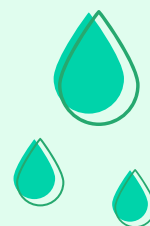




## IFCO **Water Stewardship** Program

*Empowering sustainability in every rinse*



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# 1. The ripple effect: introduction to IFCO's Water Stewardship Program

Water, the essence of life, sustains ecosystems, agriculture, and industry. It's indispensable, regulating our climate and shaping our world. Yet, it's finite and under threat. At IFCO, we are deeply committed to safeguarding water resources, especially in vulnerable areas.

In this document, we delve into our comprehensive Water Stewardship Program (WSP), emphasizing our proactive approach to conserving water resources. From implementing industry-leading washing practices to optimizing water usage in our SmartCycle ([Chapter 3.1](#)), we prioritize sustainability whenever possible.

We are forging a path toward a future where every drop counts. Welcome to IFCO's Water Stewardship Program, where we outline our commitment to water conservation in measurable terms.

## 2. Purpose and scope of IFCO's Water Stewardship Program



The purpose of IFCO's Water Stewardship Program (WSP) is to address environmental aspects and potential impacts related to:

- Water quality,
- Water quantity,
- Potential pollution from both IFCO-owned operations and subcontracted key sites.

Water stewardship and water management is a key priority within the day to day operations at every site. With the WSP, we look to go beyond local regulations and efficiencies with a focus on key sites. Site selection criteria are primarily based on the water stress<sup>[1]</sup> level of the region where the site is located, with priority given to extremely high-stress areas (refer to Chapter 5.2). Additionally, the wash volume of the site may be considered for further prioritization.

The scope of the WSP encompasses providing overarching guidance and controls required to reduce the impact on water quality and quantity, specifically related to surface water flow and site drainage. It's important to note that the WSP excludes groundwater pollution controls, acid mine drainage, and drinking water contamination.

[1] Water stress is defined as the ratio of total water demand to available renewable surface and groundwater supplies (Water Risk Atlas, [www.wri.org](http://www.wri.org)).

### 3. Water management at IFCO

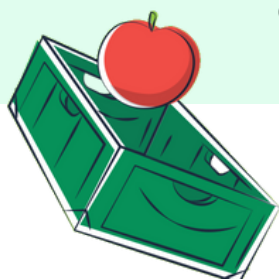
At IFCO, we recognize the critical importance of water as a precious resource, particularly in regions where its supply is essential for both the environment and local communities. As stewards of this vital resource, we have a responsibility to use water wisely.

Our commitment to water conservation is evident in the findings of Life Cycle Assessments (LCAs), which have shown that by replacing single-use packaging with our Reusable Packaging Containers (RPCs), we can significantly reduce water consumption. Working with third-party experts such as Franklin Associates in the US and Fraunhofer in the EU, we quantified the environmental performance of our RPCs versus single-use packaging, revealing that the use of IFCO RPCs enables our customers to achieve water savings of up to 80%.

Despite these achievements, and the fact that our industry is not water intensive, we recognize the ongoing imperative to further reduce our water usage as a business. Our IFCO SmartCycle service centers present a prime opportunity to advance our water conservation efforts.

Water plays a fundamental role in the cleaning of our RPCs to ensure their safe reuse in the supply chain. At the same time, we are acutely aware of the increasing challenges posed by freshwater scarcity in many regions worldwide. Therefore, we are steadfast in our commitment to [minimizing freshwater usage, maximizing water reuse, and integrating innovative technologies](#) into our systems while maintaining the highest standards of food safety and water management regulations.

