

**Covenant sustainably
sourced, processed, and
traded fruit and vegetable
derived juices, purees and
their concentrates**

AIJN



The
Sustainable Juice
Covenant

Considering that:

- 1) The European market for juice and nectar is calculated at 9,702 million litres in 2014 (as specified in Annex 1). With this covenant, the covenant parties aim to make a positive contribution towards sustainable production, processing and trade of fruit and vegetable derived juices, purees and their concentrates in relation to economic, environmental and social aspects;
- 2) The participating private sector parties recognize that they can and should play an important role in increasing sustainability of the supply chain both by scaling up existing initiatives aimed at increasing sustainability and by developing and implementing new initiatives;
- 3) The implementation of this covenant provides an incentive to the development of markets for sustainable products and ensuring food security and contributes to achieving the Sustainable Development Goals (SDGs) 1, 2, 5, 8, 9, 12¹;
- 4) This covenant represents a moral and not a legal obligation. It is based on partner's ambitions and targets to work towards improving sustainability throughout the entire supply chain;
- 5) The agreements between the covenant parties have been concluded on a pre-competitive basis. Additionally the parties have declared to take note of antitrust laws and regulations (see Annex 2 for competition compliance statement) and no actions that may conflict these will be taken;
- 6) This covenant is open for participation by all players in the supply chain (producers/farmers, traders, processors, brands and retailers).

Agree to the following:**Purpose of the covenant**

The purpose of the covenant is to have production and trade of fruit and vegetable derived juices, purees and their concentrates globally by the private partners in this covenant 100% sustainable² by 2030. The private sector parties aim to achieve the increase of the volume of sustainable product by taking the following steps:

¹ <https://sustainabledevelopment.un.org/topics>

² As defined under "Sustainability criteria".

