UNESDA contribution to the EU Code of Conduct for responsible business and marketing practices

Executive Summary
Introduction

UNESDA fully supports the overall ambitions of the EU Farm to Fork Strategy to deliver sustainable production and consumption. In this context, our industry welcomes the initiative to draw up an EU Code of Conduct for responsible business and marketing practices, including actions to create a sustainable food system and reduce the overall environmental footprint in the EU.

We firmly believe that all sectors along the food producing and retail chain must contribute to this Code in a meaningful way. If we really want to make a difference in offering Europeans healthier and more sustainable diets, it will be essential to achieve sufficient critical mass but also, to align actions at private and EU-Member State level. This will also be important to ensure that Europe can assume a world-leading stance in demonstrating that collective and collaborative public-private partnerships can deliver in fostering more responsible and sustainable business practices.

In this Executive Summary we set out a high level overview of (1) our recommendations for drawing up the EU Code of Conduct and its Monitoring Framework; and (2) UNESDA’s initial contributions to the intended EU Code of Conduct.

UNESDA looks forward to working with policymakers and other stakeholders in establishing the EU Code of Conduct and assessing, in the spirit of “co-creation” and in respect of the pioneering efforts already made by our sector, the areas where there may be potential to strengthen existing commitments.

Overview of UNESDA

UNESDA Soft Drinks Europe is the Brussels-based trade association representing the non-alcoholic beverages sector. The membership of UNESDA comprises 24 national associations across Europe as well as 9 corporate members.

UNESDA members are involved in the production and/or distribution of a wide variety of non-alcoholic beverages including still drinks, carbonates, fruit drinks, energy drinks, iced teas and sports drinks.

The EU soft drinks sector is rooted in the European economy and society. It employs 1.7 million people throughout its €185 billion value chain, has some 424 soft drinks production and bottling plants in the EU and contributes almost €30 billion in taxes.
UNESDA recommendations for drawing up an EU Code of Conduct and Monitoring Framework

UNESDA welcomes the drawing up of an EU Code of Conduct that prioritises the key objectives of the EU Farm to Fork Strategy and Circular Economy Action Plan, i.e.:

• making the healthier choice the easy choice; and
• accelerating the transition towards a circular economy

To establish an EU Code of Conduct and an accompanying monitoring framework that are robust and transparent, we call upon the Commission to give due consideration to the following elements:

Process:

• Reinforce the role and value of voluntary commitments by industry within the Commission’s future work programme and legislative initiatives under consideration (e.g. Sustainable Product Policy Framework 2030).

• Ensure alignment between actions at EU and national level, especially as Member States are developing their own approaches on the same topics (for example in light of the “BEST ReMaP initiative”). Coordination and coherence are crucial to achieving more efficient results. Significant fragmentation or direct conflicts between the EU Code of Conduct and national initiatives risk confusing industry, consumers and eventually delaying intended results. Leadership, support and commitment from the European Commission, at the highest level, will be very important in this regard. The Commission will have to actively engage in this process to help advance the objectives of the EU Code of Conduct.

• Encourage the role of co-creation, recognising that collective and collaborative public-private partnership fosters more responsible and sustainable business practices.

• For the monitoring framework, set clear parameters at the outset: (1) in relation to the objectives set by an industry or sector and (2) for the European Commission and Member States to support and facilitate achievement of these objectives ("SMART" objectives). This will define precise ‘inputs’ and expected ‘outputs’, as well as clarifying the important role of authorities in inspiring and facilitating meaningful and achievable actions. In addition, UNESDA would advise that clear timelines and reporting mechanisms be established, along with a dispute mechanism to resolve any differences of opinion.

Content:

• Create critical mass by ensuring that all sectors along the food chain are contributing in offering Europeans healthier and more sustainable diets. Under the EU Platform for Action on Diet, Physical Activity and Health, the European soft drinks industry was the only sector to agree to a sugar reduction target. Given the nature of different diets and lifestyles, it cannot be expected that one sector alone within the food and drink industry can deliver specific health impacts among the entire EU population. This can only be achieved through a coordinated effort from all actors throughout the food chain.

• Take the ‘pioneer factor’ into full account: different stakeholders will, naturally, have different starting points and so it will be fair and necessary to ensure that pioneers’ past efforts and achievements are factored in when it comes to setting targets.
• **Strive that the Code creates long-term certainty for industry in terms of the packaging it uses and the products it places on the market.** For instance, around packaging sustainability to incentivise investments from the packaging value chain into recyclability, reuse, recycling technologies and infrastructures to help fast-track the transition to a circular economy.

• **Encourage the importance of a multi-faceted approach** such as promoting balanced food and drink choices, with an optimal intake of nutrients and calories, in order to improve the diets of all citizens and recognising the complex range of factors across the EU, including age, overall health, physical activity levels, portion sizes and dietary preferences and diverse culinary cultures.

• **Anchor the Code in sound science and research** including acknowledging actions proven to deliver results e.g. reducing calories in existing products, innovating to develop new products with lower calorie profiles and offering smaller pack sizes to support portion control. In this regard, it will be important to develop more recent pan-European nutrient intake data and national dietary surveys to be able to track progress and impact in a meaningful way.

**Monitoring Framework of the EU Code of Conduct**

The accompanying monitoring framework that the European Commission intends to develop for the EU Code of Conduct is, in our view, essential and we are, therefore, fully supportive of this initiative.

In our experience of monitoring our own UNESDA Codes of Conduct over the past 15 years, and of submitting annual monitoring reports to the EU Platform, we believe there are some core, guiding principles necessary to follow in order to ensure a rigorous and smooth-running monitoring process.

