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4C Solutions for Human Rights Due Diligence in Supply Chains



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Mandatory Corporate Due Diligence Regulations

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4C Projects and Solutions



01 Mandatory Corporate Due Diligence Regulations

Pressure grows for companies to raise their Human Rights and Environmental Due Diligence efforts

HUMAN RIGHTS | GERMANY

German firms ignore partners' human rights abuses

08/12/2020



German companies are not doing enough to ensure their foreign partners respect human rights, according to a government survey. The findings come amid renewed calls for a global supply chain law to protect workers.

Modern slavery

50 million people worldwide in modern slavery



Latest estimates show that forced labour and forced marriage have increased significantly in the last five years, according to the International Labour Organization, Walk Free and the International Organization for Migration.

The New York Times

Deforestation Remains High, Despite International Pledges

Brazil had the largest share of tree loss last year, followed by the Democratic Republic of Congo and Bolivia. Indonesia showed improvement.



A forest fire burning in the Pantanal, Mato Grosso state, Brazil, last year. Carl De Souza/Agence France-Presse — Getty Images

Corporate due diligence constitutes the second pillar of the UN Guiding Principles on Business and Human Rights



Source: Adapted from UN Guiding Principles for Business & Human Rights and OECD (2018) Guidelines for multinational Enterprises

Corporate due diligence is required by an increasing number of regulations

Examples from Europe

	Scope		Common requirements			
			Risk assessment	Mitigation, prevention	Monitoring	Reporting
	Social	Environment				
The UK Modern Slavery Act	✓		✓	✓		✓
French Corporate Duty of Vigilance Law	✓	✓	✓	✓	✓	✓
Dutch Child Labor Due Diligence Act	✓		✓			✓
EU Taxonomy Regulation		✓	✓	✓	✓	✓
German Supply Chain Act (LkSG)	✓	✓	✓	✓	✓	✓
EU Directive on Corporate Sustainability Due Diligence (CSDDD)*	✓	✓	✓	✓	✓	✓
EU Regulation on the Prevention of Deforestation (EUDR)	✓	✓	✓	✓	✓	✓

* Proposals



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Dutch Child Labor Due Diligence Act	✓		✓			✓
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* Proposals



The German Supply Chain Act (LkSG) aims to protect the rights of people who produce goods for the German market

2023

companies based in
Germany >3000
employees

2024

companies with
>1000 employees

Own

business area

Direct

suppliers

Indirect

suppliers, in case of
substantiated
knowledge

Obligations

- Human Rights and Environmental requirements
- Due Diligence duties

Enforcement

Fines up to 8 million euros or up to
2 % of global annual turnover
excluded from the award of public
contracts

The draft EU Directive on Corporate Sustainability Due Diligence (CSDDD) aims to foster sustainable and responsible corporate behaviour throughout global value chains

EU & Non-EU companies

>250 employees
> € 40 million turnover

>500 employees
> €150 million turnover (at least € 40 million generated in EU)

Direct and
Indirect
suppliers

Enforcement
Fines and sanctions
Civil liability

Obligations

- Human Rights, climate change and environmental requirements
- Corporate due diligence duty
 - Duties for Directors

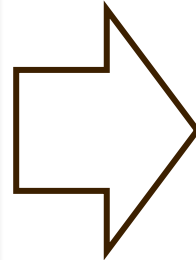
Climate protection

Large companies > 500 employees align the company's strategy with the 1.5°C target and to set corresponding emission reduction targets.

