

## UNESDA - 2022 Progress Report

# Commitments to the EU Code of Conduct on responsible food business and marketing practices

30 June 2022

### Overview of UNESDA

UNESDA Soft Drinks Europe is the Brussels-based trade association representing the non-alcoholic beverages sector. The membership of UNESDA comprises 23 national associations across Europe, as well as 10 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 sport drinks.

Europe's soft drinks sector is rooted in the European economy and society, employing 1.7 million people throughout its €185 billion value chain, with 424 soft drinks production and bottling plants across the EU and contributing over €22 billion in taxes every year.

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

We believe that the EU Code of Conduct offers a unique opportunity to accelerate Europe's transition to more sustainable food systems, and our sector has therefore made several commitments to support this transition. Those commitments are linked to the following aspirational objectives identified by the Code of Conduct:

- Aspirational objective 1: healthy, balanced and sustainable diets for all European consumers
- Aspirational objective 4: an optimised circular and resource-efficient food chain in Europe

With a view to making the "healthier choice the easy choice" - a key pillar of the Farm to Fork Strategy - UNESDA's principal focus is to continue its long journey of promoting responsible marketing practices towards children and achieving sugar reduction through different levers, including: reformulating products to reduce the sugar intake, offering smaller pack sizes for better portion control, and nudging the consumer towards no- and low-calorie soft drinks.

When it comes to the European Commission's objective of "accelerating the transition towards a circular economy", our sector is taking numerous actions to achieve full circularity of its packaging, investing in collection, recycling, reuse, and continuously increasing the energy efficiency of its operations.

You will find below a progress update on UNESDA commitments.

## Aspirational objective 1: Healthy, balanced and sustainable diets for all European consumers

### *Health & Nutrition – making the healthier choice the easy choice*

AREA	COMMITMENT	PROGRESS
<b>SUGAR REDUCTION</b>	<p>Building on the pioneering efforts of the soft drinks sector in reformulating its drinks and further to its previous sugar reduction commitments, UNESDA committed to reducing the average added sugars in its beverages by a further 10% from 2019-2025 across Europe<sup>1</sup>.</p> <p>This will represent an overall industry-wide commitment to a reduction of 33% in average added sugars over the past two decades.</p>	<p><b>UNESDA achieved a reduction of 3.6% in average added sugars between 2019-2021<sup>3</sup>.</b></p> <p><b>Already 14 UNESDA national associations have made national <a href="#">sugar reduction commitments</a> inspired by the UNESDA EU commitment, with deadlines from 2025 to 2030.</b></p>
<b>ADVERTISING AND MARKETING</b>	<p>Effective on 1 January 2022, UNESDA committed not to advertise and market its beverages to children under 13 (versus under 12) years across all media<sup>2</sup> and to lower the audience threshold from 35% to 30% so that in practice fewer young children will be directly exposed to advertising for any of its soft drinks.</p>	<p><b>FIRST RESULTS WILL BE AVAILABLE IN 2023</b></p>
<b>SCHOOLS</b>	<p>UNESDA committed not to sell beverages in EU primary schools (through direct distribution). UNESDA also committed to sell only no- and low- calorie soft drinks in EU secondary schools (through direct distribution), and only in non-branded vending machines. UNESDA is intensifying its efforts, working with other third-party distributors, to ensure that its commitments continue to be implemented across the EU.</p>	<p><b>FIRST RESULTS WILL BE AVAILABLE IN 2023</b></p> <p><b>The latest <a href="#">monitoring of UNESDA's schools commitment</a> took place in 2020 in Germany, Spain and Slovakia.</b></p>

<sup>1</sup> It includes the EU27 and the UK.

<sup>2</sup> We are committed not to marketing or advertising on TV, radio, in print, in cinemas and online, including social media and other online platforms and sites (company-owned websites and video-sharing platforms such as YouTube). This also includes direct marketing, product placement, interactive games, outdoor marketing, mobile marketing and contracted influencers.

<sup>3</sup> Market data copyright held by GlobalData PLC and reproduced under license.

