



2nd Progress Report

UNESDA COMMITMENTS

**TO THE EU CODE OF
CONDUCT ON RESPONSIBLE
FOOD BUSINESS AND
MARKETING PRACTICES**

May 2023

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for all European consumers _____ 5

(Referring to aspirational objective 1 of the EU Code of Conduct)

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INTRODUCTION

Established in 1958, Unesda Soft Drinks Europe is the Brussels-based EU trade association representing the non-alcoholic beverages sector. Its membership comprises 25 national associations from across Europe and 10 corporate members.

Unesda members are involved in the production and/or distribution of a wide variety of non-alcoholic beverages including still drinks, carbonated drinks, energy drinks, iced teas, flavoured waters and sports drinks.

Europe's soft drinks sector is rooted in the European economy and society, employing 1.7 million people both directly and indirectly, throughout its €185 billion value chain, with over 400 soft drinks production and bottling plants across the EU.

Unesda continues to fully support 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.

Unesda was among the first signatories of the EU Code of Conduct, and we are encouraged by the large number of other signatories, including [our own corporate members](#).

We hope that an increasing number of sectors will make tangible commitments to contribute to various aspirational objectives. Collective action from all actors in the food value chain is needed to deliver meaningful and wider impacts.

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 EU 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 EU 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 (incl. reformulation, 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**”, a key pillar of the EU Circular Economy Action Plan, our sector is taking numerous actions to achieve full circularity of its beverage packaging, investing in collection, recycling, reuse and refill, and continuously increasing the energy efficiency of its operations.



“

This second progress report on Unesda’s commitments to the EU Code of Conduct shows that, despite last year’s difficult economic situation with high energy prices and inflationary pressures, our sector has remained laser focused on investing in sugar reduction and packaging circularity to deliver on our many commitments.

We will continue to play our role in building a more sustainable and healthier food system for European consumers, but we also count on supportive policies to help us deliver going forward.

”

Ian Ellington

President of Unesda Soft Drinks Europe and Senior Vice-President and Chief Marketing Officer for PepsiCo Europe

HEALTHY, BALANCED AND SUSTAINABLE DIETS FOR ALL EUROPEAN CONSUMERS

(Referring to aspirational objective 1
of the EU Code of Conduct)



For several years, Unesda and its members have made significant investments in reformulation and new product development to reduce sugar in our soft drinks, as part of our actions to support healthier lifestyles in Europe. We remain the first and only sector to have committed to the EU call for a 10% added sugars reduction by 2020. We have achieved a 13.3% reduction in average added sugars in our soft drinks between 2000 and 2015 and a 14.6% reduction between 2015-2019 in the EU-27 and the UK. Thanks to our latest actions, we reached a 7.6% reduction in average added sugars between 2019 and 2022.

COMMITMENT

-10%
REDUCTION IN
AVERAGE ADDED
SUGARS BY 2025

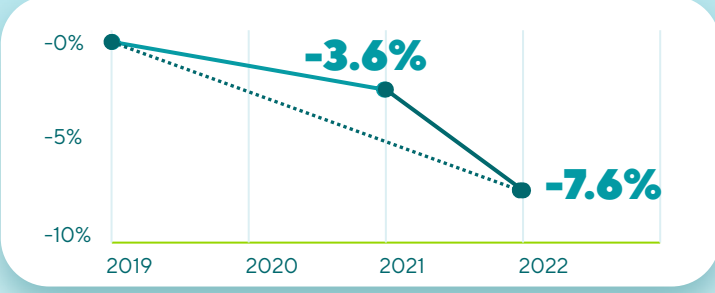
Unesda committed to reducing the average added sugars in our soft drinks by a further 10% between 2019 and 2025 in the EU-27 and the UK.

WILL ACHIEVE
-33%
REDUCTION IN
AVERAGE ADDED
SUGARS SINCE 2000

This will represent an overall industry-wide commitment to a reduction of 33% in average added sugars since 2000.

PROGRESS

The sector delivered a 7.6% reduction in average added sugars in its soft drinks between 2019 and 2022 across Europe, as indicated by data analytics and consulting company GlobalData. This represents an additional reduction of 4 percentage points from 2021.



As demonstrated by the progress we have made, we accelerated our sugar reduction efforts in 2022. To continue these actions, it is critical that EU public authorities and regulators:

- support the use of low- and no-calorie sweeteners, based on sound scientific evidence, and recognise their important role in achieving public health objectives, including reducing overweight and obesity. Our actions to make further progress in sugar reduction are largely dependent on our ability to use sweeteners.
- develop evidence-based dietary recommendations that treat equally ingredients approved as safe for use by health authorities.
- encourage other food and drink sectors to take additional voluntary initiatives to reformulate products. These actions are more effective than regulation to encourage healthier dietary habits.