...but, the CSDDD envisages more ambitious disclosure obligations

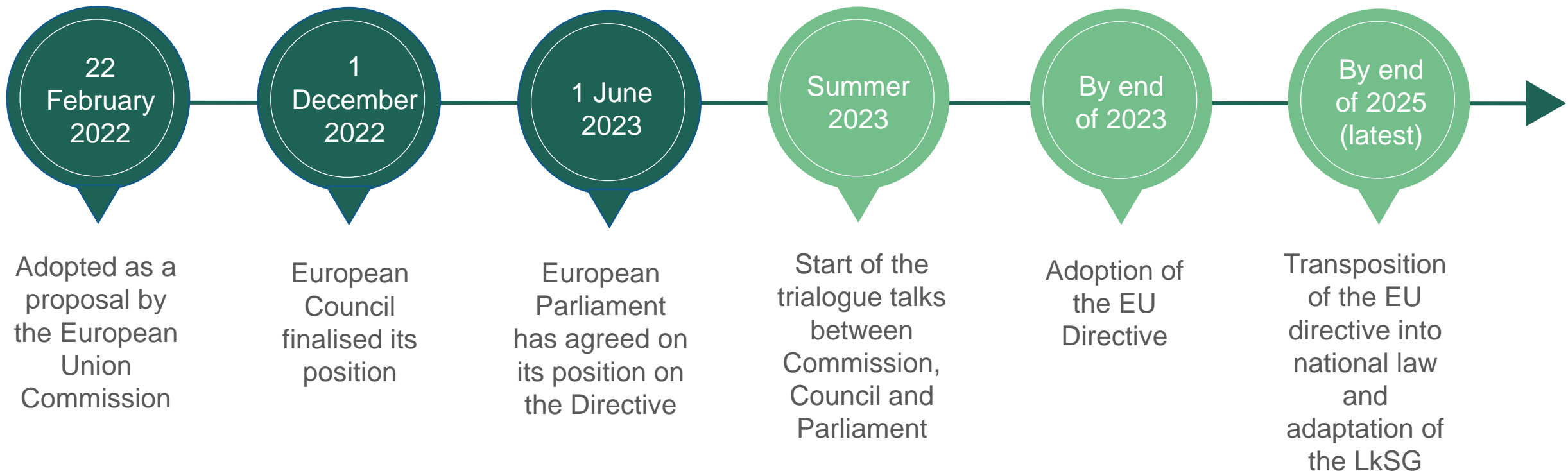
Due diligence obligations

Risk management and analysis
Policy statement
Preventive measures
Remedial actions
Complaints procedure
Documenting and reporting



- CSDDD covers a much broader range of companies
- The entire value chain of a company is within the scope of the CSDDD
- While both impose fines in the case of non-compliance, the LkSG does not provide for civil liability regulations in the event of violations
- The German Supply Chain Law covers fewer areas of law, for example, it does not require alignment with the 1.5° target.

Once the EU Directive is adopted, EU member states will have two years to transpose the Directive into their national laws





02 4C Projects and Solutions

4C supporting German coffee companies in their obligations under the German Supply Chain Due Diligence Act



Risk analysis and management

Anonymized 4C non-conformities are used as georeferenced qualitative data to provide additional perspectives to risk level



Grievance mechanism



4C Add-Ons address specific challenges in the coffee supply chain



4C
Gender
Equality
Add-On

For 4C System Users who desire to go beyond the 4C Code of Conduct and **address a specific challenge in the coffee supply**, 4C offers dedicated Add-Ons



4C
Food
Security
Add-on

These Add-Ons are modules that are applied **on top of the core 4C certification** requirements and procedures



