Using reverse logistics, direct transport from the retailer to the distribution centre is realised, resulting in a significant reduction in transport kilometres. Full transparency is provided to all partners in the supply chain. For example, the retailer can track and trace the returned trays by means of a Load Carrier Passport. Trays with unique identity numbers can be tracked individually, allowing effective steering of resources and increasing the frequency of use. This means that fewer trays are needed – and consequently fewer resources. Trays are scanned before departure and can be tracked from shop to depot, where they are counted, identified and prepared for re-use. Processes for checking, cleaning and sorting are fully automated to reach optimal efficiency. Used water is purified and re-used in the cleaning process, and options for solar panels on the roof are being explored. Zellik is the first depot where wastewater is purified and re-used in the washing process. This reduces water consumption by 70%, which amounts to about 59 million litres per year. These innovations result in a reduction of both the carbon footprint and the water demand of the depot. This makes Zellik a state-of-the-art service centre that is setting an example for others to follow. Following an external audit on the effectiveness of the environmental management system, Zellik received the ISO 14001 certificate.



*"Zellik is a great example of our next steps towards creating shared value in our supply chain together with our partners; it is the service centre of the future."*

Pieter Thijs  
Logistics Manager BeNeLux  
Euro Pool System





PARTNERS  
PILLAR 3



We aim to create shared value throughout the supply chain. In collaboration with our customers and partners, we improve resource efficiency and ensure optimal use, re-use and recycling of our pallets and trays.

## 4

## PILLAR 3: PARTNERS



*"The reverse logistics at Zellik enhances the transparency, accuracy and efficiency of our pool management, contributing to sustainability in our supply chain."*

Sophie Maes  
Supply Chain Project Manager  
Delhaize



#### Recycling of trays

Our trays are made of high-quality HDPE plastic and are 100% recyclable. Currently, we are preparing for a large-scale transition from rigid and conventional trays to trays with thinner, 3 cm bottoms in 2020. As part of this programme, the older trays will be recycled. The granulate that is obtained after the grinding process will be used partly for the manufacturing of new trays and partly for other high-quality products. All trays made available by EPS comply with the highest standards for food quality, safety and hygiene. Compliance with these food safety standards for recycled materials can be challenging and requires extensive research and testing. We have been working on this, together with our partners. The final approval for the use of recycled materials in trays is expected in 2019.

#### Sustainable sourcing of wood

At LPR we aim to source 100% PEFC-certified wood by 2025 for the production and repair of our pallets. To achieve this goal, we only work with suppliers in the EU that are PEFC-certified. LPR's PEFC Chain of Custody certification ensures that wood is sourced responsibly by its suppliers. In 2018, 83% of the wood to manufacture new pallets was PEFC-certified, an increase of 12% compared to 2017, when 74% of all wood was certified. Efforts to improve sourcing and business practices are ongoing. LPR invests in the development of long-term relationships with its suppliers to ensure sustainable wood supply today and in the future.

#### Contribute to ambitions of our partners

Zellik is an excellent example of creating shared value in the supply chain. Together with our retail partner, we have optimised the logistics of returnable carriers, resulting in a significant reduction in transport kilometres and consequently CO<sub>2</sub> emissions.

#### Internet of Things

EPS is one of the 76 partner-companies in the European IoF2020 project for developing and testing Internet-of-Things technologies and their impact on the food value chain. EPS leads the development of a use case for 'intelligent fruit logistics'<sup>4</sup>. In 2018, partnerships were built and the preparation for the pilots was undertaken. In the coming year, several pilots will be completed to collect information, from loading to unloading, on movement, temperature and shocks of the trays. This information will be made accessible in a user-friendly way by implementing it in existing software. By using Internet-of-Things technologies both internally and externally, the monitoring, tracking and tracing of trays and food products will be improved. The improved monitoring may also result in a reduction of food waste.

