



Committing to ecodesign and a circular economy for packaging

Context

More than 350 million tonnes of plastic are produced every year⁽¹⁾. This production, 40% of which is attributable to the manufacture of packaging⁽²⁾, is increasing steadily annually. Because packaging is considered throw-away by nature and of low cash value, and because collection infrastructures are not highly effective in a number of countries, the environmental impact is very considerable, as we can see with the proliferation of waste plastic in the ocean.

The rise in packaging volumes is closely linked to the boom in large-scale retail: packaging facilitates the transportation of goods transport and extends product life. If major retail is responsible for the emergence of large quantities of single-use packaging, it is also ideally placed to bring about the necessary changes in packaging practices, especially in the light of increasing consumer awareness on the issue. Their rate of use by retailers has, in fact, become a factor that sets them apart in consumers' eyes. In this context, Carrefour wishes to spearhead a retail industry transition toward a more reasonable and measured consumption of packaging and ensure the eco-design of packaging used for its products. An initial diagnosis conducted in 2018, with 800 Carrefour brand suppliers made it possible to produce orders of magnitude on the use of packaging for Carrefour-branded products: 123,000 tonnes of Carrefour-branded packaging are marketed in France, Spain, Italy and Belgium, comprising 57,000 tonnes of plastic resins, 30,000 tonnes of glass, 18,000 tonnes of cardboard, 7,300 tonnes of metal and 4,500 tonnes of paper⁽³⁾.

To address this global and systemic challenge, Carrefour wishes to promote its suppliers' eco-design innovations, and encourage its customers and NGOs to come up with ideas. To involve its customers in this transformation and identify consumer expectations, Carrefour organised a citizen consultation in 2019, mission-zero-plastique.carrefour.com, which garnered over 11,000 votes and 5,000 respondents. Thus, in customers' eyes, packaging in the fruit and vegetable department attracts the most criticism, followed by packaging in the grocery department and carrier bags in the delivery and drive pick-up departments. Among the initiatives already undertaken by Carrefour, the reusable cotton bag received the most positive votes (403), followed by the provision of organic fruit and vegetables in bulk (338 votes), the replacement of plastic packaging for fruit and vegetables with bands (283 votes) and the development of the bulk offering for dry (243 votes) and liquid products (234 votes). Among the initiatives proposed spontaneously, Carrefour has promised to provide an answer regarding the feasibility of the 10 most highly supported proposals in order to test the best of them in 2020.

(1) <https://www.statista.com/statistics/282732/global-production-of-plastics-since-1950/>

(2) <https://www.nationalgeographic.com/news/2018/05/plastics-facts-infographics-ocean-pollution/>

(3) The scope in question is that of Carrefour-brand products managed by the Group and distributed in France, Spain, Italy and Belgium.

Our objectives and performance

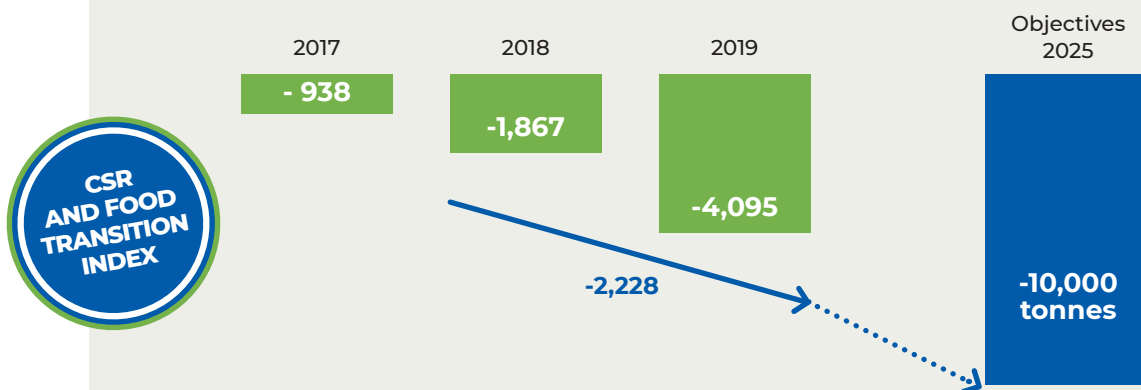
Carrefour's policy seeks to reduce the quantity of packaging it places on the market as well to improve the use and ultimate disposal of the packaging that remains necessary, by guaranteeing, for example, its re-use or recycling. Thus, Carrefour's policy is based on two levers of action:

