

TOGETHER
TOWARDS
A CIRCULAR
ECONOMY

SUSTAINABILITY REPORT 2019



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TOGETHER TOWARDS A MORE CIRCULAR SUPPLY CHAIN



The concept of circularity is deeply ingrained in Euro Pool Group. It is at the centre of our business model and we aim to further maximise this circularity. By sharing the benefits of returnable packaging, we are supporting our customers in reducing their carbon footprint, and in this way we are also encouraging the transition towards a circular economy.

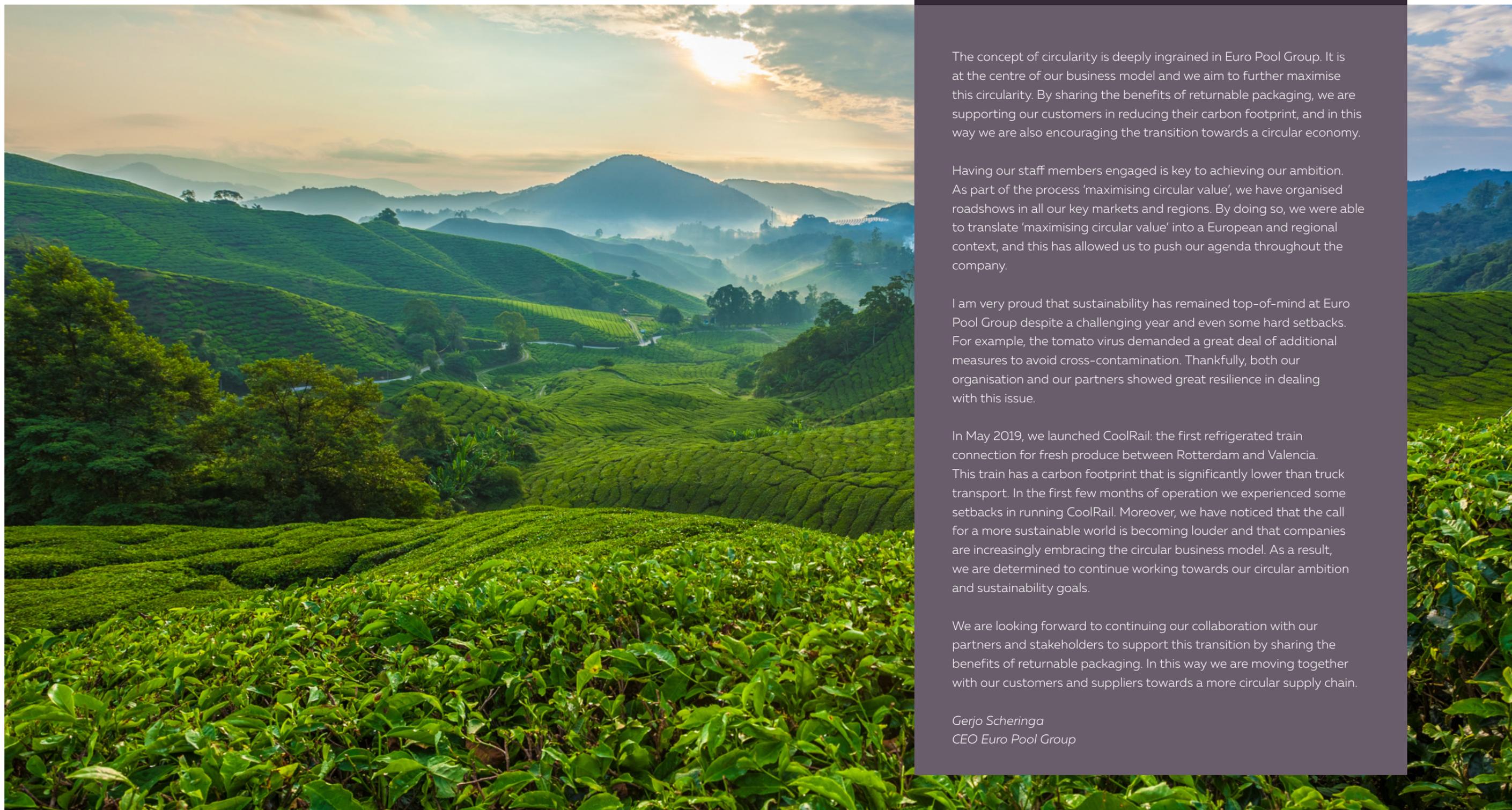
Having our staff members engaged is key to achieving our ambition. As part of the process 'maximising circular value', we have organised roadshows in all our key markets and regions. By doing so, we were able to translate 'maximising circular value' into a European and regional context, and this has allowed us to push our agenda throughout the company.

