

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

### General information

<b>Name in full + acronym</b>	<a href="#">EuroCommerce</a>
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<b>N° in the transparency register</b>	84973761187-60
<b>Date of signature of the Code</b>	19 June 2021
<b>Step of the food chain represented (ex: primary production, production, processing, trade, retail, ...)</b>	Retail and Wholesale
<b>Who do you represent? (e.g., number of members, companies, SMEs)</b>	34 Company members 27 National associations 15 Affiliated EU associations <a href="#">Members</a>

### European Associations pledge to:

- *Endorse the aspirational objectives set out in this Code (where applicable)*

By endorsing the code, we subscribe to its aspirational objectives and inform and engage our membership on this.

We also support these aspirational objectives through our membership to various EU platforms and our 2022 pledge to become Accelerators for the Race to Zero retail campaign (see below)

- *Promote and disseminate this Code with(in) their constituency/ies.*

EuroCommerce has engaged its members during the development and actual implementation of the Code of Conduct. This is primarily done through our dedicated “**working group F2F**” which meets every fortnight, and where members are updated on CoC developments.

We also allocate time at each **Food Committee meeting** (3x per year), reaching more than 180 experts in our membership. At the Committee meeting in June 2022, we facilitated an exchange between members on commitments related to **climate change mitigation**. Six signatories presented their approach sharing best practices with other members (signatories and non signatories).

In addition, EuroCommerce serves its members through an **SME interest group** addressing specific SME needs in EU policy development. The Code of Conduct was presented during their meeting in November 2022

EuroCommerce launched its **new website** which includes a specific reference to the Code of Conduct. We added examples/best practices of our members' sustainability efforts:

<https://www.eurocommerce.eu/farm-to-fork/>

- *Encourage their members to align their sustainability actions and/or business practices to the aspirational objectives and targets of the Code and invite them, on a voluntary basis, to adhere to this Code, as appropriate.*

### **Current Status**

The CoC featured prominently in our own annual workplan. Our national member associations ensured further dissemination of information on the Code of Conduct and its objectives to their company members. It should be noted that also in 2022, our sector faced challenging times due to the continued covid pandemic, the Russian invasion of Ukraine and subsequent energy crisis. This had a big impact on the resources (time and budget) that companies (and especially SMEs) have available to work on voluntary commitments - in addition to their obligation to continue to ensure legal compliance and the continuation of usual business activities. We did however continue to refer to the Code when speaking at stakeholder events.

### **Race to Zero 2030 Breakthrough Retail Campaign**

On 27 October 2022, during the Sustainable Retail Summit, EuroCommerce, along with national retail associations ANGED (Spain), APED (Portugal), ESEE (Greece) FCD, France Commerce, (France), POHiD (Poland), and Vakcentrum (Netherlands) announced their pledge to become Accelerators for the Race to Zero. With this, these leading retail associations, members of EuroCommerce, joined the British Retail Consortium and the Australian Retail Association to drive climate action and support their member retailers in setting out their plans to help limit global warming to 1.5 degrees by 2030. Towards the end of 2022, 2 more Eurocommerce members, [CBL](#) (Netherlands), and [SOCR ČR](#) (Czech Republic) joined.

(<https://www.eurocommerce.eu/2022/10/eurocommerce-plus-seven-national-retail-associations-pledge-to-accelerate-climate-action-for-the-race-to-zero/>).

The [Race to Zero 2030 Breakthrough Retail Campaign](#) is an initiative backed by the United Nations High Level Climate Champions, founded by Best Buy, H&M Group, Ingka Group (IKEA), Kingfisher plc and Walmart and hosted by the World Business Council for Sustainable Development (WBCSD). The global campaign aims to mobilize retail associations to engage their members and catalyse a net zero breakthrough within the retail industry by 2030.

In joining the campaign, EuroCommerce hopes to encourage retailers and wholesalers to set out their plans to achieve necessary carbon reduction targets. A recent report by EuroCommerce in partnership with McKinsey shows that retail and wholesale value chains represent 40% of EU emissions, however only 5% of these are in direct control of retailers and wholesalers. Collaboration with supply chain partners and our stakeholders will be key to success in the Race to Zero.

- *Explore the possibility of developing sector-specific tools and resources in support of this Code.*

In April 2023, we published the third version of the joint McKinsey/EuroCommerce state of grocery report (2023) covering the year 2022, following earlier versions in 2021 and 2022 (*see annex*). These reports provide insights into the main sustainability issues and challenges for our sector s well as current market trends based on consumer surveys and CEO interviews.