- 1 **Reduce the amount of packaging placed on the market:** Carrefour wants to reduce at source the amount of packaging placed on the market by, as a priority, eliminating the packaging that customers find the most irritating and by offering packaging-free sales models. The challenge for Carrefour is to make it easier for customers to adopt zero waste solutions. Goal: to save 10,000 tonnes of packaging placed on the market by 2025 (cumulative from 2017).
- 2 **Developing reusable, recyclable or compostable packaging:** when it is impossible to remove packaging or reuse it, Carrefour wishes to guarantee the effective recyclability or compostability of product packaging, in line with national recycling processes. Goal: 100% reusable, recyclable or compostable packaging by 2025 for Carrefour brands.

Objectives:

- **10,000 tonnes** of packaging saved by 2025 (cumulative from 2017);
- **100%** reusable, recyclable or compostable packaging by 2025 for Carrefour brands;
- **80%** of Carrefour BIO product packaging will be reusable, recyclable or compostable by the end of 2020.

REDUCTION OF PACKAGING PLACED ON THE MARKET SINCE 2017 (IN TONNES)



Our plans of action

In order to achieve the Group's long-term goals, the various commitments must be implemented in each country through an a plan of action that will follow the following lines of work:

1. TRANSFORM THE CUSTOMER EXPERIENCE BY DEVELOPING REUSABLE PACKAGING SOLUTIONS
2. REDUCING AND ELIMINATING PLASTIC PACKAGING IN STORES BY ADOPTING A CUSTOMER PERSPECTIVE
3. ENSURING THE RECYCLABILITY OF PACKAGING AND MAKING IT EASIER FOR CONSUMERS TO COLLECT AND SORT
4. INCLUDE MORE RECYCLED MATERIALS IN CARREFOUR-BRAND PRODUCT PACKAGING

1. TRANSFORM THE CUSTOMER EXPERIENCE BY DEVELOPING REUSABLE PACKAGING SOLUTIONS

Reusable packaging solutions appear in all formats, in stores and e-commerce:

