

MEMORANDUM OF UNDERSTANDING

ON THE PROVISION OF NUTRITION INFORMATION & INGREDIENTS LISTING

OF SPIRIT DRINKS SOLD IN THE EU

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MEMORANDUM OF UNDERSTANDING ON NUTRITION INFORMATION AND INGREDIENTS LISTING OF SPIRITS SOLD IN THE EU

PREAMBLE

On 12 March 2018, seven trade associations¹ representing producers of spirits, wine, cider and beer presented a joint voluntary commitment – the "Self-regulatory proposal from the European alcoholic beverages sectors on the provision of nutrition information and ingredients listing"² - to Health Commissioner Vytenis Andriukaitis. The voluntary commitment encompassed six general principles and pledges on how to move forward. In its sector-specific annex³ to the joint document, spiritsEUROPE committed to ensure that, by the end of 2022, information on the nutrition and ingredients of all spirits sold in the EU is made available to consumers, thus sooner than if mandated by legislation.

Following constructive discussions with the European Commission, the spirits sector agrees to adhere to a number of additional commitments. Consequently, and building on the initial commitments, the signatories adopt this Memorandum of Understanding (hereinafter referred to as "MoU") which sets up commitments on the provision of the energy value and list of ingredients on spirits drink and sets out a number of specific principles and rules with regards to the questions of how energy information should be provided on the label and in which manner ingredients should be listed online.

In doing so, the overall aim is to put forward a common understanding and formulate an ambitious self-regulatory approach that takes into account consumer information needs as well as sector-specific aspects and the existing legal framework so that economic operators across the EU are provided with the necessary clarity and guidance on how to move forward on this issue in a swift, coherent, and inclusive manner and implement the rules and principles within the agreed timeline.

This MoU is agreed in good faith between the signatories, on the basis that it is a fair and honest representation of their intentions. As such, this MoU is fully in line with the Better Regulation Guidelines, in particular the principles referred to in the field of self- and co-regulation in facilitating and promoting the establishment of such MoUs. The signatories recognise that the signatory association that has signed the MoU is not entering into obligations on behalf of its members.

This MoU is not legally binding and does not now nor in the future create any contractual or precontractual obligations under any law or legal system. Nothing in this MoU shall be construed as creating any liability, rights, waiver of any rights or obligations for any parties or as releasing any parties from their legal obligations. This MoU shall not be construed in any way as replacing or

¹ AICV, The Brewers of Europe, Comité Européen des Entreprises Vins – CEEV, CEVI, COPA COGECA, EFOW and spiritsEUROPE.

² Self-regulatory proposal from the European alcoholic beverages sectors on the provision of nutrition information and ingredients listing

³ Spirits sector annex to the self-regulatory proposal from the European alcoholic beverages sectors on the provision of nutrition information and ingredients listing

interpreting the existing legal framework. This MoU is not to be used as, or form part of, evidence in any legal proceedings.

I. PURPOSE

- 1. The purpose of this MoU is to reply to consumer expectations regarding the provision of the energy value and list of ingredients on spirit drinks. For this purpose, the MoU establishes best practices and affirms commitments to implement them. The MoU will also set an example for other stakeholders of the sector that are not signatories to this MoU.
- 2. This MoU sets out that information on nutrition and ingredient listing will be made available to consumers in the EU for spirit drinks within the timeframes and according to the specifications of the MoU outlined below.
- **3.** The MoU is without prejudice to other initiatives aiming at the provision of information on nutrients and ingredients of spirit drinks to consumers.

II. COMMITMENTS

Individual signatories

- **4.** Signatories directly responsible for the labelling of spirit drinks placed on the EU market commit to:
 - provide the energy value on-label per 100ml and also per serving size;
 - provide energy labelling following the indications included in the Annex I;
 - ensure that, six months after the signature of this MoU, the new labels of spirit drinks placed on the EU market will provide energy information in visual form (icons) based on average nutritional values on the basis of generally established data;
 - may use and sell without any time limit until exhaustion of stocks any remaining labels and finished products labelled prior to this deadline;
 - provide the ingredient list online according to the criteria and elements proposed in the Annex to this MoU;
 - provide the list of ingredients as digital support in a way that it is easily and directly accessible as a proper e-label, e.g. as a bar-code or a QR-code (and not just indirectly accessible or "hidden" within a marketing platform or page for the product/producer);
 - complement the list of ingredients by the provision of on-line information on the (EU) legal definitions of spirit drinks categories including mention of authorised raw materials as outlined in Annex II.

