



PILLAR 2: PLANET

We contribute to circular economic growth throughout the fresh food and fast-moving consumer goods supply chain. By using and sharing trays and pallets as circular logistic carriers, we are helping our customers reduce their environmental impact.

Reduction of carbon footprint

At EPG we have committed to reducing our carbon footprint by 20% between 2017 and 2025, and together we have embarked on a journey to deliver results by 2025. To reach our goal, we identified strategic projects that focus on logistics, energy and our re-usable carriers, thus working towards structural improvements that lead to long-term impact. In 2019, the preparation of these projects continued. Even though the implementation of our strategy is well underway, the impact on our carbon footprint is expected to become manifest from 2021 onwards. Following the ongoing and careful preparations that took place in 2019, 2020 will be an important year to really set things in motion. The carbon footprint per movement across the group was however higher in 2019 than in the previous year. At EPS, the footprint increased by 2.5%, and at LPR by 3.2%. Both divisions are steadily growing and see an increase in delivery to countries that are relatively far away, such as the Balkan countries

Emissions (ton CO <sub>2</sub> eq)			
Transportation	2019	105,720	63,793
	2018	89,288	53,441
	2017	85,287	52,036
Own operations	2019	41,900	8,036
	2018	39,757	8,787
	2017	39,671	8,145
Upstream Production	2019	61,935	32,003
	2018	57,714	32,375
	2017	52,074	25,962
Other	2019	12,972	4,314
	2018	13,798	3,691
	2017	14,317	3,360
End of Life	2019	-7,777	1,894
	2018	-8,185	1,899
	2017	-6,647	1,671
Total	2019	214,750	110,040
	2018	192,372	100,193
	2017	184,702	91,174

and overseas countries. This puts pressure on the carbon footprint per movement. Furthermore, the implementation of new strategic projects will initially cause some inefficiencies, before the actual impact can be achieved. Also, the measures to mitigate cross-contamination of the tomato virus at EPS and the stricter ISPM15 regulations for pallets at LPR resulted in significant logistic inefficiencies in 2019.

Sustainable transport

All our trays and pallets are transported to and from our clients across Europe and overseas. In 2019 EPG experienced further growth: EPS transported more than 1.16 billion trays, and LPR recorded more than 95 million pallet movements.

CoolRail & alternative transport

Launched on 6 May 2019, CoolRail is a refrigerated train between Spain and the Netherlands. Its aim is to make the transport of fresh food more efficient and sustainable. CoolRail is a direct train connection between Valencia and Rotterdam, with dedicated trains running three times a week. Transport by rail results in a reduction in CO<sub>2</sub> emissions of 70-90% when compared to transport by truck. EPS initiated CoolRail and contracted Shuttlewise to operate the train and manage contacts with railway partners. In 2019 1,500 containers were transported by train, avoiding an equal number of trucks on the road. Besides this successful launch, CoolRail experienced some setbacks and challenges, such as damaged railway tracks due to heavy rains in Spain and strikes in France. Partly as a result of this, the initial enthusiasm among our clients has not yet translated into the anticipated and required transport volumes. In 2020 we will evaluate and strengthen CoolRail, focusing mainly on risk management and collaboration with our partners.



At LPR, we also make use of railway transport for its pallets. In France, LPR collaborates with Nestlé Waters on railway transportation of pallets and products. In addition, we are continuing to operate one of our routes in Southern France with biogas trucks.

Transport optimisation

Both EPS and LPR put a great deal of effort into the optimisation of logistics. At EPS, strategic transport planning will become leading in operations from 2020 onwards. This means that transport is planned with a minimal number of movements, to reduce the number of kilometres and thus emissions. Besides using advanced planning systems itself, LPR is also looking into its customers' transport movements to further optimise logistics and avoid empty trucks on the road. The return centres of EPS are a unique concept. Many truck kilometres are avoided by operating on-site on the retailer's premises. The on-site return centres are an important tool to optimise logistics and bring collaboration to the next level. EPS runs a total of 21 return centres, two of



which became active in 2019. The number of returns via return centres increased from 316 million in 2018 to 355 million in 2019. Our largest return centre is Zellik in Belgium, which operates on-site on the premises of AholdDelhaize. The return centre Zellik reached a volume of 74 million returns in 2019. In 2020, EPS will continue its ambition of setting up additional return centres.