<sup>4</sup><https://www.iof2020.eu/trials/fruits/intelligent-fruit-logistics>

#### Collaboration with stakeholders

Pro-active collaboration with stakeholders is part of our ambition to contribute to circular growth. We are working closely with our customers and partners to create shared value and to work towards a positive impact throughout the supply chain. Through joint efforts, we increase our contribution to a circular economy. The collaborations with our partners and stakeholders are built on a foundation of trust, expertise and credibility.

The frequency of engagement depends on the nature of the partnership, and ranges from working together on a daily basis to occasional encounters on specific topics. The Management Committee is involved in stakeholder engagement, setting up for example collaborations in Zellik, CoolRail and our involvement in the Internet of Things.

#### Country case: Sofidel Group

Sofidel Group is one of the world leaders in the production of tissue paper for hygienic and domestic use, such as toilet paper, kitchen roll, paper handkerchiefs and tissues. Sustainability is a key topic and is seen as a cornerstone for strategic development. The Sofidel Group's strategic goal is to have a supply chain with no reputational risk. This goal has been broken down into the following two lines of action: (i) the assessment of supplier sustainability strategies and performance, and (ii) the adoption of a sustainable purchasing model. Sofidel uses the self-assessing platform TenP as a tool to measure the sustainability performance of suppliers. This tool provides a prequalification for assessing individual suppliers in terms of working conditions, respect for human rights, environmental protection and the fight against corruption. LRP obtained an overall score of 96% in the TenP platform. This excellent achievement contributes to the supply chain sustainability goals of Sofidel.

#### Country case: LPR's wood sourcing policy

At LPR, for both manufacturing and repair of our pallets we aim to use sustainable wood. This wood comes from non-controversial sources and from forests that are managed sustainably. We have been PEFC chain of custody certified since 2010 and over the past few years, tremendous progress has been made in sustainable sourcing of our wood. In 2010, about 20% of our suppliers was PEFC certified. In 2018 almost 95% of our pallet producers was certified. Our repairing service centres are supplied with a list of wood suppliers that comply with our due diligence system. These centres are audited to check if their way of working is in line with our requirements. Wood prices have increased in recent years. In some regions it may be challenging to secure sufficient supply of certified wood because of our high demand. LPR builds sustainable partnerships with its manufacturers as well as with repairing service centres. PEFC certification is an important tool for making the wood supply chain more sustainable.



*"The partnership with LPR contributes to reaching our supply chain sustainability goals."*

Susanna Bellandi  
Global Creative,  
Communication & CSR Director  
Sofidel



*"PEFC certification ensures our wood is sustainably sourced, and also addresses socio-economic risks in the wood supply chain."*

Estelle Mathe  
Purchasing Assistant  
LPR

# STAKEHOLDERS COLLABORATION AND DIALOGUE IN 2018

## Supplier of trays and pallets

EPS worked together on product innovations with tray suppliers, for example on the award-winning folding banana tray that was developed in collaboration with Bekuplast.

EPS worked together with suppliers to obtain an EFSA Approval for recycled trays, to ensure the recycled materials from old trays comply with strict food safety standards.

LPR worked with suppliers that are sustainable and that guarantee a responsible sourcing of wood in accordance with LPR's PEFC Chain of Custody certification.

## Customers

We maintained high standards with regard to Occupational Health and Safety and Environment, and complied with the highest quality, hygiene and safety standards in every step of the supply chain – following the demands of our customers.

Our business model is circular, based on sharing and re-using logistic carriers. We have provided a sustainable solution, which we are further optimising by increasing the efficiency of transport and equipment, reducing waste and greening energy demand.

We have been pro-active in building new partnerships with our customers and engaging them in innovations such as at Zellik in Belgium. Another example is the collaboration on the efficiency and implementation of water treatment plants with Aquafin and Watergroep.

At LPR in France we explored transport by rail with some of our partners. Furthermore, on one of the routes in the South of France we now deploy trucks that run on biogas together with Perrier.

