

Ready for Due Diligence: the German Coffee Association's joint approaches to sustainability regulations

29 June 2023 | Dr Charlotte Heyl



The Age of Sustainability Regulations

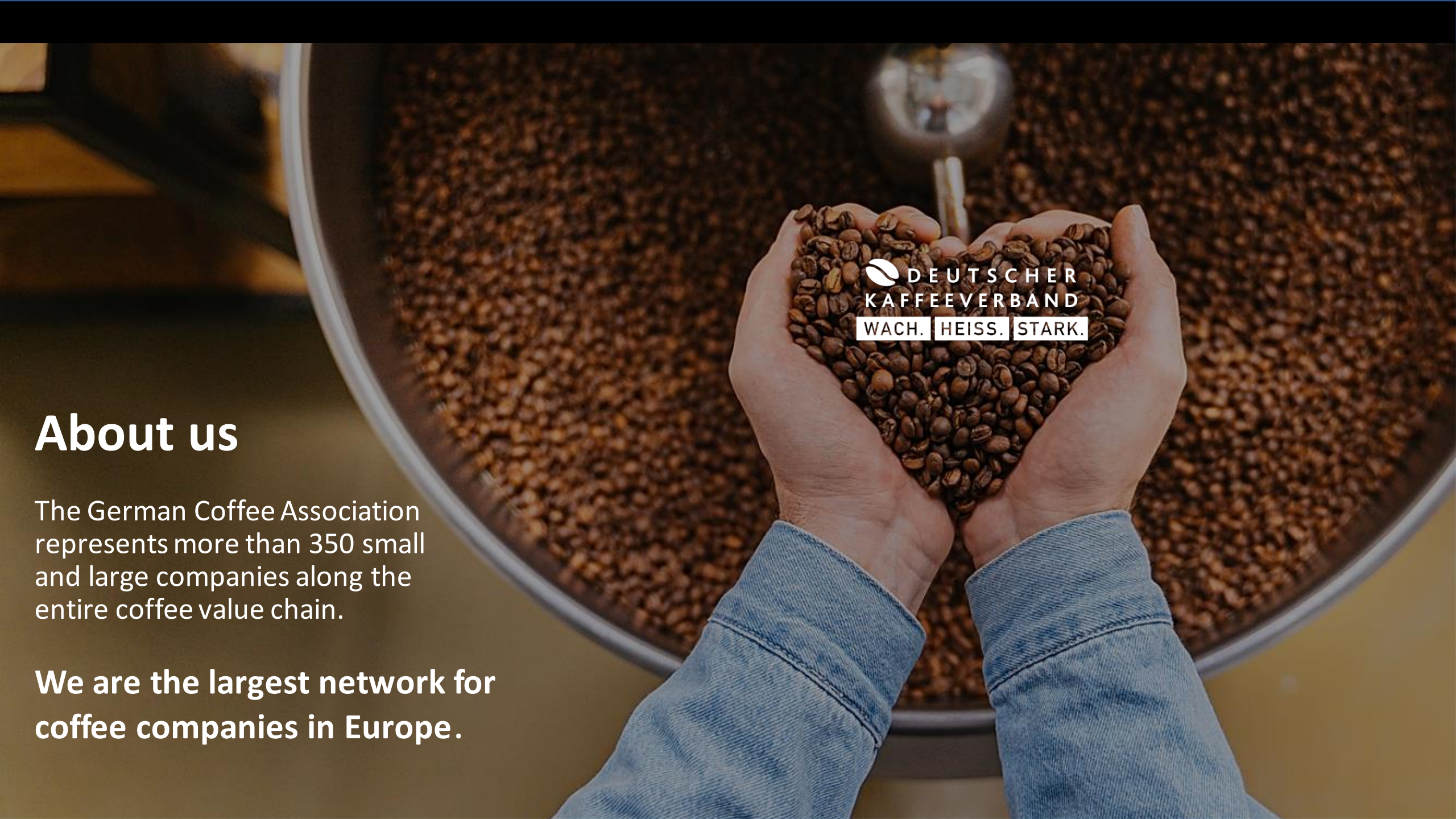


EU
Deforestation
Regulation

Ban of Forced
Labour
Regulation

LkSG -
German
Supply Chain
Act

Corporate
Sustainability
Due Diligence
Directive (CS3D)



 DEUTSCHER
KAFFEEVERBAND
WACH. HEISS. STARK.