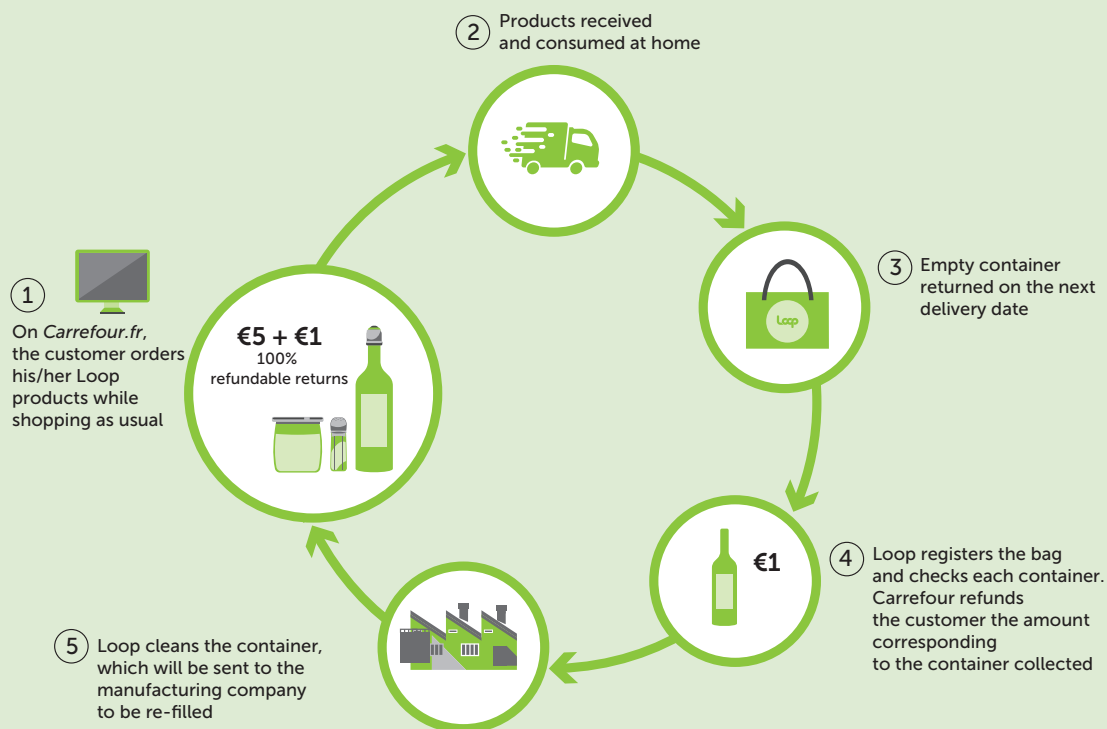
- The “Bring your own bag” campaign was introduced in all European countries, enabling customers to use their own containers for products bought at traditional foodstuff counters: fish & seafood, meats, delicatessen, etc. Tests are under way to offer reusable containers for sale at the fresh stands;
- In order to develop bulk sales, we have started selling reusable and washable organic cotton bags to replace the compostable plastic bags in the Fruit and Vegetable section in France and Spain. Tests have been carried out in these two countries and the sale of these bags will be rolled out in 2020 in all formats;
- A short circular economy loop for all home delivery bags has been set up (approximately 2 million bags per year): order on Carrefour.fr, delivery of the order to the customer, recovery of bags used for previous deliveries, centralization of bags in the warehouse, cleaning by a return-to-work institute, reuse of bags for a new order;
- Carrefour and TerraCycle launched Loop, the first e-commerce website in Europe with a system of deposits and sustainable containers, to reduce single-use packaging. This home delivery service is already available on the maboutiqueloop.fr website and will be rolled out on Carrefour.fr and in convenience stores in 2020. An assortment of everyday products sold in returnable, reusable packaging is offered by Carrefour as well as national brand suppliers. By the end of 2019, over 100 products were available and the project boasts some 30 brands.

CASE STUDY:

Waste reduction with Loop

Under its commitment to reducing packaging consumption, in May 2019 Carrefour brought in a zero-waste alternative for Paris-region customers with Loop, a home delivery platform featuring deposit-carrying reusable containers. Loop was launched with TerraCycle, world number-one in the recycling of waste considered difficult to recover. Customers use the platform to order from a selection of Carrefour own-brand and national-brand items, including a choice of organic products. Once the product jars and bottles are empty, customers put them in a special Loop bag and programme their return from their personal account on the online platform. The deposits on consumption these containers can either be deducted from the next delivery, or reimbursed. In early 2020, products sold in reusable packaging were put up directly on the Carrefour.fr website, enabling customers to mix both Loop and conventional products in the same order. Through this innovative initiative, Carrefour is helping to refamiliarise consumers with the deposit concept in order to reduce waste. Carrefour is the first online retailer to offer an alternative to throw-away packaging, spearheading the sustainability drive with this new circular distribution system.

FONCTIONNEMENT CIRCULAIRE DU PROJET LOOP PAR CARREFOUR



2. REDUCING AND ELIMINATING PLASTIC PACKAGING IN STORES BY ADOPTING A CUSTOMER PERSPECTIVE

Carrefour's approach combines both comprehensive action plans to achieve medium-term commitments and a prioritization of actions based on shorter-term customer impact. Accordingly, Carrefour conducted an analysis of the factors irritating customers during their in-store experience in France and Spain. Based on the evaluation of customer expectations and the visual impact on the shelf, various priorities were established, such as, for example:

2.1. Plastic packaging for fruit and vegetables

The organic fruit and vegetable departments are a priority and are the subject of a specific objective, completely plastics free by 2020.

