

SUSTAINABILITY REPORT 2021

# Accelerating our impact



FOREWORD BY CEO GERJO SCHERINGA

# 'Accelerating our efforts towards a more circular economy'

Circularity is at the heart of our business model. By sharing the benefits of our reusable and recyclable carriers, we are not only able to support our customers in reducing their carbon footprint but also in moving together towards a more circular economy.

The 2021 Climate Change Conference (COP26), the recent IPCC report and the EU Green Deal could not have been clearer about the need to address climate change in our business model. A step change is needed to put the world on track to achieve zero emissions by 2050 and meet the 1.5 °C target set out in the Paris Agreement. Against this backdrop it is clear that we need to accelerate the transition towards a circular economy with regards to and our sustainability journey. We will be working together with our leadership team, our employees and our partners to identify our priorities for the next 5-10 years. I am looking forward to reporting on the results in our next sustainability reports.

In 2021 we have made progress towards reaching our goal of a 20% carbon footprint reduction by 2025. The successful implementation of Project Cyan – the transition of rigid blue trays to a new generation of green folding trays – has had an enormous impact on transport movements and CO<sub>2</sub> reduction. Our partnership with Transfesa Logistics in operating CoolRail – the sustainable and efficient distribution network of fresh products by rail – is another good example. Also, LPR is

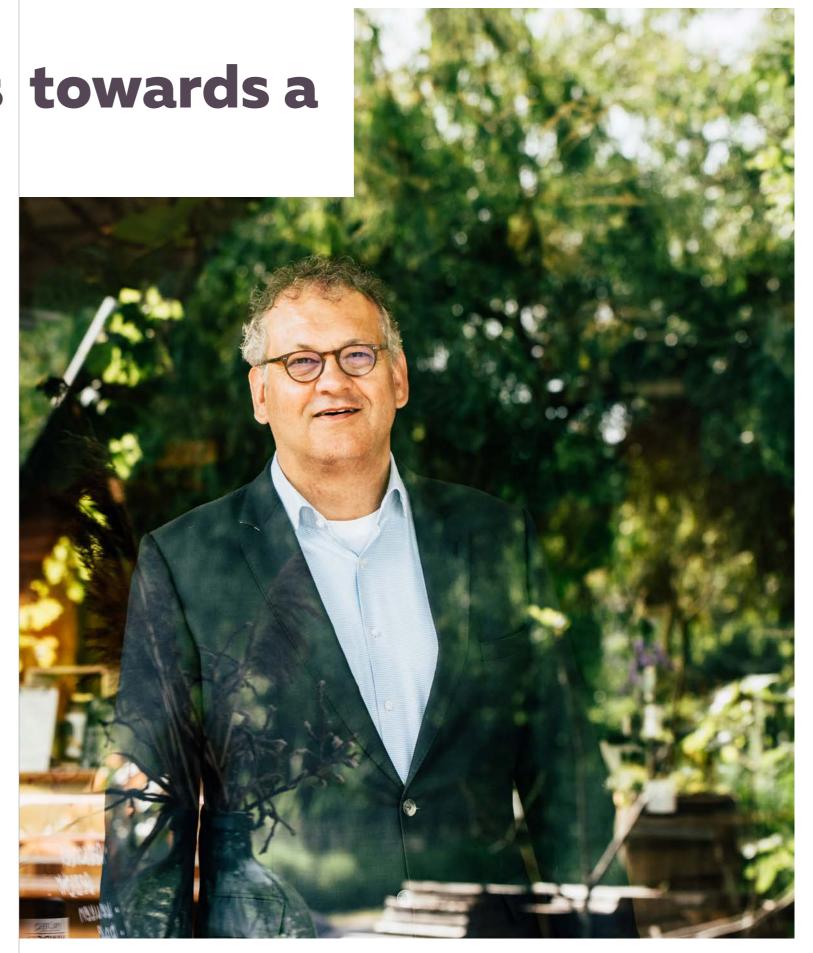
switching to more transport by rail. Transport by rail will be a continuous focus area of our work in the coming years.

In Italy, LPR was given an award for a joint project to improve circularity in the supply chain. Moreover, our efforts in digitalisation and fresh logistics, have contributed to increased circularity in the fresh food supply chain.

Despite the challenges in relation to Covid-19 and the new rules governing EU-UK trade, 2021 was another year in which Euro Pool Group witnessed a significant growth, with our network expanding even further. I am proud of the enormous dedication of our employees in achieving these results. Our employees are central to our success and their health and safety remains our priority.

I look forward to continuing to collaborate with our employees, customers, partners and other stakeholders in 2022 to enhance our impact and to continue contributing to a more circular economy.

**Gerjo Scheringa** CEO Euro Pool Group



3

OUR THREE STRATEGIC PILLAR

## Sustainability strategy

Our sustainability strategy clusters around three strategic pillars: **People, Planet and Partners**. In this sustainability report, we share an update on the key activities and projects that we have been undertaking to reach our sustainability goals.

#### **Accelerating our impact**

The circular economy offers solutions to global challenges such as resource scarcity, the impact of waste and climate change. The products and services of Euro Pool Group, and its divisions EPS and LPR, provide an immediate solution to these

challenges. The concept of circularity has been at the heart of our business model for nearly 30 years. Our reusable packaging and pallets significantly reduce CO<sub>2</sub> emissions in the fresh food value chain, have a long lifetime and are 100% recyclable. At EPG, circularity lies at the core of our business



model, and our reusable and recyclable carriers make it possible to close the loop.

As part of our sustainability strategy, we have committed to reducing  $CO_2$  emissions by 20% by 2025 compared to 2017 . Sustainability is more top of mind than ever, in legislation, in society and with our clients. We need to accelerate our sustainability efforts beyond our current commitments. Consequently, in 2022 we will be working together with our leadership team, our employees and our partners to explore how can we accelerate in the field of sustainability, circularity and logistics optimisation. We want to boost our ambition and set clear and meaningful goals towards the future.

In 2021, the implementation of our sustainability strategy continued. We put a great deal of effort into further optimising our logistics network, using sustainable transport and increasing the rotation cycles of our assets. Another important focus area is energy use in our depots and service centres, and the efficiency of our equipment, for example the washing and drying process of our trays. At EPS, Project Cyan was implemented and transport by rail, including CoolRail, was extended. At LPR, we started developing country-specific action plans to further reduce our carbon footprint. We aim to finalise these plans and commit to undertaking concrete activities in the course of 2022. This will provide greater focus at the country level.

# Our reusable packaging and pallets are 100% recyclable

#### **Sustainability awards**

In 2021, LPR received the **EcoVadis Platinum** status. EcoVadis is a ratings platform to assess the corporate social responsibility and sustainable procurement of companies. This is great recognition for LPR's environmental, social and responsible actions in the day-to-day performance of its activities. EcoVadis is a ratings platform to assess the sustainability performance of companies. Over 90.000 companies in 175 countries across 200 industries are rated on how well they have integrated sustainability into their business

and management systems.
The Platinum award
places LPR at the top
of best performing
companies that have been
assessed by EcoVadis.
LPR has been in the top 1%
since 2018.

PLATINUM Top 1%

2021

ecovadis

Sustainability
Rating

5

In Italy, LPR and Simpool received a prize for their joint RED (Repair-E-Delivery) project that improves circularity in the supply chain. LPR works together with Simpool towards optimising the collection and delivery of pallets, by reducing travel distances and accelerating repair times. This makes the LPR's logistics distribution network much quicker and much more efficient. In 2021, the distance

travelled was reduced by more than 150,000 kilometres, and consequently 121.34 tonnes of  $CO_2$  were saved. This project was given the **'Logistics of the Year 2021'** award by Assologistica, Assologistica Cultura e Formazione and the Euromerci magazine.

