

Retail Environmental Sustainability Code

1. Purpose

Signatories to this voluntary Retail Code for Environmentally Sustainable Business share the aim of promoting sustainable production and consumption and will do this by undertaking actions or through supporting their members' actions in this field.

Retailers play a key role in sustainable production and consumption, as set out in the REAP programme¹. This role was also recognised by the Council of the European Union of 4 December 2008, which, in its conclusions, emphasised that a voluntary European code of conduct for retailers would be a useful instrument.

The numerous initiatives² undertaken to date by retailers and retail organisations show their strong commitment to the reduction of their environmental footprint. The local focus of these activities and of their overall objectives shows that retailers are matching their environmental policies to consumer, cultural, economical and political demands in each country and region.

The diversity of retailers' initiatives is a real strength of the sector and complements the aim of the code - to promote a holistic approach to European retailers' environment policies.

The adoption of this code is voluntary. It is open to all European retailers wishing to join.

2. Commitment

Signatories commit to the setting up and implementation of measures in order to reduce the environmental footprint of their operations in:

- 1. Sourcing...**
by promoting more environmentally sustainable sourcing and production of products.
- 2. Resource efficiency...**
by improving the environmental performance of the retailers' premises.
- 3. Transport and distribution...**
by improving the environmental performance of distribution and where the retailer does not operate its own fleet, working with transport providers, as well as by supporting the sustainable mobility of customers and workers.
- 4. Waste management...**
by putting in practice measures aiming to prevent or reduce the impact of waste on the environment.

¹ <http://www.eurocommerce.be/content.aspx?PageId=41456> For more information on the REAP programme see the background paragraph in the Annex to this code.

² These initiatives are listed in companies' annual and CSR reports.

Furthermore, they commit to the setting up and implementation of measures in:

5. Communication...

by improving customer-oriented communications which encourage more sustainable consumption and which promote responsible consumer behaviour regarding product use and disposal.

6. Reporting...

by reporting regularly on the commitments above.

Annex to the Retail Environmental Sustainability Code

Background

Retail companies have long been committed to environmental sustainability, even decades in some cases. In order to effectively deliver their environmental sustainability goals, they have already initiated many actions in their supply chains, shops, communication and in the products supplied to their customers, driving environmental sustainability not only in Europe but also on a global scale. Furthermore, retailers also cooperate with their suppliers and customers, as well with other stakeholders such as their employees, governments or NGOs, in order to promote environmental sustainability among a wide audience.

Without the efforts of European retailers, environmental labelling schemes would not be as successful as they are today. Industry and retailers have together developed product standards on a voluntary basis and have also promoted the standards to regions of the world where European legislation has no impact.

Retailers today acknowledge the value of a more rapid exchange of good practices and implementation of state-of-the-art sustainability practices. This is why in 2009, retailers established the Retailers' Environmental Action Programme (REAP)³, in the framework of the European Commission Action Plan on sustainable consumption and production and industrial policy⁴. As part of the REAP programme, the European Retail Round Table (ERRT) and EuroCommerce committed to the drafting of a voluntary retail code, as suggested by the Council of the European Union.

Retailers believe that the diversity of their initiatives⁵ and the exchange of good practices are the best ways to drive and promote environmentally sustainable production and consumption. This code, therefore, does not aim to propose standards and targets, but to foster an agreement on principles, as well as to illustrate what retailers are doing and what they can still do to reduce the environmental impact of their operations.

The following section provides examples of good practice that signatories may follow in all six areas, depending on their structure, products, customer basis and geographical spread. Some of the proposed actions under each area may therefore be suitable for some companies but not for others. The examples below do not provide an exhaustive or exclusive list of actions.

Examples of implementation of the Code

1 Sourcing

Issue: Numerous surveys show that the price and availability of products are the main obstacles for consumers to buy 'green'. While consumers have the final decision on whether to buy environmentally friendlier products, retailers can play an important role in promoting these products.

³ <http://www.eurocommerce.be/content.aspx?PageId=41456>

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0397:EN:NOT>

⁵ These initiatives are listed in companies' annual and CSR reports.

Goal: Promote the production and use of environmentally friendlier products.

Examples of possible action:

- Increase in the availability of resource-efficient products
- Expansion of the range of certified products and/or the amount of certified material in the products (organic food, MSC, FSC, PEFC, Eco-label, etc.)
- Cooperation with suppliers, partners and public authorities
- Development of new environmentally friendlier products through engagement with suppliers
- Awareness of suppliers of the environmental impact of production operations and improvement of these (e.g. implementation of requirements for suppliers to reduce the environmental footprint in manufacturing etc.)
- Application of life-cycle thinking approach when developing own-brand products

2 Resource efficiency

Issue: It has been shown that buildings have a strong environmental impact and that they receive much attention regarding the potential for Green House Gases (e.g. CO₂) emission reduction. Experience from retail companies proves that reducing the environmental impact of the stores can also save costs, if efficient projects and initiatives are selected⁶.