I am very proud that sustainability has remained top-of-mind at Euro Pool Group despite a challenging year and even some hard setbacks. For example, the tomato virus demanded a great deal of additional measures to avoid cross-contamination. Thankfully, both our organisation and our partners showed great resilience in dealing with this issue.

In May 2019, we launched CoolRail: the first refrigerated train connection for fresh produce between Rotterdam and Valencia. This train has a carbon footprint that is significantly lower than truck transport. In the first few months of operation we experienced some setbacks in running CoolRail. Moreover, we have noticed that the call for a more sustainable world is becoming louder and that companies are increasingly embracing the circular business model. As a result, we are determined to continue working towards our circular ambition and sustainability goals.

We are looking forward to continuing our collaboration with our partners and stakeholders to support this transition by sharing the benefits of returnable packaging. In this way we are moving together with our customers and suppliers towards a more circular supply chain.

Gerjo Scheringa
CEO Euro Pool Group



EPG'S SUSTAINABILITY STRATEGY



TOGETHER TOWARDS A CIRCULAR ECONOMY

In 2017, we launched our Sustainability Strategy, with Planet, People and Partners as its main pillars. This is the third edition of our annual Sustainability Report, in which we share an update on the key activities and projects that we have been undertaking to reach our sustainability goals.

Sustainability strategy

In 2019 we focused on further embedding our Sustainability Strategy, both internally and externally. The engagement and involvement of our employees is key to achieving our sustainability goals. Our operation already has a strong circular character, and our goal is to further maximise this, not only in our own operations but also in our customers' operations. In this way we are moving together with our customers and suppliers towards a circular supply chain. In 2019 we undertook a range of activities to ensure that our employees are fully engaged in our sustainability approach, and many of our staff show great enthusiasm for this approach.

In discussions with our partners, the topic of sustainability is becoming increasingly important. Our business is growing because new clients prefer to invest in re-usable and recyclable carriers as a sustainable alternative for single use carriers. In addition, we are developing innovations and new solutions together with our existing partners. For example, our on-site return centres make our logistics far more efficient and lead to a reduction in emissions. Using smart collaborations, both Euro Pool Group (EPG) and our partners can mutually benefit from shared activities and achieve greater impact at scale.

Sustainability awards

In 2019, La Palette Rouge (LPR) received the EcoVadis Gold accreditation for the sixth consecutive year. EcoVadis is a provider of global business sustainability ratings. More than 65,000 companies in over 160 countries partner with EcoVadis to collaborate on sustainability, using a common platform and assessment model. With this gold rating, LPR ranks among the top 1% of companies in terms of sustainability. Moreover, LPR also won two Sustainability Leadership Awards. These are awarded to companies with the highest ratings. LPR received a Best Performer Award for its performance in 2019 in the region 'Europe' and category 'Transport'. The EcoVadis Sustainability Leadership Awards were presented in early 2020.



Maximising Circular Value

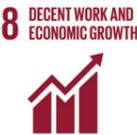
Circularity is at the core of our business. In 2019 we devoted a great deal of effort to the development of a 'Single Organising Idea'. The 'Single Organising Idea' brings together economic and social benefits in one purpose statement to pursue meaningful growth. Euro Pool System (EPS) defined its 'Single Organising Idea' as 'Maximising Circular Value'. To guide working towards this goal, it is supported by four core values: Drive, Shared success, Resourcefulness and Reliability. 'Maximising circular value' was developed in a bottom-up approach and rolled out throughout the organisation with roadshows and training sessions. 'Maximising Circular Value' is in the DNA of EPS: it is what makes us unique. Everything we do is circular, from our processes to the way we work together.

Tracking our progress

The material topics, the key activities in 2019 and the progress towards our goals are summarised on the next page for each strategic pillar of our sustainability strategy. The Sustainable Development Goals (SDGs) address the global challenges that humanity needs to overcome to achieve a better and more sustainable future for all. We aim to contribute to the Sustainable Development Goals (SDG) with the activities that are defined under each strategic pillar. The links to the SDGs are also shown in the overview on the next page; SDG 12 ('Responsible consumption and production') and 17 ('Partnerships for the goals') are especially important to us.