We calculate our carbon footprint in CO₂ equivalent. This means that next to carbon dioxide (CO₂), other greenhouse gases are also included. All emissions are expressed as CO₂-equivalent emissions which include all major GHG-gases: carbon dioxide (CO₂), methane (CH4), nitrous oxide (N2O), hydro fluorocarbons (HFCs), per fluorocarbons (PFCs), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3) expressed as Global Warming Potential in carbon dioxide equivalents. However, for the readability of this report we refer to this simply as 'CO₂ emissions'.

## **Overview goals**

The material topics, the key activities in 2021 and the progress towards our goals are summarised below for each strategic pillar of our sustainability strategy<sup>2</sup>. The Sustainable Development Goals (SDGs) are a collection of independent but interconnected goals carefully designed to give us all a better future on our planet, with hundreds of targets and measurement indicators aimed at the year of 2030. We aim to contribute to achieving the SDGs with the activities that are defined under each strategic pillar.













## **People**

## **Employee** health and safety

- Further reducing regions through
- Automation was further continued - especially at new depots.
- Continuing the automation
   We aim to have a depots.
  - employability policy in place for all our employees by
- SDG 8: and economic growth

## Material topic Goals for 2021 Realised in 2021 Goals for 2022 ■ SDG 8:

#### **Employee** training and development

- Further integrating the learning platform into the HR system, and ex panding the curriculum
- Organising management training courses on soft skills, performance reviews and recruitment.
- Integrating core values in leadership and performance management.
- E-learning was integrated in MyHR, the curriculum was expanded and participation increased.
- All management layers received training on performance review to better guide personal development.
- LPR started implementation of projects to support core values At FPS our core values are now integrated in
- Expanding the content of e-learning, increase participation, develop a training matrix.
- Organising recruitment training for management, attention for gender balance in leadership
- Redefining our leadership profile based on core
- We aim to strengthen and as well as to have realised a learning and training environment for

all employees

Decent work growth

## **Partners**

Material topic	Goals for 2021	Realised in 2021	Goals for 2022	Goals for 2025	SDG
Pro-active collaboration with stakeholders	<ul> <li>EPS: continuing pilots and developing these into concrete and commercial services.</li> <li>LPR: starting new pilots to develop business case for traceability.</li> </ul>	■ EPS: Smart Return Logistics, (SRL) became the new standard, further development of Smart Fresh Logistics linking asset identifiers, and at a later stage Internet-of-Things (IoT) data to supply chain data.  ■ LPR: pilots were run on Internet-of-Things (IoT) and Global Return Assets Identifier (GRAI) technology continued.	Further developing digital solutions to provide and develop Smart Fresh logistics toward full traceability in the supply chain, including the quality of fresh produce during transport.  Continuing to work with our partners to develop innovative and commercial solutions.	■ We aim to build strong partnerships to work together towards a circular supply chain, thus contributing to a circular economy.	■ SDG 9: Innovation & infrastructure ■ SDG 17: Partnerships for the goals

<sup>&</sup>lt;sup>2</sup>The material topics under each pillar have been identified using a materiality analysis for which internal and external stakeholders were consulted. The materiality analysis was conducted under supervision of the Management Team, and the materiality matrix and topic selection were included in the Sustainability Report 2017.

## **Planet**

#### Energy efficiency

- Continuing to replace blowers by energy-efficient centrifuges at EPS depots.
- Energy-efficient centrifuges were installed in Mutterstadt, Dortmund, Munich (Germany) and Lisbon (Portugal) – pilot with energy-efficient centrifuges for single line started in Geldermalsen (the
- By 2025, all EPS of energy-efficient depots will use energy-efficient equipment across EPS depots - scaling up pilot with energy single-line locations
- & infrastructure

#### Goals for 2021

## Realised in 2021

## Goals for 2022

#### Lower carbon footprint / sustainable transport

- Continuing the implementation of strategic projects that support our reduction target.
- Implementing Project Cyan, phasing out rigid blue trays.
- Expanding the scope and capacity of CoolRail to increase rail transport.
- Putting green energy contracts in place at 80% of all EPS depots
- EPS reduced its carbon footprint by 14.9% and LPR by 8.5% compared to 2017.
- 25 million rigid blue trays were returned to us. and were grinded for upcycling.
- CoolRail expanded to United Kingdom, the Nordic countries, Germany and Denmark, 1,633 containers were transported by Coolrail, avoiding an equal number of trucks on the road
- Almost 79% of all EPS depots now run on green energy.
- We aim to Realising reductions in carbon footprint. reduce our Reviewing and sharpening carbon footprint our reduction target at group level. by 20% by 2025 (compared to
- Continuing the phasing out of rigid blue trays, using grounded material for the production of new trays.
- Further expanding CoolRail and continuing the collaboration with LPR.

■ Ensuring that 80% of all

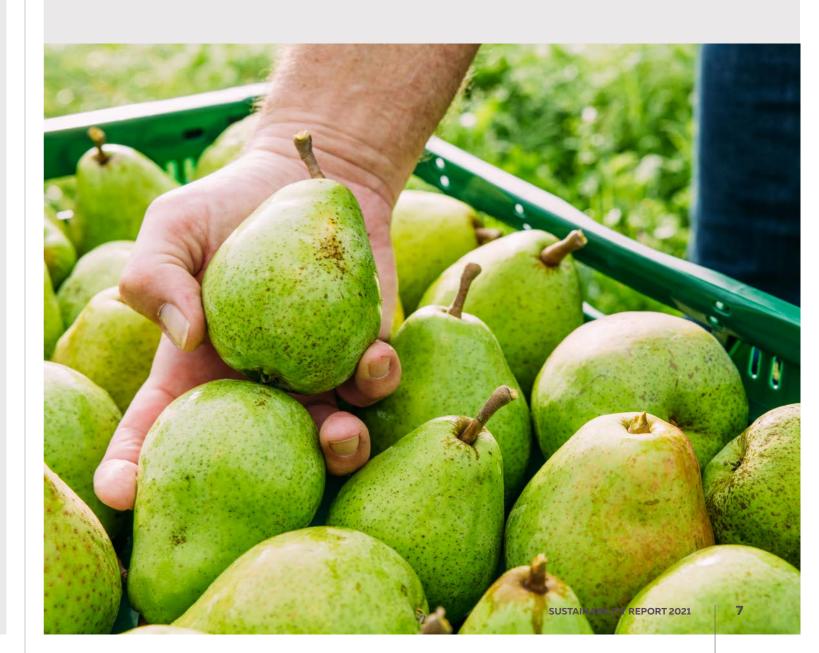
EPS depots have green

energy contracts.

■ By 2025, all EPS and LPR depots will run on green

2017).

- SDG 7: and clean energy
- SDG 12: Responsible consumption production
  - SDG 13:



Our people are the key assets of our business. People 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.