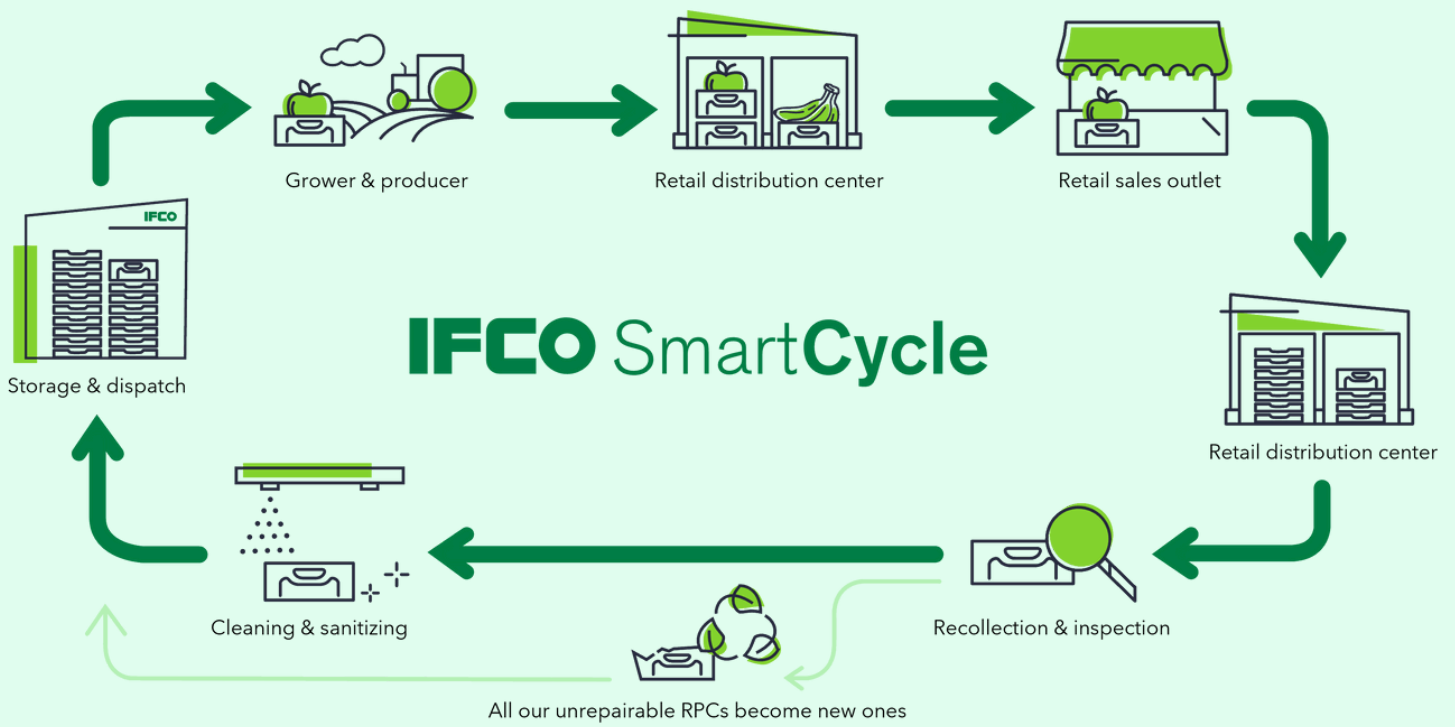
Our most significant water consumption arises from the washing process of our crates and pallets, as well as the operational requirements of our washing machines. Adhering to regulations governing crate washing is non-negotiable, and we execute this without compromise. However, we implement various strategies to mitigate water usage, including water reuse and recycling initiatives. Additionally, we continuously optimize our washing machines to minimize water consumption. Through these measures, we effectively manage our water consumption while steadfastly upholding our commitment to sustainability.



**By using IFCO RPCs instead of single-use packaging, our customers achieve water savings of up to 80%.**

### 3.1 IFCO SmartCycle washing process and freshwater management

Within our IFCO SmartCycle, our RPC cleaning and sanitizing system operates on a foundation of scientific principles. Utilizing state-of-the-art automated technology within high-pressure tunnel wash machines, we employ a carefully calibrated combination of hot water and chemicals to deactivate or remove human and plant pathogens. This meticulous process ensures optimal results, achieved through the precise balance of detergent, disinfectant, water temperature, spray pressure, flow rate, and wash duration, guaranteeing the most efficient and effective cleaning and drying processes.

