



## EU Code of Conduct on Responsible Food Business and Marketing Practices

# Motivation Letter

### A. Rationale outlining why certain topics have been selected

Sonae MC welcomes the Code of Conduct for Responsible Food Business and Marketing Practices (hereinafter CoC). We believe retailers are at the forefront of the progress towards a more sustainable and environmentally friendly future, and the CoC is certainly a positive sign that both EU policy makers and all businesses across the supply chain are determined to accelerate this transition and support the delivery of the Farm to Fork Strategy.

Sonae is deeply committed to promote healthy eating in alignment with the World Health Organization guidelines. We believe nutrition and a balanced diet are a key aspect of the promotion of healthy and balanced lifestyles, as well as one of the most important tools to prevent various diseases, such as cardiac disease or obesity.

Companies have a central and proactive role in nudging consumption, given the growing challenges that modern societies face in promoting changes in habits.

At Sonae MC we believe that we should make more balanced products available to our customers and be a driving force for more and better nutritional literacy. As we are the largest retailer in Portugal, we have a greater opportunity to make a difference.

In this regard, our commitments under the context of the Code of Conduct are based on the following guiding principles:

- National and international nutritional and health recommendations
- Updated scientific evidence
- Criteria established in the Integrated Strategy for the Promotion of Healthy Eating (EIPAS)
- Nutritional Traffic Light limits
- Identification of good practices in the national and international market

### B. Motivation for the quantitative targets for the commitment(s)

The 2015-2016 National Food and Physical Activity Survey (IAN-AF) allowed the measurement of the distribution of usual consumption of the food groups with greater expressiveness in the Portuguese population. Some of its main conclusions are:

Approximately one in two Portuguese (56%) do not consume the amount of fruit and vegetables recommended by the World Health Organisation, and this is particularly high among children and teenagers.

Approximately 1.8 million Portuguese (18% of the population) consume at least one soft drink or nectar a day, of which 14% are soft drinks. This prevalence is particularly high in teenagers (42%, 34% in girls and 51% in boys). In the teenagers who drink soft drinks, 25% drink approximately two soft drinks a day.

The national average consumption of simple sugars is 84 g/day, of which 35 g/day correspond to free sugars. Around 2.5 million Portuguese (24%) consume free sugars above the limit recommended by the WHO (10% of energy intake), with this prevalence being higher among teenagers (48.7%) and children (40.7%).

On average, the Portuguese consume 7.4 g of salt per day. Approximately 3.7 million women (63.2%) and 4.4 million men (88.9%) have a sodium intake above the maximum tolerated level. The foods contributing the most to sodium intake are bread and crackers (19%), soups (8%) and delicatessen and processed meats (7%).

As for yoghurts and other fermented milks, children continue to stand out as the main consumers (87 g/day on average), with the elderly being the age group with the lowest consumption.

In the group of "Cereals, derivatives and tubers", teenagers stand out as the age group with the highest consumption (323 g/day). Nevertheless, the sub-groups of bread, rusks, potatoes, and other tubers show higher intakes in the elderly age group. Also noteworthy in this context is the consumption of breakfast cereals and cereal bars, which is higher among children and teenagers, with the latter consuming on average more than twice the national average (20 g/day vs. 9 g/day).

Soft drinks have the highest average consumption after water (88 g/day). Teenagers stand out by consuming much more sugary drinks, either soft drinks (161 g/day) or nectars (38 g/day) than other age groups.

Given that, it was decided to act in the following private label categories:

- Reduction of salt content in own-made bread
- Reduction of salt content in soups
- Reduction in the average of salt content in French fries and savoury snacks
- Reduction of sugar content in Yogurts and Milk with chocolate
- Reduction of sugar content in cereals breakfast and reduction of salt content in Children's Cereals Breakfast
- Reduction in the average of sugar content in Soft Drinks
- Reduction of salt content in ready-to-eat refrigerated and frozen meals

The rationale behind Sonae MC's decision on the reduction values was based on the experience of our main suppliers, weighting of Sonae MC's sales for the respective range of products and a feasibility expectation.

C. Indicators/KPIs which will be used to measure progress on the commitment(s)<sup>1</sup>

Categories	Baseline	Internal target			Checkpoint		Description
	2018 g/100g or ml	2021 g/100g or ml	2022 g/100g or ml	2023 g/100g or ml	VV2020	2021	
Soft drinks (Total sugar)	10,00			9,30	<b>9,13</b>		-7% total sugar by Dec 2023, rel to baseline Sonae 2018
Flavoured Yoghurts and Cheeses (Added Sugars)	10,15		9,1		<b>8,29</b>		-10% added sugar by Dec 2022, rel to Sonae 2018 baseline
Fermented Milk (Added Sugars)	9,98		9,0		<b>8,11</b>		-10% added sugar by Dec 2022, rel to baseline Sonae 2018
Flavoured Milk (Added Sugars)	6,97		6,3		<b>4,33</b>		-10% added sugar by Dec 2022, rel to baseline Sonae 2018
Breakfast Cereals (Total Sugar)	23,6		21,2		<b>23,09</b>		-10% total sugar by Dec 2022, rel a baseline Sonae 2018
French Fries and Snacks (Salt)	1,37		1,2		<b>1,05</b>		-12% salt until Dec 2022, rel to baseline Sonae 2018
Breakfast Cereals (Salt)	0,8		0,7		<b>0,66</b>		-10% salt; children max 1g/100g by Dec 2022, rel to baseline Sonae 2018
Pizzas (salt)	1,42		1,3		<b>1,39</b>		-10% salt until Dec 2022, rel to Sonae 2018 baseline
Private Label soups	-	≤0,4	≤0,3				≤0.3g salt /100g product by Dec 2023, rel to Sonae 2018 baseline
TOP meals (sal)	-			≤0,9	<b>7sku ok em 11sku</b>		≤0.9g salt /100g product by Dec 2023, rel to Sonae 2018 baseline
Bread	≤1,4g	≤ 1g				≤ 1g	1g salt/100g by 2022, rel to Sonae 2018 baseline

<sup>1</sup> The baseline and checkpoint values are weighted sales. That is, products with higher sales will have a greater impact on the contribution of the values, however, we are "dependent" on the customers' shopping baskets, so until the indicators are achieved, there may be oscillations in the values.

**D. Baseline against which they will monitor progress**

The chosen baseline for all products is 2018.

**E. Clarification whether this submission concerns (a) commitment(s) undertaken prior to the launch of the Code of Conduct or whether it concerns (a) new commitment(s)**

The commitments made here are the result of a strategy already initiated, but which meet and support the overall objective of the Code of Conduct.