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PETcore Europe Annual Conference 2022

“PET seen from retailers’ point of view: consumers’ habits and plastic packaging”

Dr. Bernhard Heisel, Schwarz Produktion

AGENDA

01

Schwarz Group & Schwarz Produktion

Retailing, recycling, producing

02

Consumers' habits and plastic strategy

Less plastic – closed loops

03

PET Material Circle

Example of optimum recycling

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Schwarz Group & Schwarz Produktion

Retailing, recycling, producing

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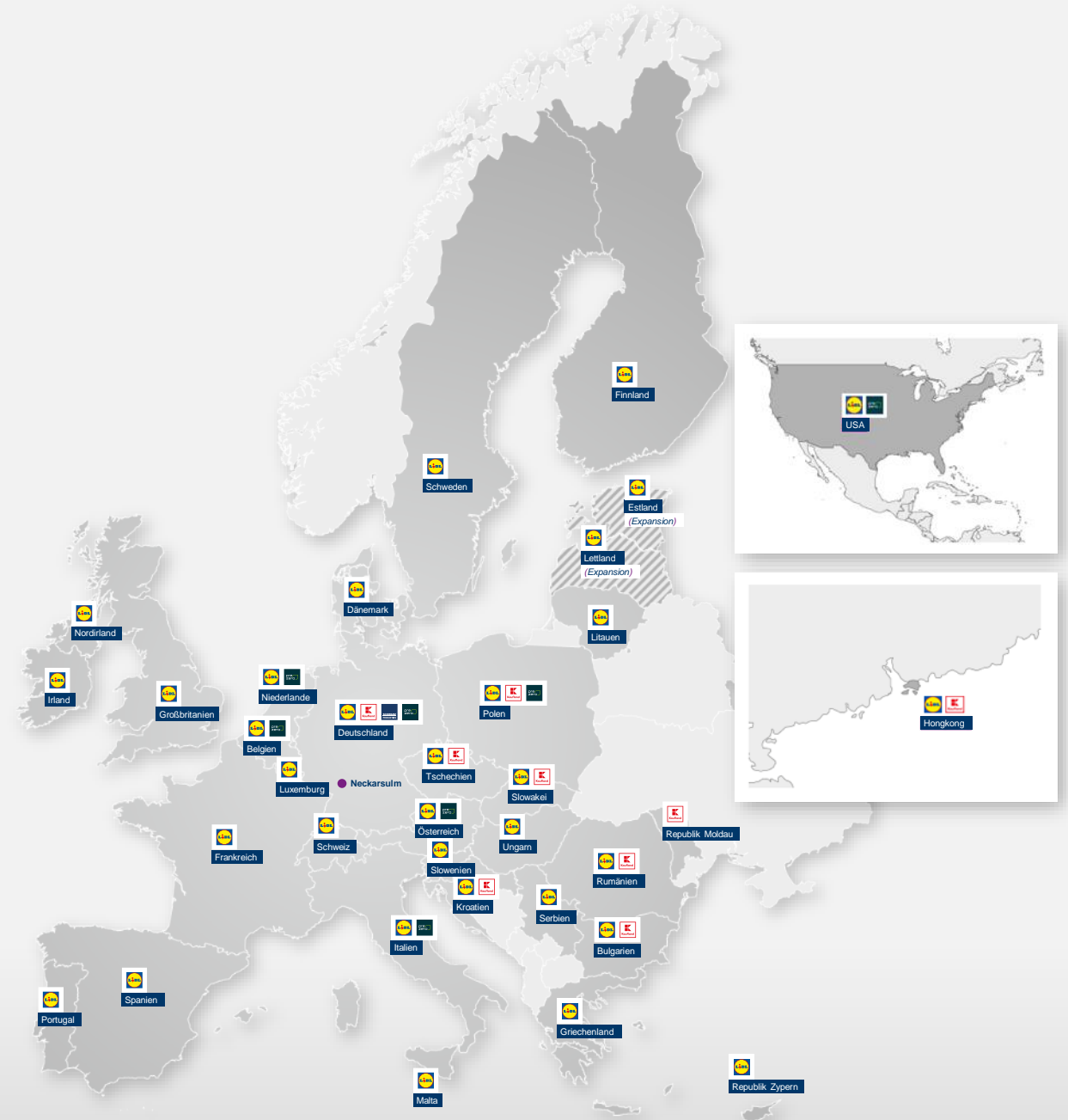
33
countries



12,900
stores



500,000
employees



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All divisions count on our common vision:

Less plastic – closed loops



100% rPET Bottle
a success story of:

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SCHWARZ PRODUKTION - OVERVIEW



more than 4,000 employees

3.2 billion bottles and cans

48,000 mt of chocolate

67,000 mt of dried fruits

1.5 billion baked products

1.1 billion ice cream desserts

50,000 mt of coffee

- Lönigen
- Rheine
- Düsseldorf
- Übach-Palenberg/ Haaren
- Kirkel
- Wörth
- Jessen
- Roßbach
- Leißling
- Weißenfels
- Neuensalz

Administration in Weißenfels

Project management office in Düsseldorf

PET CONVERSION & RECYCLING

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3 production sites

Own production of PET re-granulate (R-PET), preforms and closures.