About us

The German Coffee Association represents more than 350 small and large companies along the entire coffee value chain.

We are the largest network for coffee companies in Europe.

Our coffee community

 **DEUTSCHER
KAFFEEVERBAND**

WACH. HEISS. STARK.



sustainability
organisations



coffee-financing
banks



shipping & logistics com-
panies / warehousing
prov.



green coffee traders,
agents and brokers



more than 150
Specialty roasters



(almost) all large
brand roasters



decaffeinators



manufacturers of roasting
facilities & equipment
tech.



food laboratories



producers/dealers of
coffee and vending
machines



manufacturers of
instant coffee



packaging
manufacturers



coffee online shops

The German coffee sector:

- **1.1 million tons** of green coffee were imported into Germany in 2021.
- Germany is the **coffee products exporter powerhouse**.
- Coffee is Germany's favorite!



German Act on Corporate Due Diligence Obligations (LkSG)

- Scope of application:
 - 1 January 2023: Companies with $\geq 3,000$ employees
 - 1 January 2024: Companies with $\geq 1,000$ employees



Own business area



Direct supplier

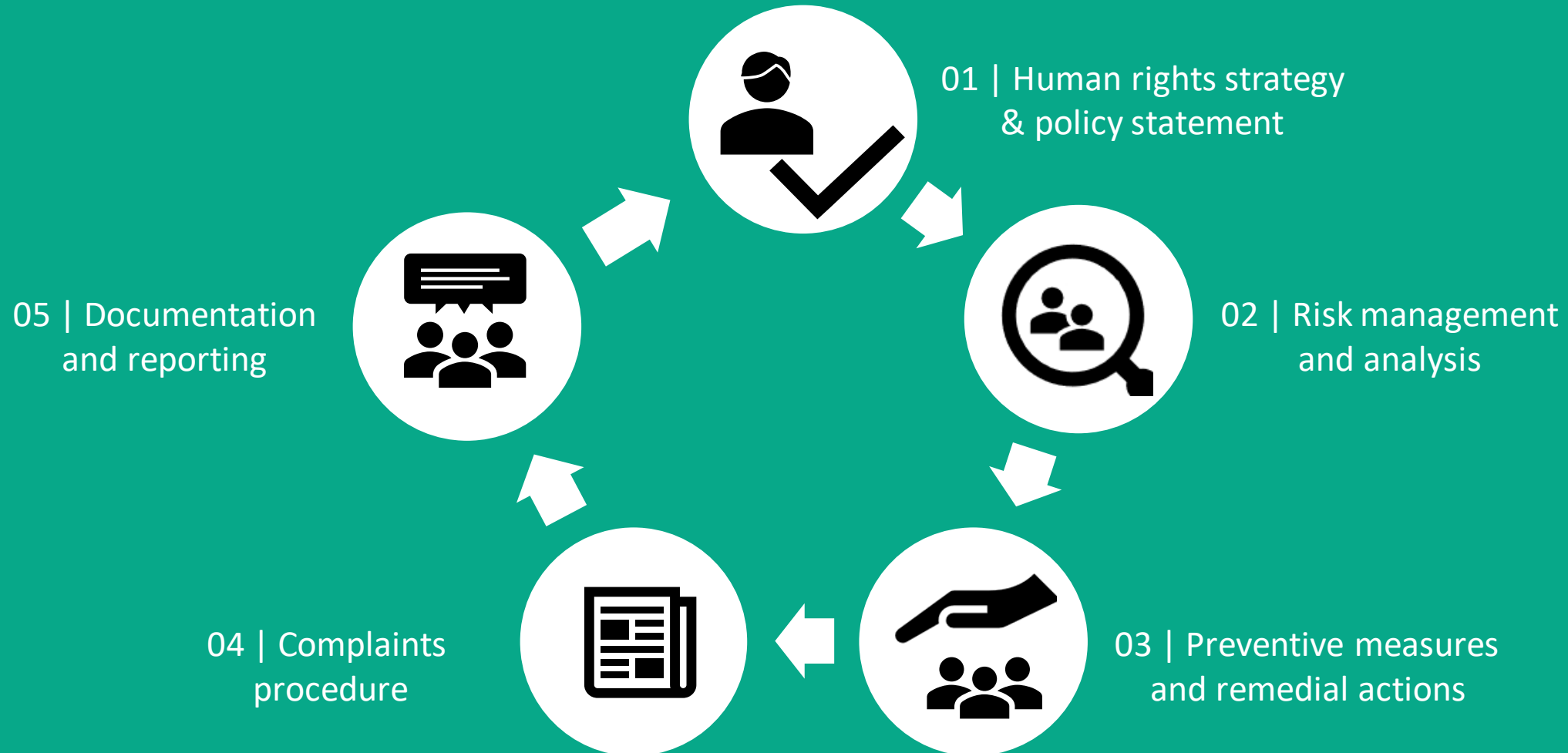


Indirect supplier



Indirect supplier

German Act on Corporate Due Diligence Obligations (LkSG)



Early Supporter of LkSG: German Coffee Association

- Enables common speed in the coffee sector
- Sustainability across the board



LKSG

LKSG



Measures:

Risk Analysis



Grievance Mechanism

Risk analysis

- German Coffee Association offers **analysis of human rights and environment-related risks in 18 most important coffee producing countries** (min. 1% import share)
- Benefits:
 - **Independent assessment** by GRAS
 - **Transparent and systematic** method based on indices, internet research, grey literature and aggregated 4C audit reports
 - **Common understanding** of risks in coffee supply chain
 - Starting point for companies' supply chain specific risk assessment



Risk levels

LkSG criteria	(2) 1	(2) 2	(2) 3-4	(2) 5	(2) 6	(2) 7	(2) 8	(2) 9	(2) 10	(2) 11	(3) 4-5
Countries	Child labour	Worst forms of child labour	Forced labour & Modern Slavery	Occupational safety and health	Freedom of association	Unequal treatment in employment	Withholding of adequate wages	Causing harmful soil change, water pollution and noise emission	Unlawful eviction and taking of land, forest, and waters	Inappropriate use of private/public security forces	Use of chemicals under the Stockholm Convention
Brazil	2,13										