## Aspirational objective 4: An optimised circular and resource-efficient food chain

### *Sustainability – fully circular beverage packaging by 2030*

AREA	COMMITMENT	PROGRESS
<b>RECYCLING</b>	<p>UNESDA committed to only use packaging that is circular by design and boost the uptake of rPET.</p> <p>By 2025:</p> <ul style="list-style-type: none"> <li>• Our beverage packaging (plastic, metal, glass) will be 100% recyclable</li> <li>• All our PET bottles will contain a minimum average of 50% rPET</li> </ul> <p>By 2030</p> <ul style="list-style-type: none"> <li>• All our PET bottles will be made from 100% recycled and/or renewable material if technically and economically feasible</li> </ul>	<p>For most of UNESDA corporate members, now more than <b>96% of their packaging is fully recyclable, with an increased use of fully recyclable packaging going from +0.3% to +19% between 2020 and 2021.</b></p> <p><b>Despite the increasing prices of rPET and challenges to access enough material, UNESDA corporate members remained committed and have considerably increased the use of recycled plastic content, with increases going from +4% to +30% between 2020 and 2021.</b></p> <p><b>As a result, around 33% of PET soft drinks bottles contain a minimum of 50% rPET in the EU. More information about UNESDA members' progress in this field can be found below.</b></p>
<b>COLLECTION</b>	<p>UNESDA committed to achieve closed-loop collection of beverage packaging: 90% collection of PET bottles, glass bottles and aluminum cans by 2030.</p>	<p><b>UNESDA has been supporting the establishment of <a href="#">Deposit Refund Systems (DRS)</a> in several member states, bringing the total number of DRS countries to 12 (Latvia and Slovakia being the latest additions, in Q1 2022).</b></p> <p><b>Furthermore, in collaboration with NMWE and Zero Waste Europe, UNESDA has developed <a href="#">minimum requirements for new DRS</a>.</b></p> <p><b>Data on the progress of collection rates between 2020 and 2021 will be available for the 2023 progress report.</b></p>
<b>REDUCTION AND REUSE</b>	<p>UNESDA committed to reduce its packaging carbon footprint and increase the use of reusable beverage systems.</p> <p>This means using more reusable beverage systems by 2030 compared to 2020, and studying the best environmental and economic pathway to increase the use of refillable models.</p>	<p><b>UNESDA commissioned an economic study on returnable refillable PET bottles which was carried out by PwC and finalized end of 2021. Some of the study conclusions are available here: <a href="#">Reusable Packaging – UNESDA</a></b></p> <p><b>More details of the study will be made public in the coming months and the first results of the rates of reusable beverage systems around Europe will be available in 2023.</b></p>

To complement the information provided in the above table, you will also find below some examples of our members' achievements and progress in terms of packaging sustainability:

- **The Coca-Cola Company** now offers 100% recycled PET (rPET) bottles in 30 markets around the world. 8 European countries have 100% rPET in all locally produced or on-the-go bottles. In 4 other countries, there is at least one SKU (stock keeping unit) made of 100% rPET.
- By the end of 2021, **PepsiCo** was at 100% rPET in brand Pepsi in 5 markets [Spain, Romania, Poland, Germany and Greece], in comparison with their baseline year (2019), when none of their markets had 100% rPET inclusion in brand Pepsi. They have continued to make progress since the end of 2021. They have already switched to 100% rPET bottles in more EU markets [now also covering France and Belgium] and more brands such as Mirinda in Romania, Germany and Poland, Lipton in Romania, Poland, France and Germany and Schwip Schwap, 7Up, and Mountain Dew in Germany.
- In **Nestlé Waters** beverage portfolio, in 2021, 14% of sales in PET bottles included bottles with >50% rPET, and 41% consisted of bottles with at least 20% rPET. More than 100 SKUs were made with at least 20% rPET and 29 formats of these have been made with 100% rPET.
- **Suntory Beverage & Food Iberia** will only use 100% recyclable packaging as of 2022. In 2022, the brands Lucozade Sport (in GB and Ireland) and Schweppes (in Spain) will also be made of 100% rPET. The three key brands of Schweppes, Oasis and Lucozade will all be made of 100% rPET by 2025.

### Co-creating an enabling framework is key to ensure targets are reached

While UNESDA made these commitments on behalf of its members on a voluntary basis, we also want to stress the importance of building an enabling legislative framework to accompany the EU Code of Conduct. Close cooperation between the European Commission and the soft drinks industry on creating enabling, coordinated, coherent and complementary measures will be key in helping achieve our common goals.

In particular, UNESDA is calling for the establishment of the following enablers:

#### Health & nutrition:

- The promotion of a **multi-faceted and multi-stakeholder approach** to address obesity and overweight, calling for **collective action from all actors**.
- The recognition of meaningful **voluntary approaches to sugar reduction as efficient alternatives to regulation**.
- Support to the **use of ingredients (e.g. low-calorie sweeteners) approved as safe** by health authorities.
- Regular and reliable **pan-European monitoring of food and drink consumption intakes and patterns** to better understand what interventions work for what population groups.
- The adoption of an **EU-wide, interpretative, front-of-pack nutrition labelling scheme that avoids fragmentation of the Single Market**, is based on sound science and evidence, and which does not discriminate foods or ingredients.

#### Circular packaging:

- The introduction of **EU minimum requirements for new DRS** across Europe to guarantee high collection rates of beverage packaging.
- A well-functioning secondary raw materials market that gives the soft drinks sector **fair access to sufficient high quality rPET**: despite our great progress in the field, we are concerned by the lack of guarantee to access the necessary material to meet our commitments in the future.
- **Realistic targets and a well-managed transition** towards an increase in reusable beverage systems.