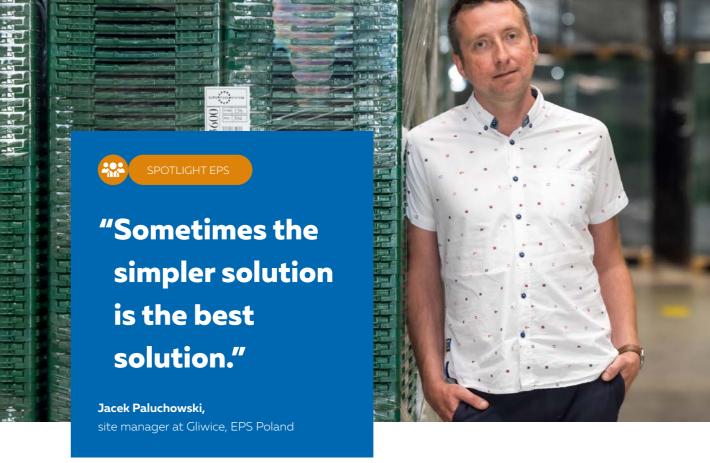


"In my role as SHEQ coordinator, I ensure that LPR Spain and its suppliers comply with all the rules and regulations related to safety, health, environment and quality. I make sure that all SHEQ training is in line with the latest regulations, and all the required certifications are in place."

#### **Accelerating our impact**

"In my role as SHEQ coordinator, I ensure that LPR Spain and its suppliers comply with all the rules and regulations related to safety, health, environment and quality. I make sure that all SHEQ training is in line with the latest regulations, and all the required certifications are in place."

Sustainability is part of LPR's identity, and it is inherent to the long lifetime of our pallets. Our purpose 'Working together towards a sustainable supply chain' is something that I contribute to every working day. By involving our suppliers, we take action together to achieve our sustainability goals and to create more impact in our value chain. This is why we don't only audit our suppliers, but also train them, so that we grow together. For example, in 2021 we relaunched the 'Lean&Green' programme in Spain. In this programme we actively work together with transport partners to structurally reduce CO<sub>2</sub> emissions in our logistics. Last year I also worked together with our suppliers to improve ISPM15 management. ISPM15 is a key regulation to our business; it requires heat treatment of pallets to prevent the spread of diseases and insects that could be harmful to plants or ecosystems. We got all suppliers to align with the Ministry, a result that I am really pleased about. To achieve sustainability, we cannot lose focus: we need to have a balance between environmental, social and economic sustainability.



"As the site manager at Gliwice, I make sure that all daily operations run smoothly and that we maintain a good work ethic and team spirit. At the depot in Gliwice, we comply with the international BRC standard on food safety, and we are working towards ISO 9001 certification. In Poland the interest for our reusable trays is growing, driven by sustainability benefits and rising cardboard prices."

Reusable packaging has an enormous potential to reduce CO<sub>2</sub> emissions in the supply chain. In addition, food losses are reduced because less food is damaged and trays look better on the shelf than cardboard. The purpose of Euro Pool System is 'Maximising Circular Value' and in my work I contribute to this every day. In the collaboration with our partners and clients, adding value is key. Our business model is built on reusable packaging, and we share the benefits of this with our clients. Next to that, we go the extra mile to develop the best client solutions by being flexible and creative. For example, last year we engaged in a pilot with a retailer to test the transition from cardboard to reusable trays. The pilot was challenging, as we only had one month to set everything up while this usually takes much longer. This required great flexibility from our team and much thinking outside the box. For instance, instead of waiting for the delayed delivery of IT equipment, I decided to drive there myself to pick up the materials. Confronted with network issues in one of the depots, I purchased SIM cards from different service providers and tested them on site to choose the cards with the best network coverage. Sometimes the simpler solution is the best solution. It is always fun and challenging to come up with new ideas to improve existing procedures. Resourcefulness is definitely the core value at EPS that I identify with the most!

9

**SUSTAINABILITY REPORT 2021** SUSTAINABILITY REPORT 2021



## **Employee training and development**

## Training opportunities and e-learning

In 2021, we completed the integration of e-learning into the HR system, MyHR. This integration further enhances learning opportunities for our employees. It allows us to tailor e-learning courses to specific function groups and to monitor the completion of the courses. We have been developing a training matrix that gives a clear overview of the qualifications of each function group and the mandatory courses to be followed, for example modules on our core values.

Last year, the activation of the e-learning platform was top of mind. We actively brought the platform to the attention of our employees, and this shows in the results: more than 5,400 e-learning modules were completed. In addition, the e-learning curriculum was expanded with new content, for example on internet security, remote working and management at a distance. In 2022, we will continue to add new and attractive content; activation remains key, also to increase the traffic on the e-learning platform.

In addition to e-learning, EPG also offers tailor-made training opportunities. There are training budgets available that are deployed based on the needs in the organisation. Also, internal knowledge transfer contributes to learning. Staff members regularly organise training programmes around their area of expertise for their colleagues, either online or in person.

## Personal development

In 2021, all managers at EPG received performance management training. In this training course they were provided with tools and skills to better guide the personal development of our employees in performance reviews and career planning. In 2022, the focus will be on our recruitment process to ensure the talent that we attract aligns well with our

core values. All managers will receive training on recruitment skills, to support them in hiring new colleagues who fit our ambition.

An emerging topic at EPG is the gender balance in leadership positions. Across the organisation, women are well-represented in the total workforce. However, we see that women are underrepresented in leadership positions. To address this, we started a working group on diversity and inclusion. This working group looks into what is needed to

Nalynie Biekhram, Group HR Manager

enhance career opportunities for women and to create more awareness of female leadership across the organisation.

### Vision and core values

Over the past few years, the two EPG divisions have been developing 'Single Organising Ideas' that are supported by a set of core values. A Single Organising Idea (SOI) brings together the economic, environmental and social purpose of a company in an inspiring statement that employees and stakeholders can contribute to and benefit from. In 2021, EPS continued the implementation and activation of 'Maximising Circular Value'. LPR rolled out its vision 'Together towards a sustainable future' and the new set of core values across the organisation, following a similar approach at EPS. They created a 'culture guide' that was distributed to all employees to explain this new vision as well as the underlying core values. Country managers hosted workshops

locally to support the implementation. Moreover, working groups were set up in each country to give more substance to the values and make them more practical. Project ideas were generated to further embed the core values across LPR. In each country, one of these projects will be implemented, such as building an expert network to support the value 'expertise'. LPR colleagues are enthusiastic about the values, as they match the DNA of the division. Like at EPS, from 2022 the values will be integrated in performance reviews and career management. In 2022, we will give more attention to the leadership profile that matches the core values of the organisation. We will organise leadership training for the top 30 leaders of both EPS and LPR. Together, we aim to define a new value proposition and leadership profile that is required to support our ambitions, and that links well with our core values.

11





# **Employee** health and safety

At the workplace, our approach to occupational health and safety is based on continuous improvement and risk elimination. Strict safety policies are in place, and responsible behaviour is endorsed by our code of conduct. We provide training and run internal campaigns to increase awareness of safety and related topics. In 2021, Covid-19 remained a challenge to our business, and the health and safety of our employees remained a top priority.

## Occupational health and safety

EPS provides continuous training on health and safety. This is organised at the country level, and training is adapted to the local context whenever required. To continuously improve the prevention of accidents, EPS has been working towards the introduction of 'safety alerts' in 2022. Accidents at the workplace are discussed with all employees to



examine root causes and to avoid similar accidents in the future. These insights are written down, translated and shared across all countries; in this way depots can learn from each other. By improving the communication within and between our depots, we can avoid accidents from happening. In 2021, EPS was ISO 45001 certified; this is the global standard that focuses on occupational health and safety management systems. We aim to further roll out ISO 45001 certification across our depots and countries. At the beginning of 2022, the depot in Massalaves (Spain) also received a BREAAM certificate, a leading global certificate for sustainable buildings.

