Sustainable Development and Packaging Trends at European Retailers

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Euro Pool System, experience the benefits

Euro Pool System Key Figures - 2009

• Tray Issues	602 million
• Number of trays	128 million
• Turnover	€ 203 million
• Number of depots	45
• Number of employees	152
• Operational colleagues	1800
• Presence	9 countries

European Market Leader in Fruit & Vegetable returnable packaging, with 41% market share in Continental Europe

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Retail & Sustainable Development

- Cost effectiveness reducing the cost of goods, driven by consumer demand for low cost products
- Supply chain efficiency – not ignoring the last 100 feet from the store dock to the store shelf
- Higher demand in terms of quality, hygiene, safety and environmental impact – sustainable development – but economical criteria often prevail
- Solutions addressing more restrictive waste regulation (waste reduction)
- New technologies ease further integration of packaging and supply chain applications (Tracking & Tracing)
- Partnering and collaborating with suppliers to reduce cost both on the short and long term

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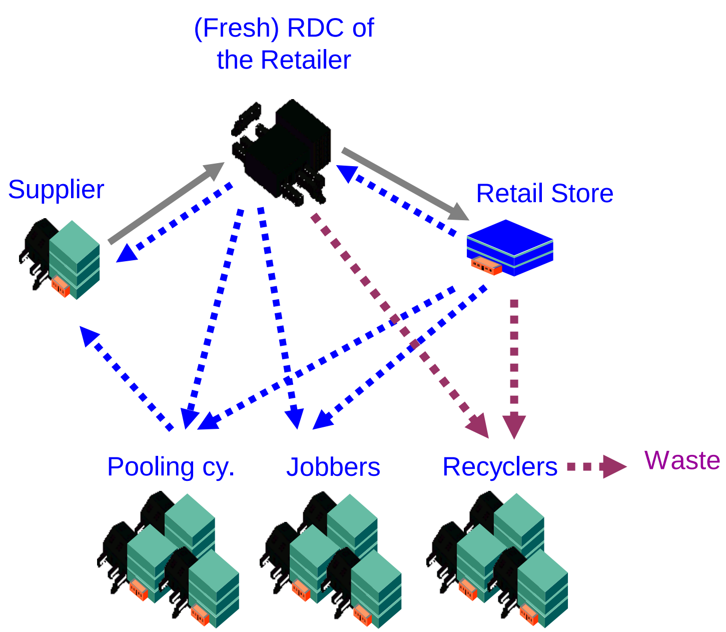
Retail & Sustainable Development (2)

- Increasing focus on the optimisation of the return processes in order to manage efficiently an increasing number of return flows
  - *Out-of-date or Non-sold goods*
  - *Waste : cardboard, plastic, polystyrene, wood, etc.*
  - *Returnable transport packaging : pallets, rolling equipment, trays, etc*
  - *Others...*
- Thereby, retailers are seeking ways to optimise their regional transport inbound and outbound to RDC's
- and are seeking (dedicated) full-concept solutions from specialist service providers, with Europe-wide capabilities, to drive standardisation
- Growing interest in the concept of return centres and the benefits of supply chain integration
- Driving transition from one-way to returnable equipment and packaging
- Stimulating innovation – Information Management & RFID

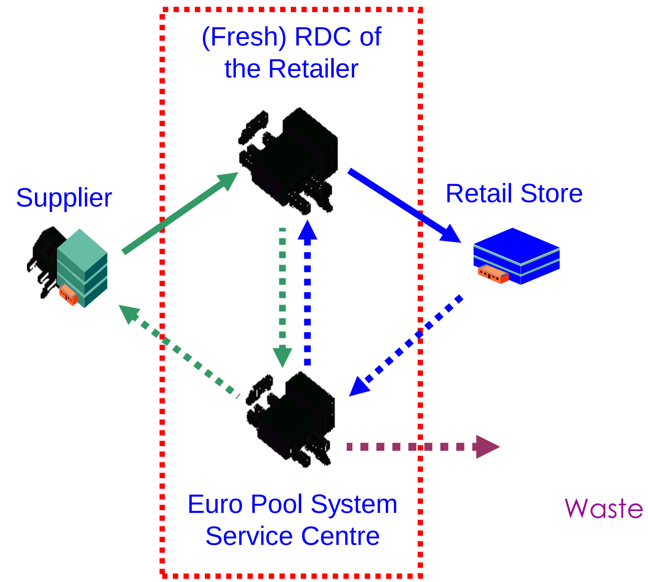
Concept of Service Centres

Actual



Future

The Retail RDC and the Service Centre are located close to each other



Service Centre : a value adding solution

Stores

- Improving efficiencies
- Effectiveness through standardised processes
- Free up space in the back store & improved health & safety

Supply Chain Management

- Improved overall control of the retail supply chain (end-to-end)
- Optimised (inter) regional transport
- Driving economies of scale
  - *Consolidation of volumes*
  - *Optimum value for waste*

RDC

- Focus the RDC on it's core activity : supply of goods, by removing all return activities
- Free up square meters of surfaces now dedicated to return activities

Sustainable development and legal context

- Development of a network adjustable to future needs
  - *Legislation*
  - *Increase in volumes and types of return products*
- Supports and drives Shelf-Ready and reusable packaging initiatives

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Service Centre : high economical stakes

Management of Transportation

Optimisation of return circuit support

Standardisation returnable packaging flows

Support handling

Management of returned products

Management of information stream

Recycling service

Other services......