## Transport companies

We worked closely together with transport companies to optimise the delivery and return of empty trays and pallets. Sharing of information is a key element needed to optimise our logistic services throughout the supply chain.

## Retailers

Retailers throughout Europe use our reusable trays and pallets. By providing circular packaging solutions and lowering our carbon footprint, we have contributed to the sustainability targets of our retail partners. The collaboration with Delhaize at Zellik is a good example of how a next step in optimisation can be reached by joint efforts.

Information sharing is a key element for optimising our logistic service throughout the supply chain, and it has resulted in increased efficiency and cost savings for retail partners.

## External service providers

Our network of service centres is a cornerstone of our circular model. Empty trays and pallets were collected, sorted, washed and repaired for re-use. We collaborated closely with these business partners to build a qualitative and efficient service. They need to comply with the health, safety and environmental requirements defined in our code of conduct, and we audit this every year.

## Knowledge partners

EPS leads the use case on 'intelligent fruit logistics' in the European IoF2020 project. Key collaboration partners in IoF2020 are NXP, Mieloo & Alexander, ATB Bremen and GS1 Germany. EPS aims to set up collaboration with other use cases in IoF2020 to explore sustainability in the supply chain.

Research on the use of bioplastics was conducted in collaboration with Wageningen University in the Netherlands. We collaborate with DUO Plast Technology Centre, Germany, for operational optimisation.

Research on the CO<sub>2</sub> savings of alternative modes of transport such as CoolRail was carried out by a master student, supervised both by Erasmus University Rotterdam in the Netherlands and by Lean & Green.

For food and environmental safety, we conducted research with Mérieux NutriSciences / Silliker, Triskelion, Groen Agro Control and Intertek in the Netherlands.

## NGO's

The EPG Sports Challenge resulted in 18,211 hours of sports activities by 165 colleagues, and it resulted in a donation to the Ocean Cleanup programme.

LPR supports the reforestation project *Plantons pour l'Avenir*, to compensate for CO<sub>2</sub> emissions related to LPR's transport activities.

## Employees

Engagement of our employees to share our sustainability ambitions and results is a key activity. We have put a great deal of effort into the design and kick-off campaign and other engagement activities for our employees.

At EPG we have started to develop a 'Single Organising Idea' for our business. This will be further embedded in our organisation in 2019 and 2020.

5

# ABOUT EURO POOL GROUP



Euro Pool Group is the leading logistics service provider of reusable standard packaging in Europe. Every day, producers, transporters, processing companies and retailers enjoy the efficiency and sustainability benefits of our reusable trays and pallets. We offer circular solutions that reduce single-use packaging waste, carbon emissions and food waste in the supply chain.

With our two divisions Euro Pool System (EPS) and La Palette Rouge (LPR), we offer optimum reliability, sustainability and efficiency in the fresh supply chain. EPS provides logistic services for reusable trays, based on rental and return, to European growers of fresh products (such as fruit, vegetables, meat, fish and convenience meals) and their retail partners. LPR provides logistic services for reusable pallets, based on rental and return, to manufacturers and distributors in the fast-moving consumer goods (FMCG) sector in the European market. This report covers both EPS and LPR divisions unless explained differently.

We operate a network of 175 service centres in 33 countries across Europe. Our headquarters is based in the Netherlands. In 2018, our business mainly expanded in Eastern Europe, and we made our services available in Romania, Bulgaria and Croatia. Our sustainability targets are applicable to all countries where we are active.

Euro Pool Group offers a dynamic working environment to more than 1,000 employees<sup>5</sup>. Our core values are based on entrepreneurial spirit, growing together, respect, reliability and drive. In 2018, we realised a total turnover of € 569 million.