China	3,00										
Colombia	2,50										
El Salvador	2,63										
Ethiopia	4,00										
Guatemala	2,75										
Honduras	2,75										
India	2,25										
Indonesia	2,25										
Kenya	3,38										
Lao PDR	3,25										
Mexico	2,50										
Nicaragua	3,88										
Papua New Guinea	4,00										
Peru	2,88										
Tanzania	4,00										
Uganda	3,63										
Vietnam	2,63										

1-1,75

Low

>1.75-2.5

Moderate

>2.5 – 3.25

Substantial

>3.25 - 4

High

Ear4U.org – The joint grievance mechanism of the German Coffee Association



Our promise:
You remain anonymous.

Tell us about your concerns.

Free online form

Submit a concern online now.

- ➔ The link takes you to the Ear4U SpeakUp® system.
- ➔ There you enter your information in an online form.
- ➔ It only takes a few minutes to fill out the form.
- ➔ You can also upload documents (e.g. photos) if you wish.
- ➔ A report number is automatically assigned to your submitted concern. You can use it to log into Ear4U's SpeakUp® system at any time (**HERE**) and see how far the processing of your report has progressed.

Submit a concern online now

[Report Online](#)

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You want to submit a concern via our SpeakUp® app?

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- ➔ You can access the Ear4U SpeakUp® system via the app.
- ➔ There you enter the code 103720 and submit your information by writing or voice message.
- ➔ You can also upload documents (e.g. photos) if you wish.


Please click here:

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[App Store](#)


Hotline

Would you like to describe your concern by phone?


Please use the service hotline of the country you are calling from. When calling, please quote the following code: **103720**




Ethiopia
Telephone: **800 86 1919**
Freephone



India
Telephone: **0008 0005 03159**
Freephone



Uganda
Telephone: **+256 41 423 8162**
Call charged at local rate



Tanzania
Telephone: **0800 11 1020**
Freephone

Download the list with all telephone numbers as a pdf file.

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Joint early warning system → Findings are fed into yearly risk analysis reports

Conclusion

- DD regulations change the landscape of sustainability
- They create a new momentum for sector-wide efforts
- Stronger focus on compliance
- What level of legal ambition creates the most positive impact?



**Thank you for your
attention!**

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