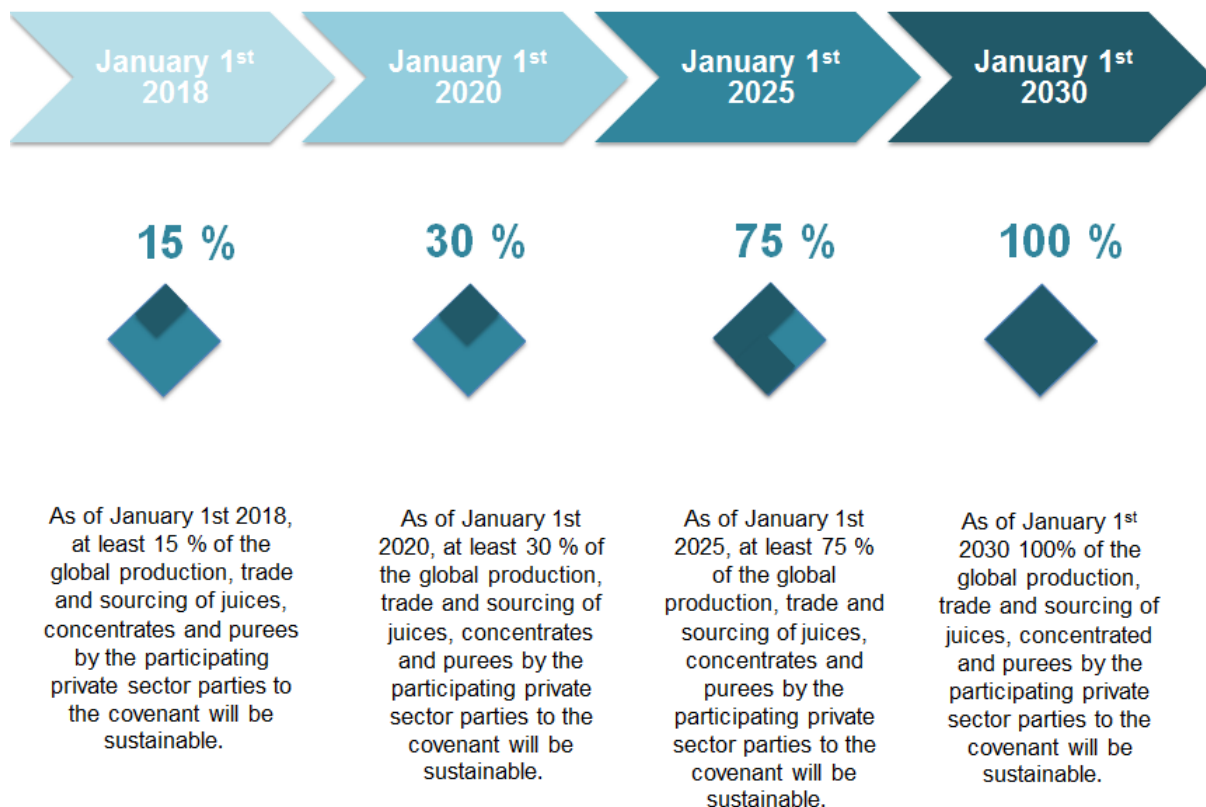


Figure 1. Timeline indicating steps until 2030

Scope

Products that are in the scope of the covenant are:

1. Fruit and vegetable derived juices, purees and their concentrates in compliance to the Fruit Juice Directive;
2. The consumer based products (drinks, nectars, juices, smoothies, etc.) which are based on these raw materials.

Supply chain coverage for this covenant is for the full upstream chain of custody of the signatory of this covenant.

The percentage of sustainable product is calculated as the total amount of sustainable products (fruit and vegetable derived juices, purees and their concentrates) packed/processed/traded, per production location, versus the total amount of product purchased. All are based on the quantity³ of kg/tonnage recalculated to so-called single strength if necessary that complies with the described sustainability criteria as agreed by the participating parties of the covenant. The participating private sector parties will report about this to IDH. A third party company will be selected to monitor progress towards the defined targets (mentioned under “Sustainability Criteria”).

³ This could relate to segregated or mass balance volumes. Mass balance calculations can be used when primary sources cannot be traced.

Those products which contribute less than 5% of the total kg/tonnage recalculated to so-called single strength used in the final processed/packed product can be excluded in the calculation.

Principle of approach: all calculations are based on sustainable single strength products bought versus total amount of single strength product used. The calculated is restricted to solids which are in compliance to the Fruit Juice Directive (so other ingredients are excluded).

If, on single strength basis, the % is less than 5% of the final application (drinks, juices, nectars, smoothies and purees), these can be excluded. The same applies for fruit to juice production operations.

Sustainability criteria

Sustainability criteria include both certification as well as verification. In order to achieve certification or verification and to further improve their sustainability performance covenant parties should invest in issue mitigation. A supply risk analysis will be provided to determine specific sustainability issues, so called hotspots per crop/country⁴ combination.