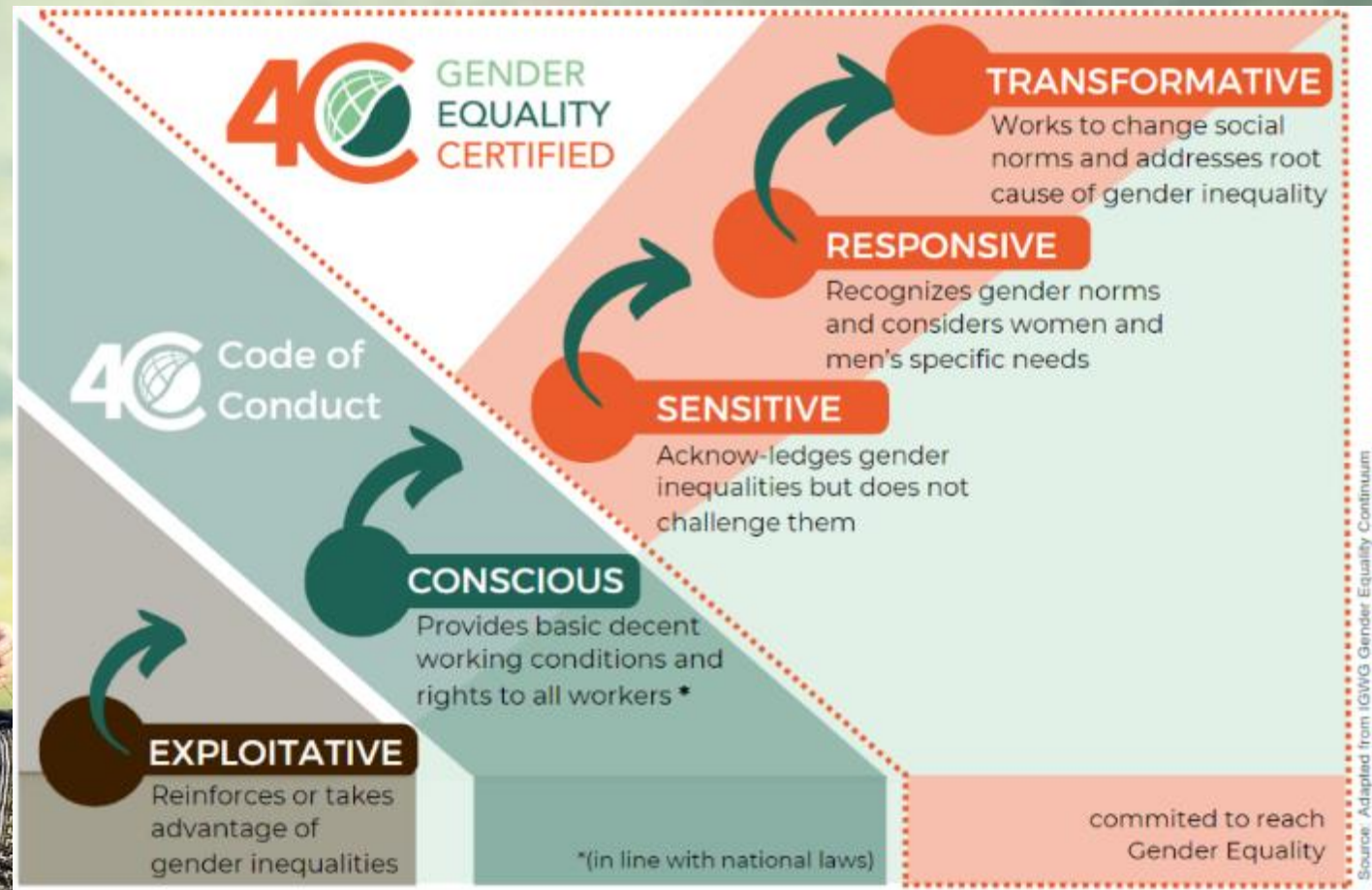
4C
Carbon
Footprint
Add-On

4C Gender Equality Add-On



- The **Gender Equality Add-on** presents a deeper integration of the gender topic into the 4C certification system.
 - It will allow producers and companies to **improve their practices and make credible claims** of sustainable certified coffee promoting gender equality, thus, highlighting the individuality of their products.
 - This add-on can also be used as a diagnostic tool to **identify gender equality gaps** and define action strategies in coffee producing countries.
- **3 GE Certificates are issued**
 - **4C GE Add-On Regulations is published**

4C Gender Equality Add-On



Examples of 4C Gender Equality Requirements



Women, girls, men and boys of any age have access to **basic general health care**, recognizing **specific needs** according to gender differences



Trainings must be provided equally to both women and men



Childcare is provided during **trainings**



Female and male workers receive **equal payments** and employment and **working conditions** for the same work scope



Equal opportunities are encouraged and supported to both men and women on **land ownership** and/or **land use right**, in line with national policies



First 4C Gender Equality Add-On Certificates



Colombia

First GE certificates published already:

- Sucden Colombia (2)
- FNC Colombia (1)



Vietnam

Two pilot units

- Mercafe
 - Simexco
- (in preparation for the GE Add-On audit)



Fostering zero hunger at the production level with the 4C-FSS Add-On



- ✓ Quality
- ✓ G.A.P.
- ✓ Labour rights
- ✓ Human rights
- ✓ Environmental protection
- ✓ Deforestation free

+



FSS
FOOD SECURITY
STANDARD

- ✓ Social security
- ✓ Health care
- ✓ Impact on food security
- ✓ Access to food

=



**Food security for
workers and
surrounding
communities**

Food Security Add-On benefits



1. Identify risks

Make risks of food insecurity and related risks visible to tackle them

2. Regulatory Compliance

Demonstrate due diligence in food security and related human rights.
Can be used for due diligence reporting (SDGs/GRI etc.)