EPS operates most of its own depots directly while LPR outsources its service centres to external service providers. However, all our service providers need to comply with our guidelines on employee health and safety. Across EPG, we closely followed the constantly changing rules and regulations about Covid-19 across Europe last year. Through the implementation of business continuity plans and country-specific measures, we were able to successfully continue our operations.

## Advanced depots and service centres

To drive efficiency and circularity, EPS and LPR are continuously investing in new and more modern depots. EPS opened one new depot in Lisbon (Portugal). In the early months of 2022, three additional depots opened in Porto (Portugal), Oslo (Norway) and Helsinki (Finland). These depots are equipped with stateof-the-art technology, are semi-automated and run at a high level of efficiency. Portugal and the Nordics are new countries with washing depots. Last year we conducted an extensive risk assessment for the depot in Lisbon, and we adapted our operations to comply with national laws and legislation. This required a great deal of time and effort.

To contribute to the health and safety of our employees, we have been working towards reducing repetitive work such as the opening, closing and de-palletising of our trays. This is a continuous improvement process. At EPS, most of the depots make use of semi-automated processing. In 2021, we increased automation at our depots in Munich (Germany) and Beckov (Slovakia).

mainly in regions where we are growing. We opened new service centres in the Nordic countries, for example in Denmark and Finland, and in Eastern Europe, for example in the Slovenia and Czech Republic. The service centres range from small locations for the return of pallets to larger locations that also have in-house repair facilities. After Brexit, new locations were needed in the UK to facilitate pallet flows and to manage the need of large quantities of ISPM15-treated pallets for import and export between the UK and the EU. For this reason, we opened five new service centres and then relocated some of our centres to larger and modern facilities, for example in the London area and the Birmingham area. In other regions, service centres were also transferred to larger and better equipped facilities, such as in Dublin (Ireland) and Munich (Germany). New service centres are equipped with automated and ergonomic workstations, often with solar panels to generate green electricity.

## Wellbeing

For many of our employees remote working continued in 2021, as did our efforts to stay connected with each other and maintain a good work-life balance. EPG is currently investigating how to accommodate a good work-life balance also in the future, taking into account possible pandemics or potential lock-down restrictions.

We want to create an environment where employees not only live our values in their own work but are also vigilant about identifying potential concerns, and confident about speaking up in such situations. Employees can express any concerns regarding misconduct by using the Speak-Up line on our intranet or by using our whistle-blower policy. It is possible to report incidents anonymously. There is also a whistle-blower policy in place, and employees can discuss their worries confidentially with counsellors across the organisation.

To stimulate employees to remain active, the Euro Pool Sports Challenge also continued. In 2021, a total of 154 employees registered a total of 18,006 hours and 26 minutes of training time. This includes a range of activities, including running, cycling, swimming, walking, cross-fit, skiing and skating.

In 2021, LPR opened several new service centres,

13

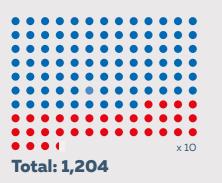


## **Key facts 'People'**

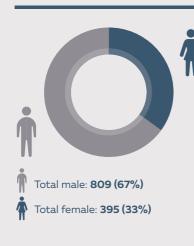


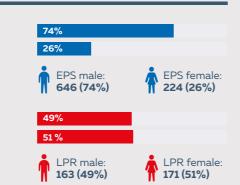


## **Employees**



## Male / Female



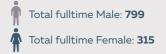


## **Total number of employees by employment contract** full-time and part-time



## **Total fulltime: 1,131**

EPS: **870** LPR: **334** 



## **Hours spent on** training

**Total: 4.482,50 hours** 

for the entire organisation

Total: 3,72 hours average per employee:

## **Total parttime: 90**



Number and type of

accidents and lost time injury rate

## **E-learning portal**

**Total: 1,1085** 

**Absence rate** 

Participants following at least one course:



## **Total permanent:**



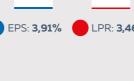
## **Total temporary:**





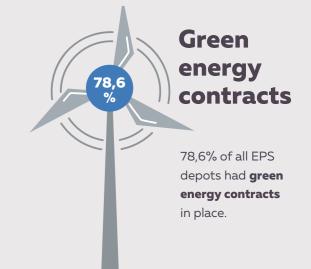






## **Key facts 'Planet'**





## 1,633 containers

transported by CoolRail, and 410 containers were transported by train instead of trucks at LPR, avoiding an equal number of trucks on the road.





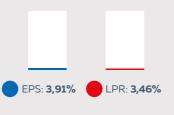


LPR compensated **2% of the pallet** footprint by reforestation of French forests in partnership with Plantons pour l'Avenir

15

## (permanent and temporary)

:: 93%	Total
cts: <b>92%</b> cts: <b>94%</b>	lost time: 446 days
CC3. <b>34</b> /6	over 2 years
: 7%	



(%)	No fatalities	
	<b>®</b>	No fatalities

Certifications and memberships in 2021				
ISO 9001:2015	EPS Europe B.V Euro Pool System; België BVBA / France SARL / Deutschland GmbH / Italia S.R.L / Nederland BV / España SL / CZ S.R.O LPR; France / Spain / LPR Portugal / UK / Benelux			
ISO 14001:2015	EPS Europe B.V / Euro Pool System België B.V.B.A			
ISO 45001:2018	EPS Europe B.V / Euro Pool System España SL, depot Massalaves			
ISO 22000: 2018	Euro Pool System België B.V.B.A			
BRC Global Standard Storage and Distribution	<b>Euro Pool System;</b> España SL, depot Massalaves / Nederland BV, depot Barendrecht / Nederland BV, depot Venlo / België B.V.B.A, depot Zellik / Poland, depot Gliwice / Poland, depot Teresin / CZ S.R.O, depot Olomouc / Deutschland GmbH, depot Bornheim			
Global Safe Site cert.	LPR Portugal & all subcontractor sites			
EcoVadis Platinum	LPR			
PEFC Chain of Custody	LPR			
BREAAM	Euro Pool System España SL, depot Massalaves			

**SUSTAINABILITY REPORT 2021** SUSTAINABILITY REPORT 2021

## **Planet**

By increasing supply chain efficiency, deploying alternative modes of transport and designing our products optimally,







## FRET21: Integrating the climate impact of transport in LPRs sustainability approach

To further drive the reduction of carbon footprint in logistics, LPR France joined FRET21. The French initiative provides tools to calculate the carbon footprint emissions and to develop concrete action plans to reduce emissions. FRET21 is the equivalent of Lean&Green in other European countries. The activities that LPR France undertakes under the initiative set an example for other LPR countries.

**FRET21** is an initiative of the French Agency for the Environment and Energy Management (ADEME) and encourages companies that work with transport partners to reduce the climate impact of freight transport. FRET21 focuses on the following four themes: loading rate, distance optimisation, means of transport and responsible purchasing. Through the initiative, LPR France has committed to reducing its CO<sub>2</sub> emissions directly related to transport by at least 5.5% from 2021 until 2023.

Together with our retailers, we are working on optimising the loading rate of our trucks, by focusing on platform collection and reverse logistics. We started with two retailers, and we have so far been able to increase the loading rate by 2%. In addition, we have been developing optimisation plans for transport flows, with a view to reducing our overall transport distances. To achieve this, we will open service centres in strategic locations, optimise our routing and drive fully loaded trucks as much as possible. This will help us to further reduce distances travelled.

