Beverage sector

EXPLORE SIGNATORIES' ONLINE DATA   READ THE GLOBAL COMMITMENT 2021 PROGRESS REPORT

ABOUT THESE SECTOR INSIGHTS:

This document presents insights and data on the progress made by beverage signatories listed below to achieve their commitments on plastic packaging. This document is part of the 2021 Global Commitment Progress Report.

GLOBAL COMMITMENT SIGNATORIES REPORTING IN THIS SECTOR:

The Coca-Cola Company

Diageo

innocent drinks

Keurig Dr Pepper

Molson Coors Brewing Company

PepsiCo

Pernod Ricard

Spadel

KEY INSIGHTS

The adoption of new reduction targets by all beverage signatories is set to drive a decrease in virgin plastics of on average 16% by 2025.

In 2020, four of the beverage signatories (50%) decreased their use of virgin plastic in packaging, by an average amount of 4%. The remaining signatories increased their use of virgin plastic – largely due to significant growth in their total plastic packaging weight as a result of sales recovery following the initial impact of the COVID-19 pandemic, which was not compensated by a proportional increase in recycled content. Through reduction targets, all signatories have now committed to reduce virgin plastic in their packaging – on average by 16% – by 2025.

Nearly all signatories made progress on increasing their use of post-consumer recycled content, but the beverage sector remains behind others.

Seven of the eight beverage signatories (88%) are making progress on increasing their proportion of post-consumer recycled content, by an average of 2.5 percentage points. However, despite using the highest proportion of PET bottles (on average 69% of signatories' packaging), for which there is greater supply of recycled content due to them being widely recycled, the average level of post-consumer recycled content for beverage signatories is one of the lowest across the sectors analysed, at 9.4%.

Most elimination actions remain focused on material changes, such as paper substitution or label removal, rather than avoiding single-use packaging to begin with.

Beverage specialists have most commonly taken actions on switching to paper alternatives for some packaging, such as straws, and removing materials, such as labels, to improve the recyclability of their packaging. However, efforts to fundamentally change packaging, products, or business models to avoid single-use packaging – including by removing packaging altogether or through implementing reuse models – were limited. Seven signatories (88%) either decreased or made no progress on increasing their share of reusable plastic packaging.

REDUCTION TARGETS

From 2021, signatories are required to set 2025 targets to reduce their total weight of plastic packaging or virgin plastic in packaging to remain in the Global Commitment.

Number of signatories with virgin and/or total plastic packaging reduction targets

VIRGIN REDUCTION TARGET HIGHLIGHTS (i):

- **Molson Coors Brewing Company** has set a target to reduce virgin plastic in its packaging by 30% from its 2017 baseline.
- **Keurig Dr Pepper** and **The Coca-Cola Company** have set a target to reduce virgin plastic in their packaging by 20% compared to a 2019 baseline.

TOTAL REDUCTION TARGET HIGHLIGHTS (ii):

- **Spadel** has set a total plastic packaging reduction target of 10% from its 2018 baseline.

(i) Virgin reduction targets aim to decrease the total weight of virgin plastic in packaging and should be underpinned by efforts on reuse and elimination in addition to increasing the use of recycled content.

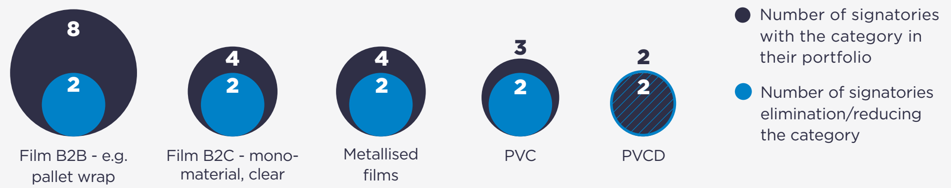
(ii) Total reduction targets aim to reduce the total weight of plastic packaging.

For more information on reduction targets read the 2021 Progress Report.

ELIMINATION OF PROBLEMATIC OR UNNECESSARY PLASTIC PACKAGING

Top 5 plastic packaging categories targeted for elimination or reduction in the sector

Number of retail signatories eliminating or reducing the plastic packaging category vs total number of signatories with the category in their portfolio



TRENDS:

- Beverage signatories were most commonly working to eliminate various flexible packaging formats such as shrink wraps on cans and B2B films, metallised films, PVC, and PVDC.[1]
- The vast majority (77%) of elimination examples reported involved substitution to paper or to other materials. However, only a few signatories reported fundamental changes to their packaging, products, or business models, such as direct elimination or the implementation of reuse models, which would reduce the need for single-use packaging in the first place.

