

High-level Stakeholder Event - Launch of the process

Code of Conduct for responsible business and marketing practices

MINUTES

26 January 2021

10:10 – 10:15 Welcome and opening remarks
Claire Bury, Deputy Director General SANTE

- Welcome participants to formally launch the work on the Code of Conduct for responsible business and marketing practices;
- Referred to a first technical meeting with a wide variety of stakeholders on 11 December 2020. The Commission received a lot of feedback both during that meeting, as well as in writing after the meeting;
- Emphasized that this is a very important step to make food systems sustainable;
- Work on the Code of conduct is a political priority, hence the presence of EVP Timmermans and Commissioner Kyriakides and the Members of European Parliament.
- Emphasized the need to involve many stakeholders and work in full transparency;
- Clarified the difference with the pledge under the Green Consumption agenda of DG JUST: coherence between two initiatives, food and non-food retailers can sign up to both
- Gave an outline of the meeting.

10:15 – 10:30 Key note address
Executive Vice-President Frans Timmermans
Commissioner Stella Kyriakides

EVP Timmermans addressed:

- Urgent need to make our food system sustainable and bring it in line with SDGs.
- General framework of Green Deal: what we do in the coming years will define the future of our children and grandchildren;
- Impact of the COVID-19 crisis;
- Close link between the challenges of the climate crisis and ecological crisis, and the need for coordination across the food chain;
- Need to be very ambitious in achieving the GHG emission neutrality by 2050, food system will have to deliver its fair share;
- Urgently halt biodiversity loss (we underestimate effect on health and our survival);
- Land based agriculture is both cause and victim of biodiversity loss;
- Food sector should address both production and consumption, cost of unhealthy food choices has too big impact on our social security system;
- Called on farmers who can play a very important role, need to be closely associated but their incomes should increase and their positions strengthened, likewise for SME's;
- Stressed the importance to reduce food loss and waste;
- Count on full commitment of the middle actors that impact a lot on consumption patterns, and on working all together;
- Huge efforts and investments needed; this is issue of governance, not only of governments but of all of us, called on everyone to make sure to create the right governance;

- Referred to the exemplary role the EU can play: If EU does it, other countries will follow in a race to the top, similarly to EU's fight of the climate crisis.

Commissioner Kyriakides addressed:

- The "one health" concept that has now been put front and center with the pandemic, which has highlighted the need to all work together – the Code can be an important part of the commitment.
- On process of Code: thematic working groups to be set up;
- On content: the Code should include ambitious commitments, both concrete and aspirational, to be signed by the middle of the chain associations. Quantified commitments will be included for individual companies signing up to the Code. Other stakeholders may sign up to the Code (e.g. NGO's, banks, etc...). A comprehensive set of commitments at all levels of food production up to the level of food consumption shall be included in the Code.

10:30 – 10:40 **Views from the AGRI and ENVI Committee of the European Parliament**

MEP Herbert Dorfmann (rapporteur for the Farm to Fork Strategy at the Committee on Agriculture and Rural Development)

- Considered that the current Farm to Fork Strategy should address three levels equally: primary producers, processors and the consumers;
- Considered that the F2F strategy puts too much burden on farmers, and called for more emphasis on consumers;
- On self-regulation, it needs to be controlled and he drew comparisons to the UTP supply chain initiative, emphasising that regulation needs to be the stick;
- Called for transparency from the retail sector as price setting is very important in making healthy choices – support is needed for those primary producers that provide such healthy options (like fruits and vegetables);
- On labelling, he expressed some scepticism about nutriscore, especially when this could be too simple and as a result too misleading. Therefore, he does not want the nutriscore to result in higher consumption/supply of processed food due to the false appearance that well scoring products are always healthier. Low-calorie food does not equal high-value food.