A key element of LPR's reduction plan is the transition to multimodal transport and green carriers. We also aim to replace 9,000 conventional trucks by trucks that run on green energy such as biogas



or biofuel. We want to increase the share of greener carriers to 94%. These carriers should be certified and ideally working as part of a programme such as FRET21. This requires an investment from transport partners in upgrading their fleet. Carriers decide themselves what technology and fuel type they wish to invest in. It requires patience and persuasion for our carriers to switch to a greener fleet. Consequently, we consider our carriers not simply as suppliers but more as partners with whom we build long-term relationships. We are currently working closely with 10 carriers, who represent about 80% of our business.

Our greatest achievement in 2021 was the conversion from truck to rail. We studied carefully how to convert road transport to rail transport, and in the end, we were able to implement this conversion. The train is a very reliable means of transportation, and we are now considering a new line for 2022. Our goal is to avoid 700 trucks on the road by converting to rail transport, and recently we have

already reached half of this target. In 2022, we will also test the use of a line of riverboats on the river Seine. Furthermore, we are working with one of our clients on the implementation of trucks that run on compressed gas.

Joining **FRET 21** shows that we are serious about reducing emissions in our supply chain, and it also adds to the visibility of our commitment. It allows us to be part of a larger discussion and to take part in the transition towards a more sustainable future.

Audrey Miquel, Sustainable Supply Chain

achieved under FRET21 set an example of how we can significantly reduce emissions in our supply chain.



17

**SUSTAINABILITY REPORT 2021** SUSTAINABILITY REPORT 2021



# **Towards** a circular water model at EPS depots

At EPS we have been through a huge transition in recent decades.

Our main business activities have remained the same, namely providing reusable standard packaging, but the way we do this has changed significantly. Over the years we have become much more efficient, data driven and environmentally friendly in our operations.

In our depots, this move is partly driven by automation and by the increased use of high technology in the washing and drying process of our trays. The transition from conventional blowers to energy-efficient centrifuges is ongoing. This saves 25% of energy in the total washing process. Besides reducing energy consumption, the majority of our depots are now running on 100% green energy. Moreover, we continue to explore and implement other energy-saving equipment to further reduce our energy consumption.

As we are well on our way to reducing the energy consumption at our depots, we are now also looking into our water consumption. To reduce our water consumption, we are exploring whether we can partially re-use the wastewater of our washing process. In our depots, wastewater is captured in tanks that are regularly emptied. In 2021, together with Leiden University we investigated different options to treat our wastewater, to improve its parameterisation and to re-use the water as process water. Our goal is to purify the water to clean water quality so that we can re-use it in our washing process. Thus, we are moving towards a circular model for water use, and this can drastically reduce our water consump-

tion. Implementing this across EPS is challenging, as the legislation about wastewater and potable water quality varies across countries.

As a chemical engineer, I find it fascinating to work together with our knowledge partners to find the op timal solution to close the loop, tailor-made to fit various contexts but at the same time as modular as possible. We plan to launch a pilot in 2022, starting with testing equipment such as dissolving air flotation (DAF). The re-use of wastewater can have an enormous impact on our water consumption.







# Reducing our carbon footprint

We set the ambition to reduce the carbon footprint for each rotation of our trays and pallets by 20% by 2025, in comparison to the baseline in 2017. To achieve this goal, we are committed to strategic projects that focus on optimising logistics, green energy and our reusable carriers. The reusability of our pooling trays and pallets drives the circularity of our business model from the core. In addition, we are continuously improving our sustainability performance by re-using our carriers as efficiently as possible, by reducing our transport kilometres and energy consumption and by recycling our carriers at end-of-life. In 2021, implementation of these projects continued, and our progress clearly shows in the results.

In 2021, at EPS the carbon footprint per movement was reduced by 14.9% compared to 2017. Most of this reduction was realised in depots and storage. This can be explained by the transition to green energy and the installation of energyefficient equipment. Emissions resulting from transport increased compared to the baseline. This is due to the continuous expansion of EPS across Europe, including the Nordics, which initially extended transport distances to deliver and collect trays. Furthermore, the implementation of Project Cyan caused temporary inefficiencies in transport that were driven by the introduction of the green trays and the phasing out of the blue trays. Moreover, Covid-19 negatively impacted the efficiency of our routings.

<b>Emissions</b> (kg CO <sub>2</sub> eq per rotation)		JAA EURO POOL	<b>≜</b> LPR°
Depots and storage	2017 2018 2019 2020 <b>2021</b> 2021/2017-1	0.040 0.038 0.036 0.027 <b>0.022</b> -44.2%	0.102 0.101 0.087 0.094 <b>0.100</b> -1.7%
Production and Eol	2017 2018 2019 2020 <b>2021</b> 2021/2017-1	0.052 0.047 0.047 0.039 <b>0.028</b> -46.4%	0.345 0.394 0.366 0.366 <b>0.336</b> -2.7%
Transport	2017	0.085	0.649
	2018	0.085	0.614
	2019	0.092	0.689
	2020	0.093	0.681
	<b>2021</b>	<b>0.095</b>	<b>0.573</b>
	2021/2017-1	11.8%	-11.7%
Other	2017	0.014	0.042
	2018	0.013	0.042
	2019	0.011	0.047
	2020	0.009	0.031
	<b>2021</b>	<b>0.011</b>	<b>0.031</b>
	2021/2017-1	-18.4%	-25.1%
Total	2017	0.184	1.137
	2018	0.182	1.152
	2019	0.187	1.189
	2020	0.167	1.172
	<b>2021</b>	<b>0.157</b>	<b>1.040</b>
	2021/2017-1	-14.9	-8.5%

**Legend:** The  $CO_2$  footprint is expressed in in kg  $CO_2$  equivalent per movement and divided into four key categories: depots and storage, production and End of Life, Transport and Other.

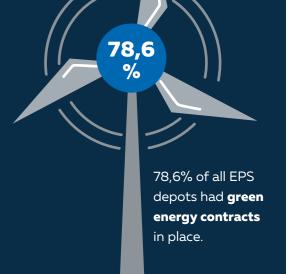
At LPR, the carbon footprint per movement was reduced by 8.5% compared to 2017. Our footprint was reduced because of concrete operational improvements. For example, the reduction in travel distances and the review of our routing after Brexit led to a lower carbon footprint per pallet movement. Since most of LPR's emissions are caused in the transport of our pallets, we collaborate closely with our transport partners to reduce these, for example by engaging in initiatives as Lean&Green and FRET21.



# Transition to green energy In 2021, 78.6% of all EPS depots had green energy contracts in place,

In 2021, 78.6% of all EPS depots had green energy contracts in place, and this resulted in a reduction in  $CO_2$  emissions of around 9,000 tonnes. With this result we came close to our goal of running 80% of our depots on green energy. For the remaining depots, green energy contracts are not always available. Moreover, some of our depots are located on our customers' premises, which means that we are not the owner of the energy contracts. Therefore, we need to collaborate with our customers to go green. We aim to have all new depots running on green energy in 2022.

At LPR, we are also working towards increasing the share of green energy in our service centres. Most new service centres are directly equipped with solar panels to generate green electricity for our operations. Our goal is to run all our service centres on green energy by 2025.



## **Project Cyan**

In Project Cyan we are replacing the rigid blue trays by a new generation of foldable green trays. The green trays take up less volume when folded than the blue model that is currently being phased out.