MARKETING & ADVERTISING PRACTICES



Over the past 15 years, Unesda and its members have implemented an effective Responsible Marketing Code of Conduct in full respect of parents' responsibility for what their children eat and drink. Since 2006, we do not advertise or market ANY of our soft drinks to children under 12 years of age, neither on TV, nor in print media or online. We have taken this a step further with our new commitment in 2021, mentioned below, effective on 1 January 2022.

COMMITMENT



Unesda committed:

- **not to advertise and market any of our soft drinks to children under 13 (versus under 12) years across all media.** This includes 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). It also includes direct marketing, product placement, interactive games, outdoor marketing, mobile marketing and contracted influencers.
- **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 our soft drinks.

PROGRESS

As this is the first year this new commitment is monitored, only current compliance levels can be reported. Information on the progress in compliance levels will be available in two years when compliance will be monitored again, as allowed by the EU Code of Conduct reporting requirements. The 2022 audits were carried out by independent marketing and media consultancy Ebiquity (television) and the European Advertising Standards Alliance (websites, social media and influencers).

Unesda corporate members have demonstrated high levels of compliance across channels:



We will continue to strengthen and reinforce our responsible marketing and advertising practices to respond to societal expectations and an evolving media landscape. The positive impact of our practices is demonstrated by the fact that soft drinks consumption across different age groups (children and adolescents) has decreased across Europe, as indicated in the WHO HBSC surveys.

Unesda calls on EU public authorities and regulators to ensure regular and reliable pan-European monitoring of food and drink consumption intakes and patterns across Europe to better understand what interventions are needed and can be effective.



Schools are a central setting for children’s learning experiences and have an impact on shaping their level of knowledge and exposure to influences, including related to food and beverages. School policies have therefore the potential to encourage children to develop life-long healthier eating and drinking habits. Unesda and its members remain committed to our responsible school policy to continue to do our part in creating healthier dietary habits across Europe.

COMMITMENT



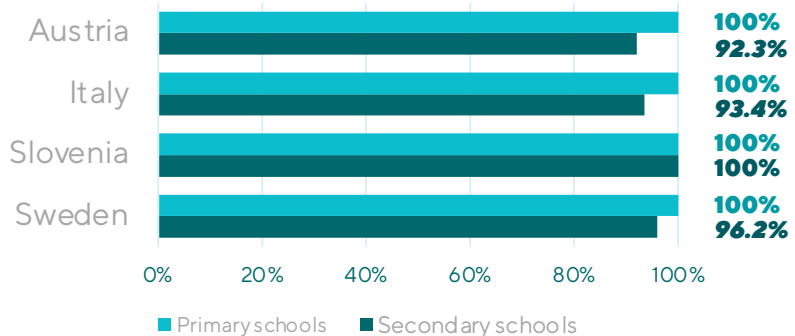
Unesda is committed:

- **not to sell** any of its soft drinks in **EU primary schools** (through direct distribution) since 2006
- to **selling only no- and low- calorie soft drinks** in **EU secondary schools** (through direct distribution) since 2017, reinforcing its 2006 commitment to only use non-branded vending machines

PROGRESS

The monitoring of Unesda’s school commitment was carried out by third-party auditors BVA-BDRC. It is performed every two years in a group of different countries where there is a voluntary school commitment in place to provide a diversified sample of larger and smaller countries from different parts of the EU. The 2020 monitoring was conducted in Germany, Slovakia and Spain.

The 2022 monitoring of Unesda’s school commitment was carried out in these four countries and the results show high levels of compliance:



Unesda and its members will continue to intensify their efforts to ensure that our school commitments are implemented across the EU and to address the non-compliant cases. We have noticed that in some cases our soft drinks are brought in the schools directly by teachers/school staff, and this is therefore out of our sector’s control. We will strengthen our cooperation with schools to address these forms of sales.

We ask EU public authorities and regulators to encourage other food and drink categories to act, because only coordinated efforts from the entire food value chain can bring about wider changes.

AN OPTIMISED CIRCULAR AND RESOURCE- EFFICIENT FOOD CHAIN

(Referring to aspirational objective 4
of the EU Code of Conduct)



COLLECTION

Packaging sustainability starts with full recyclability and high collection rates. Efficient and well-designed collection schemes are crucial to ensure that no packaging is wasted. Unesda has been supporting the establishment of Deposit and Return Systems (DRS) in several European countries as one of the most effective ways to boost collection rates of beverage packaging.