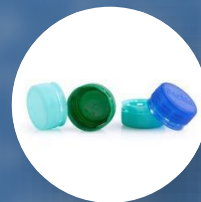
MEG Übach-Palenberg is the first recycling plant to carry out both recycling and preform production.



annually
approx.
40,000 mt



annually
approx. 2.7
billion



annually
approx. 2.3
billion

CONSUMERS' HABITS AND PLASTIC STRATEGY

LESS PLASTIC – CLOSED LOOPS

CONSUMERS' HABITS

Unrecognized plastic packaging

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The Challenge: combining customers' perception and wishes

CONSUMERS ARE USED TO GETTING:

High quality food and beverages
(even for private label products on the level of brand owners)

Product safety and protection of the goods

Convenient and lightweight packaging

Easy to transport and easy to use

CONSUMERS EXPECT TO HAVE:

No littering

No food waste

Environmental sustainability:

- Low carbon footprint
- Fully recyclable
- High recycled material content, etc.

The Answer: plastics, as part of the solution!

CONSUMERS' OPINION & FACTS

MYTHS

German mineral water bottles made out of PET pollute the world's oceans.

Other types of packaging are more environmentally friendly than plastic.

FACTS

More than 97% of the disposable beverage bottles with a deposit are recycled in Germany.

Plastic is one of the most sustainable, light-weight packaging options available.

BUT IT'S ALSO A FACT:

Pollution of the oceans is real!

Up until now, 150 million tons of plastic waste have ended up in the world's oceans.

14 % of the world's plastic packaging is recycled while 32 % ends up directly in the environment.

Ellen MacArthur Foundation 2019

The solution is: Everyone takes responsibility.



Consumers collect and separate plastic packaging.



Governments introduce deposit systems.



Industry builds up recycling systems.

Our Answer: REset Plastic

The Schwarz Group has recognized the problems and wants to tackle them head on.

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The Schwarz Group as a leading international business:

- Takes on responsibility and acts as a role model
- Already has a lot of know-how and has successfully implemented various measures
- Can map the entire recycling loop through its various divisions (production, retail, waste and recycling management)
- Makes REset Plastic activities visible through daily communication and contact with millions of consumers

Our integrated plastics strategy



REset Plastic is an over-arching, long-term strategy for bundling our resources and knowledge.

REset Plastic is the answer to consumers' demands for high quality goods in sustainable packaging.

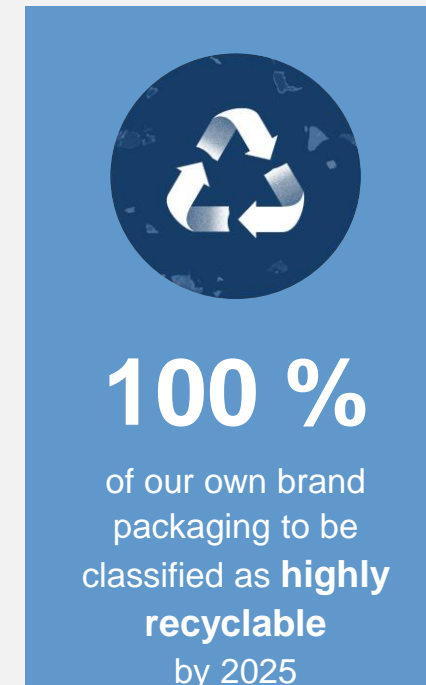
Our joint vision:

Less plastic – closed loops.

Our common mission:

To use our know-how to reduce the use of plastic and ensure closed loops.

Our superordinate goals:



achieved by FY 2020

RESET PLASTIC

Fields of action and strategic guidelines

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REduce

We avoid plastic whenever possible and sustainable.

REdesign

We design products so that they are recyclable, thereby closing cycles.

REcycle

We collect, sort, recycle and close material cycles.

PET bottle recycling

REmove

We support the removal of plastic waste from the environment.

REsearch

To come up with innovative solutions, we invest in research and development and educate about recycling and resource conservation.