Fewer trucks are needed in transport and there are more opportunities to combine transports. By making use of synergies in international transport, we minimise the number of assets that are standing still, for instance in flattening peaks by making use of complementary seasonal effects. This results in a significant reduction in transport movements and hence in  $CO_2$  emissions. Project Cyan was started in 2021, and early in 2022 we finalised the transition to green trays. All markets and clients that we targeted are now equipped with green trays. A key challenge in the transition was to have sufficient green trays on stock and available at the right location. This was a major logistical operation

that required extensive preparation and planning. Furthermore, the washing process at certain depots was adapted to handle the new trays.

Since the start of Project Cyan, rigid blue trays were returned to EPS, grinded and then recycled. The blue trays are grinded at mobile grinding devices that are available at some of our depots, or directly at the recycling plant. The grinded material that is obtained is of very high quality and received EFSA approval in line with strict food safety criteria. The grinded material can therefore be used to produce recycled packaging in the food sector and moreover for the production of new EPS trays.



21



SUSTAINABILITY REPORT 2021 23

22



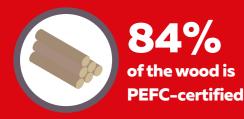
Both EPS and LPR have put a great deal of effort into the optimisation of logistics. At EPS, we minimise the required transport movements through strategic planning. Weekly, we calculate the optimal logistical flow in order to best balance the differences between supply and demand in the network. Furthermore, on a strategic level we optimise our logistics network, so that the different regions become self-supporting in terms of washing capacity. In combination with unsorted returns (mixed trays), this is the optimal logistics model. Relocation transport is minimised while the internal supply chain is shortened, and this reduces the number of transport kilometres and hence the emissions. Our on-site Return centres are an important tool

to further optimise logistics and bring collaboration with our partners to the next level.

LPR makes use of innovative tooling in strategic planning to further optimise its transport flows across Europe. More efficient routings and higher loading rates of trucks lead to a reduction in travel distances, and hence CO<sub>2</sub> emissions. Moreover, LPR further explores the use of green carriers and multi-modal transport options. On some of its trajectories, LPR makes use of rail transport or trucks that run on sustainable fuels such as biogas. Working together with transport partners is key to enlarging the impact in the supply chain and programmes such as Lean&Green and FRET21 further drive this.

## Reforestation

In 2021, LPR's partnerships with Plantons pour l'Avenir continued. A total of **14,800 trees were planted** to revive fourteen hectares of deforested areas in France. Planting trees allows us to neutralise the carbon footprint of the wood that we use for our pallets as well as the greenhouse gas emissions that we generate with our business activities. Last year, **we compensated 2,400 tonnes of CO<sub>2</sub> emissions**, which equals **2% of our pallet footprint**.



In 2021, **84%** of the wood that LPR used for its pallets was **PEFC-certified**. This is a slight improvement compared to 2020. Of the remaining 16%, most of the wood is FSC-certified, and we will start to monitor the exact proportion from 2022. All the wood that is labelled non-certified still complies with the PEFC criteria on 'controlled origin', which means that we have been carefully checking its origin as part of our **Due Diligence System** for wood sourcing.



# **Energy-efficient** equipment

Our goal is to have energy-efficient centrifuges installed at all depots by 2025. In 2021, the EPS depots in Mutterstadt, Munich (Germany) and Lisbon (Portugal) were equipped with stacked centrifuges. With this technology, we saved 25% of energy in the total washing process compared to using conventional blowers. Annually, this reduces the electricity consumption by about 640

MWh per depot. This is an ongoing transition, and these energy-efficient centrifuges are installed at locations that occupy two or more lines.

For some depots the most advanced type of centrifuges have been installed. These models also save about 25% of energy in the washing process of trays. In addition, we will continue the development of such new centrifuges. We will also continue to install label-removal equipment that is much more energy-efficient than the old high-pressure sections.

25%

## **LED lighting**

We have been installing LED lighting at new depots and warehouses, and we have been replacing regular lighting with LED lighting at existing locations. LED light saves 70% of energy compared to conventional lighting. In the region of Central Eastern Europe (including Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia) all depots are equipped with LED lighting, in the region West Europe almost all depots use LED lighting, and in the region South Europe about 80% of the depots use LED lighting.

The transition in Central Europe (including Denmark, Finland, Germany, and Norway) is ongoing. In addition, we have been implementing movement sensors to avoid unnecessary lighting in our depots, and this has already started in Central Eastern Europe.

We want to make use of daylight as much as possible, so the LED lighting can be switched off when there is

sufficient luminosity from natural light. In 2022,

we will further explore this.

saves 70°

## **Partners**

Innovation and partnering with customers are key to driving circularity in the supply chain



further. Together with our partners, we are constantly working on innovations and deploying new tools and technologies such as the Internet-of-Things (IoT) and other traceability tools.



NTERVIEW WITH ALBERTO MADARIAGA

# **EROSKI**: a sustainable partnership in return logistics

Eroski is a leading Spanish retailer with over 1,600 locations across the country and more than 28,000 employees. The collaboration between Eroski and EPS started more than 25 years ago. Over the years, Eroski and EPS have developed a strong partnership and have been working together towards more sustainability impact in the value chain.

Eroski aims to be a net zero company by 2050. This ambition is part of the retailer's 10 commitments on Health and Sustainability and aligns with the EU Code of Conduct on responsible food business and marketing practices. To support our ambition, we continue our commitment to further reducing CO<sub>2</sub> emissions, reducing the use of plastic packaging, and moving towards zero waste and 100% recyclable packaging. In 2021, we received our first Lean&Green star for reducing the carbon emissions in our logistics and transport processes by more than 25%. In this way, we avoided more than 25,800 tonnes of carbon emissions. We expect to achieve a reduction of 30% in carbon emissions in

2022, and we are working towards a reduction of 40% by 2023.

Working together with EPS contributes to achieving our sustainability targets, and more specifically it helps us to significantly reduce the carbon emissions in our return logistics. The benefits of EPS's reusable packaging lie at the core of our partnership, and we have been further improving the return logistics model together. The circular business model of reusable trays has significant sustainability benefits compared to single use packaging of cardboard or plastics. At Eroski we use EPS trays for fruit, vegetables, meat, poultry, bread and bakery products. We are exploring the use of reusable trays for other products too, such as eggs and fish. As the trays are foldable and available in different heights, we can easily stack to different heights and optimise the loading degree of trucks. This enables efficient transport, for both full and empty trays.

EPS takes care of our return logistics and manages almost all of Eroski's return centres. There is only one return centre that we still manage by ourselves. "Working together
with EPS contributes
to achieving our
sustainability targets,
and more specifically
significantly reduces
carbon emissions in
our return logistics."

Alberto
Madariaga
Chief
Operating
Officer
at Eroski



automating the order picking for our stores, making

The return centres are located nearby our distribution centres, and the short distances allow us to create synergies in transport and to significantly reduce our transport kilometres, and hence reduce carbon emissions. EPS does not only manage the return of trays, but also collects other packaging flows at the stores, such as pallets, cardboard and plastics. Having only one supplier that manages all these flows drastically increases the efficiency of our return logistics. At the return centres, trays and pallets are cleaned, repaired and prepared for transport to our suppliers. The waste streams of plastics and paper packaging are collected directly at the return centres by other partners for recycling into new packaging materials.

Our partnership builds on continuous improvement. In EPS we find an agile and adaptive supplier, that offers innovative solutions and who goes the extra mile. For example, EPS supported us in fully

this much more efficient. Service is always of great quality, even throughout Covid-19 when our sales increased due to the circumstances. At the returns centres, we continue to improve logistics and work together to reduce energy and water consumption in the cleaning process of trays.