SUMMARY OF GOALS AND RESULTS

| | Material Topic ¹ | Overall goals | Goals 2019 | Key results 2019 | Goals 2020 | Link to SDGs |
|----------|--|--|--|---|--|---|
| PEOPLE | Employee training and development | Strengthen and develop teams and realise a learning and training environment for all employees towards 2025 | Rolling out the e-learning platform to EPS, which will be made available through the new digital HR system Improving performance management | The digital HR system has been implemented The e-learning platform is now available for both EPS and LPR All employees take part in a similar performance management cycle | Further implementation of the HR system: e-learning & performance management Integrating the MCV core values in HR core processes at EPS Working towards continuous performance management; providing training to support management |  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> |
| | Employee health and safety | We aim to have a sustainable employability policy in place for the entire organisation by 2025 | Further reduction of repetitive work | Reduction of repetitive work at EPS and LPR using automation and modernisation | Continue reduction of repetitive work across regions | |
| PLANET | Lower carbon footprint | Our aim is to have reduced 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 | Setting annual targets for the reduction of carbon footprint per movement | The preparation of strategic project continued. The impact on our carbon footprint is expected from 2021 onwards. | Continuing strategic projects to realise reduction in carbon footprint |  <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>13 CLIMATE ACTION</p> |
| | Sustainable transport | | Launching CoolRail to transport fresh produce by rail from Spain to the Netherlands | CoolRail has been launched and is operational | Further strengthening CoolRail and partnerships | |
| | Energy efficiency | By 2025, we will have green energy contracts at all EPS depots | Continuing to switch to green energy contracts at EPS service centres in other countries | We have prepared for upscaling of the number of EPS depots running on green energy | Ensuring that 75% of all EPS depots have green energy contracts | |
| PARTNERS | Pro-active collaboration with stakeholders | We aim to build strong partnerships to work together towards a circular supply chain, in turn contributing to a circular economy | The first pilots on intelligent fruit logistics have been completed, the results are available and have been shared with the IoF2020 community | Under the IoF project we ran 10 pilots across Europe to gain insight in network coverage of providers and the accuracy of the location sensor and tested automated interpretation of data | Continuing to develop and to roll out the business case for supply chain analytics and smart trays |  <p>17 PARTNERSHIPS FOR THE GOALS</p> |

¹The 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.



PILLAR 1: PEOPLE

Our people are the key assets to our business. 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.

CASE STUDY / REMA

For many years Rema 1000 – a Danish retailer – has cooperated with Euro Pool System. To reduce the impact on the environment, REMA 1000 and EPS invested in a dedicated tray-washing facility in Denmark. Instead of returning used trays to Euro Pool System washing facilities around Europe, they are now being washed closer to stores and warehouses. This reduces unnecessary road transport.

[Download the full case study on europoolsystem.com](http://europoolsystem.com)

” Naturally it makes more sense to have our service provider on our own grounds instead of transporting the trays back and forth through Europe.

Ole Thomsen, Director of Logistics at Rema 1000



”



FACT
Rema 1000 uses 40,000 trays every day

PILLAR 1: PEOPLE

In 2019 we successfully launched our digital HR platform, which enables us to keep track of the progress on our 2025 targets and which provides a basis for the further development of other activities such as online training and performance management. In 2020 the digital HR platform will be further strengthened and expanded.

Employee training and development

Maximising Circular Value

'Maximising Circular Value' is supported by the following four core values: Drive, Shared success, Resourcefulness and Reliability. In all key regions a value compass was distributed to explain to our employees what the core values are and how they can be put into practice. In 2020, we will integrate the "Maximising Circular Value" core values into core HR processes at EPS. La Palette Rouge will follow soon.

E-learning and training

Our e-learning platform allows for continuous learning. After the e-learning was rolled out at LPR in previous years the platform was rolled out at EPS in 2019. All employees at LPR and EPS can now access the platform to follow

online courses, for example on our code of conduct, legal matters, personal efficiency, communication and leadership. In 2019, 260 staff members completed at least one online course. Our aim is to integrate the platform into our digital HR system and to expand the curriculum. For example, we want to add a module on circularity and digital security. To further support the personal and professional development of our employees, it is possible for them to participate in additional training.

Performance and development

The performance management cycle at EPG is similar for all staff; in this cycle, performance objectives and personal goals are discussed annually. We aim to move towards a more continuous feedback cycle, which is why we have developed a separate module on performance and development. This module is integrated in the HR system and will be improved next year. We are also looking into additional support and training for our managers to keep their people management skills up-to-date.

Employee health & safety

Occupational health, safety and wellbeing at the workplace are of key importance to us. Our approach is based on continuous improvement and risk elimination. Strict safety policies are in place, and responsible behaviour is encouraged by our code of conduct. We are providing trainings sessions and

FACT
260
online courses
completed



CASE STUDY / JAMES JONES

A shared focus on improving health and safety has helped strategic partners LPR and James Jones to boost the performance of LPR's Castleford Service Centre in West Yorkshire. As well as creating a safer and more positive environment for staff, this collaboration has substantially increased productivity.

[Read the full case study on lpr.eu](#)

“The partnership with LPR is working really well. The communication between our teams is second to none, and our relationship is getting stronger all the time.”