Based on our learnings and experience, we would propose that the following elements are considered:

• Any EU Code of Conduct must be **clearly drafted and articulated at the outset following the SMART principles** of Specific, Measurable, Achievable, Relevant and Timely. This will already ensure that the Code and its goals are concrete, tangible, and can be evaluated.

• **Anticipated impact of actions should be evidence-based** as much as possible. Sound science and studies can be important in supporting proposed actions.

• **Clear protocols must be laid down for monitoring**, covering frequency, scope, internal/external third-party auditors, geographic spread etc. This will ensure a commonality of approach that can be compared. The considerable financial commitment will inevitably be a factor here as not all organisations have the same resources available and therefore due consideration will be required on how to level the playing field.

• **Clear reporting mechanisms** should allow adequate time and scope for organisations to report on their monitoring and to share with the European Commission and peers as relevant.

• **Regular review, discussion and support mechanisms should be established** for all organisations signing up to an EU Code of Conduct in order to share best practice and identify challenges and opportunities.

• **A transparent dispute mechanism should be put in place** for any signatory to the Code who is not comfortable with approaches and judgments of third parties.
UNESDA’s code of conduct: Summary overview

UNESDA Soft Drinks Europe and our member companies adhere to a strict voluntary code of conduct, which is a compilation of all our various commitments to behave responsibly – including promoting circularity.

Our commitments are monitored on a regular basis, including by independent, third parties, and results shared with policymakers and stakeholders.

The actions and results under the UNESDA umbrella demonstrate that voluntary commitments do work and are an efficient way to drive meaningful progress. Not only do they deliver change within companies, but as decisions are translated into actions, the impact is also transposed into the wider society in offering consumers a more sustainable and healthier food environment.

Making the “healthier choice the easy choice”

Improving diets will only work by encouraging balanced food and drink choices to achieve an optimal intake of nutrients and calories, bearing in mind a complex web of factors such as psychological factors, lifestyle, physical activity levels, age, overall health, portion sizes and dietary preferences.

UNESDA members have taken an early lead in sugar reduction and, given that sugar provides almost all of the calories in a soft drink, sugar reduction automatically leads to a corresponding reduction in calories. Our sector has also taken pioneering and bold self-regulatory initiatives to address advertising and marketing to children, and in behaving responsibly in schools:

• Sugar reduction – Delivered on our commitments in meeting our target sugar reduction of 10% between 2015-2020 well ahead of time.
  - Through intense voluntary efforts already achieved a 14.6% reduction by 2019
  - Offering consumers variety and choice – through increased availability of no- and low-sugar products and greater availability of smaller pack sizes.

• Consumer information – A key driver for encouraging healthier diets is to ensure that people are provided with easily comprehensible, “at a glance” front-of-pack nutrition labelling that allows them to make more informed choices.
  - In 2008, and well ahead of EU legislation, UNESDA was among the first food and drink sectors in the world to voluntarily provide the amounts of calories and sugar in a serving of soft drink together with what these represent as a percentage of total ‘guideline daily amounts’ for calories and sugar.

• Marketing to children – In 2006, UNESDA members committed to not advertising or marketing any of their products to children under 12, regardless of nutritional profile. Not on TV, in print, online, on social media or on their company websites.
  - Independent auditors reported an overall compliance rate of over 95%.
• **Sales in schools**
  - Since 2006, in primary schools UNESDA member companies do not offer any soft drinks for sale.
  - Since 2017, in secondary schools only no- and low-calorie soft drinks are sold and, if our members sell their products at all, soft drinks are made available in unbranded vending machines in support of “commercial-free” schools.
  - In 2020, UNESDA commissioned an independent audit to measure the presence of member company soft drinks in schools in three representative EU markets (Germany, Slovakia and Spain). Compliance in primary schools was between 97%-100% and in secondary schools was already between 72%-99%.

• **Energy drinks** – In 2010, UNESDA agreed on an extensive range of marketing and sales commitments, including ‘consume moderately’ labelling, not promoting the mixing with alcohol and no samplings near any primary or secondary schools.

**Accelerating the transition towards a circular economy**

UNESDA members have focused on reducing their environmental footprint over the past 30 years, both from a production and packaging perspective.

On the production side, our members have instigated continuous investment programmes to constantly ensure they have the very latest plant equipment. This directly results in the reduction and reuse of energy, water and raw materials.

When it comes to packaging, our sector uses plastic, metal, glass and carton to protect soft drinks products and ensure delivery of safe, high-quality drinks to consumers. For decades, we have invested in significant light-weighting and design initiatives across all of our packaging formats. This has reduced the amount of raw materials used in our packaging, meaning that they require less fuel to transport and so less CO2 emissions are generated.

Two cornerstones of our actions on circularity in recent years are: increasing waste collection and boosting the uptake of recycled content:

• **Increasing waste collection:** UNESDA actively supports implementation of deposit-return schemes (DRS) where no successful Extended Producer Responsibility (EPR) schemes exist, to achieve 90% collection rate of plastic bottles faster than required under the EU Single Use Plastics Directive, as well as ensuring high collection for beverage containers made of other materials. Where successful EPR schemes do not exist, we call for setting up a DRS for PET, aluminium cans and other materials depending on the local situation.

• **Use of recycled content:** Our sector has significantly engaged to boost the uptake of recycled content in our packaging; it is why we committed, ahead of the EU Single Use Plastics Directive, to reach a minimum of 25% recycled PET (rPET) on average in our bottles by 2025. We are committed to go further if the conditions are met for available and affordable food-grade quality rPET.