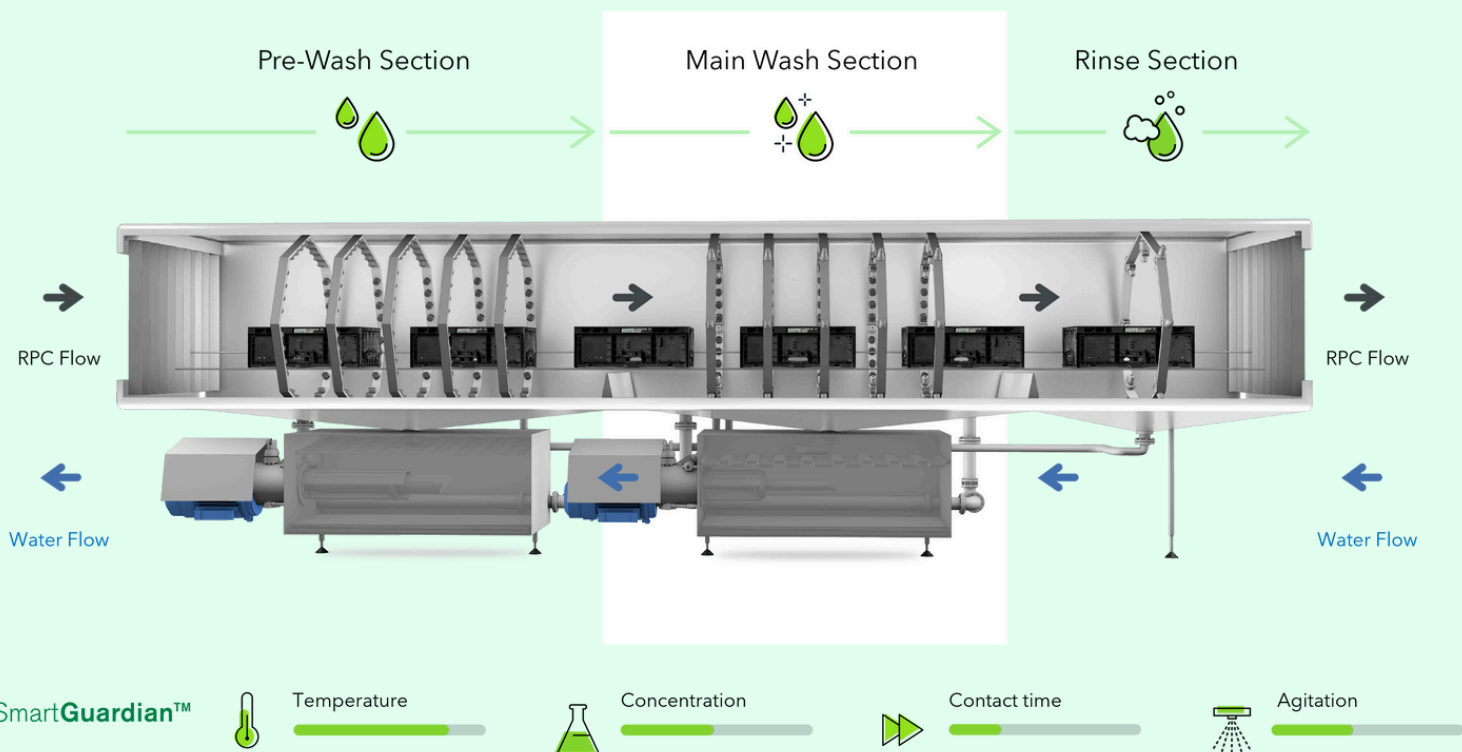


Our circular model is based on the principles of share and reuse and applies to



To uphold these stringent standards, our proprietary digital control system, SmartGuardian™, remains vigilant. Continuously monitoring key parameters, it generates shift reports for ongoing data validation. In the event of any deviation from optimal performance, our regional managers receive immediate alerts, enabling prompt intervention and recalibration to maintain process integrity.

While our tunnel wash machines operate by recirculating water through each tank, we remain committed to further water conservation efforts. Through comprehensive evaluation, we've identified areas for improvement, such as managing overflow with catch pans. We're actively testing a filtration system designed to capture water lost at the end of the washing cycle, recycling it back to the beginning of the process. These initiatives reflect our ongoing dedication to maximizing water efficiency and minimizing environmental impact across our operations.