Associations

- **5.** The signatory associations commit to undertake their best efforts to make their members fully aware of these indications and encourage them to respect the principles and specifications outlined in the MoU. The signatory associations will support and encourage their members' implementation so as to trigger a highly dynamic roll-out process. The signatory associations will provide to their members further specific guidelines for the implementation of this MoU.
- 6. The signatory associations undertake to encourage their members to sign the MoU individually.

Target

- 7. The objective is to ensure that the collective total EU market share (by volume) of products placed on the EU market providing *energy information on-label and list of ingredients online* will constitute at least:
 - $\circ\,25$ % by 31 December 2020
 - \circ 50 % by 31 December 2021
 - \circ 66 % by 31 December 2022
- 8. The progress towards reaching the objective set out in point 7 will be measured regularly based on the parameters set out in Annex I.3. to this MoU.⁴
- **9.** This will have a significant impact on the entire sector, and it is expected that other producers will follow suit when they manage to overcome the financial and logistical challenges attached to the process. For small and medium-sized producers, it is understood that it will take them more time to move into that direction.

III. MONITORING, ASSESSMENT AND FOLLOW-UP

- **10.** The signatories agree to measure the effectiveness of the MoU by reporting of their efforts to apply their commitments and by monitoring the impact of the MoU on the market.
- **11.** Individual signatories agree to transmit all relevant information to the signatory association.
- **12.** Signatory companies together with spiritsEUROPE commit to produce aggregated data for further use.
- **13.** The signatories shall ensure transparency of the process and publication of data as regards the implementation of the MoU through a dedicated website. This website will include the list of signatories and will be updated if necessary.

⁴ The uptake will be measured as EU-wide average, differences in the uptake between Member States may occur.

III.A. MONITORING THE SIGNATORY'S EFFORTS UNDER THE MoU

- **14.** Signatories commit to inform the European Commission, on an annual basis, on the concrete efforts they have put in place to comply with the commitments set out in section II of the MoU.
- **15.** To deliver on our commitment, the signatories of the MoU developed Key Performance Indicators (KPIs) to measure its ambitious implementation. Annually, after entry into force of this MoU, figures will be published and presented to the European Commission on:
 - Stock Keeping Units (SKUs) placed on the market including on-label energy information
 - Relative number of SKUs labelled of all SKUs on market
 - Average time from placing on the market to being available for retail purchase by the final consumer



16. Implementation Timeline:

III.B. MONITORING THE MoU'S IMPACT ON THE MARKET

- **17.** The signatories commit to collect and discuss information analyzing the on- and off-label provision of information on nutrition and ingredients, such as documents and reports prepared, which is relevant to the work under the MoU.
- 18. CHANGES: Any changes to this MoU must be agreed by all signatories.
- **19.** ENTRY INTO FORCE: This MoU will become effective and will enter into force on the day of signature.

III.C. ASSESSMENT

20. The signature of the MoU will be followed by regular assessment involving the European Commission and the signatories. Two meetings per year shall be held to analyze progress and implementation until the 100% target is reached.

- **21.** After the end of the assessment period, the signatories will meet annually to review the MoU and to take further steps if necessary.
- **22.** Meetings may be held more frequently should this be deemed necessary to discuss the functioning of the MoU.
- **23.** Reports may be drawn up to take stock of the MoU's functioning and effectiveness. All signatories should be consulted on any report evaluating the functioning and the effectiveness of the MoU.
- **24.** The signatories agree to co-operate with the European Commission in assessing and reporting on the functioning of the MoU. This cooperation will include:
 - making available relevant information to the European Commission upon request;
 - informing the European Commission of the signature or withdrawal of any signatories;
 - responding to the European Commission's questions and consultations;
 - discussing the above-mentioned assessment and reports in meetings of the signatories and;
 - inviting the European Commission to all such meetings.

All signatories and the European Commission should be consulted on any report evaluating the functioning and the effectiveness of the MoU.

V. SIGNATORIES

- **25.** The MoU only applies to its signatories. Candidate additional signatories must present their activities to the existing signatories and indicate how they intend to comply with the MoU commitments.
- 26. A signatory may withdraw from the MoU at any time, by notifying the other signatories.
- **27.** Each signatory may at any time inform the other signatory/signatories that it believes a signatory is not complying with the principles of the MoU, and of the grounds for this belief. The signatories may decide to consider the matter in a plenary meeting.
- **28.** The signatories may indicate on their websites or in commercial or other communications that they have signed the MoU. They can take all reasonable measures to make their business contacts aware of the existence of the MoU.