MEP Sarah Wiener (shadow rapporteur for the Farm to Fork Strategy at the Committee on the Environment, Public Health and Food Safety)

- F2F is very important to establish food sovereignty;
- Convinced that middle actors are crucial in achieving the goals of F2F;
- Noticed that it was the first time that EU goes out of the different silos, need to ensure that all actors act with same level of ambition;
- Need to maintain small scale and regional and social businesses, these local networks are crucial for food security;
- Enormous power concentration by big retailers needs to be rebalanced;

- Local networks are important for food security and she wanted to see the growth of social, artisan etc. producers and need to support this.
- Consumers have to be provided with easy solutions, have problems with green washing;
- Shared some concerns on the Nutriscore: it is just the start, maybe better systems are possible, but sustainability needs to consist of sufficiency, efficiency and circularity;
- Measurable commitments need to be there, more circularity, greater ambition, cradle to cradle and true cost accounting needs to be considered;
- Remained sensitive to social consequences whilst developing the Code.

10:40 – 11:00 Q&A session

Q from Independent Retail Europe: Will money from the recovery fund (RFF) be used to help finance commitments made by SMEs in the Code of Conduct?

- In response, EVP Timmermans also made the link to the CAP discussions, emphasised the extreme importance to conclude negotiations successfully, so that the farmers have incentives to move toward ecological products.
- In the RFF, it is necessary for Member States to make proposals where 37% of commitments are made to tackle climate crisis. Therefore, need to look at food production in a consistent way including climate recovery and digitisation in farming practices. This has not been a huge priority in many Member States as biodiversity loss is on the forefront.

In response to criticisms on **nutriscore**:

- Commissioner Kyriakides commented on the nutriscore, indicating that any criticisms will be addressed in the ongoing impact assessments.
- Need to empower consumers so that they can make easy healthy choices.
- Need for a holistic view on food and referred to the EU Cancer plan that will be soon adopted, prevention of disease is key.

Is the EP planning to look at **excessive sugar consumption**?

- MEP Wiener argued for a tax on sugar and more transparency on the new types of alternative sugars that are now on the market. Labelling is key to help consumers understand what these are.
- Wanted reduction of sugar in highly processed foods.

Q World Benchmarking Alliance: Are there plans to market fresh fruit and vegetables? Does the EP plan to do anything about marketing healthy foods since marketing budgets for unhealthy foods are disproportionally higher and prices lower?

- MEP Wiener proposed not only tackling processed food, but also effective promotion of fresh fruit and vegetables. Therefore, initiatives should go hand in hand. It is crucial to have more local food supply and focus on regional food.
- Commissioner Kyriakides advised that there are plans to launch initiatives that will lead to the reformulation of certain foods, especially where these contain sugar.

COPACOGECA questioned how this Code will contribute to reduce the **competitive disadvantages** that exist today in relation to production methods outside the EU and protecting European high standards that are internationally recognised as among the best in the world?

- EVP Timmermans referred to the means to protect the environment outside the EU through regulation and this should not be the opponent to acting in the EU. The EU sets the bar and has invited others to join, and they will, because they want to be on our market. We can protect our markets. The way we produce food now contributes to the climate crisis and biodiversity loss. He emphasised that the farmers in the EU would be the first victims should action not be taken.
- Commissioner Kyriakides understood the level of concern on the transition but emphasised this should be considered an economic opportunity, especially for those that are producing and selling food. EU cannot do it alone, is global problem, therefore partnership approach and trade policy to build green partnerships with TC and to work with multilateral organisations is key. EU aims at ensuring a level-playing field.

Q: Companies are already engaged in CSR which covers consumer and human rights. Why can CSR not do the job? Why is a Code of Conduct necessary on top of these?

- Commissioner Kyriakides stressed the need for consistency between regulatory and non-regulatory initiatives. But there is a belief that the Code is needed and encouraged all to share best practices.
- EVP Timmermans considered that this could create momentum, including in the international sphere, and feels that the Code can provide consistency and a decent pathway (predictable and coherent approach) to understand where investments can be made to achieve the objectives. Therefore, the Code can be instrumental in getting this predictable, consistent and coherent approach. This also needs to be linked to UN systems.
- MEP Wiener emphasised the need to go further than current practice. This is the last generation to change something, we need to fight all together.