Client Service Centre

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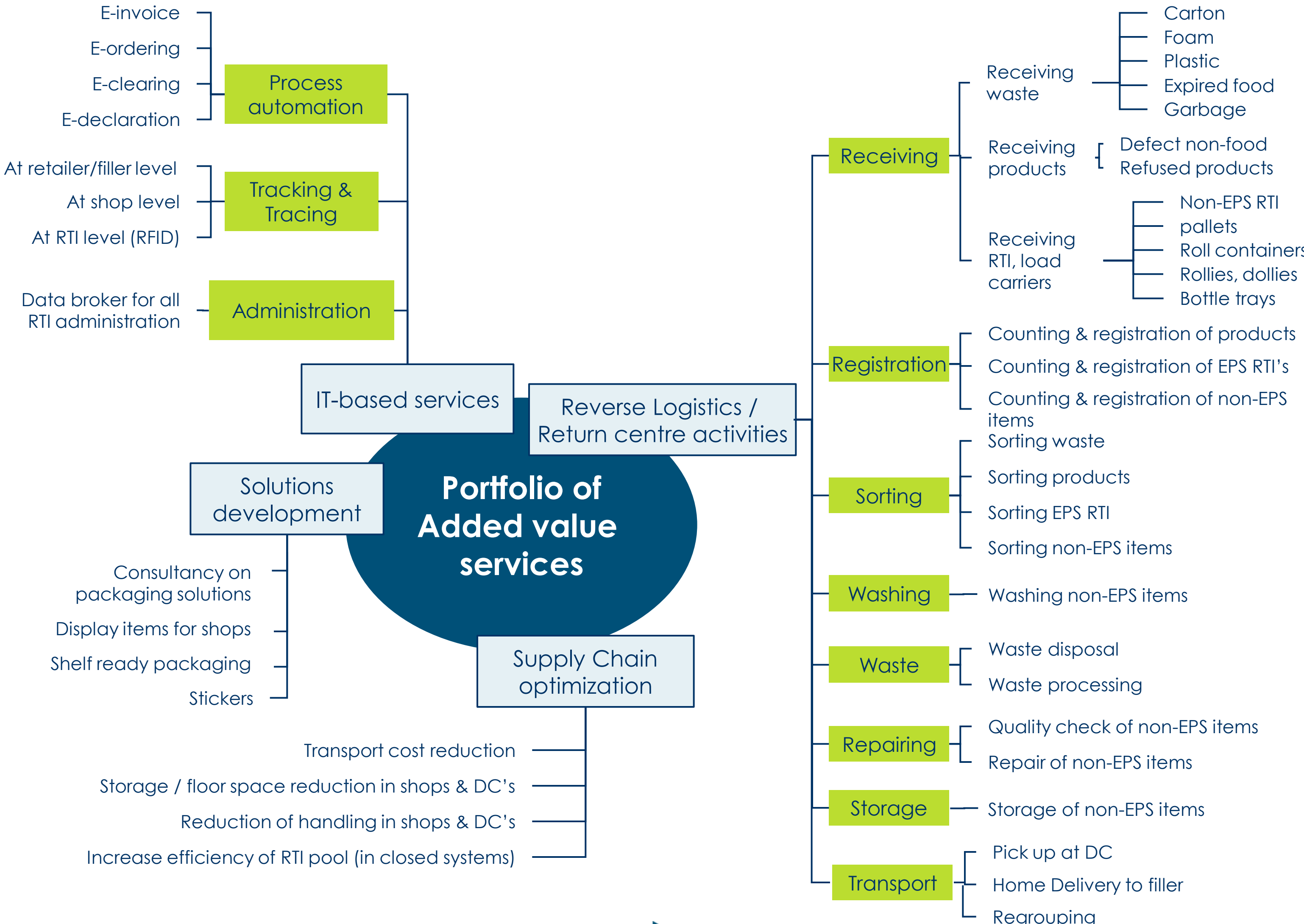
Service Portfolio



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Examples Supply Chain Integration

- 1998 : Delhaize (Belgium)
- 2002 : Doego (Germany)
- 2003 : Colruyt (Belgium)
- 2005 : Caprabo (Spain)
- 2006 : Eroski (Spain)
- 2009 : Consum (Spain)

Carbon Footprint – a positive impact

In 2007 and 2009, the *Stichting Initiative Mehrweg (SIM)* presented a European Live Cycle study [(1)], from which emerges that the production and use of returnable plastic packaging:

- ***emits 47% kg less CO2-Eq per trip***
- ***demands 78% resp. 58% less energy and***
- ***produces 95% less waste***

compared to one-way cardboard or wooden boxes

Nevertheless, in most cases economical criteria prevail in the decision process at European retailers, and often Carbon Footprint Reduction Initiatives remain insufficiently strategic in nature

(1) Executive summary and CO²-Calculator at *www.europoolsystem.com* or at *www.stiftung-mehrweg.de/studien.html*

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Conclusions

- **Also resulting from the economic recession, retailers adhere nowadays a higher attention value to cost efficiency, rather than to Carbon Footprint reduction**

- **Increased recognition of the added value and financial stakes of a well organised Reverse Supply Chain drives :**

  - ***the integration of (dedicated) Service Centres and the adoption of standard operating procedures***

  - ***the transition from one-way to returnable equipment and packaging***

  - ***and further Supply Chain Innovation (information)***

- **Compliance with Quality and Hygiene industry standards is a condition to be in business**

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a reliable system

an innovative system

a green system

a unique system

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