3. Risk management

Enable companies to develop preventive, mitigative, and compensatory measures on the identified risks

4. Consumer Trust

70% of consumers will choose certified products that ensure sustainable working conditions



4C Food Security Add-On

- Developed to help the **private sector** to respond to food insecurity and human rights due diligence obligations.
- Aims to foster **zero hunger at the production level** of global agricultural value chains.
- Based on the **Human Right to Adequate Food**.
- The **4C Food Security Add-On** is a voluntary extension of the 4C core requirements, in accordance with the principles, criteria and indicators of the Food Security Standard (FSS)



Already on the way to the 4C
Food Security Add-On:





INTIMEX MYPHUOC

GLOBAL COFFEE **GLOBAL COFFEE**



- Intimex My Phuoc Joint Stock Company (Intimex My Phuoc) is a member of Intimex Group Joint Stock Company (Intimex Group)
- Intimex My Phuoc specializes in the following fields: Processing, trading, exporting high quality green coffee beans, roasted and ground coffee, pepper and warehouse rental. We are one of the leading coffee exporters in Vietnam.
- In addition to green coffee, we also own two exclusive brands of roasted and ground coffee and instant coffee.





SUSTAINABLE COFFEE PRODUCTION

CERTIFIED COFFEE AND RESPONSIBLE PRODUCED

- A leading enterprise in purchasing, processing and exporting agricultural products in Vietnam, with the motto “prestige first”
- Has actively promoted cooperation and association to participate in sustainable and responsible coffee production programs, to improve product quality, reduce production costs, increase livelihoods, increase people's income, contribute to socio-economic development and protect the environment and safety for consumers.
- Certified coffee programs such as 4C and currently implement Landscape Coffee Production Model and Carbon Emission Reduction (PPI Compact DiLinh project, in the two provinces of Dak Nong, Lam Dong.



16.692



24.211



76.194



Goals and Challenges to pursue Sustainable and Responsible Coffee

- Our goal is not only to bring Vietnamese coffee to the world but also to bring sustainable values to farmers, protect the environment and fully implement social responsibility.
- To achieve this goal, and especially to meet and comply with new regulations of the European Union such as EUDR, human rights appraisal in the supply chain, corporate responsibility appraisal, FSS ... Intimex My Phuoc has encountered many challenges and difficulties during implementation:
 - Difficulties in conveying knowledge to farmers about new criteria according to new market requirements
 - It is difficult to change the thinking and production practices of farmers
 - Small-scale production, difficult to concentrate
 - It costs a lot of money and time for training and coaching...



... and Challenges and efforts to implement FSS

- FSS (Food Security Standard) is a new component of sustainability standards on the 4C certification platform, focusing on ensuring the human right to food for farm workers, small-scale farmers and people living in neighboring communities, aiming to improve their quality of life.
- With tireless efforts, along with the enthusiastic support of 4C, MCS, FSS, CDC, Intimex My Phuoc is a pioneer enterprise in Intimex Group participating in piloting 4C&FSS integrated certification, integrating sustainable coffee production according to 4C standards and Food Security Standards (FSS).
- The integration of 4C&FSS is a **breakthrough effort** of Intimex My Phuoc towards a sustainable coffee production, bringing benefits to all stakeholders (farmers, businesses and society).





Intimex My Phuoc is committed to continuing efforts to develop sustainable coffee, contributing to building a sustainable development of Vietnam's coffee industry, bringing benefits to producers, consumers and the national economy.

And we finally completed this review on November 22. We hope that the big roasters and importers present today will continue to support, share and accompany us, so that we have more motivation to join hands with you to build the world of coffee more sustainable.

4C is a ready-to-use toolbox to assess and address supply chain risks and meet increasing due diligence requirements

- Companies are facing **increasing regulatory pressure to do the right thing**
- **4C enables credible and efficient due diligence process** in green coffee bean supply chains

Identify and assess

- Third-party audits
- Innovative risk assessment
- 4C Integrity Program

Communicate

- 4C logo off- and on-pack
- Case studies
- Sustainability projects for additional engagement for specific risks

Cease, prevent or mitigate

- Inclusive system
- Continuous improvement
- Mapping and traceability
- Impact-driven projects

Track

- Transparent and secure 4C certification database
- Commercial reporting
- Digitalization of data collection



4C implements projects to address specific sustainability challenges and increase impact on the ground



Improving **working and living conditions** for coffee smallholders

Narrowing the **living income** gap by promoting transparent and fair payments

4C Guidance on the Protection of Children's Rights

Carbon footprint improvement to promote climate-friendly coffee



Sustainable. Traceable. Certified.

Many thanks for your attention!

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