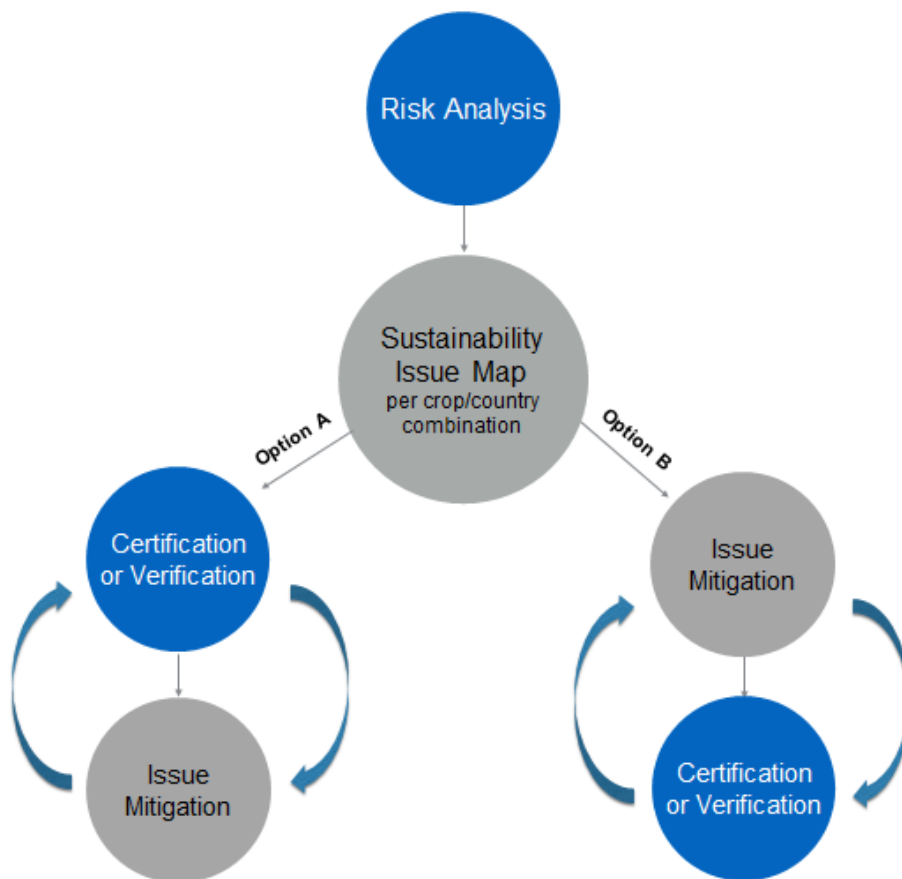


Figure 2: The two pathways towards 100% sustainability in 2030

Figure 2 shows the different approaches that can be taken towards 100% sustainability by 2030, working with certification or verification and issue mitigation in different ways.

⁴ Could also be regions if necessary.

The targets in figure 1 at a minimum level can be reached by improvements in terms of socio-economic and environmental criteria in comparison to conventional products as described below:

Certification or verification:

The claim for 100% sustainable sourcing of fruit and vegetable derived juices, purees and their concentrates by 2030 shall be based on:

- **Social compliance in primary production:** a sustainability certification or verification that is at least equivalent to SAI/FSA Bronze and which is based on 3rd party auditing as defined by SAI/FSA.

AND

- **Environmental compliance in primary production:** a sustainability certification or verification that is at least equivalent to the SAI/FSA Bronze and which is based on 3rd party auditing as defined by SAI/FSA.

A basket of standards that may be used to reach the desired level can be found at the SAI Platform website.

AND

- **Social compliance in processing:** a sustainability certification or verification that is at least equivalent to ETI/SMETA 4-Pillar or SA8000 and which is based on 3rd party auditing.

Environmental compliance criteria for processing might be added at a later stage. A credible benchmarking method will be used for that purpose. These could also be industry or country standards⁵.

Issue Mitigation:

Issue mitigation will be based on:

1. Sustainability issue mitigation approaches as agreed upon by the Steering Committee of the fruit and vegetable derived juices, purees and their concentrates covenant. Suitable tools and methodologies will be developed or selected under the guidance of the Steering Committee. In 2030 concrete and significant improvements should have been achieved through (voluntary) projects in production areas aimed at addressing relevant sustainability hotspots. In some cases, individual companies cannot resolve these hotspots. The Steering Committee will play a decisive and guiding role in setting targeted measures and will annually establish a project agenda where needed.

⁵ New standards are required to pass the benchmarking process via GSCP (<http://www.gscpnet.com/>) or an equivalent benchmarking tool.

2. Some strategic issues have been defined, which are described below. The Steering Committee plays a guiding role in establishing a project agenda on an annual basis to tackle these issues.

Strategic Issues:

Strategic issues that will be the focussed on (“sustainability hotspots”) are:

- (1) **Smallholder inclusion:** (build capacity, knowledge, productivity, access to finance, linkage to market) facilitating access for small-holder farmers to necessary inputs for sustainable production of fruit & vegetables and linking them to markets
- (2) **Health and safety:** addressing working conditions along the production chain of processed fruit & vegetables. The application of integrated pest management is one of the priorities.
- (3) **Living wage:** addressing the issue of low-paid workers along the production chain of processed fruit & vegetables. A research agenda will be set up to identify interventions and implement it.
- (4) **Soil erosion and degradation:** decreasing erosion and degradation of soils while increasing carbon absorption
- (5) **Climate resilience:** restoring biodiversity, hydrological systems and topsoil to create resilient ecosystems that are restorative by design

Projects should address at least one of the above mentioned strategic issues; project reporting should be done on the addressed issues.