Via our pledge to accelerate climate action as part of the Race to Zero campaign mentioned earlier, we aim to play a key role in supporting the sustainability transition. Many companies have made SBTi<sup>1</sup> carbon emissions reduction commitments and through our pledge we want to further support the

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<sup>1</sup> Science -based target initiative: <https://sciencebasedtargets.org/>

sector though change.

We remain a partner of the ECR Community whereby our members and other companies exchange practical learnings, such as on how to prevent food waste ([ECR retail loss group](#)).

- *continue to engage in dialogue with other food chain/systems actors and EU and international policymakers to forge (new) relationships, exchange good practices and discuss challenges encountered, learn from each other (studies, projects) and create better mutual understanding, and identify opportunities for collaboration and potential partnership.*

EuroCommerce further continued to engage closely with food chain EU association members, as member of the CoC liaison group.

The following can be highlighted:

### **First Thematic Session - Examples of food chain actors' actions to mitigate climate change (September 2022)**

EuroCommerce co-organised the first thematic session for the CoC signatories and facilitated the presentation on Carrefour's climate strategy. Further information on the Commission's code of conduct website.

### **European Margarine Association (IMACE) - Stakeholder event 'Towards sustainable food systems: aspirations, implications and reality' (March 2022).**

IMACE represents the interests of margarine and spreadable fat producers. The IMACE annual conference presents an opportunity to address relevant policy developments in the food sector, with their members and external stakeholders. The stakeholder event focussed on opportunities and challenges along the food value chain in attaining the objective of the EU Farm to Fork Strategy to build more sustainable food systems in the EU. The conference provided insights on how to succeed in the joint sustainability ambitions, taking into account market and consumer realities. EuroCommerce participated to the panel discussion,

### **PROFEL – Spring meeting (March 2022).**

Profel is the European Association of fruit and vegetable processors, representing over 500 companies in 12 European countries producing canned vegetables, frozen vegetables, dehydrated vegetables, deciduous fruit, jams and fruit preserves, compotes, and frozen fruit.

EuroCommerce participated at their spring meeting of the canned and frozen vegetables group with participation from national associations and vegetable processing companies to exchange get acquainted and discuss topics of possible common interest including the Code of Conduct.

### **Freshfel – Monitoring fruit and vegetable consumption webinars**

In December 2021 and January 2023, Freshfel Europe organized online webinars on the monitoring of fresh fruit and vegetable consumption as part of its work to stimulate fruit and vegetable consumption across the EU and beyond as also outlined in Freshfel Europe's annual Consumption Monitor report.

The 2023 meeting pointed to a significant drop in fruit and vegetable consumption levels after increasing during the Covid pandemic. As consumers' spending power has decreased due to the economic environment, fruit and vegetable consumption has also decreased, with the average EU consumption being well below the WHO minimum recommended daily intake of 400g. The meeting will focus on how to increase consumption, thus boosting public health and sustainable food consumption in the EU.

EuroCommerce participated to both webinars, highlighting practical actions by the retail and wholesale sector to encourage consumption of fruit and vegetable.

## **AVEC – sustainability charter for the poultry sector**

EuroCommerce took part in a panel discussion at an event organised by the European Poultry Meat Association (AVEC) on November 30, 2022, as part of the promotion program on the sustainability of the poultry sector (GA.101046104, <https://eu-poultry.eu/>). During this event a discussion was held on the sustainability of the poultry meat sector, and a sustainability charter was launched.

*Continued exchanges via following platforms:*

- **Market advisory Council on fisheries (MAC)** – The MAC is a stakeholder-led organisation composed of representatives of the entire seafood value chain (primary producers, processors, traders, suppliers, retailers, trade unions) and other interest groups (NGOs). The MAC provides advice on a broad range of topics including sustainability labelling and the future framework for sustainable food system. In 2022, advice was formulated on “Empowering Consumers for the Green Transition” and on “Animal Welfare”, among others.
- **EU platform on food losses and food waste** - the EU Platform on Food Losses and Food Waste (FLW) established in 2016, brings together EU institutions, experts from the EU countries, international organisations and relevant stakeholders. The Platform aims to support all actors in: defining measures needed to prevent food waste; sharing best practice; and evaluating progress made over time. Our membership was confirmed for the second mandate and EuroCommerce participated in meetings of the Action & Implementation, Date marking and Food Donation sub-groups.
- **EU platform on animal welfare** - In 2017 the Commission established the expert group 'Platform on Animal Welfare' (Decision 2017/C 31/12 with the aim to develop and exchange of coordinated actions on animal welfare with a particular focus on: better application of EU rules on animal welfare, through exchanges of information and best practices and the direct involvement of stakeholders; the development and use of voluntary commitments by businesses to further improve animal welfare ; the promotion of EU animal welfare standards to valorise the market value of the Union's products at the global level. Our membership was extended under the new mandate.
- **European Circular economy stakeholder platform**: A joint initiative by the European Commission and the European Economic and Social Committee which includes work on packaging (among others). EuroCommerce is part of the coordination group.