Stuart Greenwood, James Jones' Castleford Service Centre Manager



FACT
1,194 employees at EPG

FACT
34% female employees at EPG

run internal campaigns to increase awareness of safety and related topics. In 2019 we successfully created awareness of the importance of ergonomics across the organisation.

At EPS, we introduced a new detergent at our washing stations as a preventive measure to eliminate risks from the tomato virus and to ensure the food safety of the fresh products we transport. The necessary control measures were put in place and no incidents took place during the implementation.

Modernising Depots and Service Centres

Reduction of repetitive work contributes to the health and safety of our staff. This means that processes such as opening, closing, palletising and de-palletising trays are automated. In 2019 EPS realised a reduction in repetitive work at locations in Hannover, Valencia, Bilbao, Madrid and Sangerhausen. In addition, we started a pilot in Venlo to structurally improve work schedules to contribute to the well-being of our staff.

At LPR we opened in 2019 a few new innovative service centres and modernised existing service centres, including Castleford Service Centre in West Yorkshire (UK; operated by James Jones & Sons), Alverca in Lisbon, and Contrexéville (France), which is close to our client Nestlé Waters. These service centres are frontrunners in terms of quality, service and innovation, and they bring LPR closer to our customers. Furthermore, we placed a great deal of emphasis on occupational health and safety aspects in 2019, and worked towards further automation of work processes, which leads to less heavy lifting and less repetitive work.

Stimulating health and safety

At EPG we are determined that by 2025 we will have reduced the number of occupational accidents and will have prioritised the integration of occupational health and safety management into all our activities. Therefore, a positive health and safety culture will be stimulated in our organisation through leading by example, understanding and controlling health and safety risks, and ensuring that every employee can work safely. Other key elements to reach this goal are complying with local and international standards and regulations, and ensuring good collaboration with our contractors, suppliers and clients. In 2020, both EPS and LPR will continue their efforts to improve health and safety at other locations and across regions.

KEY FACTS & FIGURES

| 2019 |
|--|
| Total # employees (headcount) |
| Total: 1,194 EPS: 847 LPR: 347 |
| Male/Female (headcount) |
| Total male: 802 (67%) Total female: 392 (34%) EPS male: 628 (74%) EPS female: 219 (26%) LPR male: 174 (50%) LPR female: 173 (50%) |
| Hours spent in EPG Sport Challenge Days |
| 22,404 hours by 207 employees |
| Absence rate |
| Total: 3.3 % LPR: 2.2 % EPS: 3.7 % |
| Hours spent on training |
| Total for the entire organisation: 3797 hours Average per employee: 3.18 hours |
| E-learning portal |
| Participants following at least one course: Total: 260 EPS: 40 LPR: 220 |
| Number and type of accidents and lost time injury rate |
| Total lost time: 256 days Number of accidents: 18 Ergonomic cause: 3 cases Long-term absence (>70 days lost): 1 case No fatalities |



EURO POOL GROUP CHALLENGE

Sharing the benefits of sports

FACT

22,404 hours on sport by EPG members

Well-being

The annual EPG Sports Challenge is a continued success. Staff members spent over 22,404 hours on sports activities such as running, cycling, swimming, skating and fitness. EPG matched the total amount of time spent with a sum of money and donated this to the Ocean Clean-up and Plantons pour l'avenir.

Another continued success is the LPR 'Red Day'. On this day LPR branches come together for fun activities on a current social or environmental theme such as a charity event or tree planting. The Red Day shows every year that it is not only a nice opportunity to get together but above all it is a fantastic opportunity to reinforce LPR's spirit of being one team engaging staff with the company culture and executing a social or environmental project.

OVERVIEW CERTIFICATION & MEMBERSHIPS / HSQE

| 2019 |
|---|
| ISO 9001:2015 |
| EPS: CO Rijswijk, France office, Belgium office (Benelux), Spain office, Italy office, Germany office, Massalaves (Spain), Venlo (Netherlands), St. Katelijne Waver (Belgium), Bornheim (Germany), Ragiollo (Italy) |
| ISO 14001:2015 |
| EPS: CO Rijswijk, Zellik (Belgium) |
| OHSAS 18001:2015 |
| EPS: CO Rijswijk, Massalaves depot (Spain) |
| BRC Global standard Storage and Distribution |
| EPS: CO Rijswijk, Zellik (Belgium), Venlo (Netherlands), Barendrecht (Netherlands), Massalaves (Spain), Olomouc (Czech Republic), Gliwice (Poland), Bornheim (Germany) |
| Ecovadis Gold |
| LPR |
| PEFC Chain of Custody |
| LPR |