**Transition to 3cm trays**

After careful preparation, the transition from rigid blue trays to a new generation of foldable green trays will start in 2020. In 2020, we will replace 5 million trays (20%) of the total number of 25 million trays to be replaced. By the end of 2021, all trays will have been replaced. 2020 is an important transition year, and we expect to be less efficient in terms of logistics and washing because there will be different types of trays in our pool. By 2021 the project will be fully implemented, and we will only have green trays in our pool, which will result in a significant reduction in our carbon footprint.

Another ongoing project is the transition from conventional 6cm trays to 3cm trays, leading to a doubling of the number of trays that can be transported by a truck: from 5,000 to 10,000. In 2019 we replaced more than 8 million trays. By deploying more of these thinner trays, we avoided 2,749 trucks on the road and saved 466 tonnes of CO<sub>2</sub>-equivalent. In 2020, the 6 cm trays will be phased out completely.

**Energy efficiency**

**Green energy contracts**

In 2018 and early 2019 EPS switched to green energy contracts in the entire South region. For 2020 our ambition is to have green energy contracts in place at 75% of all EPS depots. First, our focus regions are Central, West and Central Eastern Europe; the depots in the Balkan countries will follow later. In 2019 we started the preparations for a large-scale switch to green energy by early 2020 for all depots with annual energy contracts, starting with Germany.

**Energy efficient equipment**

Energy efficiency is an important focus area, especially related to washing equipment. In 2019 we replaced additional high-consumption blowers in Bornheim by more efficient centrifuges, and such efficient centrifuges were also installed in Madrid, Bilbao, Sangerhausen and Ploiesti. In 2020 energy-efficient equipment will be rolled out to more locations across Europe.

**Reforestation**

At LPR, we aim to have compensated 5% of the pallet carbon footprint through reforestation by 2025. Our continued partnership with Plantons pour l'Avenir in France started in 2016 and focuses on the reforestation of different

deforested areas in France. In 2019, we compensated 5.5% of our pallet footprint. We were able to realise this in a joint effort of LPR and the EPG Sports Challenge. In 2020 we aim to continue compensating at least 5% of our pallet footprint. Thanks to the joint efforts of LPR and the EPG Sports Challenge, in 2020 we will have planted a total of 140,000 trees in partnership with Plantons pour l'Avenir.



**Recycling**

All our trays are made from high-quality HDPE plastic and are 100% recyclable. Our trays comply with the highest standards for food quality, safety and hygiene. In 2020 the transition will start from rigid blue trays to a new generation of foldable green trays. The old trays are taken out of the pool and processed into reusable granulate. At EPG we feel responsible for giving value to this plastic. In 2019 we demonstrated that it is technically possible to use these recycled materials in the production of new trays without compromising on quality standards, as we received the EFSA Food Safety certificate in January 2020. In 2020 we will further explore how to add the highest value to the reusable plastic.

**Water reduction**

Due to other priorities in 2019, the activities on water reduction have been postponed to 2020. We aim to formulate goals and activities in the 2020-2021 period.

CASE STUDY / BEIERSDORF

Beiersdorf, a global manufacturer of skincare products for more than 140 years, converted from Europe and UK pallets to pooling pallets in 2019. LPR now deploys 160,000 pallets at Beiersdorf annually. The conversion to pooling pallets led to a significant improvement of the efficiency and flexibility of logistics and hence a reduction in carbon footprint.

[Read the full case study on lpreu](#)

“ We have found LPR’s people to be customer-focused, dedicated to finding workable solutions and with a similar mindset to Beiersdorf. ”

Peter Austin, Transport Manager UK and Ireland at Beiersdorf