Fit for Due Diligence: the German Coffee Association’s joint approaches to legal obligations

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German Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains
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

- sustainability organisations
- coffee-financing banks
- shipping & logistics companies / 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!
Why do we have a law with 36 letters?

- LkSG is part of a global process of legal standard setting
- LkSG is national implementation of the UN Guiding Principles on Business and Human Rights
- Many more Human Rights and Environmental Due Diligence (HREDD) laws will follow.
What’s in the scope of LkSG?

- Child Labour
- Forced labour and slavery
- Lack of occupation safety
- Violation of civil liberties
- Unequal treatment at work
- Unreasonable wages
- Pollution
- Violation of land rights
- Violation of human rights by security forces in the work environment
German Act on Corporate Due Diligence Obligations (LkSG)

01 | Human rights strategy & policy statement
02 | Risk management and analysis
03 | Preventive measures and remedial actions
04 | Complaints procedure
05 | Documentation and reporting
How does the law impact the supply chain?

- **Scope of application:**
  1 January 2023: Companies with ≥ 3,000 employees
  1 January 2024: Companies with ≥ 1,000 employees

- **Cascade effect:** Obligations are passed down through code of conducts, contractual provisions and questionnaires.
Our joint approach to due diligence

- Early supporters of the LkSG
- Human rights and the environmental issues affect the entire industry
- Joint efforts are the strongest way forward
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: Withholding of adequate wage
Risk levels: Causing harmful soil change, water pollution and noise emission
Ear4U.org – The joint grievance mechanism of the German Coffee Association

Joint early warning system → Findings are fed into yearly risk analysis reports
Ear4U – The joint grievance mechanism of the German Coffee Association
Q C Conta: Pilot Project Brazil

- **Mission:** Establish an effective, legitimate and accessible grievance mechanism
- **Objectives:**
  - Adaptation of Ear4U to Brazilian context (stakeholder process organized by Solidaridad)
  - Piloting innovative joint grievance management (Joint Committee)
- **Initiation and Coordination by German Coffee Association**
- **Public Private Partnership**
What’s next?

- EU Regulation on Deforestation-free Products (EUDR)
- EU Corporate Sustainability Due Diligence Directive (CS3D)
- EU Regulation on Prohibiting Products made with Forced Labour
Pilot Project Colombia

- **Objective:** Support of Colombian smallholder farmers to comply with the upcoming EU-regulation on deforestation-free products to have continued or even improved *access to EU-markets*
- Cooperation with **FNC** and **GRAS**
- **Activities:** geolocalization via app, risk assessment, trainings on biodiversity, forest protection and EUDR → 1,200 farms in Cauca
- **Funded by:**
Thank you for your attention!

Dr Charlotte Heyl
Sustainability Manager

E-Mail: heyl@kaffeeverband.de
Phone: +49 40 3742361 25