Figure 3 shows the strategic issues and potential solutions that could be adopted from a short- and long-term perspective.

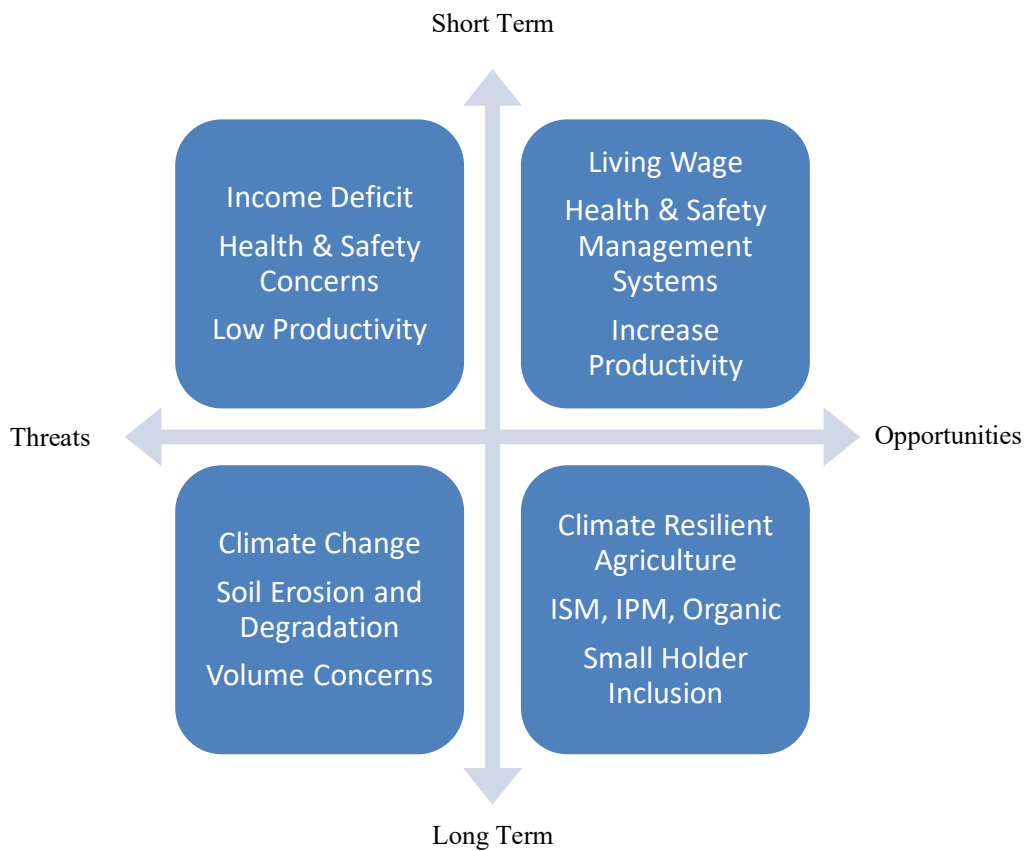


Figure 3: Strategic issues and solutions

The parties commit:

1. To achieve the ambitions, as described in the purpose of the covenant, the covenant parties commit to making certain efforts. These efforts are twofold: efforts increasing sustainability of its own national and international supply chains and also the preferred implementation of joint projects that are quantitatively measurable (SMART) as much as possible.
2. The covenant parties will support the implementation of the objectives and approach and will bring the capabilities of the covenant to the attention of their producers/farmers, traders, processors, brands and retailers.
3. The covenant parties will encourage their producers/farmers, traders, processors, brands and retailers to initiate and support the desired supply chain initiatives/projects.
4. The covenant parties will – based on observations from members, producers/farmers, traders, processors in the field – contribute to drafting a research agenda on the development of sustainable products.

Contribution

1. Participating private sector parties (either individually and/or jointly through AIJN) contribute through an annual membership fee based on a budget approved by the General Assembly to cover the costs of managing the covenant and carrying out pre-competitive activities.
2. IDH will co-fund this private contribution, based on the yearly budgets approved by the General Assembly, with 75% in 2017, 50% in 2018 and 25% in 2019, with a maximum of € 100.000 over 3 years. Pre-competitive activities that fall outside of the scope of IDH (e.g. risk studies into sourcing from developed countries) cannot be co-funded however.
3. In addition, participating private sector parties will cover the cost of the annual verification of the volumes each company reports as sustainably sourced.

