**FRUCOM SUSTAINABILITY WORKING GROUP**

**10th April 2024 16.30 -18.30 CET (Brussels) time**

Electronic meeting **on zoom**

**Meeting Agenda and Report**

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|  | Chair: **Burcu Turkay** Global Head of Sustainability for Nuts, ofi. |  |
|  | * Opening of the meeting, approval of agenda and minutes | 16:30-16:35  Chair |
|  | * Traceability for sustainable food supply chains   **Emanuele PITTO** *International Relations Officer, DG Environment, European Commission*  **Burcu TURKAY** *Global Head of Sustainability for Nuts, ofi (Olam Food Ingredients)*  **Remmelt JONGKIND** *Group Director (Europe) Princes Food*  Questions and Answers | 16:35 – 17:40 |
|  | * FRUCOM updates | 17:40 – 18:15 |
|  | * A.O.B., conclusions and agreement on actions * Topics for next meetings | 18:15 Chair |

**Report**

**FRUCOM Members Update**

* FRUCOM updates were provided on the template for a Compliance Checklist on food and sustainability policies and accompanying visual. Participants approved the template and for other products , and members are requested to provide feedback on this.
* The updated risk assessment for various products such as tuna, tree nuts, grapes (raisins), mandarins, pineapple, pepper, and plums were presented. FRUCOM would like to share best practices to address identified risks for various products, and welcomes members’ feedback and contributions on the risk assessment and best practices.
* FRUCOM members were also requested to provide feedback on whether FRUCOM should continue to monitor the Corporate Sustainability Due Diligence Directive (as the threshold for application is companies of over 1000 employees + a turnover of more than EUR 450 million) – two members of FRUCOM would fall within this scope.
* The annual in-person meeting this year in Brussels on October 18th with a sustainability session. Topics of interest include sustainability reporting and practical obligations for import trade resulting from new EU legislation.

**Emanuele PITTO** *International Relations Officer, DG Environment, European Commission*

**Deforestation Regulation and Sustainability**

* Mr. Emanuele Pitto presented on the EU deforestation regulation, its policy rationale, main features including traceability, and examples of its effects on the ground before its rules are applicable.
* Regulated commodities and products include palm oil, soy, wood, cattle, cocoa, coffee, rubber, as well as derived products such as chocolate, furniture, tires, and printed products. However, there is an exception for paper-based packaging where this is being used to hold goods, and derivative products from the regulated commodities which are *not* listed in the legislation (e.g. chocolate flavoured drinks). Namely, if the CN code of a product is not listed in Annex I of the Regulation, then this product is not within the scope of the EUDR.
* Due diligence obligations require operators and traders to ensure their products are both deforestation-free and legal.
* An EU Observatory on Deforestation has been established to provide information on areas that were forested as of the cut-off date.
* Positive effects of the regulation are already being seen, with the development of traceability schemes worldwide for various commodities.
* On the impact of the EUDR on smallholders, whilst there are challenges in terms of compliance with the traceability obligations and smallholders may sometimes be in a more difficult position relative to large landholders, one of the insights from the EUDR is that smallholders are the first to benefit from increased transparency of supply chains,
* In terms of the interplay of due diligence and traceability across different EU policies, one is a regulation that is based on clear supply chains, and it is based on the placing on the market of a specific set of commodities. The CSDDD was supposed to act as a sort of a comprehensive horizontal framework for due diligence, whereas the deforestation regulation is a sort of a *lex specialis* so it only applies where specific commodities are placed on the market. But the two are complementary – one is the horizontal framework, and the other one is more specialised. However, the debate around the CSDDD is not over and it remains to be seen what its eventual content will be.
* Mass balance is not possible within the traceability methodological approach used in the EUDR.

**Burcu TURKAY** *Global Head of Sustainability for Nuts, ofi (Olam Food Ingredients)*

**Traceability and Supply Chain Management**

* Traceability is a crucial aspect of the ofi business model, playing a key role in ensuring sustainable sourcing.
* Digital systems such as the Olam Farmer Information System (OFIS) and Geo-Special Intelligence are used to register farmers, capture GPS locations of farms, and identify potential deforestation risks.
* These digital tools aid in the creation of a comprehensive farmer database that promotes transparency and accountability in the supply chain.
* Olam Direct is a procurement and segregation tool that ensures the traceability of products from procurement to delivery.
* AtSource is another digital tool used for managing sustainability efforts and providing customers with access to traceability information.
* The company's traceability process starts with supplier information, identifying the farmers and connecting them to the procurement process.
* Lot data is tracked upon procurement to enable lot-wise traceability from farm to processing facilities.
* The traceability information includes details on warehouses, processing, packaging, transportation, and sales to customers.
* All this information is shared with authorities in the EU and can be accessed by customers through the Outsource system, fostering a high level of transparency.
* Geo-special data layers are monitored to ensure farm cleanliness, including deforestation monitoring through Global Forest Watch and field verification.
* Risk assessments are conducted to identify high-risk farms and implement mitigations, ensuring the sustainability of the supply chain.
* Global Forest Watch Pro is used for spatial assessments and monitoring deforestation risks. This tool aids in identifying and addressing potential environmental risks associated with farming practices.