## 3.2 Wastewater management at IFCO

At IFCO, maintaining the highest safety standards for crate washing necessitates the use of chemicals. At the same time, we are dedicated to responsibly managing wastewater discharge. Through collaboration with our chemical suppliers, we integrate chemical, material, and water management principles into our operational processes. The wash chemicals that we use in our process meet food contact approvals and are diluted as part of a dosing system that monitors concentration. This dilution process is essential for ensuring the safety of wastewater upon its entry into the facility's effluent. As a result, the diluted chemicals do not fall under the classification of hazardous waste.

In our ongoing pursuit of innovative solutions, we work closely with our suppliers to anticipate and address evolving RPC hygiene requirements. With sustainability and safety at the forefront, extensive research informs our wash process. The chemistries we employ are purposefully developed for maximum efficacy within our operations. While we remain committed to exploring environmentally friendly alternatives, such as green detergents designed for disinfection, our investigations reveal that current options lack the requisite efficacy and penetrating power needed within a reasonable timeframe for recirculating wash water.

## 4. Water in the IFCO ESG 2025 strategy

In 2021, IFCO published its ESG (Environmental, Social, and Governance) Strategy and corresponding goals. Progress toward these objectives is regularly documented in our current [ESG Report](#). Rooted in our commitment to fostering a Thriving Business, Thriving Society, and Thriving Planet, our ESG strategy embodies aspirations aimed at leveraging the environmental benefits of our business model while addressing key concerns identified by our stakeholders and communities. These goals are slated for achievement by the end of the fiscal year 2025.

Displayed below is a dashboard showing the specific goals outlined within our strategy.

AMBITION	UN SDGS SUPPORTED	ASPIRATION	2025 GOAL
<p><b>Thriving Business</b></p> <p>Transform fresh grocery supply chain for a resilient future through circularity, innovation and best-in-class governance.</p>		<p><b>Circular Supply Chains</b></p> <p>Foster circularity across the value chain</p>	Increase the environmental benefits we deliver to our customers' fresh supply chain?
		<p><b>Governance</b></p> <p>Lead the industry through best-in-class governance and leading compliance</p>	Implement best-in-class policies, frameworks and employee training
		<p><b>Customer Innovation</b></p> <p>Maintain industry leadership by driving sustainable innovation in the fresh supply chain</p>	Expand customer-led innovation products and services
<p><b>Thriving Planet</b></p> <p>Go beyond our share and reuse model to protect and regenerate our natural resources.</p>		<p><b>Climate Change</b></p> <p>Become a Net Zero Business</p>	Carbon neutral operations Net zero carbon by 2040 <sup>3</sup> 100% renewable electricity
		<p><b>Water</b></p> <p>Lead the industry in sustainable water stewardship</p>	Water stewardship and efficiency programs in place at all site Fresh water usage intensity yearly improvements
		<p><b>Materials</b></p> <p>Become a Zero Waste Business and aim for zero virgin plastics</p>	Zero waste to landfill 100% product material reuse
<p><b>Thriving Society</b></p> <p>Be a force of good for our people, our partners and our communities.</p>		<p><b>Our People</b></p> <p>Be recognized as a safe, diverse, inclusive and best place to work, with leading talent development</p>	Health and safety leadership in the industry Best-in-class employee satisfaction Embrace diversity and inclusion
		<p><b>Our Partners</b></p> <p>Influence our supply chains to have a positive impact</p>	Extend zero harm program to all strategic partners Sustainable supplier engagement
		<p><b>Our Community</b></p> <p>Make our contribution towards ending food waste and hunger</p>	Partner with food banks in all regions One volunteering activity per employee per year Food Safety leadership

## 4.1 IFCO's water-related ESG Goals

IFCO has established two water-related goals with specific targets to be achieved by 2025 across all key sites, including both IFCO-operated and third-party-operated facilities:

### 1. Water Stewardship and Efficiency Programs implementation targets:

- Implement water stewardship and efficiency programs at our own and partner key sites.
- Conduct environmental impact assessments of water usage at all key sites.