11:00 – 11:25

The position of food industry, retail and food hospitality trade associations

The associations representing the middle of the chain actors, those targeted to sign up to the Code of Conduct, presented their views as follows:

1. FoodDrinkEurope, Marco Settembri, President

- Europe's food and drink manufacturing industry gathers 290.000 companies, and is the largest sector both in employment and value added.
- EU food and drink industry is fully aware of responsibility and ability to help guide the transition. FoodDrinkEurope's Board has defined the Farm to Fork Strategy including the Code of Conduct as top priority and recognized that there is an opportunity for FoodDrinkEurope to help EU food become the most sustainable in the world.
- Code can inspire this process, keen to show that the sector will walk the talk on climate neutrality, FLW, healthy diets, circularity – intended to open a website on this soon.
- Code should be the start of real partnerships between public and private partners, in EU and beyond. Need to get on board everyone, including farmers.
- Called for policy support to measure and recognize progress, to jointly identify gaps and seek knowledge for SME's that wish to make the green transition.
- Code needs to apply system thinking: broad, inclusive, and positive engagement from all. FoodDrinkEurope very committed and can inspire global action.

2. SMEunited, Romain Cools, CEO of FVPhouse

- All recognize the importance but heterogeneity of actors involved makes it difficult to work coherently on F2F.
- Code of conduct envisages to take on board SME's, but efficient and effective tools are needed to contribute to these ambitious goals. Impact of Covid-A19 created a lot of uncertainty, again delays path towards normal life.
- SME's are now in survival mode, lack of awareness of operators on F2F, have lack of financial capacity to invest in greening process. Not realistic to have a code by June. Ambitious goals need not be seen as surreal, good timing is key to make it successful.
- Code should take account of:
 - Existing sustainability practices efforts have to be acknowledged, but high diversity in skills;
 - Clear distinction between EU MS and regions: they should be involved to boost engagement;
 - Same for associations that are best placed to promote EU measures;
 - Code must create perspective and how efforts contribute to the success of the process, so far impact and effect of efforts not clear;

- Lot of SME's already help their farmers to comply with requests from big buyers;
- Possible impact of sustainable innovative processes is clear, can be the case also for SME's, but platform to exchange good practices is key to learn from one another, ask COM to manage these platforms;
- Ready to take part in this, but need to take commitments that they can fulfill;
- Want to reflect new reality of Covid-19 crisis.

3. Independent Retail Europe/EuroCommerce/Euro Coop, Christian Verschueren Director General of EuroCommerce

- Collective readiness to commit to make it a success and play their part;
- Retail has been pioneer already to encourage customers to adopt more sustainable and healthy lifestyle. Sector is built on consumer trust;
- Innovation ongoing to drive green transition. Seek to empower consumers to make healthy choices and change their lifestyle. Only through concerted effort from all players this can work, and full commitment of EU and national public sector;
- Made massive engagement during Covid-19 crisis to keep shelves filled and keep staff. Retailers have been trusted by consumers on food security;
- To meet growing demand for local organic produce, retailers made big efforts, pay premium to producers to meet that quality. Scale up and expand their production, so healthy food can be brought to every household;
- Calls for the Code to:
 - The objectives of the Code should go with the grain of the actions and aspirations of those expected to deliver them. They should be grounded in the many actions we already engaged. They should involve voluntary commitments that can help reach a common goal.
 - 2. If we want to enable the 99% of our sector who are SMEs and who have been hard hit by the COVID crisis, let them participate at their own pace. And funds from NextGenerationEU recovery fund and the MFF should support their greening initiatives.
 - 3. It must employ a holistic approach (i.e. involving all players in the supply chain) and thereby encourage all these players to pull in the same direction. This will only work if we recognise that each company or sector will be best able to contribute if allowed to do so in a way which works best for them and their suppliers and customers. Ever-closer co-operation across the supply chain will also generate synergies and avoid adding unnecessary costs
 - 4. Given the very ambitious timeline, the code must be practical, and not reinvent the wheel, realistic and make a real difference on the ground.