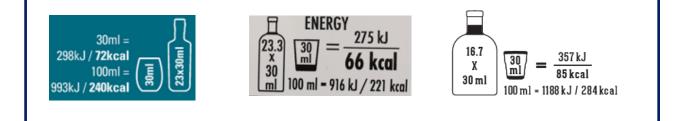
ANNEX I – ENERGY LABELLING

1. GENERAL PRINCIPLES

- Information stating the energy value shall be printed on the label in such a way to ensure easy visibility and clear legibility. Calories information could be provided on front or back label.
- Energy value may be expressed with numbers and words or icons or symbols.
- The energy value shall be expressed:
 - a) per 100ml; and
 - b) per consumption unit, provided that the unit used and the number of units contained in the package is stated. The proposed consumption unit by default will be 30ml. A different consumption unit may be used if existing national legislation requires, or a different consumption unit has been agreed for such categories. The consumption unit for such categories shall be recommended by spiritsEUROPE guidelines.
- The energy value shall be that of the product as sold. The declared value shall, according to the individual case, be average values based on the producer's analysis of the product calculated using the conversion factor listed in ANNEX XIV of Regulation (EU) 1169/2011 on the provision of food information to consumers, or a calculation from "generally established and accepted data". spiritsEUROPE will provide guideline on the calculation of energy content of spirits.

Illustrative examples of how on-label energy information could be provided for spirits

- The illustrations below are for indicative purposes only; in terms of display, colour, and shape the provision of the information may be adapted to the shape and colours of the bottle, labels and/or the brand image.
- \circ The font must be easily legible.
- *Minimum font size for lowercase written text is 1.2mm. Calories information per kcal can be emphasized.*



2. SCOPE OF IMPLEMENTATION

- The commitment to provide calories information on-label in accordance with this MoU will be implemented for products placed on the market of the European Union. The following shall be exempted from the scope of implementation:
 - Miniatures and small bottles which are 35cl and less in size; and
 - Gift box and/or outer-packaging

3. IMPLEMENTATION TIMELINE BY THOSE PRODUCERS WHO CHOOSE TO PROVIDE INFORMATION ON LABEL UPON THE MOU SIGNING

- Six months after the signature of this MoU those producers who choose to provide energy information on label, will ensure that the new labels will provide such information in visual form (icons) based on average nutritional values on the basis of generally established data. Any remaining stock of labels and finished products labelled prior to this deadline can be used and sold without any time limit until exhaustion of stocks.
- The implementation of this MoU is based on the following understanding:
 - a. <u>Rationale for the proposed timeline:</u>
 - First milestone: 12 months after the kick-off date of the implementation (6 months after signature of the MoU)
 - Subsequent milestones: annually
 - b. Parameters for the calculation of these targets:
 - Parameters for the calculation of the Key Performance Indicator (KPI) collective EU total market share of products (by volume) providing energy information on label and ingredient listing on-line:
 - "by volume" = (expressed in total hl) total annual volume of brands marketed in the EU in the previous year of reference whose ingredients list and energy information are actually available
 - "products" = spirit products under heading NC2208 (same as in available data IWSR)
 - "providing energy information" = bearing energy information on label
 - "providing ingredients on-line" = ingredients information actually available on-line (own producers' platforms and/or third-party platforms, indistinctly)
 - \circ "25%" = of the total aggregated annual volume of brands marketed in the EU in the previous year of reference according to IWSR (2019)
 - \circ "50%" = of the total aggregated annual volume of brands marketed in the EU in the previous year of reference according to IWSR (2020)
 - \circ "66%" = of the total aggregated annual volume of brands marketed in the EU in the previous year of reference according to IWSR (2021)

ANNEX II – ONLINE INGREDIENT LIST

1. KEY INFORMATION

- The declaration of ingredients shall be made according to the definition provided in Regulation 1169/2011. In line with this, there is no obligation to declare processing aids (if used).
- The declaration of additives shall be made according to the respective provisions made in EU Regulations 1169/2011 and 1333/2008.
- The declaration of flavors shall be given according to EU Regulation 1334/2008.
- The declaration of main classical ingredients shall be given according to EU Regulation 1169/2011.

