<u>Sustainable Consumption Pledge</u> – application guidelines

What is the Pledge?

Given the urgent need to adapt our ways of producing and consuming to reduce our environmental and social impact, the Commission is inviting companies that would like to speed up this transition to take a voluntary pledge. This commitment aims to support sustainable consumption and production and zero pollution, beyond what is required by law. Your company can become a pioneer in this transition and the Commission can support this ambition.

Why apply to join?

If your company is **already taking steps to make its activities more sustainable**, this is a great opportunity to showcase and inspire other companies to replicate your good practices. Your company commitments would be made public on the European Commission's website.

If your company is **considering making its activity more sustainable**, the Pledge provides a solid framework based on commitments to follow in order to ensure your company puts in place significant changes; it also offers tools to communicate around these commitments.

What commitments shall companies take to be part of the Pledge?

- 1. Commit to identify and reduce your greenhouse gas footprint, across all three scopes of emissions and
- 2. Commit **to at least one** of the following:
 - a) calculating and improving the **environmental performance** of your company and/or of your products (e.g. reducing pollution and general impact on the environment), and/or
 - b) increasing **circularity** in your company's activities (e.g. using more recycled or sustainably-sourced material, generating less waste, lowering energy consumption in production processes), and/or
 - c) respecting **social sustainability** across your company's supply chain (e.g. describing internal processes that ensure socially sustainable production, registering your products with recognised label(s).
- 3. Commit to **publish company progress** about your commitments at least once a year in line with the implementation plan.

These commitments can be made:

- At organisational level, so for the whole company/**organisation**, and/or
- At product level for one or more of your lead **products or services** (the products or services should represent at least 5-10% of your company's global turnover).

All commitments need to respect the following conditions:

- Be measurable and clear for consumers to understand,
- Have a recent baseline year (1-3 years before pledge publication),
- Specify a target set no later than 10 years in the future, as well as intermediate targets for instance every 2 to 5 years,
- Be based on an internationally recognised science-based methodology, clearly outlined, in a robust fashion,
- Focus on improvements inside own operations and value chains,
- Have a realistic implementation plan and be monitored by an independent third party.

Detailed information on the expected company commitments under the Pledge is available in the Annex.

Which companies can participate in the Pledge?

Companies:

- Of any size,
- Manufacturing non-food products or providing services (including retailers),
- Based in the EU or having significant activities in the EU,
- That are business-to-consumer focused. Business-to-business companies may participate, clearly stating in their application how their company's commitments impact sustainable consumption and production.

When relevant, we expect companies to have a 'due diligence' plan in place to identify risks (stemming from company activities) of adverse harm to human rights included in international conventions, environment, climate, anti-corruption or health¹, and be able to demonstrate your company's compliance.

Food and drinks companies are not eligible and are encouraged to join the <u>Code of Conduct</u> for responsible business and marketing practices in the food sector.

Public organisations, individuals and NGOs are not eligible for the pledge but may join the <u>Climate Pact</u>.

Application and selection process

- 1. Read carefully these guidelines and its Annex. Select the best fitting criteria(s) for your business and draft a pledge proposal (you may draw inspiration from the pledges already published²).
- 2. You can apply at any time via the <u>online form</u> or by sending your company pledge to <u>JUST-SCP@ec.europa.eu</u>,
- 3. Your pledge application will be reviewed thoroughly by the Commission services to make sure it corresponds to the pledge criteria. After reviewing your application, the Commission will contact you and inform you if your pledge is selected or if elements need to be adapted for the pledge to be selected/finalised.
- 4. After receiving confirmation that your company's pledge has been selected:
 - a. The Commission will publish your pledge on its website and announce it on its social media channels,
 - b. The Commission will provide a communication toolkit (including visuals) for your company to communicate on its own terms,
 - c. A year after publication, and at least once each year from then on, you must publish your progress in meeting your company commitments.

¹ Adverse impacts include, in particular, human rights issues such as forced labour, child labour, inadequate workplace health and safety, exploitation of workers, and environmental impacts such as greenhouse gas emissions, pollution, or biodiversity loss and ecosystem degradation.