**Remmelt JONGKIND** *Group Director (Europe) Princes Food*

**Sustainability and Human Rights in the Supply Chain**

* The Princes Group is responsible for over 250,000 people across 5,542 sites, ensuring ethical working conditions throughout their supply chains.
* Transparency and trust are being built through effective purchasing practices and comprehensive supply chain mapping – traceability is central to building trust.
* The organisation is actively working with suppliers to ensure equality and fair wages across all levels of the supply chain.
* Employees are provided with training on ethical principles, following SIPS ethical training courses to ensure a thorough understanding of ethical practices.
* A human rights impact assessment has been conducted in beans and pulses supply chains in Latin America, with the aim of identifying and addressing potential issues.
* There is a specific focus on sustainability in tomato production in Southern Italy, with measures being implemented to ensure sustainable practices.
* The organization is collaborating with universities to determine fair prices for their products and to improve water stewardship in their operations.
* Introduction of blockchain traceability approach for enhanced transparency and trust across the supply chain.
* Building capability and resilience through training and collaboration with suppliers, with a focus on recruitment and care of expatriate employees in different countries.
* Working closely with suppliers to achieve ESG goals and improve overall sustainability in the supply chain.

List of Participants

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| **Name** | | **Organisation** |
| ANZER | Walter J | **Anzer Consulting / BFIDA** |
| ASCIOGUL | Oguz | **Aegean Exporters Association** |
| BOULOVA | Anna | **FRUCOM** |
| CALMEJANE | Daniel | **Saint Louis Sucres** |
| CAN ÜNAL | Ümit | **Black Sea Exporters Association** |
| COSCONERA | Anna | **Borges International Group** |
| DICKESON | Kelly | **INC** |
| FABIANI | Antonio | **Assozucchero** |
| GASCHLER | Eugen | **Agrana Group** |
| GIRONÈS | Irene | **INC** |
| GONNERMANN | Jeanette | **Waren-Verein** |
| GRIMMINGER | Mara | **European Commission** |
| GROOT | Joren | **Do It Organic** |
| HADZIEFENDIC | Amila | **Waren-Verein** |
| IRELAND | John | **Czarnikow** |
| JONGKIND | Remmelt | **Princes** |
| KRAUS | Stefan | **Otto Franck Import GmbH & Co. KG** |
| KULKARNI | Abhijeet | **Almond Board of California** |
| LEBAS | Franck | **Kinay Fruit** |
| LUDWIG | Gabriele | **Wonderful** |
| MCKERCHAR | Louise | **American Peanut Council** |
| MODZI | Socrates | **ofi** |
| MOFOLO | Lebo | **FRUCOM** |
| MORENO | Irene | **Importaco** |
| NICOLIN | Vincent | **Kinay Fruit** |
| NIEMANS | Barbara | **NZV** |
| NISSEN | Jason | **Wonderful** |
| NNADI | Chinwe | **FRUCOM** |
| OSMAN | Hasan Sabir | **Black Sea Exporters Association** |
| OTT | Alexander J. | **American Pecan Council** |
| PITTO | Emanuele | **European Commission** |
| PLETS | Lieven | **Wonderful** |
| RICCARDO | Calcagni | **Besana group** |
| ROUMEGOUX | Kyo | **Sucre Plus** |
| SEIXAS | Rafael | **Bonsucro** |
| SCHLUETER | Vincent | **Schlüter & Maack** |
| SUBIZA | Alexandra | **Sucre Plus** |
| THEISS | Ivo | **ED&F Man** |
| THIEME | Peter | **Gloe & Zeitz B.V.** |
| TORAMANOGLU | Sertac | **Black Sea Exporters Association** |
| TURKAY | Burcu | **ofi** |
| VAN AELST | Geert | **Südzucker** |
| VAN OOIJ | Sander | **Delinuts** |
| VANDERSWALMEN | Heidi | **Wonderful** |
| VASSEROT GONZALEZ | Maria Isabel | **Azucarera** |
| VON BUSSE | Marcus | **Worlée NaturProdukte GmbH** |
| ZIMMERMANN | Katharina | **Waren Verein** |
| ZURLI | Martina | **FRUCOM** |