MEMBERSHIPS OF INDUSTRY ORGANISATIONS AND NON-PROFIT GROUPS

| LPR | EURO POOL SYSTEM |
|---|---|
| <p>La FEEF Fédération des Entreprises et Entrepreneurs de France)</p> <p>L'ASLOG Les acteurs de la Supply Chain</p> <p>GS1</p> <p>SYPAL Syndicat national de la palette bois</p> <p>APLOG Associação Portuguesa de Logística</p> <p>AECOC La Asociación de Fabricantes y Distribuidores</p> <p>Bretagne Supply Chain</p> <p>Lean & Green</p> <p>EHI Institute</p> <p>Conlegno Consorzio servizi legno sughero</p> <p>Alimarket</p> <p>FEFPEB Fédération Européenne des Fabricants de Palettes et Emballages en Bois</p> | <p>Lean & Green</p> <p>IGD</p> <p>Fraunhofer Institute</p> <p>GroentenFruit Huis</p> <p>VNO-NCW</p> <p>EVOFenedex</p> <p>Central Office</p> <p>Stiftung Initiative Mehrweg</p> <p>NEN Normshop</p> <p>NVC Nederlands Verpakkingscentrum</p> |



PILLAR 2: PLANET

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.

CASE STUDY / COOLRAIL

The purpose of CoolRail is to make the transport of fresh food products more efficient and sustainable. Spain is the major trading partner for Northwest Europe for the import of fresh fruit and vegetables such as lettuce, tomatoes, cucumbers and oranges. There is a growing urgency in the fresh food supply chain to reduce the congested road transport between South and North.

[Visit the website www.coolraileurope.com](http://www.coolraileurope.com)

” The CoolRail initiative reflects the aim of increasing the sustainability of all processes in the fresh produce supply chain.

Fred Lessing, International Flows Manager at Euro Pool System



FACT
CO₂ reduction
of 70% - 90%

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 ₂ 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 CO₂ 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 CO₂-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





PILLAR 3: PARTNERS

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.

CASE STUDY / KAUFLAND

International retailer Kaufland has chosen Euro Pool System as key partner to further realise its sustainability ambitions in their fresh supply chain. Since 2019, the return process of trays has been significantly streamlined with the introduction of Smart Return Logistics. EPS operates the return centres on-site, resulting in a significant reduction in transport kilometres and emissions.

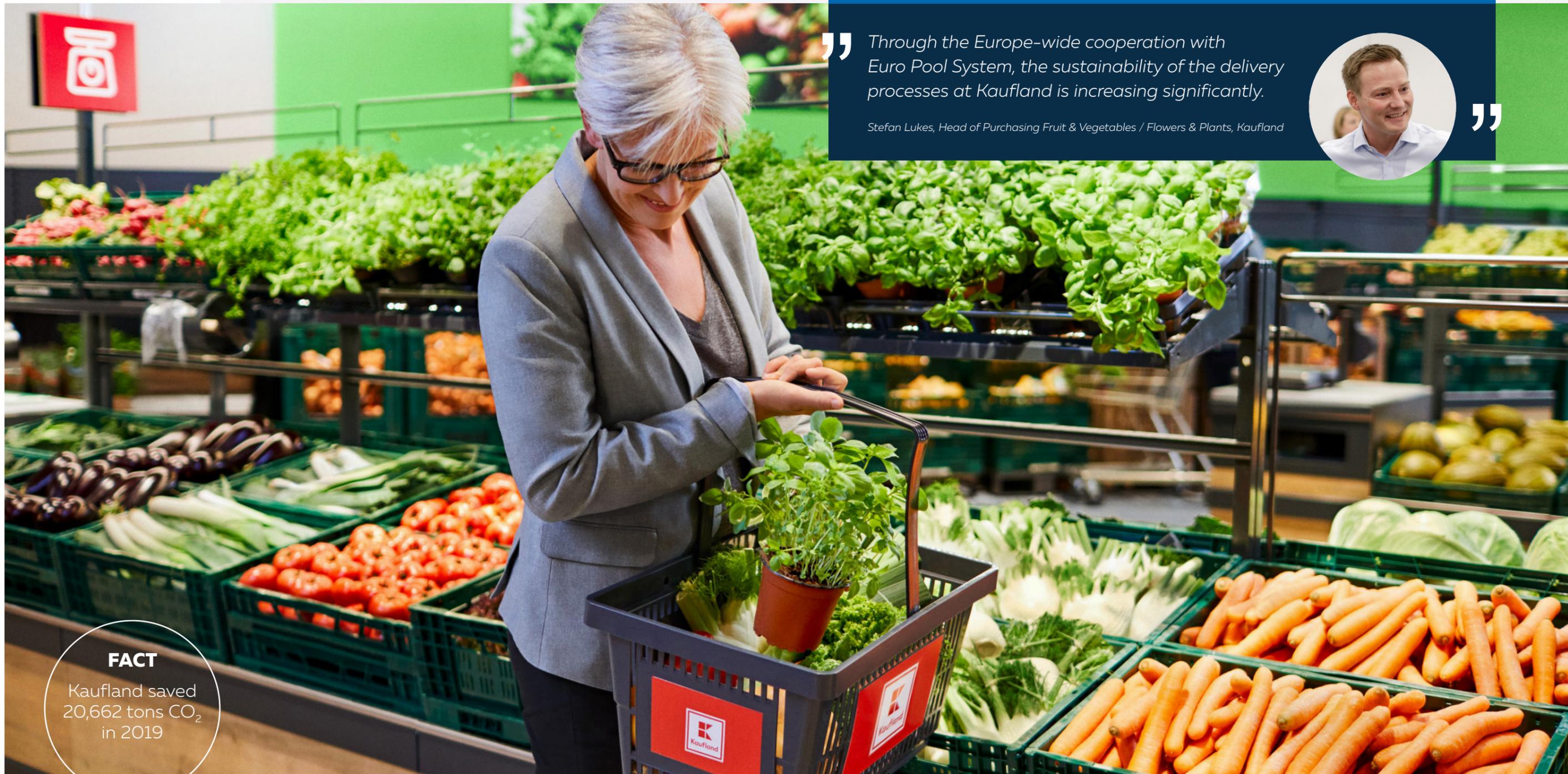
[Download the full case study on europoolsystem.com](https://www.europoolsystem.com)