### 2. Yearly improvements in freshwater usage intensity targets:

- Monitor and reduce water usage per crate washed annually, with a particular emphasis on water-stressed areas.
- Share best practices on water management across our network.

IFCO designates key sites as those situated in extremely high- or high-water-stress areas. While there are overarching goals in water-related areas, each site is expected to establish specific targets for water-related actions. These targets should be outlined in Site Water Stewardship Plan, which aligns with IFCO's overarching water-related ESG goals.

## 4.2 Roles and responsibilities in water management

At IFCO, the implementation of water management policies spans across all levels of the organization. Here's a breakdown of responsibilities:

- **Top Management and Senior Management:** tasked with overseeing the implementation of water management policies across global operations, ensuring alignment with corporate objectives and regulatory requirements.
- **Plant Manager (service center Level):** assumes responsibility for ensuring compliance with regulatory and contractual obligations related to water management. They play a pivotal role in overseeing day-to-day operations and enforcing established procedures.
- **Supervisors:** responsible for coordinating the implementation of water management procedures among employees, providing guidance and support to ensure compliance with established policies.
- **Head of Operations ESG:** also known as the IFCO Manager Safety and Sustainability, takes charge of various aspects of water management at a global level. This includes providing training on water management procedures, monitoring and reporting on daily operations, conducting regular audits, and updating procedures as necessary. Additionally, they are tasked with ensuring that all employees and subcontractors are well-informed about the requirements for controlling water pollution at the site.



## 5. Achieving Water Stewardship at IFCO

### 5.1 Framework and Governance for IFCO's WSP

Our commitment to water stewardship extends beyond mere data reporting. The implementation of the IFCO Water Stewardship Program (WSP) serves as a voluntary proactive step towards gathering more detailed data to inform improvement measures. Through comprehensive assessments facilitated by the WSP, we aim to drive continuous enhancement in our water management practices.

#### 1. The framework of IFCO's WSP aligned with global standards

IFCO has developed a tailored version of the IFCO Water Stewardship Program (WSP) specifically designed for implementation within IFCO and its Service Centers. Drawing upon the best global practices, our adapted WSP caters to the unique needs and operational contexts of IFCO's facilities.

#### 2. IFCO's internal water stewardship policy

Complementing the framework, IFCO's internal water stewardship policy offers essential guidance to service centers at an operational level. This policy outlines the parameters to monitor and act upon. As detailed in [Chapter 6](#) of this document, the policy follows a five-step process, providing a structured framework for water management practices across IFCO's operations.

### 5.2 Service centers in Water-stressed Areas

As previously mentioned, the implementation of IFCO's Water Stewardship Program (WSP) will be strategically prioritized for service centers located in regions experiencing extreme water stress, followed by those in high water-stress areas.

According to data from the Aqueduct Water Risk Atlas, a total of 18 service centers within IFCO's SmartCycle network are currently situated in regions classified as extremely high water-stress areas, globally (as of 2023). These service centers will serve as the focal point for the initial rollout of IFCO's WSP. Once these centers have been addressed and appropriate measures implemented, our focus will shift to the additional 10 service centers located in high water-stress areas.

## 6. The IFCO Water Stewardship Program

IFCO's Water Stewardship Program (WSP) is structured around five key steps:

1. Gather and understand water-related data
2. Commit to water stewardship and create a plan
3. Implement the plan
4. Evaluate the performance
5. Communicate progress with stakeholders

While the five-step approach of IFCO's Water Stewardship Program ensures a comprehensive scope of water stewardship initiatives, it's important to acknowledge the localized nature of water challenges. Each site within IFCO's network possesses unique characteristics influenced by its geographical location, local context, and regulatory framework governing water-related laws.

The overarching framework of the WSP provides a structured approach to achieving water stewardship goals globally. However, it's crucial to recognize that these goals must be adapted to accommodate the specific needs and conditions of each site. Factors such as local water availability, quality, usage patterns, and regulatory requirements vary from region to region and must be carefully considered when implementing the WSP.

By acknowledging and addressing these local particularities, IFCO ensures that its water stewardship efforts are not only effective but also tailored to the specific contexts in which they are applied.