4. HOTREC/Food Service Europe/Serving Europe, Marie Audren, Director General of HOTREC

- Represents a lot of small and medium enterprises.
- Members have understood challenge and are committed to provide customers with healthy and sustainable meals.
- Can leverage direct contact with customers. Collectively support but not create extra burden to companies, avoid red tape.
- COM needs to take into account many national initiatives, commitments should be based on existing best practices.
- Crucial that COM provides support and incentives to all companies. Very severe situation due to Covid-19, most companies are closed. Efforts now focused to provide lifeline support, realistic approach needed.
- Content should prevail over speed.
- Welcome two-step approach.

11:25 – 11:28

Short break

11:28 – 12:05

Panel discussion on concrete sustainability commitments, moderated by Nathalie Chaze, SANTE Director D

Presentation by high-level actors from the private sector of their sustainability commitments

1. Nestlé, Mark Schneider, CEO

- Use scale and reach to get to the net zero roadmap, key concepts are decarbonisation, regenerative farming, circularity: work with farmers, by 2030, 50% sourced from regenerative farming; end deforestation by 2022, plant trees (at least 10 million per year), 1/3rd reduction of virgin plastic use by 2025, promote the uptake of healthy diets etc.;
- Embrace full transparency to the public at large, fully integrated reporting, lead by example;
- Include societal and economic sustainability;
- Work with governments, change tomorrow today.

2. Unilever, Hanneke Faber, Global Foods & Refreshment President

- Shared challenges, aware of the huge responsibility, presented Unilever's bold Future Foods commitments and goals, want to set the bar high, EU policy framework necessary;
- Goals set by the company:
 - Policies supporting protein transition whilst supporting many of those involved in providing the foods, **€1 billion plant-based** meat and dairy sales, in 5 to 7 years;
 - **Halve food waste** in company's direct operations by 2025;
 - **Double** the number of products that deliver **positive nutrition** by 2025;
 - Continue to lower **calories, salt and sugar**;
 - Accelerate recycling of plastics, halve use of virgin plastics by 2025;

- Net zero emission from all products by 2039.

3. Ahold/Delhaize, Frans Muller, CEO

- The company is in a great position to help tackle global challenges. Food important to help immunity. F2F aims to give healthy sustainable options. Referred to the responsibility of all stakeholders ;
- Key factors in this transition:
 - Communication: many more consumers should become receptive;
 - Significant efforts needed from whole chain;
 - Shares some thoughts:
 - Healthy foods make healthy communities, targets are 50% food sales come from sustainable sources;
 - Navigation systems for consumers prefer Nutriscore, need to find pragmatic way to improve it, this will help consumers in this complex matter and make balanced food choices;
 - Has invested with suppliers in reformulation of food products and run campaigns to incentivize customers (new customer program “superplus”);
 - Elimination of food waste (by 2030 targeted decrease by 50%): divert to food banks and restaurants, other recycling methods, partner with 20 key suppliers;
 - Called for intense collaboration with farmers. Shared some examples from Romania and the Netherlands where retailer creates more loyalty both with suppliers and customers.

4. Danone, Emmanuel Faber, CEO

- Instead of a CAP, we need a “common food policy”;
- Be prepared for climate change as it is impacting on all resources;
- Need to shift radically the way we farm in EU;
- [Carbon sequestration in soil is one of the most impactful mitigation mechanisms, tools such as Carbon Border Adjustment Mechanism should also be looked at as it would provide an additional and concrete tool to support](#) - regenerative agriculture to capture carbon in the soil;
- Danone embarked on carbon policy: full scope, carbon emitted by agriculture, commit to get to neutrality by 2050;
- Carbon is not an externality, it is the resilience of our core business; our collective ability to monetize this carbon is absolute must;
- Biodiversity in agriculture is also essential to address more resilient food system;
- Change in diets: need shift to flexitarian diets, costs of NCD and its public money should be put on the transition now, Nutriscore is essential now because guides consumers to purchase more healthy products;
- Ready to support transparency that allows informed choice for consumers;
- Need to change diets towards more plant-based diets, then much less

pressure on imports from outside EU, can focus on higher quality EU agriculture;

- To nudge consumers for plant-based, consumers need to understand the potential impact of their choice.