### Governance

Euro Pool Group is the trade name of Euro Pool System International B.V. Euro Pool System International has three holding companies as direct shareholders in Belgium, the Netherlands and Germany. The entity has a two tier board; a Supervisory Board who supervises the Management Board. The Management Board is daily responsible for the management of the two divisions. With regards to the strategy and the decision making process the impact on economic factors and society is taken into account.

In 2018, implementation of the Sustainability Approach at EPG was driven by a dedicated CSR steering committee. This committee further developed sustainability targets, reviewed carbon footprint calculations, defined (local) activities and prepared for the internal and external launch of the sustainability strategy. Moreover, the committee is responsible for validation and quality control of sustainability results. Meetings were held on a quarterly basis.

<sup>5</sup>Number of employees based on headcount



### Code of Conduct

At Euro Pool Group a group-wide code of conduct is in place and we provide various trainings such as; internal compliance, competition law and anti-bribery, and privacy. In addition, a whistle-blower policy is in place through which employees can report malpractices and/or express concern about illegal or dishonest actions.

### Compliance & certification

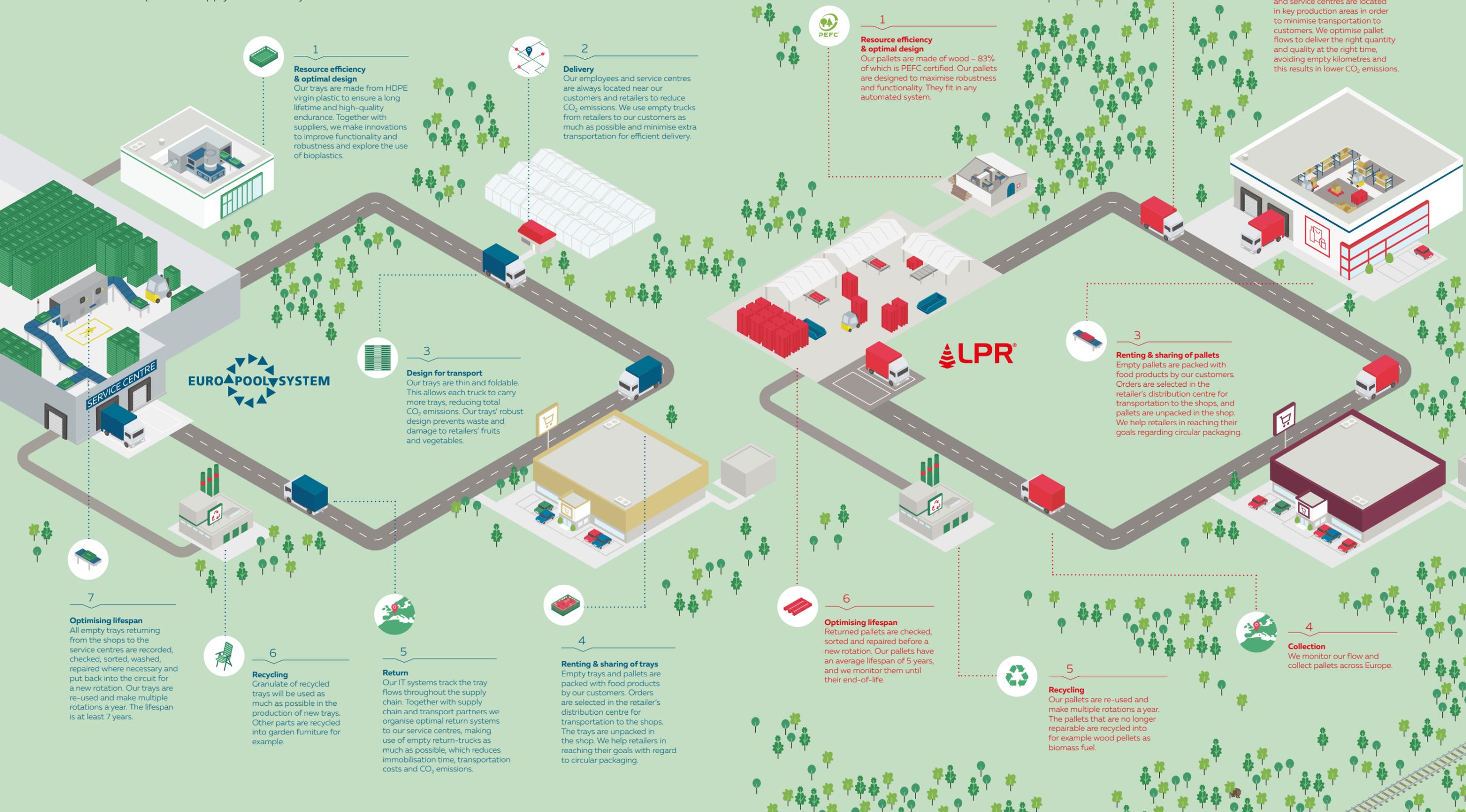
In addition, we use certification schemes to provide evidence of compliance with relevant quality standards. In 2018, LPR received the EcoVadis Gold rating for the fourth time for its commitments on Corporate Social Responsibility. EcoVadis rates and monitors the CSR practices in the supply chain, across 180 sectors and 150 countries; LPR was ranked among the top 1% of all companies that were assessed by Ecovadis.