Bartolome Saro,
Regional Director South at EPS:

"Through our strategic collaboration with Eroski we are taking a next step in driving efficiency and sustainability in the value chain further."



27



Bekuplast is one of Europe's leading manufacturers of reusable transport packaging made of plastic. Bekuplast has developed a strong partnership with EPS that is built on mutual trust and driven by sustainability and innovation.

At Bekuplast, our goal is to drive logistics forward using sustainable solutions. We were established in 1985 and have developed a long-term strategic partnership with EPG that is driven by innovation, bringing new solutions to the market. Ever since, our business has grown together with the success of EPG. Our collaboration with EPS started with a success story, namely the development of the foldable tray. It seems like a simple product, but it is the perfect fit for the supply chain because of its high quality and functionality. This was a revolution

in supply chain logistics, drastically increasing efficiency and reducing the environmental impact.

Co-creation is a crucial part of our relationship. We develop new ideas and client solutions together, from engineering to the introduction of new products. Not only do we produce a large share of EPS's trays, but we also take care of mould management and development. We are in daily contact, and this allows us to implement changes and adaptations quickly. Together, we have developed the foldable trays even further, so that they are now only 3 cm thick and can be stacked even more efficiently. This smart innovation contributes to full mix unsorted return logistics. We continuously explore sustainable solutions for new categories beyond fruit and vegetables, such as bread and fish trays. We have also developed an award-winning banana tray together with EPS.

For Project Cyan, we have produced a large portion of the new generation green foldable trays. Furthermore, we have been recycling the blue trays into new trays and packaging materials. The grinded material is of very high quality and food-approved, and thus we can close the loop. It remains a challenge to use the right amount of recycled material in the production of new trays. Not only to maintain the high quality, but also to enable another round of recycling. This truly contributes to the circular business model of EPS.

The partnership with EPS helps us to better understand our clients and their needs, and to deploy our knowledge to develop better and smarter solutions. Consequently, we are becoming more successful.

## Sustainability award for shared logistics in Italy

With the **RED** (Repair-E-Delivery) **project**, LPR Italy and Simpool provide a sustainable solution for the handling and controlling of pallets. The travel distances have been drastically reduced, while the service level for clients has improved. The project has received the 'Logistics of the Year 2021' award from Assologistica, Assologistica Cultura e Formazione and the magazine Euromerci.

In the **RED project**, LPR and Simpool have redesigned the entire logistics of collection, control and repair of pallets. Through the deployment of innovative IT tools and a deep knowledge of the national and regional market, the supply chain of the handling and control of 200,000 Dusseldorf pallets was restructured and optimised. Formerly, these pallets were handled and repaired by various French and Italian service centres. By opening two new service centres in Lodi and Anagni (Italy), operated by Simpool, these pallets are now fully handled and controlled in Italy. The service centres are fully equipped to manage the LPR pallets with the highest standards of quality, certification and sustainability. Thanks to stateof-the-art equipment and qualified personnel, the centres are highly specialised in the repair of Dusseldorf pallets.

Through the **RED project**, we have been able to reduce our travel distances by 150.545 transport kilometres every year, thereby saving 121.34 tonnes of CO<sub>2</sub>. Furthermore, the service level for customers significantly improved because LPR can now deliver, collect and repair its pallets much faster. The **RED project** is a clear example of how sharing logistics can further drive sustainability and circularity in our supply chain.

29

#### Vittorio Marabelli,

Operations Manager at LPR Italy

# Innovation

## Digitalisation

At EPS we constantly working towards finding innovative solutions for our clients. Smart Return Logistics (SRL) is the new standard at EPS. SRL offers solutions for the optimal management of reusable packaging, from traceability to return logistics. Packaging can be returned without sorting and is equipped with a unique return label. These labels are scanned in the counting and identification of pallets, and their location is registered. All data of the returned trays are stored in our cloud platform and are accessible online for our clients. This gives them full insight into their return flow. Moreover, it makes storage, sorting and classification of unsorted packaging more efficient and less complex.

We are now further developing digital solutions for the supply chain of fresh fruit and vegetables. The data captured from digitalisation can help us to further drive efficiency in the supply chain.

Next to this, we continue to develop IT solutions, for example by using sensors to monitor the temperature and other conditions in trays that carry fresh fruit and vegetables. These data can be used to predict the product's freshness. This increases efficiency in the supply chain and helps to further limit food loss. With these projects we will further optimise the circularity of our supply chain and respond to the increasingly sustainability requirements of our clients.

### Michiel van den Berge,

Manager Digital Innovation at EPS

Hyperloop

EPS is a partner in the Dutch Hyperloop programme that explores the realisation of a pan-European emission-free hyperloop network for cargo. Such a network would make it possible to transport goods over the ground at the speed of a plane. In 2021, a study was carried out to explore possibilities and preconditions. The next step is setting up a test track in Groningen in the Netherlands.

"We need to ensure that customers are on board to bring innovation that can really make a difference."

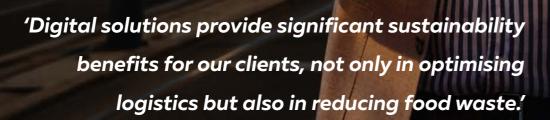


## Innovation at LPR

Tracking our pallets is crucial in our business. It helps us to optimise flows and to reduce not only transport movements and related emissions, but also the loss of pallets. In 2021, one of our pilot projects used IT devices to identify the origin of pallet loss in certain flows. These devices must be able to endure extreme conditions as well as resist high and low temperature and humidity.

We have a great deal of in-house knowledge on this topic at Euro Pool Group. This is why LPR joined forces with EPS to develop innovative IT solutions. An interesting development could be to use image analysis on pallets to check them for defects once they are back at the warehouse. By automatising the check process, we could reduce physically intense labour. We are therefore looking at a wide range of solutions to optimise flows, reduce transport movements and enhance traceability. For LPR it is key to pilot these innovations and to work with our partners, so that these innovations can be deployed at an industrial scale in the future. We need to ensure that our customers are on board to bring innovation that can really make a difference.

Rassan Benhacene, Supply Chain Manager at LPR



## Stakeholder collaboration

We are pro-actively collaborating with our partners and stakeholders to create shared value and to work towards a positive impact throughout the supply chain. Together we can increase our impact towards a circular economy. We build our partnerships and collaborations on a basis of trust, expertise and credibility.



## 1 Suppliers of trays and pallets

- EPS continued to work on product innovations with tray suppliers, producing green foldable trays as part of Project Cyan and exploring new categories beyond fresh fruit and vegetables.
- LPR collaborated with suppliers that guarantee responsible sourcing of wood in compliance with LPR's PEFC Chain of Custody certification.

## 2 Customers

- Our business model is circular in nature, and it is based on sharing and re-using logistics carriers. To increase the sustainability of our operations, we further optimised the efficiency of transport and equipment, reduced waste and used green energy – following the needs of our clients.
- Across Euro Pool Group we maintained high standards and complied with the highest quality, hygiene, and safety standards in every step of the supply chain.
- LPR continued its collaboration with customers on multimodal transport such as rail and alternative fuel such as biogas for trucks.

## 3 Transport companies

- Together with transport companies, we worked towards further optimisation of the delivery and return of empty trays and pallets. Sharing information remains key to further optimisation across the supply chain.
- Transfesa Logistics continued to operate EPS CoolRail.