- Bulk development: bulk is deployed primarily in all organic formats and departments (Carrefour Bio, Bio Expérience etc.). 145 product listings were available in all formats in France in 2019.
- Phasing out plastic packaging for all organic fruit and vegetables. Carrefour aims to eliminate plastic from organic fruit and vegetable packaging by 2020. Examples: plastic bags on organic banana (which is 23 tonnes of plastic saved per year), plastic film on organic cucumbers (3,500,000 UVC/year or 6.5 tonnes of plastic saved per year).

2.2. The packaging of pastry and bakery products

These are used by in-store bakers to package products made on site. These bags and boxes give the impression of an over-abundance plastic on the shelves concerned.

- a) We are testing plastic-free packaging for the bakery department: bags with plastic windows are being replaced by paper bags.

2.3. Individual packaging (overpackaging)

The eco-design of Carrefour brand packaging is an important area for the reduction of plastic consumption at source and improving the overall recyclability of the product portfolio. The fight against the «overpackaging» of fast-moving consumer goods is one of the main customer irritants, and as such is the priority. The sources of overpackaging are mainly multi-buy promotions and single servings.

- Reduction of packaging in the toys, batteries and light bulb categories (more than 238 tonnes in 2019).

CASE STUDY:

Reducing packaging in stores: example of organic fruit and vegetables

Carrefour's multiple initiatives on reducing packaging start in the organic foodstuffs section, where plastic packaging appears especially incongruous to customers. The Group undertook to ensure that 100% of its organic fruit and vegetables in France would be sold without plastic packaging by 2020. To reach this goal, in 2019 it introduced non-packaged bulk products across Carrefour Bio stores and in the Bio Expérience sections of its supermarkets and hypermarkets. Plastic packaging was replaced by plain strips for bananas, cucumbers, fennel, leeks, pumpkin and black radishes. A number of further solutions are being tested: cardboard boxes for vine tomatoes; band for broccoli and cabbage; cardboard trays for mushrooms, apples and pears; labels for grapefruit; laser print on apples and kiwis; and paper bags for potatoes.

3. ENSURING THE RECYCLABILITY OF PACKAGING AND MAKING IT EASIER FOR CONSUMERS TO COLLECT AND SORT

Ecodesign initiatives are being rolled out in all countries to make packaging more recyclable.

CASE STUDIES:

BRAZIL

A tool has been set up to monitor the recyclability of each of the components of the:

- Primary and secondary packaging of Carrefour brand products;
- Carrefour-brand products made from non-recyclable materials (plastic straws, cotton buds, etc.).

This makes it possible to track the product recyclability index, which is adapted for existing regional recycling facilities. In 2019, all Carrefour own-brand suppliers underwent a recyclability analysis. This analysis revealed that 39% of product components are recyclable. Action plans are implemented to replace non-recyclable materials on all products identified. The actions carried out in 2019, made it possible to replace more than 5,400,000 non-recyclable packagings and products.

Finally, a logo is affixed to all Carrefour-brand products that are recycled, recyclable, reusable or compostable to promote this initiative among consumers and raise customer awareness of the sorting process.

«Designed to have a second life, now it's up to you.»



FRANCE

In 2019, Carrefour undertook to support the launch of a packaging-oriented innovation accelerator known as “RESET Retail” in order to drive progress in complex packaging formats like those used for biscuits, salads, pie pastries and fruit purées. The principle is to bring together a number of own-brand suppliers common to Système U and Carrefour in a consortium where we facilitate meetings with packaging innovators. The first pilot tests were designed in October 2019, and the products arrived in stores in 2020.

Working with customers to improve collection and sorting of recyclable packaging:

- installation of Reverse Vending Machines (RVM) in 17 stores in France for the collection of PET bottles;
- extension of experimentation on a bottle recycling community programme with the startup, YOYO, (15 stores in the Paris region).