Steering Committee

A Steering Committee consisting of representatives of the parties to the covenant has been established.

1. The Steering Committee is consisting of 7 people (1 person representing producers/farmers, 1 person representing trade, 2 persons representing processors/brands, 1 person representing retail, 1 persons representing civil society organizations and 1 person representing IDH).
2. The Steering Committee will take on both a guiding and advising role with respect to the pre-competitive projects that will be implemented.
3. The Steering Committee meets at least 2 times a year, but preferably 3-4 times a year in person and/or via conference calls.
4. Other interested parties, who later wish to join the covenant, will make their request hereto to the Steering Committee, with a motivation of their contribution to this covenant. The final decision on the accession of new parties is taken by the Steering Committee.
5. At the start IDH will be functioning within the Steering Committee as an independent chair.

Monitoring and evaluation

1. All parties of the covenant will report yearly from 2018 to 2030 about the progress on achieving the targets set in the agreement. The progress is reported to IDH and to the General Assembly, at aggregated level, and confidentially on private sector parties specifically to IDH only. Additionally, the measurement in 2018 will serve as a baseline measurement.
2. A third-party institution will be assigned to carry out the evaluation of progress and monitoring according to the covenant targets.
3. A research agenda will be proposed by the General Assembly based on a proposal of the Steering Committee, of research related questions concerning the continued development and introduction of sustainable products. This will focus mostly on general pre-competitive

questions that different individual companies may have (this will be further specified by the covenant parties).

Role of supporting parties

- 1. IDH supports the covenant parties in achieving the objectives specified in the covenant by means of:**
 - a. Coordinating the implementation of the covenant and co-guaranteeing the achievement of the objectives of the covenant. This includes leading the process, organization of the Steering Committee meetings and expanding the coalition⁶;
 - b. Raising awareness in key producing countries, this is done by the involvement and the search for support by and partnerships with relevant local authorities, ministries and embassies;
 - c. Develop a project portfolio as well as ensuring the monitoring and evaluation of these projects.
 - d. Delivering a supply risk analysis for selected product-market combinations.
 - e. Co-financing, (i.e. financing by IDH for producer support projects with the aim to address specific bottlenecks in the sector in relation to the investment from the private sector parties. These projects should directly contribute to achieving the objectives of the covenant. Parties cannot be forced to join projects. Financing by IDH is only applicable for product from Central and South America, Africa and Asia;
 - f. Develop a research agenda based on impact studies for further sustainable development of the sector.

- 2. By signing the covenant, Civil Society Organizations commit to support the private covenant parties in achieving the objectives specified in the covenant by means of one or more of the following:**
 - a. Provide budget and technical assistance to develop proposals for support projects
 - b. Develop plans and implementation of projects with covenant parties and other chain partners in different regions to increase sustainability in selected subsectors;
 - c. Contribute to clarifying the effects of interventions by playing a role in monitoring and evaluation;
 - d. Active contribution in the field of communication to bring this industry-wide initiative in general and best practices in particular to the attention of a broad audience.

- 3. By signing the covenant, standard Organizations commit to support the private covenant parties in achieving the objectives specified in the covenant by means of:**
 - a. Contributing their expertise to the implementation of the covenant;

⁶ After a successful startup phase IDH wants to develop a more independent covenant governance model. This could be developed along the lines of a self-supporting governance structure as is done in the Floricultural Sustainable Initiative (<http://www.fsi2020.com/>).

- b. Active contribution in the field of communication to bring this industry-wide initiative in general and best practices in particular to the attention of a broad audience.

Parties are free to leave the covenant. If parties do not adhere to the covenant requirement, IDH will help to adhere, however if a party does not want to it has to leave the covenant.

The covenant parties commit to the abovementioned goals.

For:

For: IDH – The Sustainable Trade Initiative

Signature

Signature

Represented by:

Represented by:

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Mr Daan Wensing

Function:

Function:

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CEO

Date:

Date:

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