



**Re.duce
Re.cycle
Re.new**

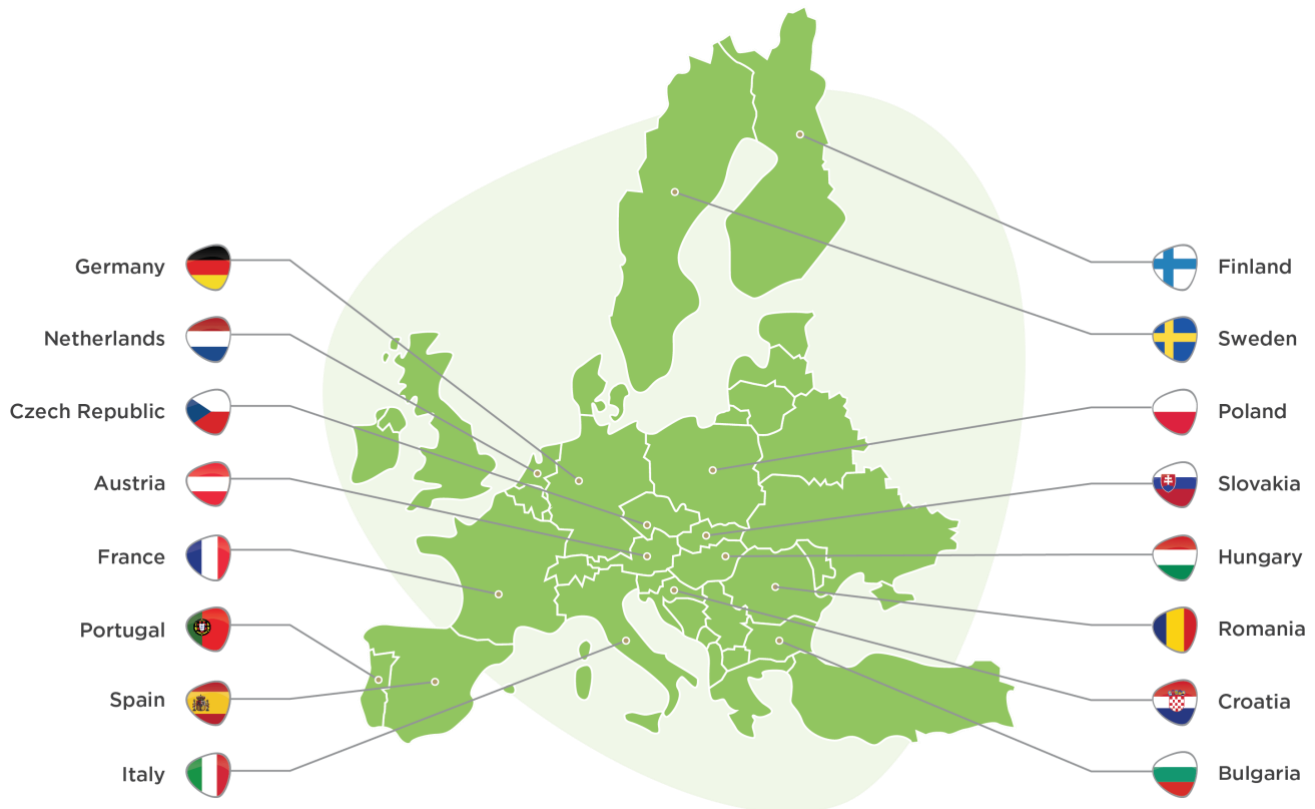
What METRO expects from the EU to achieve the transition towards circular economy

METRO's Position Paper on the EU Packaging and Packaging Waste Regulation

METRO welcomes the EU Commission's effort to move away from unnecessary packaging and to reduce packaging waste. METRO is committed to making its packaging more sustainable and supports robust legislation that is fit for this purpose. A new Packaging and Packaging Waste Regulation could become the right instrument to guide businesses in their sustainability endeavours. The EU legislator's goal must be to find harmonised and standardised solutions that would indeed contribute to circularity.