CERTIFICATE	DIVISION
Ecovadis Gold	LPR
PEFC	LPR
ISO 9001	EPS & LPR
HACCP	EPS
BRC Global standard Packaging and Packaging Materials	EPS
BRC Global standard Storage and Distribution	EPS service centres: Barendrecht, Venlo, Zellik, Massalaves, Olomouc
OHSAS 18001	EPS service centres: Massalaves
ISO 14.0001	EPS service centre: Zellik



# CREATING SHARED VALUE

Our aim is to reduce the carbon footprint per movement by 20% between 2017 and 2025. We are working together with our suppliers, customers and partners in the supply chain on innovative solutions to create shared value and reach our goal. EPG offers a circular solution of reusable logistic carriers, from resource use to product design, and from transportation to maintenance and end-of-life management. The value chains for EPS and LPR divisions are visualised below. This visualisation gives insight into the different steps in the supply chain and key stakeholders.



**1**

**Resource efficiency & optimal design**  
Our trays are made from HDPE virgin plastic to ensure a long lifetime and high-quality endurance. Together with suppliers, we make innovations to improve functionality and robustness and explore the use of bioplastics.

**2**

**Delivery**  
Our employees and service centres are always located near our customers and retailers to reduce CO<sub>2</sub> emissions. We use empty trucks from retailers to our customers as much as possible and minimise extra transportation for efficient delivery.

**3**

**Design for transport**  
Our trays are thin and foldable. This allows each truck to carry more trays, reducing total CO<sub>2</sub> emissions. Our trays' robust design prevents waste and damage to retailers' fruits and vegetables.

**1**

**Resource efficiency & optimal design**  
Our pallets are made of wood – 83% of which is PEFC certified. Our pallets are designed to maximise robustness and functionality. They fit in any automated system.

**2**

**Delivery**  
Our employees, service providers and service centres are located in key production areas in order to minimise transportation to customers. We optimise pallet flows to deliver the right quantity and quality at the right time, avoiding empty kilometres and this results in lower CO<sub>2</sub> emissions.

**3**

**Renting & sharing of pallets**  
Empty pallets are packed with food products by our customers. Orders are selected in the retailer's distribution centre for transportation to the shops, and pallets are unpacked in the shop. We help retailers in reaching their goals regarding circular packaging.

**7**

**Optimising lifespan**  
All empty trays returning from the shops to the service centres are recorded, checked, sorted, washed, repaired where necessary and put back into the circuit for a new rotation. Our trays are re-used and make multiple rotations a year. The lifespan is at least 7 years.

**6**

**Recycling**  
Granulate of recycled trays will be used as much as possible in the production of new trays. Other parts are recycled into garden furniture for example.