² See <u>https://commission.europa.eu/strategy-and-policy/policies/consumers/consumer-protection-policy/sustainable-consumption-pledge_en</u>

Annex - detailed definition of expected company commitments under the Pledge:

1. Calculate and reduce green-house gas emissions

- Commit to calculate the green house gases (ghg) (in CO₂ equivalents) emitted per year across scope 1, 2 and 3 emissions, and to reduce these.
- The reduction target in the pledge shall:
 - be measured as a percentage against the baseline year;
 - should clearly specify the reduction targets the company sets for its scope 1,
 2 or 3 ghg emissions, respectively, without the use of offsets outside own operations and value chains;
 - \circ as a minimum be in the range of 5-10% reduction by the short-term target year compared to the baseline year.
- Regarding increasingly popular claims of "climate neutrality" or similar, companies can pledge to become so in a certain year, if they have a credible, concrete action plans with interim targets for continuously reducing their ghg emissions in line with a trajectory to reach (almost) zero emissions by 2050 at the latest, or reduce their emissions as much as possible for activities for which there are justified sectoral variations³.
- Example of a ghg emissions reduction commitment: "Company X commits to achieve net zero ghg/carbon emissions for Scope 1 and 2 by 2025, knowing that Company X emitted Z in year Y. In addition, Company X commits to reducing its relevant Scope 3 ghg/carbon emissions with 30% by 2025 compared to a 2022 baseline. The targets are measured with the Organisation Environmental Footprint method⁴, as certified by auditor A".

2. Commit to one or more of the following:

- a) **Calculate and improve environmental performance** of your company or your products by either of the following actions:
 - i. Identifying and reducing the most relevant environmental impacts (such as related to water, air, resources, land use or toxicity) for your company, per year, using Environmental Footprint method (Commission Recommendation 2021/2279) or another internationally recognised life-cycle based methodology;
 - ii. Registering your company with the <u>EU Eco-Management and Audit</u> <u>Scheme (EMAS)</u>, and commit to the continuous improvement implied by that scheme;
 - For your flagship goods/service, if they are eligible for the <u>EU Ecolabel</u> or any other officially recognised national or regional EN ISO 14024 type I ecolabelling scheme, you may do one of the following:

³ "Climate neutrality" can only be claimed to have been reached once a net-zero target with at least 90-95% reduction in own operations and value chains has been achieved. The remaining emissions either have to be neutralised by carbon removals within own operations or value chains or offset with the purchase of certified carbon credits based on emission removals and reductions.

⁴ We recommend the use of PEF/OEF as per COM recommendation 2021/2279, and are open to reference to another internationally recognised methodology.

- register the good/service with that label,
- increase the number of good/services in your company's portfolio that are certified by that label,
- for retailers: increase the visibility of goods with that label in your shops (physical or online), , organise specific communication campaigns, display those ecolabels alongside the goods descriptions online and add it as a search category), etc.
- b) **Increase circularity** by either of the following actions:
 - i. For your company, commit for example:
 - to decrease raw material use, or increase use of recycled or sustainably-sourced material (tonnes per year),
 - to generate less waste (tonnes per year),
 - to lower energy consumption in production processes,
 - or to increase number of regular circular activities depending on your company's activity, e.g. second-hand markets, repair/refurbishment options/events/workshops or in general ways of extending product lifetime.
 - ii. For flagship goods, commit to for example:
 - longer product lifetime (e.g. commercial guarantee of durability of 10 years),
 - improved reparability (e.g. through simplified design, spare parts availability),
 - or improved energy efficiency.
- c) **Improve social sustainability** across your company's supply chain, by either of the following actions:
 - iii. As a company, demonstrate for example:
 - internal processes or policies that ensure a socially sustainable production across your company's supply chain,
 - compliance with the eight International Labour Organization's core/fundamental <u>conventions</u>,
 - compliance with the <u>UN Global Compact's Ten Principles</u> for supply chain sustainability
 - iv. For flagship goods/services: register them with a recognised third party certified social sustainability label, preferably at EU level.

3. Commit to publish progress

Commit to publish your company progress in relation to its pledge requirements, at least once a year. This information should be accurate, clear, follow the same structure as your pledge and will be published on the European Commission website allowing consumers and stakeholders to take stock of the progress made. It may link to your other company's annual reporting obligations.