COMMITMENT

WILL ACHIEVE
90%
COLLECTION RATE BY 2030

Unesda committed to achieve 90% collection of the sector's PET bottles, glass bottles and aluminium cans by 2030.



PET BOTTLES



GLASS BOTTLES



ALUMINIUM CANS

PROGRESS

Currently, there are 13 countries with DRS in place, one more than in our 2022 report, with the Maltese DRS being the latest addition.

In 2018, 52% of PET bottles (representing almost 70% of the soft drinks packaging) were sorted for recycling. PET bottles collected via a DRS accounted for up to 35% of the total PET bottles collected.


90%
AVERAGE COLLECTION RATE IN 2021

In 2021, existing DRS already reported an average collection rate of 90%. Progress achieved in 2022 is expected to be available for the 2024 progress report.


61%
OF PET BOTTLES WERE SORTED FOR RECYCLING IN 2020

In 2020, the sorting for recycling rate increased by 9% to reach 61%. Rates achieved in 2022 are expected to be available in 2024.

UNESDA supports, together with the NGO community, a wider roll-out of DRS in Europe as well as the development of minimum requirements for DRS in the EU Packaging and Packaging Waste Directive (PPWR) to ensure these systems are set up and run in the most effective and cost-efficient way.



RECYCLING



Packaging sustainability is also about ensuring that the recyclable materials being collected are recycled, preferably in a closed-loop. The soft drinks sector is making huge investments in recycling to use more recycled content in its packaging. The exponential rise in the price of recycled PET, which is significantly higher than the price of virgin PET, is a cause of major concern and a threat to circularity, as it can put at risk the ability of beverage companies, particularly SMEs, to invest in more circularity.

COMMITMENT

Unesda is committed to only use packaging that is circular by design and boost the uptake of recycled PET (rPET).



100%
WILL BE RECYCLABLE
BY 2025

By 2025:

- Our beverage packaging (plastic, metal, glass) will be 100% recyclable
- All our PET bottles will contain a minimum average of 50% rPET



100%
RECYCLED
AND/OR RENEWABLE
MATERIAL BY 2030

By 2030:

- All our PET bottles will be made from 100% recycled and/or renewable material if technically and economically feasible

LATEST RESULTS



>96%
OF PACKAGING IS FULLY
RECYCLABLE

Since last year, most Unesda corporate members succeeded in keeping more than 96% of their packaging in fully recyclable formats.



A SLIGHT INCREASE OF
RECYCLED PLASTIC
CONTENT IN 2022

Due to the increasing prices of rPET and challenges to access enough food-grade feedstock for recycling in 2022, Unesda corporate members have only reported a slight increase of recycled plastic content in 2022. With the right policy enablers, they are still committed to reach our 2025 targets.

Ensuring that collected recyclable packaging is recycled in a closed-loop system is key. It will enable our sector to meet the EU mandatory recycled content targets as well as our own voluntary targets.

Unesda has joined forces with the NGO community to call for the creation of a well-functioning secondary raw materials market that provides a fair access to sufficient food-grade feedstock for recycling. This will promote high-quality recycling and prevent downcycling.



REUSE

Packaging sustainability can be achieved through a range of complementary solutions, including recycling, reducing the amount of beverage packaging, reuse and refill.

Various reusable and refill solutions are on the market, but they all have one point in common: they will contribute to reducing the amount of beverage packaging and beverage packaging waste.

COMMITMENT



TO INCREASE THE USE OF REUSABLE BEVERAGE SYSTEMS BY 2030

Unesda committed to reduce its packaging carbon footprint and increase the use of reusable beverage systems. This means using more reusable beverage systems by 2030 compared to 2020 and studying the best environmental and economic pathways to increase the use of reusable and refillable models.

LATEST RESULTS

To provide insights into the investments and changes required to increase the rate of reuse, Unesda commissioned an economic study on returnable refillable PET bottles from PwC, which was finalised end of 2021. The study is available [here](#).



+3%
AVERAGE INCREASE IN RETURNABLE REFILLABLE BOTTLES

Between 2021 and 2022, two of Unesda's major corporate members have reported an average increase of 3% in returnable refillable bottles, in addition to their efforts to bring more systems for refill (such as at-home dispensers) on the European market.

- To ensure a realistic transition to more reusable and refill solutions, Unesda calls for:
- all available reusable and refill options to be considered in EU and national legislation, supported by an appropriate calculation methodology; and
 - EU and national funding schemes for reuse to support the significant investments required by the industry in building the necessary infrastructure and consumer uptake.



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