” Through the Europe-wide cooperation with Euro Pool System, the sustainability of the delivery processes at Kaufland is increasing significantly.

Stefan Lukes, Head of Purchasing Fruit & Vegetables / Flowers & Plants, Kaufland



”



FACT

Kaufland saved 20,662 tons CO₂ in 2019

PILLAR 3: PARTNERS

We are working closely with our customers and partners to create shared value and to work towards a positive impact throughout the supply chain by sharing the benefits of reusable packaging solutions.

Taking collaborations to the next level

The return centres operated by EPS take collaboration with partners to the next level. Together, we are further optimising the logistics of returnable carriers. The outsourcing of return logistics requires a long-term relationship and trust. Because we operate on-site, we are able to significantly reduce transport and hence the carbon footprint. These joint efforts result in mutual benefits and more impact, both for EPG, for our clients and for society. An example of a state of the art and successful return centre is the one in Belgium (AholdDelhaize).

At LPR, we are also further strengthening our collaborations with existing clients as well, and we have opened service centers that are geographically closer to our customers' production sites. A clear example is Contrexéville, a service centre in the immediate proximity of the factories of Nestlé Waters. The collaboration has resulted in an increased quality of service and in a shorter logistic circuit, thus leading to a reduction in transport kilometres and associated emissions.

Innovations

Together with our knowledge partners, Euro Pool Group is constantly working on innovations. In 2019, EPS developed the business case for supply chain analytics and started integrating these analytics in the organisation as a structural competence. EPS is one of the 76 partner companies in the European Internet of Food & Farm 2020 (IoF2020), where it leads the 'smart fruit logistics' use case. The IoF project has been running since 2016. The first pilots took place in 2018 and over time the pilots have become larger and more complex. Last year, we started several pilots across Europe and in various supply chains to track the location of our trays. These pilots resulted in a better understanding, both of the network coverage of service providers and of the accuracy of sensors in comparison with the battery life. We have also made a start with the automated interpretation of collected data. Building on our efforts in IoF2020, we introduced the Smart Tray, which is equipped with a small sensor that provides data on location and temperature. This sensor provides us with information about the efficiency of our operations and gives our partners real-time insight into the flow of their supply chain. In 2020, we aim to further develop and roll out a variety of supply chain analytics services and look into other important factors to monitor the quality of fresh products, for example ethylene. Another innovation that we plan to launch in 2020 is

dedicated bread trays that will be able to withstand the extreme temperature variations of the bread supply chain. At LPR, we are also working internally on Internet-of-Things (IoT) applications, as well as on other active and passive traceability technologies. These innovations help us to monitor pallet movements more precisely. Enhanced traceability prevents pallets from getting lost, and services can be provided more efficiently. Through pilots in different countries, for example in Spain and the UK, the business model is being tested and developed; these pilots will continue in 2020.

Sustainable sourcing of wood

LPR aims to source 100% certified wood for the production and repair of pallets by 2025. In 2019, 83% of the wood was certified, mainly with PEFC certification and in some cases FSC – this is similar to last year. LPR aims to further increase the share of certified wood to ensure responsible forestry and to address socio-economic risks in the wood supply chain. This is important both to us and to the customers we serve.