5. ESO Market: Jaroslav Svamberk, Director of an independent supermarket in Horice, Czech Republic

- Elaborated on the challenges a smaller retailer faces when addressing sustainability issues, (shop surface 312 m²);
- Less food waste was first goal, works well;
- Lighting changed, heating costs, overall electricity costs decreased;
- Certification of scanners at point of sale and refrigerators: considerable investment;
- Source Fruits & Vegetables from local growers, but small growers disappear, barriers are at national level. Smaller stores like to offer organic, but too expensive. Cheaper goods cannot be replaced by more healthy foods because lack of shop space i.e. this affects small retailers' competitiveness vis à vis large chains.
- Part time workers to fill gaps, lots of challenges to face.
- Possibilities for small retailers to commit are very limited, particularly now because of effect COVID crisis. SME retailers already have enough on their plate with complying with existing and new legislation, they have to prioritize their survival.

Reaction by other actors

1. BEUC, Camille Perrin

- Good news: two third of EU consumers are willing to eat more sustainably (based on study in 11 MS), but need support;
- It is not fair to blame consumers for their choices when the unhealthy and unsustainable option is available everywhere, advertised everywhere, and often the cheapest one too.
- Consumers need to be empowered, but also important role of middle chain actors;
- Commitments must be measurable and time-bound, and focus on businesses' core activities;
- Commitments must demonstrate increased level of ambition (for companies who have long-term commitments, set intermediary milestones towards end goal);
- Robust monitoring framework will define its credibility;
- Code must be seen as complementing action to legislation.

2. World Benchmarking Alliance, Viktoria de Bourbon de Parme

- Clarity and accountability are key, need measurable actions, biggest strength is that is holistic, no time to waste, even if not perfect system;
- On monitoring framework: should bring everyone on board;
- On holistic aspect: health, sustainability and equity/affordability are very important in the formulation of the code.

3. Copa-Cogeca/European Council of Young Farmers (CEJA), Pekka Pesonen, Secretary-General

- Have to put reality in the story, the family farming model is the bottleneck. How can we make this economically viable in most of EU. Covid-19 hit very hard, not in volume, but in added-value products that were lost, such as horeca sector;
- Points to major shortcoming in the CAP;
- Young farmers face huge difficulties;
- Very open to discussion, want to better understand what it is about, farmers' competitiveness needs to be promoted. Concept is too vague, ethical behaviour is weakest link. Farmers should get a fair share of the value added produced;
- Unfair trading practices was adopted and now transposed in EU MS legislation, but nothing covers ethical behaviour in b2b relations, this must be in the code;
- Code needs to address competitive disadvantage from TC imports;
- Must be based on solid science based risk analysis;
- Called for all actors to be involved in its drafting;
- Only added value if code is consumer driven.

4. UNESDA, Ian Ellington, President,

- Need to include the three dimensions of sustainability;
- Fully supportive of the establishment of a clear monitoring framework;
- Under the UNESDA umbrella, European soft drink producers have a long-established and wide range of voluntary commitments e.g. on sugar reduction, marketing to children and on the availability of soft drinks in schools;
- Briefly outlined UNESDA's new circular economy policy and explained that UNESDA intends to further strengthen its commitments around packaging;
- Stressed that UNESDA is highly committed to delivering and making the Code a success.