HIGHLIGHTS:

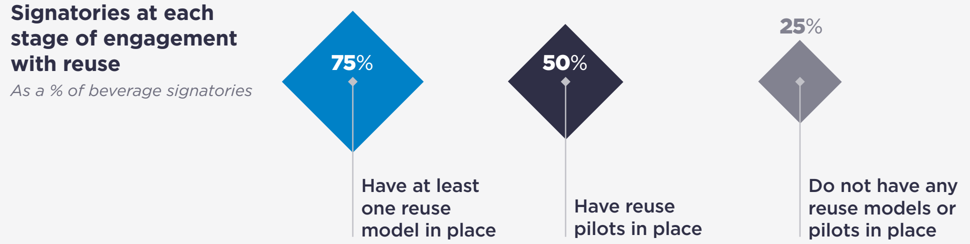
- **Keurig Dr Pepper** fully removed PS from its plastic packaging portfolio in 2020, largely through substituting it with PP.
- **Diageo** eliminated 540 metric tonnes of metallised films, replacing them with paper.
- **Molson Coors Brewing Company** fully eliminated shrink wrap from its UK business, removing 700 tonnes of plastic, and plans to replace all plastic six-pack rings with recyclable cardboard cases – eliminating 137 metric tonnes of plastic a year.

MOVING FROM SINGLE-USE TOWARDS REUSE MODELS

Average reusable plastic packaging in 2020: 8.4% (▼ 0.2pp vs 2019)[2]

Signatories at each stage of engagement with reuse

As a % of beverage signatories



TRENDS:

- Six beverage signatories (75%) had reuse models and/or pilots in place in 2020. Half were selling products through 'return-from-home' models, including using the **Loop** platform, or through 'return-on-the-go' models, for example in returnable glass or plastic bottles.
- However, seven signatories (88%) either decreased their share of reusable plastic packaging or did not increase it, with four signatories (50%) reporting that 0% of their plastic packaging was reusable. Also, only two signatories reported launching two reuse pilots in 2020 (**Spadel** and **PepsiCo**).

HIGHLIGHTS:

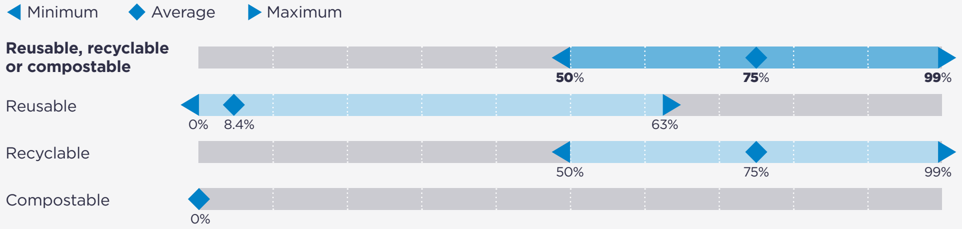
- **Arca Continental** is expanding its Universal Bottle project in Latin/Central America to offer additional bottle sizes and brands, which contributed to a 2.4% increase in reusable bottle sales in 2020. The company is also introducing around 200,000 reusable glass bottles in the United States.[3]
- As well as increasing the number of countries in which SodaStream can be used with other Pepsi-branded flavours, **PepsiCo** is providing its Tropicana drink in returnable bottles via the **Loop** platform.

100% REUSABLE, RECYCLABLE OR COMPOSTABLE (RRC)[3]

Average RRC in 2020: 75% in 2020 (▼ **2.2pp** vs 2019) || **2025 target: 100%**[4]

Share of reusable, recyclable, or compostable plastic packaging

Average share of reusable, recyclable, or compostable plastic packaging for beverage signatories as a % of total plastic packaging weight



TRENDS:

- The average proportion of reusable, recyclable, or compostable plastic packaging decreased in 2020 mostly due to a decline in the share of recyclable plastic packaging. Five signatories (63%) reported a reduction of recyclability in their portfolios, which some attributed to an increase in the use of plastic packaging during the COVID-19 pandemic, and especially of non-recyclable formats.
- Some signatories have removed labels and pigments to improve recyclability of their bottles and/or invested in infrastructure to increase the recycling rate of packaging considered recyclable in practice and at scale (e.g. PET bottles) and those that are not (e.g. PP pots, tubs, and trays).