2. DECLARATION OF ADDITIVES

The declaration shall be made according to FIC Regulation 1169/2011, Annex VII, part C: designation by the name of their category followed by their specific name of E number and Regulation 1333/2008.

For example: 'Color: plain caramel' OR 'Color: E150a'.

Category and main function can be supported by the codex CAC/GL 36-1989 amended in 2015.

3. DECLARATION OF FLAVOURS

Declaration according to Regulation 1169/2011 Annex VII part D: designation of flavorings in the list of ingredients and Regulation 1334/2008.

4. DECLARATION OF MAIN CLASSICAL INGREDIENTS

4.1. ALCOHOL BASE

There are no specific provisions in Regulation 1169/2011 (Annex VI) concerning the alcohol base description. The authorized alcohol base and agricultural raw materials are addressed in the EU Spirit Drinks Regulation 110/2008. Therefore, Article 17 of Regulation 1169/2011 should apply, in accordance with an official definition (on EU spirit drinks regulation 110/2008 or other) as long as it is not misleading to the consumer.

According to the applicable provisions in Regulation 1169/2011, raw materials used for the production of spirits are not to be considered ingredients, in so far as they are no longer present in the final product as such or under an altered form.⁵ The commitment outlined below to include information on raw materials for certain spirits categories in the online ingredient list is made without prejudice to the legal definition of ingredients in Regulation 1169/2011 and is understood and recognized by the signatories as a voluntary information provided to the consumer.

A) The alcohol component shall be listed as either "ethyl alcohol"; "alcohol distillate"; "distilled alcohol"; or "distillate". It can be listed either:

a. alone; or

b. followed by the wording: "from agricultural origin" (i.e. "ethyl alcohol from agricultural origin", "alcohol distillate from agricultural origin", "distilled alcohol from agricultural origin" or "distillate from agriculture origin").

⁵ For this reason, clear indication can be provided online of non-allergenicity of the product.

- B) For mono raw material spirit categories 1-14 (according to Regulation 110/2008) the alcohol component shall be listed together with the raw material (e.g. "cereal", "wine", "fruit" etc.) (i.e.: "wine distillate" for brandy; "cereal distillate" for whisky; "molasses" or "sugar cane distillate" for rum; "apple distillate" for fruit spirit);
 - i. This mention can be supplemented by the category name using brackets: i.e.
 - "whisky (cereal distillate)"; or "cereal distillate (whisky)"
 - "brandy (wine distillate)"; or wine distillate (brandy)"
 - "rum (molasses / sugar cane distillate)": or "molasses / sugar cane distillate (rum)"
 - "fruit spirit (apple distillate)"; or "apple distillate (fruit spirit)"
 - ii. The generic raw material (i.e. "cereal", "wine", "fruit") may be replaced or supplemented by one or more of actual varieties (i.e. "grain"; "barley"; "chardonnay grape"; "Poire Williams").

spiritsEUROPE will deliver specific guidelines to its members on the different available options on how to indicate raw materials for each of these 47 categories.

C) for Vodka (category 15), the alcohol component shall be listed together with the raw material, even in the case of the raw material being grain and/or potato, which is not required by EU law. This mention can be supplemented by the category name using brackets: i.e.

- "vodka (cereal distillate)"; or "cereal distillate (vodka)"; or
- "vodka (potato distillate)"; or "potato distillate (vodka); or
- "vodka (potato and cereal distillate)"; or "potato and cereal distillate" (vodka).

D) Illustrative examples of how ingredients would be listed for different categories, e.g.: <u>For whisky:</u>

- Ingredients: whisky (cereal/grain/malt distillate, water), colorant: plain caramel
- Ingredients: cereal/grain/malt distillate, water, colorant: plain caramel
- For vodka:
 - Ingredients: vodka (cereal/grain/rye/potato/wine distillate, water)
 - Ingredients: cereal/grain/rye/potato/wine distillate, water

For gin:

- Ingredients: gin (distillate of botanicals and grain, water)
- Ingredients: distillate of botanicals and grain, water

Other information describing the alcohol base could be added if they are not misleading to the consumers according to the Article 7 (Regulation 1169/2011).

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4.2. WATER

Declaration according to the Regulation 1169/2011 Annex VII part A point 1.

4.3. SUGAR IN GENERAL

Declaration according to Regulation 1169/2011 Annex VII part B point 11, 12 and 13.

4.4. SPICE AND HERBS

Declaration according to Regulation 1169/2011 Annex VII part B point 7 and 8.

Paris, 4 June 2019