

**CELCAA preliminary comments on the concept note of a Code of Conduct for
Responsible Business and Marketing Practices**

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CELCAA is the European association of the trade in agri-food products, representing 35 000 trading companies operating in imports and exports of major commodities- such as meat, dairy, wine, arable crops etc. CELCAA supports the goal of the Farm to Fork Strategy to promote a more sustainable food system in the EU and is pleased to contribute to the public consultations linked to actions under this Strategy.

The Commission proposes to establish an EU Code for responsible business and marketing practices in the food supply chain. The concept note focuses primarily on the food processors, food service operators and retailers. Trade is a fundamental actor in the EU agri-value chain, as it reconciles the areas of surplus with area of shortage and links the producers to end consumers. This is equally true for international trade or internal EU trade and traders are also the 'middle of the food chain' actors that is referred in the concept paper. CELCAA regrets that the concept paper misses to recognise the complexity of the EU agri-value chain and its multiple actors.

It is said that Code would cover all major aspects of food sustainability (economic, social and environmental).

CELCAA would like to stress that frameworks to promote responsible business practices and sustainability already exist. Based on the better regulation principle, EU decision-makers should take stock of the existing frameworks, refrain from adding another layer of voluntary and/or mandatory rules, but rather build on the existing systems. Resources should be targeted to support the promotion of the existing frameworks, the up-take by companies and effective monitoring.

The European Commission released in 2016 a Communication '*Next steps for a sustainable European Future: European action for Sustainability*', based on the deliverables of the 2011 EU renewed Strategy for Corporate Responsibility. The Commission committed to intensify the work on Responsible Business Conduct, focusing on concrete actions to meet social, environmental and governance challenges. Over the last years the Commission has effectively promoted Responsible Business Conduct through a mix of voluntary and mandatory actions. A 2019 Staff Working Document provides the detailed list of actions¹ but in short, the EU's activities have included, amongst others, the promotion of due diligence by companies on the protection of human rights along their supply chains and socially and environmentally-friendly business practices.

One of the pillars of the Commission Sustainability Strategy is the implementation OECD Responsible Business Conduct. The OECD has focused on helping companies to implement due diligence in their supply chains with a strong focus on human rights². In parallel, the OECD and FAO developed a guidance for Responsible Agricultural Supply Chain³- based on internationally agreed conventions and standards. The guidance provides

¹ SWD(2019), Commission staff working document, Corporate Social Responsibility, Responsible Business Conduct, and Business and Human Rights: Overview of progress <https://ec.europa.eu/docsroom/documents/34482>

² <http://www.oecd.org/industry/inv/responsible-business-conduct-and-human-rights.htm>

³ 2016, OECD FAO Guidance for Responsible Agricultural Supply Chains <https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm>

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practical recommendations to companies operating in the agri-food supply chain, including a five-step framework for due diligence that can be integrated into their management system.

These Guidance documents were developed in close collaboration with businesses, investors, civil society, worker representatives, policy makers and supply chain experts. This has led to their credibility of the Code which in turn translated into engagement from companies. A number of them have started to invest energies and resources to implement the OECD and OECD-FAO guidance.

Another pillar of the Commission Sustainability Strategy is the adoption in 2015 of the United Nations Sustainable Development Goals (SDGs) and its implementation. The Commission endorsed the '5Ps' principles: People; Planet; Prosperity; Peace and Partnership and systematically integrates the social, economic and environmental dimension.

CELCAA therefore encourages the Commission to map all regional and international initiatives that the EU is already engaging in, and build- up on these schemes. This mapping could be part of the tasks of the thematic working groups that will meet in first semester 2021.

CELCAA believes that to maintain the adhesion of companies to their current commitments under the current CSR framework and help the take-up of the implementation of the OECD Code, EU decision-makers should refrain from adding complexity, or a new framework that would only duplicate that is already in place. Building- up if and when necessary on the existing schemes is more efficient and meets the Better Regulation principle. Considering the ambitious time frame proposed by the Commission, it would also help to deliver by June 2021. It would also guarantee a more consistent and coherent approach on the economic, social and environment pillars.

On the principle of environmental sustainability, CELCAA would like to highlight that the concept of "local" shall not be identified as necessarily 'more sustainable'. Cross-border sales might often be the best option regarding CO2 emissions depending on efficiency and cost-effectiveness of producers. Any 'EU Code' or principle in Guidance should refrain from making this short-cut assumption. CELCAA would also like to stress that the EU agri-food chain works effectively to meet the demand from farmers; industry and consumers. The demand will drive the market. To help raising awareness of consumers, labelling schemes already in place - such as organic labelling schemes. Some companies are also integrating in their systems ISO principles for sustainability. Trading companies are committed to play their role towards more sustainability in the food system. Should the EU lead to improve current standards on environmental sustainability, the EU should do it in a coordinated manner, using the OECD and FAO existing forum.

In conclusion, while operators in the food chain have been and continued to be severely impacted by the Covid-19 pandemic, resources in companies have become scarce. They should be used in the most efficient way and efforts already undertaken by companies to implement OECD/FAO guidance and the UN Sustainable Development Goals should be recognised and rewarded. The EU framework should build on these initiatives.

CELCAA looks forward to contributing to the discussions in the thematic working groups.