Engaging suppliers:

- In 2019, Carrefour launched the Food Transition Pact, a network of Carrefour suppliers committed to the food transition for all, transforming food systems by offering customers nutritious, sustainable products at a reasonable price. The Pact offers a platform for discussion, sharing best practice, discovering new opportunities for collaboration with Carrefour and sharing progress with consumers. Open to all Carrefour suppliers on a voluntary basis, the Food Transition Pact is an opportunity for them to take concrete steps to distinguish themselves as leaders in the food transition for all. Suppliers join the Food Transition Pact by making a commitment to a plan of action based on a minimum of three of the Pact's priority areas of focus and report their progress to the Food Transition Pact. One of the Pact's areas of commitment sets out to limit the environmental impact of packaging by eliminating unnecessary consumer packaging and reducing the volume of packaging, as well as by using labelling that clearly indicates to the public how to recycle packaging.

4. INCLUDING MORE RECYCLED MATERIALS IN CARREFOUR-BRAND PRODUCT PACKAGING

In France, Carrefour aims to recycle 50% of plastic used for Carrefour-brand water bottles by 2022.

Our organization



SCOPE

Carrefour Group's packaging policy applies to the nine countries that make up the group's integrated countries, namely, France, Spain, Italy, Belgium, Poland, Romania, Argentina, Brazil and Taiwan.

Carrefour's quantified targets apply to all Carrefour certified products in the country. The packaging in question is the primary packaging, i.e. all packaging components (in direct and indirect contact with the product contained) intended for sale.

National brand products are integrated through collaborative projects, partnerships, coalitions or innovation platforms. The elimination of plastic packaging in the «fruit and vegetables» and «organic fruit and vegetables» sections concerns all products sold, regardless of their brand.



GOVERNANCE

The development of the packaging plan is a major strategic priority for the implementation of the food transition for all, Carrefour Group's raison d'être. The CSR department issues guidelines on the Group's packaging priorities: the materials to be favoured, those to be monitored and those to be avoided. The policy's priority areas are incorporated by the countries, which define their own actions. Operational priorities are jointly agreed by the merchandise teams, own brand and CSR, for example:

- for the "Fruit and Vegetables" category, plastics are removed and replaced where necessary with cellulose material;
- PVC blisters are removed in the case of the «bulbs» and «batteries» categories.

These guidelines are relayed to all suppliers of own-brand products by the merchandise and quality departments.



PERFORMANCE EVALUATION

The current performance indicator is used to monitor the quantity of packaging placed on the market avoided per year as a result of ecodesign actions (by weight). This indicator is consolidated annually at Group level. It is included in the CSR and Food Transition Index. This index is given a 25% weighting as a criterion in a long-term executive compensation plan.

A common reporting system across several retailers is being developed in France to measure the proportion of reusable, recyclable or compostable packaging placed on the market.



JOINT INITIATIVES AND PARTNERSHIPS

- **Global Declaration on Plastics & New Plastics Economy:** Carrefour also joined global competitors, major brands and NGOs in December 2018, in signing the Global Declaration on Plastics initiated by the Ellen MacArthur Foundation with the intention of making this goal a market standard. This allows for a sharing of expertise on the use of plastics. Allocated budget: €75,000 over three years.
- **National Pact on Plastic Packaging for 2025:** in 2019, Carrefour was a founding signatory of the French national pact committed to phasing out plastic packaging by 2025, and is behind several concrete initiatives that will stop more than 140 tonnes of plastic being used every year. With a partnership and co-development ethos, and a concrete plan of action designed to help citizen-consumers and create a more sustainable future, this pact has also been signed by Auchan Retail France, Biscuits Bouvard, Coca-Cola European Partners, Danone, L'Oréal, LSDH, Nestlé France, Système-U, Unilever, the Tara Foundation and WWF® France.
- **RESET:** an innovation accelerator in partnership with retailers and suppliers of «RE(SET)» products to replace problematic packaging standards: non-recyclable plastics, on-the-go packaging, etc.
- **Terracycle:** launch of the «Loop by Carrefour» project (see «Case Study 2019»).



FOR FURTHER INFORMATION

- New plastics economy: <https://www.ellenmacarthurfoundation.org/our-work/activities/new-plastics-economy>
- National Pact on Plastic Packaging: https://www.ecologique-solidaire.gouv.fr/sites/default/files/2019.02.21_Pacte_National_emballages_plastiques.pdf
- Ma boutique Loop: <https://maboutiqueloop.fr/>