The presented proposal is an ambitious and extensive piece of legislation. It will affect a great number of businesses operating in or placing products on the European market. Present in 16 EU countries, METRO is directly impacted and will have to adjust its packaging policies. In this position paper, we cover the following most crucial points to ensure that the legislation is functional and efficient:

- Careful impact assessment of reuse targets
- Clear methodology and guidelines
- Harmonisation and interoperability
- Coherence and timeliness



METRO AG has operations in 16 EU countries that will be impacted by the proposed legislation.

Reuse targets should not be achieved at higher environmental cost

Under the Commission's proposal, 10 % of all goods in the EU will have to be transported in reusable packaging by 2030, with further targets of 50 % by 2040 for e-commerce, 30 % for transport, and 25 % for stock-keeping. Waste reduction and packaging reuse targets, however, must be carefully weighed against other environmental impacts, such as carbon emissions and additional energy use.



The idea of using the same packaging repeatedly may seem like the obvious solution for a circular economy. But it is not as simple as that. In logistics, meeting reuse targets will inevitably lead to an increased use of plastic crates and boxes to replace single-use cardboard. By putting forward reuse targets, the legislation favours the use of fossil-based packaging, which is the opposite of what the Commission wants to achieve with its plastic strategy.

Another issue is the increased use of energy resources and emissions. Any packaging needs to be cleaned every time it is reused. Naturally, this requires more water and energy. With water scarcity already a global challenge, reuse systems might intensify it. Using more energy for washing and drying would also increase greenhouse gas emissions. For transport packaging, reuse targets would require shipping back the empty boxes with every single delivery – which, again, would produce more transport emissions. To prevent any other negative environmental impacts, reuse targets must be proportionate and based on a neutral, science-based analysis.

Swift conceptualisation of clear methodology needed to meet recycling goals

The European Commission seeks to ensure that all packaging is designed for recycling from 2030. To explain what “designed for recycling” means, it will devise delegated acts establishing EU-wide uniform design-for-recycling criteria. Until the delegated acts are published, companies have little certainty as to which packaging can be put on the market as of 2030. Considering the necessary investments in the infrastructure as well as planning security, these criteria must be developed as quickly as possible.

There must also be a clear methodology for calculating the recycled content. So far, no methodology or clarifications on acceptable recycling processes have



been developed. Without a clear methodology and detailed guidelines, it is impossible to assess the objectives and duly prepare for implementation.

The proposal provides for mandatory recycled content quotas for plastic packaging, with a few exemptions. To avoid ecological missteps, legislators must bear in mind the availability of recycled material. It must be ensured that the required material is available in sufficient quantity and quality, as the targets would not be achievable otherwise. The EU market for secondary raw materials must be strengthened.

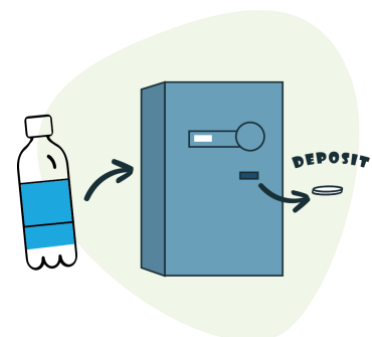
Harmonisation is key

METRO welcomes the Commission's decision to replace the existing directive with a regulation. Harmonised rules are necessary to facilitate waste management in different EU member states, strengthening the single market instead of causing fragmentation. The harmonised labelling on packaging proposed to indicate material composition or recycled content, for example, is an important step in the right direction. It would not only bring more clarity to consumers, but also legal certainty and predictability for businesses and thereby facilitating their operations.



In recent years, we have seen how different labelling requirements create unnecessary barriers to trade in the internal market. Up to now, waste sorting instructions have not been regulated by harmonised EU rules, thus leaving more room for national initiatives. METRO welcomes the Commission's recent recognition that national labelling requirements might be contrary to the free movement of goods and adversely affect the environment, as more materials for additional labelling are needed.