## 6.1 Five Steps of the IFCO Water Stewardship Program

IFCO's Water Stewardship Program (WSP) is structured around five key steps, designed to guide comprehensive water stewardship efforts. These steps are intended to be iterative and non-linear, recognizing the dynamic nature of water management challenges and the need for ongoing adaptation and improvement.

### Step 1: Gather and understand

- Gather basic information about the site's water usage and sources.
- Understand water challenges, risks, impacts, and opportunities specific to the site.

### Step 2: Commit and plan

- Link the information gathered in Step 1 to actionable plans in Step 3 (Implement).
- Break down the plan into concrete targets and actions
- Ensure sufficient leadership support, site authority, and allocated resources for plan implementation.

### Step 3: Implement

- Ensure the site is executing the plan outlined in Step 2.

### Step 4: Evaluate

- Review the site's performance against actions taken in Step 3.
- Inform the development of the site's water stewardship plan for future iterations.
- Conduct evaluations regularly to track progress.

### Step 5: Communicate progress

- Communicate the site water stewardship plan internally
- Encourage transparency and accountability through communication
- Share knowledge and experience to further boost water stewardship within the organization
- Provide a basis for continual improvement
- Prepare information to be communicated in the annual IFCO ESG Report

## 6.2 WSP Implementation Plan

In line with our ESG Report 2023, the rollout of our Water Stewardship Program (WSP) will proceed gradually. While the steps need not be strictly followed in order, we will initially prioritize Steps 1 (gather and understand) and 2 (commit and plan). Service centers will have until the end of the fiscal year to focus on Step 3 (implement).

Following this initial phase, Step 4 (evaluate) will take precedence, with Step 5 (communicate progress) enhancing the WSP throughout its validity period.

To facilitate transparency and communication of stewardship outcomes, results from all steps per service center will be compiled in a dashboard.

This inaugural implementation serves as the baseline and a critical step towards enhancing water management in our operations. Subsequent editions of the WSP will benefit from this learning process, becoming increasingly sophisticated and precise.





## 7. Possible Measures Related to the WSP

Water stewardship measures play a critical role in complementing and enhancing existing water-related initiatives at IFCO. Here are examples of measures that IFCO service centers have implemented or could implement as part of their dedicated WSP:

### 1. Water Efficiency Technologies

- Upgrade machinery and equipment to more water-efficient technologies, including water-saving processes and closed-loop systems.
- Implement water recycling and reuse systems to minimize freshwater intake and reduce wastewater discharge.

### 2. Water Risk Assessment

- Conduct comprehensive water risk assessments to identify potential risks associated with water scarcity, quality, and regulatory compliance.
- Develop contingency plans for scenarios such as water shortages or contamination.

### 3. Water Quality Management

- Monitor and treat operational discharges in compliance with water quality standards.
- Implement measures to prevent the release of harmful substances into water bodies.

### 4. Sustainable Sourcing

- Collaborate with suppliers to promote water stewardship practices throughout service center operations.
- Encourage sustainable water use and responsible sourcing among suppliers.

### 5. Community Engagement

- Engage with local communities to understand their water-related concerns and needs.
- Communicate the company's water stewardship efforts and involve communities in relevant initiatives.

### 6. Employee Training and Awareness

- Provide training programs for employees on water stewardship, emphasizing water efficiency and pollution prevention.
- Foster a culture of water conservation and stewardship within the organization.

### 7. Monitoring and Reporting

- Establish monitoring systems to track water consumption, efficiency improvements, and compliance with standards.
- Develop transparent reporting mechanisms to communicate water stewardship performance to stakeholders.

### 8. Regulatory Compliance

- Stay informed about water-related regulations and standards at local, national, and international levels.
- Ensure compliance with relevant laws and actively participate in industry initiatives.

### 9. Advocacy and Collaboration

- Advocate for policies and practices that promote sustainable water use.
- Collaborate with industry associations, government agencies, and NGOs to address water-related challenges collectively.

# Making the fresh grocery supply chain **sustainable**

Thank you for joining our sustainability journey in IFCO's Water Stewardship Program. We welcome your feedback – feel free to contact us at [sustainability@ifco.com](mailto:sustainability@ifco.com)