**5**

**Return**  
Our IT systems track the tray flows throughout the supply chain. Together with supply chain and transport partners we organise optimal return systems to our service centres, making use of empty return-trucks as much as possible, which reduces immobilisation time, transportation costs and CO<sub>2</sub> emissions.

**4**

**Renting & sharing of trays**  
Empty trays and pallets are packed with food products by our customers. Orders are selected in the retailer's distribution centre for transportation to the shops. The trays are unpacked in the shop. We help retailers in reaching their goals with regard to circular packaging.

**6**

**Optimising lifespan**  
Returned pallets are checked, sorted and repaired before a new rotation. Our pallets have an average lifespan of 5 years, and we monitor them until their end-of-life.

**5**

**Recycling**  
Our pallets are re-used and make multiple rotations a year. The pallets that are no longer repairable are recycled into for example wood pellets as biomass fuel.

**4**

**Collection**  
We monitor our flow and collect pallets across Europe.



## 6

## GLOSSARY

**Absence rate**

Number of lost employee working hours, whether work-related or not, due to illness or injury as a percentage of the scheduled working hours. Maternity leave is excluded.

**BRC Global standard Packaging and Packaging Materials**

Helps to develop and manufacture safe, legal packaging materials that meet the expected quality levels.

**BRC Global standard Storage and Distribution**

The objective of the BRC Global Standard is to ensure that product integrity during the storage and distribution is maintained, and that customer confidence is upheld through audit and certification.

**Circular economy**

Looking beyond the current take-make-dispose extractive industrial model, a circular economy aims to redefine growth, focusing on positive, society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system (Ellen MacArthur Foundation).

**CO<sub>2</sub> equivalent**

A metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential.

**CO<sub>2</sub> footprint**

The total amount of greenhouse gases produced by our direct and indirect activities, expressed in equivalent tons of carbon dioxide.

**ISO 9001**

International norm addressing various aspects of quality management.

**ISO 14001**

Standard providing practical tools for companies and organisations to manage their environmental responsibilities.

**OHSAS 18001**

Occupational Health and Safety Assessment Series. An internationally applied British standard for occupational health and safety management systems.

**PEFC certification**

PEFC promotes sustainable forest management through forest certification. PEFC Chain of Custody certification offers assurances that the final wood and/or non-timber product can be traced back to a sustainable source.

**Sustainable Development**

Goals A framework agreed on by all members of the United Nations to achieve and monitor progress across all three dimensions of sustainable development (social, environmental and economic).

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**About the report**

This report builds upon the Sustainability Report of 2017 and the material topics and boundaries that were identified and presented by means of a materiality analysis.

The Sustainability Report is published annually. The results from 2017 can be found in the Sustainability Report 2017 published December 2018. This report covers the period from January 1st 2018 to December 31st 2018. In this report, the 2017 carbon footprint emissions have been restated due to a change in calculation methodology of national grid averages (kg CO<sub>2</sub> / kWh) by the European Environmental Agency (EEA) and an update of emission factors for transport modalities by DEFRA. This report has been prepared in line with the quality standards of the Global Reporting Initiative (GRI), and the GRI Core option. The scope of this report is Euro Pool Group, consisting of its two divisions, Euro Pool System and La Palette Rouge.

# SHARING THE BENEFITS OF RETURNABLE PACKAGING

Over a period of more than 25 years, Euro Pool Group has developed into the leading logistics service provider of reusable standard packaging in Europe. A success that we share with all the parties in the chain. Each and every day producers, transporters, processing companies and retailers benefit from the advantages of our reusable trays and pallets: they are strong, always available, stackable, clean, traceable and 100% recyclable. Moreover, we are constantly working towards further standardisation and integration of our solutions within the logistics process of our customers. With a network of approximately 175 service centres in 33 countries, we ensure optimal reliability, sustainability and efficiency throughout the entire chain.

