

## FRAMEWORK FOR COMMITMENTS BY COMPANIES

**Individual businesses** that want to show leadership and demonstrate front-runner ambitions to contribute to the aspirational objectives and targets as identified in the general part of this Code can make **ambitious commitments on sustainability topics** that are relevant for them. These commitments will be complementary to the general provisions as included in this Code. This section sets the framework for these commitments.

### 1. Eligible companies

**All businesses, large and small, active in the food system** are welcome and encouraged to submit commitments in relation to their own activities and impacts.

Also businesses for which food is only part of their activities can submit commitments in the context of this Code, but the commitments would preferably only apply to the food part of their business.

For businesses that are active both within the EU as well as beyond, the commitments would in principle apply to the sales and activities within the EU, including impacts related to their supply chains outside the EU (associated to these sales and activities). If companies prefer, they can put forward commitments which apply to their total global sales (and related supply chains).

Associations of food businesses can also make commitments provided that these commitments are undertaken on behalf of the entirety of their direct corporate members<sup>1</sup>.

### 2. Specification of commitments

The commitments submitted by companies under this Code should be ambitious, tangible, quantitative where possible and measurable. The commitments should cover the environmental, social and health dimension although certain topics may take priority, provided that the principle of 'do no harm' is respected with regard to the other dimensions.

The commitments should contribute to and be consistent with the goals and targets of the EU Green Deal, and specifically to the Farm to Fork and Biodiversity Strategies and the Circular Economy Action Plan, as well as to those outlined in the general part of this Code. More broadly, the commitments should be consistent with the objectives and goals of global agreements and adopted goals, targets and objectives such as the Paris climate agreement (UNFCCC), and the UN Sustainable Development Goals. When the upcoming global Biodiversity framework is adopted

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<sup>1</sup> Where the text below mentions 'companies' this will also apply to associations acting on behalf of their direct corporate members, unless stated otherwise.

at the forthcoming CBD COP15, consistency herewith should also be required for commitments submitted after that date.

The commitments should focus on the topics on which the company has the largest societal and environmental impact<sup>2</sup>. In submitting their commitments, companies should provide a brief document with a **rationale** outlining why certain topics have been selected, as well as a motivation for the quantitative targets for the commitments. In case commitments are submitted before 15 July 2021 the document containing the rationale and motivation can be submitted later, but before 31 December 2021.

The companies will indicate which indicators / KPIs will be used to measure progress on the commitments. Where possible and available these indicators / KPIs will be based on generally accepted methodologies. Examples for these indicators and methodologies are OEF, EMAS or equivalent (Carbon Disclosure Project; Science Based Target) for GHG emissions and environmental footprint, UN Global Compact, Global reporting initiative indicators, EU methodology for measurement of food waste and Ellen MacArthur Foundation indicators for plastics and recycling. For greenhouse gas emissions and the environmental footprint, the total environmental impact over the full life-cycle of the company's impacts / aggregated sold products is measured<sup>3</sup>.

SMEs can, if needed, use simpler indicators, which are more appropriate for their type of business and commitments.

Commitments should at least relate to the period up to 2025 and preferably up to 2030, although for some aspects (notably for environmental aspects) it is recommended to also have a longer-term vision for 2040/2050. Companies would also need to indicate the baseline against which they will monitor progress. The baseline should not be earlier than 2015 (in line with the UN SDGs framework).

### **3. Disclosure of commitments**

The commitments as made by companies will be published on an open website dedicated to this Code. **This website will be created by the associations which are signatories of this Code. [depending on the governance structure of the code]**

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<sup>2</sup> For example, as identified through a materiality analysis. SMEs can use a less advanced approach to determine priority areas.

<sup>3</sup> Analogue to Organizational environmental footprint / equivalent to GRI Scope 1, 2 and 3: Scope 1 (Direct GHG emissions), Scope 2 (Energy indirect GHG emissions) and Scope 3 (Other indirect GHG emissions) disclosure.

#### 4. Monitoring and Reporting of commitments

**Large companies**<sup>4</sup> (or if applicable: associations which have made commitments on behalf of all corporate members) shall provide an annual report on the progress of their commitments. This report will be a summary with relevant extracts of their Environmental, Social and Governance (ESG) report, or of their Non-Financial or Corporate Sustainability Report (NFRD / CSRD)<sup>5</sup>. This extract will contain the necessary information needed to evaluate the progress made by companies with respect to their commitments made under this Code.

When commitments relate to global sales, companies may provide global reports. When commitments relate to EU sales, the reports should as much as possible reflect EU activities.

**SME** companies and associations which are not able to report annually could provide simplified reports once every two or three years on their commitments and data corresponding to their activities.

All reports will be made public on the open website dedicated to the Code of conduct, as set up by the signatories of the Code. [depending on the governance structure of the code]

#### 5. Evaluation and review process of commitments

[NB. this part will be aligned with / integrated into the text general governance structure of the Code]

There will be at least two meetings a year with signatories of the Code (including both associations and companies) and the wider stakeholder community. When it comes to the framework for more ambitious concrete commitments, the following topics will be discussed:

- Reporting on new commitments by (new) companies;
- Reporting on overall progress made on the basis of the submitted progress reports;
- Evaluation of whether companies are on track to reach their commitments, including new opportunities and challenges encountered;
- Identification of opportunities and recommendations to strengthen commitments, taking into account the specifications as outlined in section 2 of the framework or in light of new insights, e.g. from new materiality analysis or new internationally agreed targets;

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<sup>4</sup> Large companies are defined as companies which are not SMEs (insert link to definition of SMEs)

<sup>5</sup> If the European Union establishes new legally-binding standards or methodologies for reporting, companies will have to comply with these.

- Stimulation of collaboration between actors where possible, in particular how larger companies can coach SMEs on their sustainability pathway.
- In light of the aforementioned, which features need to be integrated in the collaborative platform.

The meeting will be organized by the signatories and chaired by one of their representatives.

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