  The frequency of CoolRail increased and the network was expanded with new destinations. This allowed EPS to provide a flexible and high-quality service. LPR is also working with Transfesa to use rail transportation for the international flows of pallets.
- LPR continued to work together with transport partners to optimise transport flows and reduce emissions, in initiatives such as Lean&Green and FRET21. Key themes were the reduction of travel distances, improving the loading degree of trucks, and the transition towards greener carriers and multimodal transport. In France, LPR explored the use of riverboats on the river Seine.
- LPR used tooling to further optimise its transport flows, and connections were also made with new transport partners that offer multimodal and/or more sustainable transport.

## 4 Retailers

- Retailers throughout Europe use our reusable trays and pallets. Our circular packaging solutions and efficient logistics significantly reduced CO<sub>2</sub> emissions. We support the retailers in achieving sustainability targets.
- Sharing information is key to optimising our logistics service throughout the supply chain, and this resulted in increased efficiency and cost savings for retail partners.
- We developed innovations and new solutions with existing partners. Our EPS returns handled by our on-site return centres, for example at Eroski, REMA1000 and Delhaize, further drove efficiency in the value chain. In addition, digitalisation and smart trays contributed to full traceability in the value chain.
- At LPR we also worked in close collaboration with retailers to operate the sorting of pallets directly on their premises, and this significantly reduced transport distances

## 5 External service providers

- All service centres complied with the health, safety and environmental requirements defined in our code of conduct. Together we have been working towards new solutions and innovations to further improve our service.
- Our network of depots and service centres is the cornerstone of our circular model. Here, we collected empty trays and pallets, and prepared them to be re-used.
- At LPR we strengthened collaborations with service providers and moved geographically closer to clients to improve the quality of our service and reduce transport distances.
- In response to Brexit, LPR opened five new service centres and relocated three service centres to larger and more modern locations, to support the flow of pallets and to manage the need of large quantities of ISPM15-treated pallets for import and export between the UK and the EU.

## 6 Knowledge partners

- EPS worked together with various knowledge partners on different pilots and projects about digitalisation, loT and the innovative hyperloop programme.
- EPS continued to be a member of the Fruittech Campus, in which several partners joined forces to make fruit cultivation in the Netherlands more attractive and to improve innovation and collaboration in the fresh supply chain.
- In collaboration with Leiden University, EPS investigated different options to treat wastewater.

33

## **About Euro Pool Group**

Euro Pool Group is the leading logistics service provider of reusable standard packaging in Europe. By sharing the benefits of our reusable packaging solutions with our customers and partners, we are contributing to the transition towards a circular economy. Every day, producers, transporters, processing companies and retailers enjoy the efficiency and the environmental benefits of our reusable trays and pallets. Our two divisions Euro Pool System trays (EPS) and La Palette Rouge pallets (LPR) offer optimum reliability, sustainability, and efficiency in the fresh and fast-moving consumer goods supply chains.

## **Euro Pool Group (EPG) in 2021**

- Euro Pool Group is the trade name of Euro Pool System International BV, which has three holding companies as direct shareholders in Belgium, the Netherlands and Germany.
- 38 operational countries
- 204 service centres
- Headquarters in Rijswijk, the Netherlands
- 90% of our business is concentrated in Belgium, France, Germany, Italy, the Netherlands, Poland, Spain and the UK.
- Our circular business model is based on the rental and return of trays and pallets in the fresh and fast-moving consumer goods supply chain.
- Euro Pool Group has a two-tier board.

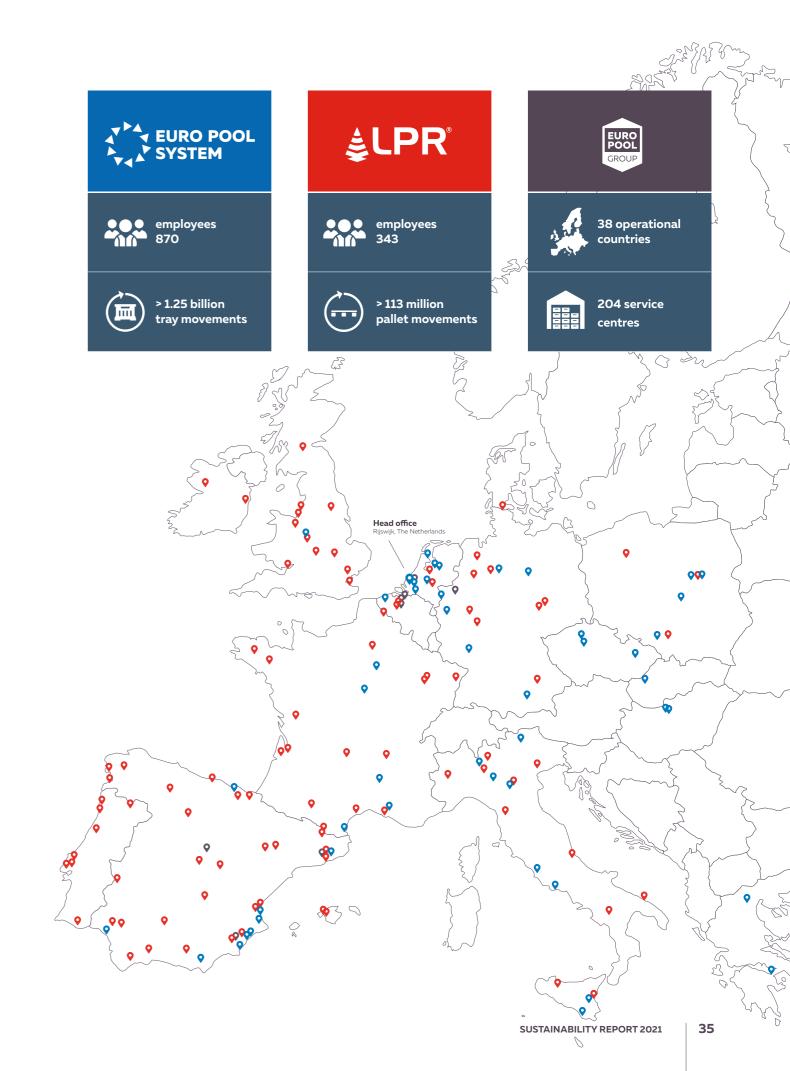
  The Management Board (CEO & CFO) is responsible for the strategy and daily management of the Group and its two divisions. A Board supervises the Management Board. In strategy development and decision-making, the impact on economic factors and society is considered. Decisions about sustainability are taken by the Board.

## **Euro Pool System (EPS) in 2021**

- 870 employees
- 1.25 billion tray movements
- EPS provides services to European growers of fresh products (such as fruit, vegetables, meat, fish and convenience meals) and their retail partners.

#### LPR (La Palette Rouge) in 2021

- 343 employees
- 113 million pallet movements
- LPR mainly serves industries and distributors in the fast-moving consumer goods (FMCG) sector in the European market.



'Accelerating our efforts towards a more circular economy'

## Colophon

#### Text

Schuttelaar & Partners

## Design

Webs + Marcel van Gaalen

#### Contact novec

Nicole van Eldik - de Bièvre

## **About the report:**

This report builds on the materiality analysis and the material topics and boundaries that were identified and presented in the Sustainability Reports of 2017 and 2018.

The Sustainability Report is published annually. This report covers the period from 1 January 2021 to 31 December 2021. The scope of this report is Euro Pool Group, consisting of its two divisions, Euro Pool System and La Palette Rouge.

Publication date: July 2022