Collaborate with stakeholders

We pro-actively collaborate 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.



CASE STUDY / NESTLÉ

LPR opened a new service centre, located in Contrexéville close to the factories of Nestlé Waters, a long-standing pallet-pooling customer. It is part of our strategy to ensure our service centres are close to our customers – whilst leveraging the expertise of our partners. The new site is fully automated and will handle about 2.5 million pallets per year.

[Visit the website lpr.eu](http://lpr.eu)

“By moving closer to our customers, LPR is considerably reducing the number of kilometres travelled and therefore CO₂ emissions, in line with the sustainable development approach it has been implementing for a number of years.”

Yves Degouve, Director of LPR France



STAKEHOLDERS COLLABORATION AND DIALOGUE IN 2019

Supplier of trays and pallets

The production of new trays was started, in order to prepare for the transition to green 3cm trays.

EPS successfully worked together with their supplier to obtain EFSA approval for the use of recycled material from old trays in the production of new trays, in line with strict food safety criteria.

LPR collaborated with suppliers that guarantee responsible sourcing of wood in compliance with LPR's PEFC Chain of Custody certification.

EPS continued to work on product innovations with tray suppliers.

Customers

Our circular business model is based on sharing and re-using logistic carriers. To increase the sustainability of our operations, we further optimised efficiency of transport and equipment, reducing waste and greening energy – following the needs of our clients.

With regard to Occupational Health and Safety, EPG maintained high standards, and complied with the highest quality, hygiene and safety standards in every step of the supply chain.

EPS launched CoolRail, together with key partners. Transporting fresh food by a refrigerated train enables CO₂ emissions to be reduced by 70-90% when compared to truck transport.

LPR continued its collaboration with customers such as Nestlé and Danone on multimodal transport such as rail and alternative fuels such as biogas trucks.

Transport companies

Together with transport companies we worked towards further optimisation of delivery and return of empty trays and pallets. Information sharing remains a key element for further optimisation across the supply chain.

LPR worked with transport companies towards a transport management tool in SAP to improve the efficiency and flexibility of transportation planning and purchase.

Retailers

Retailers throughout Europe use our reusable trays and pallets. By providing circular packaging solutions and lowering our carbon footprint, we contributed to the sustainability targets of our retail partners.

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

We developed innovations and new solutions with existing partners. At EPS we continued opening new on-site return centres at our clients' premises (i.e. AholdDelhaize in Zellik).

External service providers

Our network of service centres is a cornerstone of our circular model. Here, empty trays and pallets were collected, sorted, washed and repaired for re-use.

All service centres complied with the health, safety and environmental requirements defined in our code of conduct, and this is something we audit every year. Together we work towards new solutions and innovations to further improve our service.

At LPR we also strengthened collaborations with service providers and moved geographically closer to clients to improve the quality of our service and reduce transport distances.

Knowledge partners

EPS took part in the European IoF2020 project and led the use case on 'intelligent fruit logistics'. LPR collaborated with the Dutch Pest & Wildlife Expertise Centre, KAD, in order to properly understand the conditions under which nematodes and other pests can survive in pallets and the best ways to mitigate the risks related to them, in particular through the heat treatment of pallets.

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 contribute to the transition towards a circular economy. Every day, producers, transporters, processing companies and retailers enjoy the efficiency and environmental benefits of our reusable trays and pallets.