EU-wide harmonised labelling is therefore essential. It is important, however, that companies have enough time adjust their processes. Without sufficient transition periods, in the worst case, packaging would have to be destroyed as it would no longer meet the



new legal requirements. To avoid generating additional waste, it should be possible to sell goods that have already been placed on the market. In order to enable faster adaptation, the new legislation should also allow dematerialised labelling – e.g. via QR codes or other digital tools. Digital labelling could provide consumers with all the necessary information, without the need to replace already produced non-compliant packaging. Additional packaging waste would be avoided.

While the proposal suggests harmonisation of the symbols for deposit and return systems, the well-functioning national systems already in place should not be disrupted. The investments and efforts made by companies to maintain these systems for years should not be disregarded. A harmonised label for deposit and return could be added in addition to the existing ones, but should be made voluntary. Deposit return schemes could continue to be designed and run differently in different member states if they contribute to the collection goals and if the free movement of goods is maintained.

Coherent and timely legislation allows for efficient implementation

To deliver on circular economy objectives, the Packaging Regulation must reflect a holistic approach and be in line with other pieces of EU legislation, which relate to packaging and packaging waste. For example, alignment with the new Regulation on recycled plastic in food contact materials¹ is necessary to ensure that the ambitious recycled content targets can be achieved.

The Packaging Regulation Proposal provides for dozens of delegated or implementing acts without any specific timeline. To ensure due implementation, delegated legal acts should be drawn up and adopted at a very early stage. There is a lot of unclarity behind such key notions as “recyclability at scale”, “designed for recycling”, “reusable” and “compostable”. A concrete timeframe for the clarification of these definitions must be set. Only by providing legal clarity, decision makers can create a basis for proper and timely implementation.

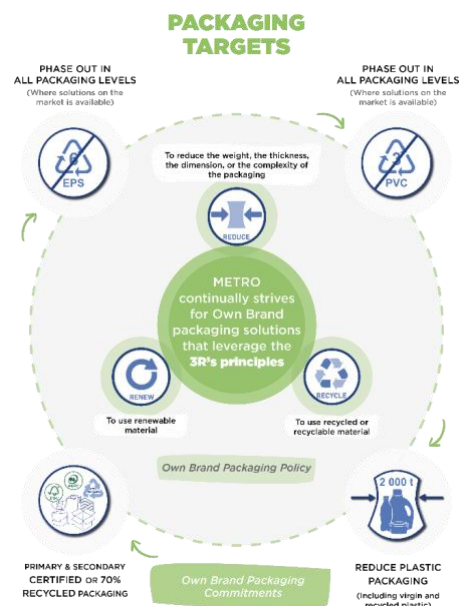
¹ Commission Regulation (EU) 2022/1616 on recycled plastic materials and articles intended to come into contact with foods.

Finally, the industry must not be left behind in the negotiation process and needs to be involved. We call to establish a “Packaging Forum” that would bring together relevant stakeholders to support the implementation process. It should serve as an expert group to provide expertise on the future delegated and implementing acts and challenges faced at EU and national levels.

METRO’s way towards more circularity

For METRO as an international wholesaler, packaging plays a pivotal role in securing the quality, freshness, and safety of its goods. Packaging is key in contributing to a sustainable future for its customers. Therefore, in developing the packaging of its own brands, METRO aims to enhance the efficiency of its operations while reducing the environmental impact.

METRO’s packaging policies already reflect many of the goals that the Commission aims to achieve. METRO is continually developing own-brand packaging solutions that leverage the 3R principle: reduce, reuse, and recycle. Packaging minimisation is one of the strategic goals of METRO’s own-brand packaging and the company is constantly working to achieve it. For example, thanks to a change in packaging for METRO’s own-brand ARO olive oil, 7 fewer lorries take to the road, thus significantly reducing carbon emissions. 40 % less plastic used in packaging made it possible to save 14 tonnes of plastic in one financial year. This way, METRO contributes to reducing plastic on the market, as well as managing resources responsibly.



While we strongly support the Commission’s effort towards a sustainable future of the Union, we call for coherent and evidence-based legislation. Only harmonised rules, realistic targets, clear guidelines, and sufficient transition periods will allow for a smooth economic transformation towards an EU-wide circular economy.