Goal: Reduce the environmental impact of retailers' premises.

Examples of possible action:

- Reduction in energy consumption⁷
- Reduction in water consumption
- Increase in the share of renewable energy
- Use of efficient refrigeration and heating systems
- Change of lighting systems (i.e. increased use of natural light and/or of energy efficient lighting systems)
- Implementation of eco-management practices
- Reduction in paper consumption
- Reduction in GHG emissions of own operations and/or stores

3 Transport and distribution

Issue: Transportation of goods and customers and staff access to stores have a significant impact on the environment. Furthermore, retailers operate globally and goods occasionally cover long distances before being displayed on the shelves. Retailers have already put in place numerous initiatives to make their distribution chains more environmentally sustainable⁸.

Goal: Improve the environmental performance of distribution, where the retailer does not operate its own fleet, working with transport providers and encourage workers and customers to use sustainable modes of transport.

⁶ See the Retail Forum issue paper on 'Energy efficiency of stores': http://ec.europa.eu/environment/industry/retail/pdf/Issue%20paper_Energy%20Efficiency.pdf

⁷ Further examples of actions to improve energy efficiency are listed in the ERRT report 'Post Copenhagen – retail 20:20 vision' available at <http://www.errt.org/uploads/ERRT-Binder-3.pdf>

⁸ See the Retail Forum issue paper on 'Optimisation of distribution systems': http://ec.europa.eu/environment/industry/retail/pdf/issue_paper_optimisation.pdf

Examples of possible action:

- Pooling and backhauling
- Optimisation of truck filling
- Cooperation with suppliers to avoid empty trucks on the roads
- Joint deliveries: use of the same truck for delivering to stores in close proximity
- Improvement of packaging solutions and handling materials (for example pallets)
- Use of alternative modes of transport
- Use of innovative technologies such as clean and aerodynamic vehicles
- Promotion and support of the sustainable mobility of workers and customers
- Collaboration with public authorities for the improvement of infrastructure and mobility
- Promotion of use of public transport, bike and carpooling in head offices and shops
- Implementation of a policy for less polluting company cars
- Use of alternative means of conducting meetings such as videoconference systems, systems for internet meetings etc.

4 Waste management

Issue: Waste, for example packaging waste, accounts for a large part of environmental degradation.

Goal: Continue to put in practice measures aiming to prevent or reduce the impact of waste on the environment.

Examples of possible action:

- Reduction of waste, including food, and packaging waste (promoting better suited selling formats, packaging minimisation, etc.)
- Prevention, reuse and recycling of waste
- Reduction of packaging for disposal (including plastic bags)
- Optimization of packaging systems at all stages with a view to smallest possible environmental impact
- Increase of recovery solutions for store waste⁹

5 Communication

Issue: Retailers play a role in filling the gap between consumer awareness of sustainability issues and their actual behaviour¹⁰. As reported in the April 2009 Eurobarometer, quality and price remain the main factors in the purchase of a product¹¹.

Goal: Inform and raise customer awareness on the environmental effects of their purchasing behaviour, alongside consumer education that might be provided by public authorities.

⁹ Recovery includes recycling, composting, biometanisation, incineration with energy recovery. In insular territories incineration or landfill may be the best way or the only economically viable one.

¹⁰ See the Retail Forum issue paper on 'Marketing and effective communication': http://ec.europa.eu/environment/industry/retail/pdf/Issue%20paper_Energy%20Efficiency.pdf

¹¹ http://ec.europa.eu/public_opinion/flash/fl_256_en.pdf (page 11). Quality most important for 67% of Europeans, price for 47%, environmental impact for 34%.

Examples of possible action:

- Information about the benefits and availability of environmentally friendlier products, the improvements made to products/product groups and the potential savings of resource-efficient (e.g. water, energy etc.) products through adverts, flyers, websites or point of sale
- Cooperation (e.g. through joint campaigns etc.) with selected stakeholders (e.g. suppliers, NGOs, public authorities etc.)
- Working with customers (e.g. through surveys, consumer panels etc)
- Internal communication tools to raise employees' awareness and staff training
- Promotion of the use of reusable bags

6 Reporting

Signatories agree to report on the progress as regards this code through their existing procedures, for instance through their annual CSR or other reports.