

Position paper

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Initial comments to the Code of Conduct for Responsible Business and Marketing Practices

AöL¹ welcomes the presented targets proposed in the Concept note for a Code of Conduct for responsible business and marketing practices asked for in the farm to fork strategy. We fully agree with the urgency that there is a need

- 1. To stimulate the uptake of healthier and sustainable consumption patterns³, by, amongst others, improving the food environment, in order to reduce the overall environmental footprint of the food system and to improve people's health and quality of life or promoting healthy and sustainable products;*
- 2. To facilitate the uptake of sustainable practices by all relevant actors in the food system, including by enabling primary producers (such as farmers and fishers) to improve their performance, contributing to fair incomes and good working conditions⁴;*
- 3. To foster further improvement of internal processes, operations and organisation in food processing, retail and food service to ensure a high sustainability performance, responsible business and marketing practices⁵ and integration of biodiversity and natural capital considerations⁶. This includes the reduction of food waste and loss along the food value chain and promotion of circular economy principles⁷.*

We would like to provide some initial input to the debate how operators in the food chain can contribute to support those targets. And based on that how a “Code of Conduct” for operators in the food system can contribute to achieve those goals.

We would like to point out at the beginning that sustainability needs to be based on three corner stones:

Sufficiency, Circularity and Efficiency.

¹ AöL is an association of 125 food companies from AT, CH, DE, IT and NL oriented towards sustainable and organic business concepts www.aoel.org

We are aware that in the context of the environmental debate the topic of *sufficiency* is the most sensitive one. It is therefore often avoided to clearly point out this central concept of sustainability. Even the Green deal is weak here. From an industrial point of view the topic of circularity is another key point for the sustainability concept. Clearly addressed in the Green Deal, which we appreciate a lot. Food industry as such is a beautiful example of circular economy because food systems are based on natural cycles. But it is well known that often the nutrient cycle in the food system cannot be closed today, because the municipal waste and waste water is contaminated in a way which does not allow their reintegration into the natural cycles – used as fertilizer. Therefore, the Green Deal has correctly pointed out “*A zero pollution ambition for a toxic-free environment*” which is the basis for closing nutrition cycles in the food system. Finally, efficiency stays as a well known concept. All three concepts are in the hand of food system operators. They should take responsibility and the Code of Conduct should support them for doing so.

The problem with focusing only on *efficiency* when it comes to environmental task is already documented quite well and described in literature as the so called “rebound effect”. The mere focus on efficiency will again and again lead to conflicting goals. The same applies to strategies which are not evaluated on balanced indicators for example based “only” on CO2 efficiency. To give an example, the mere focus on climate gas emission can give the impression of negative or equal results for organic farming practices which are well known to be more sustainable in their whole based on multiple environmental benefits.

Further on we propose to focus on the sustainable – environment friendly - company and not on the sustainable product. If we want a more sustainable food system the focus should be on a process-oriented system approach. Because the core of the conduct in our eyes is that there are no sustainable products without sustainable operators in the food system. The performance of the overall operator needs to be focused on. We very much propose to establish known environmental standards into the management of the companies, like EMAS which is legally protected and introduced since decades in Europe and other comparable concepts. The obligation to establish such management systems appropriate to the type and size of the operation should be a central element in the Code of Conduct under discussion. By doing so food system operators can show their performance and responsibility.

Further on when designing a Code of Conduct for system operators a clear look to the overall food system is of major importance. The shift to a sustainable food system will only work when consumption patterns will be modernized. Industry must take its full responsibility for not misleading the consumer by recipes, ingredients and technologies used and by communication and advertisement strategies chosen. Here the Code needs to set clear guidelines for food system operators how to design the foods and how to distribute them and communicate on them for supporting a modernisation of consumption patterns toward sustainability. We think this is the most delicate and complicated topic.

Finally, it needs to be pointed out that the political framework facilitating the implantation of the Code of Conduct should not be forgotten. In market economies the most efficient

steering system is the price mechanism. Currently the best price is reached by those operators which most efficiently externalize environmental and social costs. And the other way around, products from companies which thrive for more sustainability and therefore also have higher product prices have to compete with companies, who do not take into account all social or ecological consequences of their doing. It has to be attractive for consumers and for companies to choose sustainability and the best price should be with the product having the best environmental and social performance. Then price mechanism will guide the society into a sustainable future.

As long as the price at the shelf does not tell the truth about the social, ecological and climate-connected costs consumers will not be able to make the sustainable choice in the end. So true-cost-accounting systems established by a consequent internalization of environmental and social costs is need. We understand that this is in fact beyond the Code of Conduct under discussion. But never the less this is a success factor which needs to be mentioned here.

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The Assoziation ökologischer Lebensmittelhersteller (Association of Organic Food Processors) is an alliance of over 110 food companies. Its European members generate organic sales worth over 4 billion euros. The core focus of its work is the representation of political interests as well as the promotion of exchanges and cooperation on sustainable business practices between the members.

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