RESET PLASTIC

Fields of action



REduce

- Offering reusable nets for fruit & vegetables
- Delisting single-use shopping bags
- Delisting certain single-use plastic products



REdesign

- Optimization of our private label packaging
- Information for all private label suppliers
- Product labeling for customers



REmove

- Global cooperation programs with a variety of partners
- Cleaning rivers of waste using sea hamsters
- Development of waste management systems



REsearch

- Projects and initiatives
- Innovation screening
- Incubators and accelerators

RESET PLASTIC

Fields of action



We collect, sort and recycle plastic to close loops.

REcycle



Recycled products

In-house collection capacities

Closed-loop products



PET Material Circle

Example of optimum recycling

OUR PET-MATERIAL CIRCLE

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100 % Recycled material
(without lids and labels)

100 % Recycability

30 % Weight reduction
(cf. 2007)



- Reduced bottle weights
- High recycling rates
- Short transport distances

Savings of 50,000 mt of virgin PET material and more than 90,000 mt of CO₂ in fiscal year 2021.

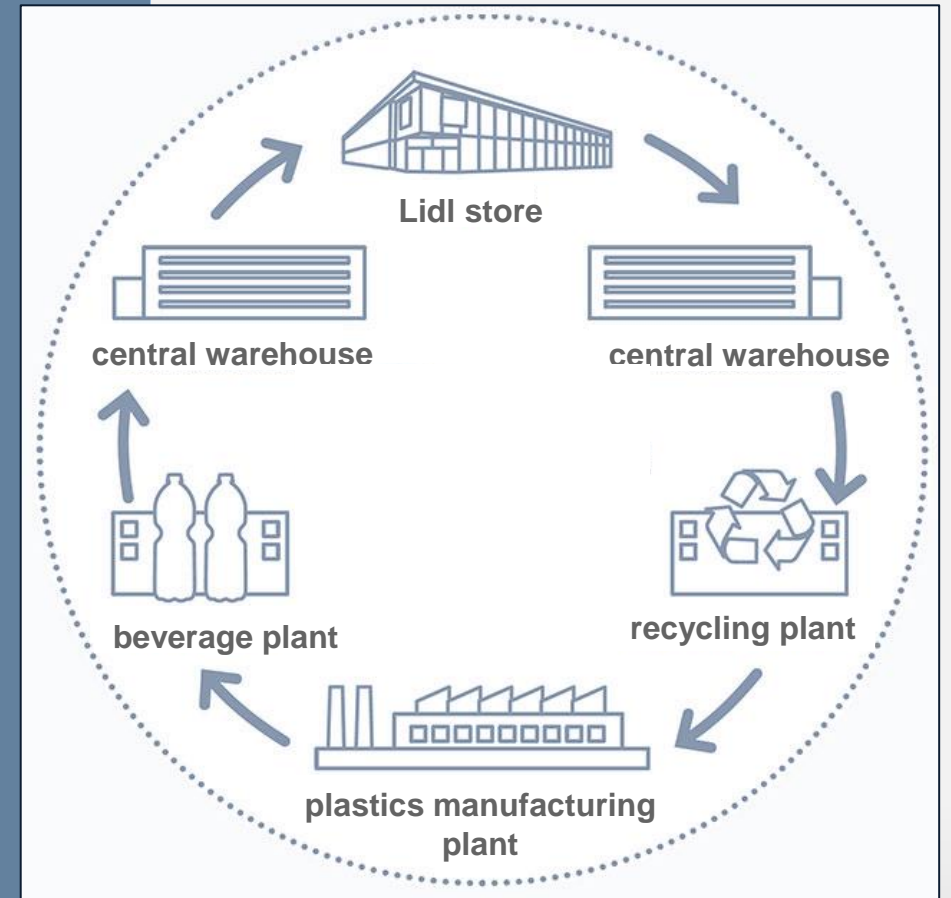
OUR PET-MATERIAL CIRCLE

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All soft drink and mineral water bottles that are returned to one of the German **Lidl** or **Kaufland** deposit machines are processed by Schwarz Produktion into new bottles.



We use 100% recycled PET in all of our bottles in Germany.



SUMMARY: PET-MATERIAL CIRCLE

Key factors for closing the loop in Germany

- The Schwarz Group is the first company **implementing the whole value chain of “bottle-to-bottle” recycling under a single roof.**
- **Deposit systems** enable us to align our business model more sustainably and maximize the collection volume of food-grade PET material.
- **Consumers are used to supporting the system of recycling PET bottles** by returning them to retail stores, which reduces littering considerably.
- **High recycled material content** improves the carbon footprint significantly.
- **High investments** in capex and substantial **know-how gained** since starting the closed loop in 2010.
- **Modern sorting and recycling technologies** in place for clean material streams and high-quality recycling material.
- Schwarz Gruppe **targets implementation of retailer-friendly collection and deposit systems throughout Europe** for single-use PET beverage bottles.



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**THANK YOU
FOR YOUR ATTENTION!**