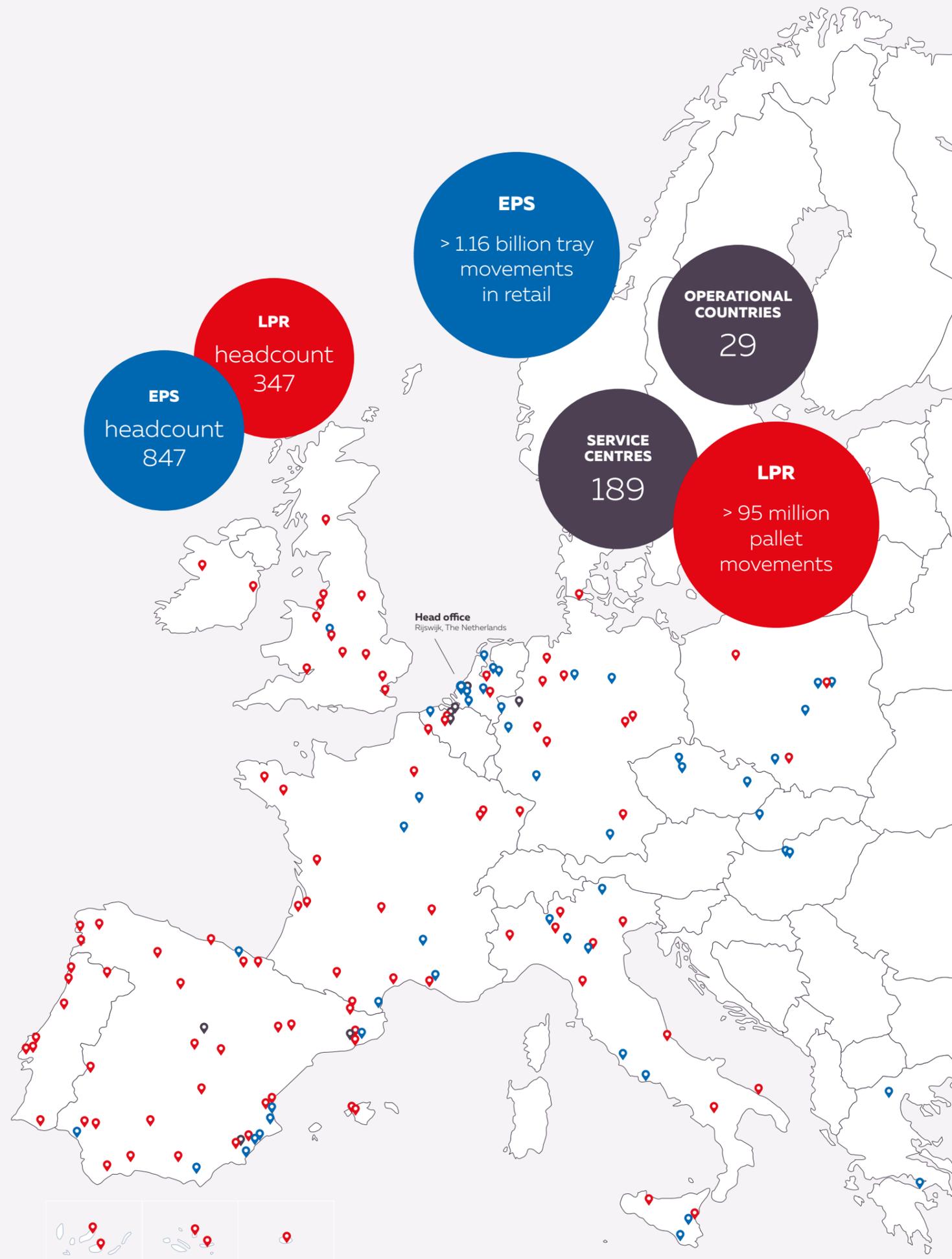
Our circular business model is based on rental and return of trays and pallets in the fresh supply chain. Our two divisions Euro Pool System (EPS) trays and La Palette Rouge (LPR) pallets offer optimum reliability, sustainability and efficiency in the fresh supply chain. EPS provides services to European growers of fresh products (such as fruit, vegetables, meat, fish and convenience meals) and their retail partners. LPR mainly serves manufacturers and distributors in the fast-moving consumer goods (FMCG) sector in the European market.

The EPG headquarters are in Rijswijk, the Netherlands, and run 189 service centres in 29 countries. More than 90% of our business is concentrated in Belgium, France, Germany, Italy, the Netherlands, Poland, Spain and the UK. Euro Pool Group is the trade name of Euro Pool System International B.V., which has three holding companies as direct shareholders in Belgium, the Netherlands and Germany. Our organisation is managed by a two-tier board. The Management Board (CEO & CFO) is responsible for the strategy and daily management of the Group and its two division. The Supervisory Board supervises the Management Board.

In 2019, both EPS and LPR experienced a steady growth in transport movements and turnover. The production of trays also started in Poland, which is now the fourth country where trays are produced. CoolRail B.V. was introduced as a subsidiary of EPS International. A worker's council was established for Euro Pool International and its Dutch subsidiaries.

EPS
€ 385 million turnover

LPR
€ 236 million turnover



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 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 by means of audits 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).

CO₂ equivalent

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

Carbon footprint

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

EcoVadis

Ratings platform to assess the corporate social responsibility and sustainable procurement of companies.

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.

Single Organising idea (SOI)

An SOI brings together the profit and social purpose of a business into an inspiring statement that employees and stakeholders can contribute to and benefit from.

Sustainable Development Goals (SDGs)

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).

COLOPHON

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About the report

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

The Sustainability Report is published annually. This report covers the period from 1 January 2019 to 31 December 2019. This report has been prepared in the spirit of 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.

TOGETHER TOWARDS A CIRCULAR ECONOMY

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 189 service centres in 29 countries, we ensure optimal reliability, sustainability and efficiency throughout the entire chain.