## Annex

### **New (Edition 2023)** [The state of grocery retail 2023: Living with and responding to uncertainty](#)

For the European grocery sector, 2022 was all about inflation and growing consumer price sensitivity. This led to the biggest decrease in the margins of grocers in five years. In real values, turnover dropped by 7.1 percent, driven by intensified downtrading across income brackets. While margins are decreasing, interest rates and capital costs are rising. As a result, many grocery retailers see the challenge in financing the investments both in sustainability and technology that are necessary to reduce emissions, build resilience, and drive future growth.

This year's report takes a comprehensive look at the **key trends shaping the grocery sector** in the coming years. How will the fact that consumers plan to save more money on food affect different formats, channels, and categories? Will grocery retailers need to look for further economies of scale to better deal with rising costs and increased margin pressure? To what extent are grocers equipped and resolved to leverage analytics and automation to drive productivity? As e-grocery largely retains the uplift observed during the pandemic and meal delivery grows, will more online offerings reach break-even in 2023? Finally, will more grocers join the ranks of the pioneers who already engage their suppliers to reduce greenhouse-gas emissions that occur during food production?

The State of Grocery Retail 2023 is a continuation of a partnership between McKinsey & Company and EuroCommerce, designed to provide executives with a comprehensive view of the market and future trends. In preparing the report, we surveyed more than **12,000 consumers across eleven European countries and almost 50 grocery executives from more than 20 countries across Europe**. In addition, we interviewed three sector thought leaders and pioneers. We combined EuroCommerce's policy and sector knowledge with McKinsey's global expertise and analytical rigour.

#### **NEW**

A 2022 [report](#) by EuroCommerce in partnership with McKinsey on transforming the retail and wholesale sector shows that retail and wholesale value chains represent 40% of EU emissions, however only 5% of these are in direct control of retailers and wholesalers.

The joint report that necessary investments and the pressure to invest are significant: Euro 230bn to achieve 90% reduction of scope 1 & 2 carbon emissions in our sector and Eur 35bn for circularity. With low margins in the sector, we will need support through projects (e.g., on cooling and heating systems, pre-competitive research on textiles fibers, etc.), infrastructure (e.g., for the collection & sorting of waste) and policies (single market, standards, claims, etc.) to facilitate change. As part of this reducing administrative burden should be a priority. You will find the study and our policy recommendations on our website here.

### **(Edition 2022)** [The state of grocery in Europe: Navigating the market headwinds](#)

Over the past two years, grocery retailers responded by becoming more efficient, resilient, and innovative. They will be tested in 2022 by a number of new challenges, from increased inflation and the enduring rise of e-commerce to evolving consumer preferences. Download our new [96-page report](#) for insights and perspectives that will help grocery retailers navigate these market headwinds.

One of the findings points to an increasing polarization between low- and high-income consumers regarding attitudes toward price, health, quality, and environment.

### **(Edition 2021)** [Disruption and Uncertainty – State of Grocery Retail 2021 report](#)

The report by McKinsey & Company and EuroCommerce, takes a comprehensive look at the long term-trends and effects of the pandemic on the European grocery industry. After COVID-19 shake up,

grocery shoppers demand more health, online and value – resulting in ongoing disruptions and uncertainty in grocery retail.

The report first recaps the industry developments in 2020 – it looks at how the COVID-19 pandemic has reshaped the European grocery landscape at unprecedented speed and scale, with government restrictions impacting shopping patterns and accelerating a dramatic shift to online.

Disruption and Uncertainty – State of Grocery Retail 2021, based on both the CEO survey and consumer research, identified four key trends that will shape the industry over the next years. These are based on the areas consumers intend to spend more money on and what CEOs see as the key industry-shaping trends, with the majority expecting an increased focus on adjusting to shoppers who want variety, value and online.

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