

COMPETITION AND SUSTAINABILITY

Competition is an essential tool for incentivising companies to promote more sustainable products or production processes.

Individual production and consumption decisions can sometimes have negative effects on sustainability, that are not offset by regulation (e.g., *first-mover disadvantage*).

In such cases, **collaboration between companies** can be important to foster sustainability in the many sectors of economic activity.

It is important, however, to ensure that this collaboration is not contrary to Competition Law.

The AdC is promoting a **Best Practices Guide** to help companies avoid infringing Competition Law when establishing **agreements with sustainability purposes**, as well as providing information on exemptions, safeguards and compatibilities.

WHAT SHOULD YOU TAKE INTO ACCOUNT WHEN EXPLORING A SUSTAINABILITY AGREEMENT?

CHECKLIST

Assess whether the agreement is **necessary to achieve the desired sustainability objectives** (can the company or association of companies do it alone?).

Check whether the agreement negatively affects a **competition parameter** (e.g., price, quantity, quality, choice or innovation).

Check whether the agreement involves **price fixing**, allocation of markets or customers, or limitation of output or innovation.

Ensure that **exchanges of information** do not go beyond what is strictly necessary to pursue the objective of sustainability.

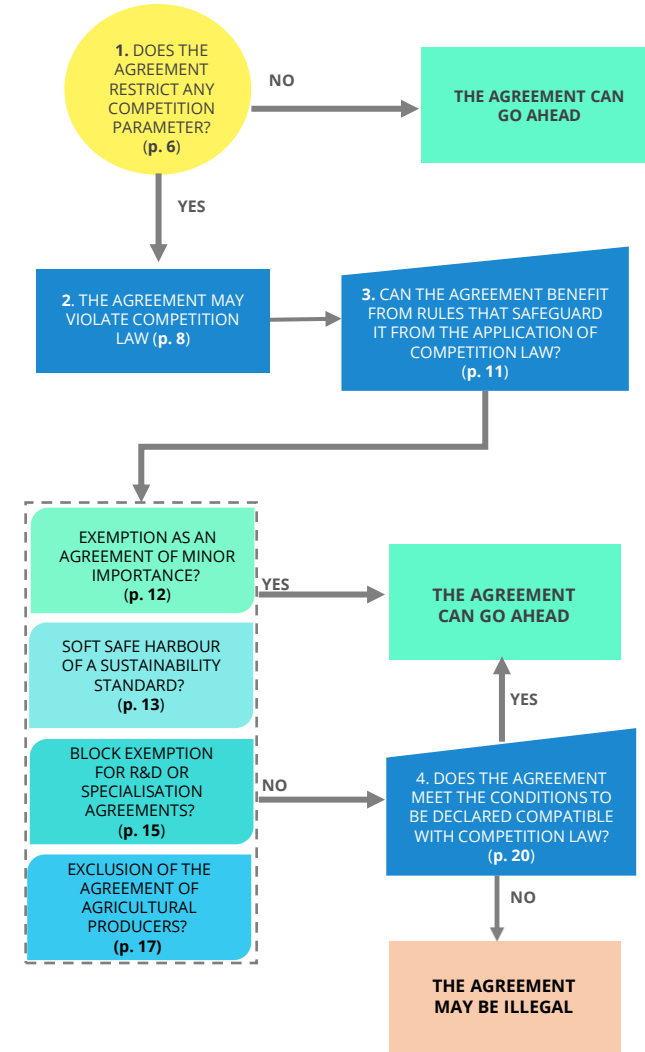
Estimate the **market shares involved** in the agreement and the characteristics of the market.

Assess the possibility of the agreement **benefiting from exemptions or other safeguards**, as well as its competitive risk.

Evaluate whether the agreement can generate **efficiency gains, benefits for consumers and does not fully eliminate competition**.

Evaluate the **self-assessment exercise of the compatibility** of the agreement with competition law at national and EU level.

HOW TO DETERMINE IF THE AGREEMENT IS COMPATIBLE WITH COMPETITION LAW?



FOR MORE INFORMATION SEE ADC'S BEST PRACTICES