12:05 – 12:45 Open discussion with all participants

- N. Chaze first gave an outline of both process and envisaged content of the Code. The Commission will organize general meetings once a month as of February, the associations will organize smaller technical thematic working group meetings that will feed into the general meetings. The thematic meetings will generate building blocks for the Code. Themes to be addressed are proposed as follows: 1/ sustainable and healthy consumption patterns, 2/ sustainable internal processes, 3/ environmental impact of supply chains, 4/ social impact, 5/ monitoring framework;
- Process will be transparent;
- Can sign before the end of June, but can sign later as well, dynamic process;
- Tangible commitments to be implemented by all actors. Associations have the important task to help members to achieve this;

- Specific commitments from some individual companies: framework to make specific additional commitments, COM will give guidance on some topics balancing ambition and realism;
- COM emphasized the urgency and that the Code will be a flagship for the UNFSS.

Discussion:

COM pointed to the many questions on the nutriscore: not purpose of today, COM will carry out IA before making legislative proposal.

Q Dutch food transition coalition: lots of marketing of unhealthy products?

In reply Frans Muller: Ahold/Delhaize ensures that consumers get access to more affordable products

Q Eurogroup: what benefit do you see on primary producers such as on animal producers and how to address animal welfare issues?

In reply Emmanuel Faber:

- The Code is a good tool to get the discussion on animal welfare going, public discussion is ongoing everywhere, will also come at farm level; a resilient system has to be socially, economically and ecologically fair.
- On getting SME's on board, should support small companies.
- Strong believer in Nutriscore, it needs to be improved but is a very good basis for the EU.

In reply Mark Schneider:

- 70% of reduction happens outside the company, have no full control, it is all about incentives, motivation etc.
- Part that is in-house will happen much faster;
- On nutriscore: let's decide on something and get going and improve underway.
- Nestlé is very committed to global plans and to global transparency, work goes beyond the borders of EU. Avoid hiding behind national legislation.

In reply Frans Muller:

- On SME's, 90% is sourced locally, very important part of having local touch and feel, local taste etc...
- Majority of members are SME's, small retailers, this is important for consumers. Two things that need to be improved: serving size and nutrient profile: both these count for retailers,
- There is many good things in nutriscore already.

Q on products from the EU versus from non EU source?

WBA on difference between global and EU: always look at global aspect, and therefore Code can be of influence on a global scale.

Danone in reply on how to monitor input on products coming from outside the EU: If there is a carbon adjustment mechanism at the border when entering EU, then SMEs see their efforts monetised. This market adjustment system prevents entry of certain products and will not compete with EU local produce. This is an important mechanism to protect EU farmers.

COPA:

- Is frustrated with nutriscore talks, it is oversimplification, and endangers Mediterranean diet.
- On carbon farming: very supportive, carbon credit scheme very welcomed, but calls on drawing lessons from the biofuels in the 90s. Farmers that committed to that transversion, were accused later on.
- Questioned the impact on food pricing in the EU market and internationally. Food prices have a huge impact and farmers are very much aware of the reality of the market place. This needs thorough discussion.

N. Chaze thanked the participants and speakers for this interesting exchange.

12:45 – 12:55

Conclusion and next steps

- Humberto DELGADO ROSA, Director ENV

He addressed the ongoing work on biodiversity and how it can inspire the work on the Code.

- Claire BURY, Deputy Director General SANTE
Whilst thanking the speakers and participants, summarized that work will be intense, within a short timeline. Based on the discussion she emphasized that actors should not shy away from the real issues, there is agreement on the overwhelming urgency, that it has to be a collective effort, COM will do it in full transparency, and get everyone on board.
- Maive RUTE, Deputy Director General GROW, shared final conclusions. She pointed to the rich discussion, and reiterated that the green transition and resilience are key to this COM (incl digitisation). This Code will support the work on greening the transition; this will call for an important collaborative effort. She referred to the update in parallel on the industrial policy that also focuses on greening. She thanked all participants and speakers, who showed ambitions are high. As the Code will be showcased in UNFSS, COM hopes that this will inspire others outside the EU.

She finished the meeting by thanking all the stakeholders for having secured food supply during the Covid-19 crisis and lockdowns. This resilience had been very important and fosters building back stronger.

End of the meeting