

**European Coffee Federation position paper on due diligence
(June 2020)**

The European Coffee Federation (ECF) supports an EU-wide mandatory due diligence approach for companies to identify, prevent, mitigate and account for actual or potential adverse impacts in their own operations or supply chains.

The European Coffee Federation and its members are committed to addressing today's global challenges and achieving meaningful progress on the social, environmental and economic challenges in our supply chain. ECF members are striving to ensure the resilience and long-term sustainability of the coffee supply chain, from farm to cup.

We are aware that models predict an increase of the global demand for coffee. At the same time, climate change is forecast to modify the landscape of coffee growing regions, leading to potential disruption of coffee supply. ECF and its members are committed to anticipating and managing risks of adverse impacts on farming communities and their livelihoods, human rights and the environment that would arise from such changes. We advocate for sustainable approaches throughout the coffee supply chain to promote social responsibility and prevent loss of biodiversity and of natural resources.

Efforts have already been made to improve sustainability, fairness and transparency along the coffee supply chain, and the private sector has engaged in different initiatives and efforts on the ground to improve farming practices, including codes of conduct, labelling self-assessment and social audits. However, ECF members recognise that the voluntary approaches need to be complemented to make significant impact and guarantee responsible business conduct and transparency along the supply chain.

Our sector is committed to responding to consumer demand for products that are produced and manufactured in a sustainable way according to the industry accepted standards. Europe accounts for around 30% of global coffee consumption, and the latter is expected to remain stable in the long term. The EU is therefore in a good position to adopt a strategy – including a legal framework – that creates an enabling environment for responsible business conduct and generates a level playing field, allowing the coffee supply chain to prevent and address human rights abuses and environmental degradation.

ECF and its members welcome the EU initiative to examine options for regulating mandatory due diligence requirements throughout the supply chain, and call on the EU for:

1. An approach in line with the international standards

The EU approach should be in line with the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises. The EU supply chain due diligence obligations should be defined with clear reference to the existing standards, based on sound scientific methodologies.

2. An EU-wide approach creating a level playing field among all actors in the coffee supply chain

EU rules already require large companies to publish regular reports on the social and environmental impacts of their activities. Extending non-financial reporting obligations to all companies will prevent risks of unfair competition in the coffee supply chain. Besides, some Member states have adopted due diligence requirements, making it difficult for international companies to comply with different national legislations in the EU.

Observance of due diligence requirements should be expected from any company, regardless of size, but those requirements should be proportionate to the capabilities of the company. It is therefore essential – in particular for SMEs – that an EU approach provides tailored financial and practical support to create the right incentives for company commitment, and allows for prioritisation of due diligence, where necessary, within a company's operations. Such prioritisation should be undertaken based on the severity of the risk to human rights, as set out in the UNGPs. ECF and its members are of the opinion that clear methodology and criteria should be defined to assess and recognise supply chain due diligence processes, but that they should be flexible enough to be tailored to a company's circumstances, promoting the inclusion of due diligence processes in their risk-management system and guaranteeing the adequacy of that system.

3. An approach based on multi-stakeholder consultation

The EU should address the topic with all relevant stakeholders in order to assess the coherence of existing commitments, initiatives and best practices. The approach should take into consideration the interests of the stakeholders, as well as find the right balance in order to promote companies' efforts and engagement towards responsible business conduct. It is essential to recognise that all actors along the coffee supply chain are responsible for contributing to its sustainability.

4. An approach based on dialogue and collaboration with origin countries

ECF supports and encourages dialogue and engagement with origin countries to ensure that the necessary framework and conditions are in place to build a more resilient coffee supply chain. In addition to the regulatory measures, the EU should adopt complementary non-regulatory measures, drawing lessons from the Voluntary Partnership Agreements developed under the FLEGT Action Plan, to ensure strong partnerships with origin countries to significantly improve governance and law enforcement, while aligning with the development policy objectives and mobilising public-private partnerships to achieve tangible and lasting development impact. This will promote a more transparent and accountable coffee sector, reducing actual and potential impacts along the supply chain from farm to cup.

5. A cross-sectoral approach

The EU has adopted mandatory due diligence requirements for timber and conflict minerals. Although adopting mandatory due diligence approach for the coffee sector would be a step in the right direction, ECF and its members urge the EU to adopt a cross-sectoral approach to encompass all sectors associated with commodity imports so as to ensure effective harmonisation within the EU.

ECF and its members are supportive of the development of regulatory and non-regulatory measures aiming at enhancing supply chain sustainability. ECF is willing to pro-actively engage in constructive discussions concerning the development of mandatory due diligence legislation as part of a holistic policy framework promoting resilient supply chains, through dialogue with all stakeholders and collaboration with coffee origin countries. Thus, the EU will need to build strong partnerships with the different producing countries, as new regulation requiring mandatory due diligence will be most effective when producer and consumer countries establish and enforce an enabling environment promoting responsible business conduct. ECF members are striving to contribute to a more transparent and sustainable coffee supply chain. ECF and its members offer all their knowledge and experience from existing private sustainability initiatives in view of contributing to the consolidation of a global level playing field for the coffee sector.

The European Coffee Federation (ECF) is the representative organisation for the European coffee trade and industry, speaking for over 700 companies ranging from SMEs to internationally operating companies, representing approximately 35% of the world coffee trade volume. ECF offers its members a forum for exchange, identifying industry-wide issues of common interest in the areas of food safety, sustainability and international trade.