HIGHLIGHTS:

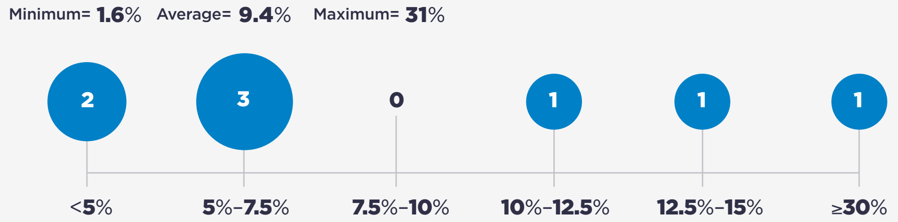
- **Keurig Dr Pepper** is supporting the Circular Economy Accelerator – a collaborative policy organisation formed to drive higher recycling rates in the United States, and has committed a USD 10 million investment to the Polypropylene Recycling Coalition between 2020 and 2025.
- **Diageo**, **The Coca-Cola Company** and **PepsiCo** have explicitly and publicly recognised that EPR is the only proven way to ensure sufficient funding for the collection, sorting, and recycling of packaging, and that without it recycling is unlikely to ever scale.

POST-CONSUMER RECYCLED CONTENT (PCR) TARGETS

Average PCR in 2020: 9.4% (▲ **2.1pp** vs 2019) || **2025 target: 28%**[5]

Levels of post-consumer recycled content in plastic packaging

Distribution of percentages of post-consumer recycled content in plastic packaging for beverage signatories



TRENDS:

- Seven signatories (88%) increased their proportion of recycled content. Two signatories, **Diageo** and **innocent drinks**, increased it by more than 2 percentage points, and one signatory, **Pernod Ricard**, increased by more than 3. However, the sector has one of the lowest post-consumer recycled content averages (9.4%) compared to other sectors.
- Signatories focused on sourcing recycled PET, which currently represents on average 69% of the sector's plastic packaging portfolio, with few reporting examples of efforts to increase post-consumer recycled content in the remaining part of their portfolios, including in consumer-facing flexible plastic packaging.

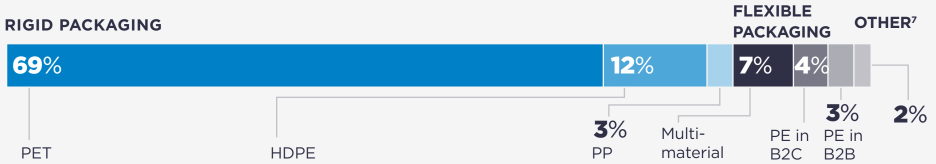
HIGHLIGHTS:

- **Pernod Ricard** reported the strongest growth in recycled content in the sector (by 6 percentage points to 13% in 2020), due to increasing recycled PET in its bottles.
- **Innocent drinks** had the highest level of post-consumer recycled content, at 31%. This grew by 2.7 percentage points compared to 2019 as the company increased the amount of recycled content in its bottles so all juice and smoothies contain 50% recycled PET.
- **The Coca-Cola Company** is advocating for local deposit schemes for plastic bottles in more than 35 markets where there are currently low PET volumes, so that deposit-return schemes facilitate increased rPET supply in these markets.

PLASTIC PACKAGING PORTFOLIO BREAKDOWN

Plastic packaging portfolio breakdown[6]

Average share of each plastic packaging category in beverage signatories' portfolios



TRANSPARENCY

Key transparency metrics

As a % of beverage signatories

ENDNOTES

1 PS = Polystyrene, PVC= Polyvinyl chloride

2 In this document, the quantitative metrics for 2020 and 2025 targets represent the non-weighted average of the data reported by all signatories in the sector. The year-on-year changes reported across all metrics refer to those seen for signatories reporting in both the last two years (i.e. data from signatories reporting for the first time in 2021 are not included as part of the change).

3 To be claimed as recyclable/compostable according to the Global Commitment definition of recyclable/compostable 'in practice and at scale', packaging needs to meet the thresholds of being recycled/composted at a 30% rate across multiple regions, collectively representing at least 400 million inhabitants. For more information, see 'How are recyclability and compostability assessed in the Global Commitment?' in the 2021 Progress Report.

4 In this document, the quantitative metrics for 2020 and 2025 targets represent the non-weighted average of the data reported by all signatories in the sector. The year-on-year changes reported across all metrics refer to those seen for signatories reporting in both the last two years (i.e. data from signatories reporting for the first time in 2021 are not included as part of the change)..

5 Ibid.

6 HDPE= High-density polyethylene, PE = Polyethylene, PET = Polyethylene terephthalate, PP = Polypropylene

7 Packaging categorised as 'other' represents packaging not classified by signatories under any predefined categories but could include rigid or flexible packaging. This packaging was not assessed as recyclable in practice and at scale.

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