



Position Paper

Neckarsulm, 11. September 2018

THE EU PLEDGING CAMPAIGN FOR THE UPTAKE OF RECYCLED PLASTICS INTO PRODUCTS

Our Plastics strategy

Lidl is an international retailer with the largest network of discount grocery stores in Europe. We currently operate around 10,500 stores in 28 countries (EU + USA). As part of the Schwarz Group (together with Kaufland), Lidl has initiated a group-wide plastics strategy to substantially reduce the use of plastic in all its forms. As part of this strategy, the following targets were set for all Lidl countries in June 2018:

- By 2025, all plastic packaging of own brand products should be 100 percent recyclable.
- By 2025, plastic consumption from packaging of own brand products is to be reduced by at least 20 percent.¹

Participation in the Pledge

Lidl expressly supports the EU Commission's plastics strategy. Therefore, in addition to the general objectives, Lidl has also decided to participate in the European Commission's Pledging Campaign on behalf of all Lidl countries. The subject of our pledge is the recycled content in our own-brand beverage packaging produced at the Mitteldeutsche Erfrischungsgetränke GmbH & Co. KG (MEG) production facility for distribution in our stores.

We are convinced that single-use packaging on the basis of PET is the optimal solution for our Saskia and Freeway own-brand beverages. PET is extremely lightweight and stable compared to glass. Furthermore, it is easily recyclable and, contrary to reuse-systems, there is no need for water-intensive cleaning of the bottles. The low weight and the fact that PET bottles are compressed to a minimum size at the place of return make the transport to recycling plants environmentally-friendly. In addition, our decentralised supply structures enable short transport routes from the source to the store, thereby further minimizing the CO₂ burden.

Thanks to modern and optimized production processes, we have been able to reduce the weight of our 1.5-liter bottles by 30 percent in recent years. This means less use of plastic in a consistently stable bottle. Compared to the situation just a few years ago, we use up to 70 percent less PET virgin material for the production of our bottles. This saves on energy, transport miles, crude oil, and CO₂.

To produce our bottles, we use the PET recyclate obtained by recycling the bottles we receive through take-back systems. The bottles produced by our production company Mitteldeutsche Erfrischungsgetränke GmbH & Co. KG (MEG) for the Lidl own brand beverages ("Saskia," "Freeway") already contain an average of approx. 60 percent recycled material. Many of our projects related to the use of recycled plastics are first implemented in the German market, e.g. our use of third party auditors to certify the content of recycled plastic in our bottles. Based on those best practices we continuously work to increase the recycling rate and to further optimize the packaging.

¹ Lidl UK and Lidl Ireland already aim to reach this target by 2022.



Challenges we face

We have focused our pledge on recycled materials used to produce our own brand beverage bottles, since we are in the position to provide concrete and reliable figures on the status quo. There are a number of factors, however, that prevent us from making reliable forecasts regarding the increase in the percentage of recycled material for the period up to 2025. The development of our PET recycling activities by 2025 is primarily dependent on market factors. Thus, the availability of recycled PET in the required quality and sufficient quantities depends directly on the organization of national collection systems, return rates in the context of bottle deposit systems, and ultimately on customer behaviour. We cannot make a reliable forecast regarding the development of sales of our own brand drinks either. Increasing sales of our own brand beverages with a stagnant bottle return rate could possibly even lead to a decreasing proportion of recycled material (with increasing tonnage).

In addition, legislative requirements on food contact materials are curbing our efforts to increase the content of recycled content. For example, 95% of recyclate used to produce food packaging must come from closed-loop schemes. Only 5% may be obtained from other sources, for example, packaging waste collected from households². Currently, these preconditions can only be fulfilled for PET bottles. For other plastic packaging for beverage or food products, a comparably high proportion of recycled content is thus not feasible for legal reasons.

From this point of view, the further development of our PET recycling activities depends to a considerable extent on political decisions and the behaviour of other market participants (including consumers). Although an increase in the recycled content of our own brand beverage packaging is likely, we cannot provide concrete details on the time frame, tonnage, or rate of increase for the time being.

Looking forward

We call on politicians to pursue a series of actions that would help us to implement our plastic strategy in the coming years.

1. We call for the development of a uniform, EU-wide definition of “recyclability”. Otherwise, as an international company, we face considerable difficulties in the distribution of our goods and the licensing of packaging in the different EU member states.
2. We ask for reasonable consideration of closed loops with regard to single-use products and packaging. The so-called EFSA clause, according to which only 5% of recycled material for packaging with food contact may originate from non-closed recycling streams, should be reconsidered. A raised threshold would help achieve the European Commission’s goal to “strengthen recycling” and make it easier to increase the recycled content of food packaging.
3. We demand a holistic assessment of environmental impacts along the entire product lifecycle of single-use products (especially beverage packaging) before undertaking far-reaching market intervention (including design regulations, restrictions, product bans).
4. We call for the introduction of financial incentives for investment in sustainable products (such as recycling capability, high recycled content).

² <https://www.efsa.europa.eu/de/efsajournal/pub/2907>



Point of contact for further dialog

We look forward to continuing a regular dialogue with policymakers and other stakeholders to share insights about our achievements, obstacles, and challenges.

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