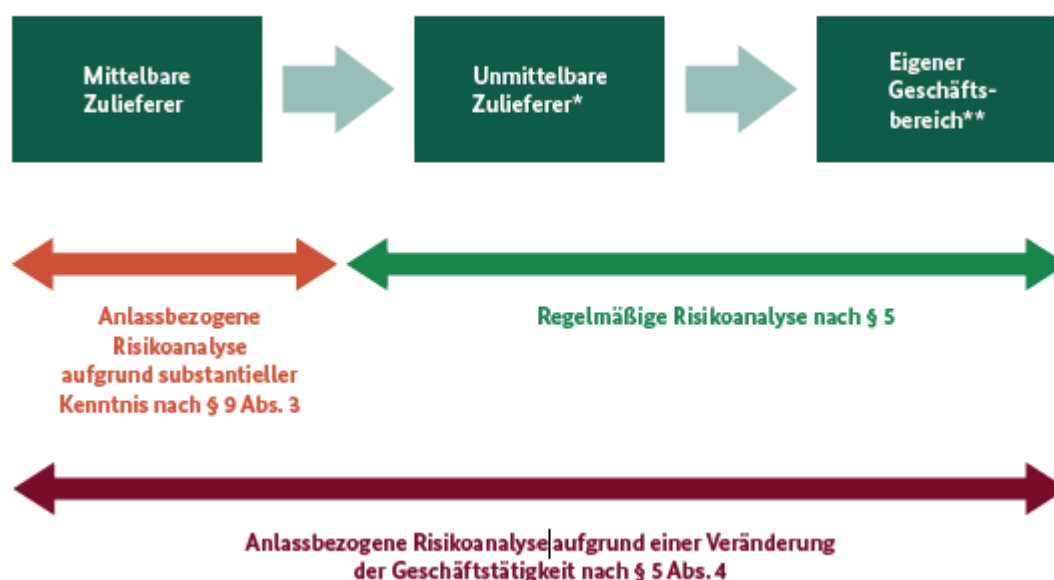


Scope

The risk analysis was prepared on the basis of the recommendation of the BVE and the helpdesk of the Agency for Business and Development¹. It aims to establish appropriate risk management along the supply chain. The following are considered:



Fields of action

Human rights <ul style="list-style-type: none"> - Ban on child labour - Prohibition of forced labour/slavery - Equal opportunities and discrimination 	Environment <ul style="list-style-type: none"> - Avoidance of environmental pollution (soil/air/water) - Dealing with waste - Handling hazardous substances
Labour practices <ul style="list-style-type: none"> - Minimum wage - Occupational safety - Freedom of association 	Fair operating and business practices <ul style="list-style-type: none"> - Prevention of corruption - Property rights - Complaints management

¹ BVE/Agency for Business & Development, National Action Plan, Implementation of the UN Guiding Principles on Business and Human Rights, as at 30 June 2020

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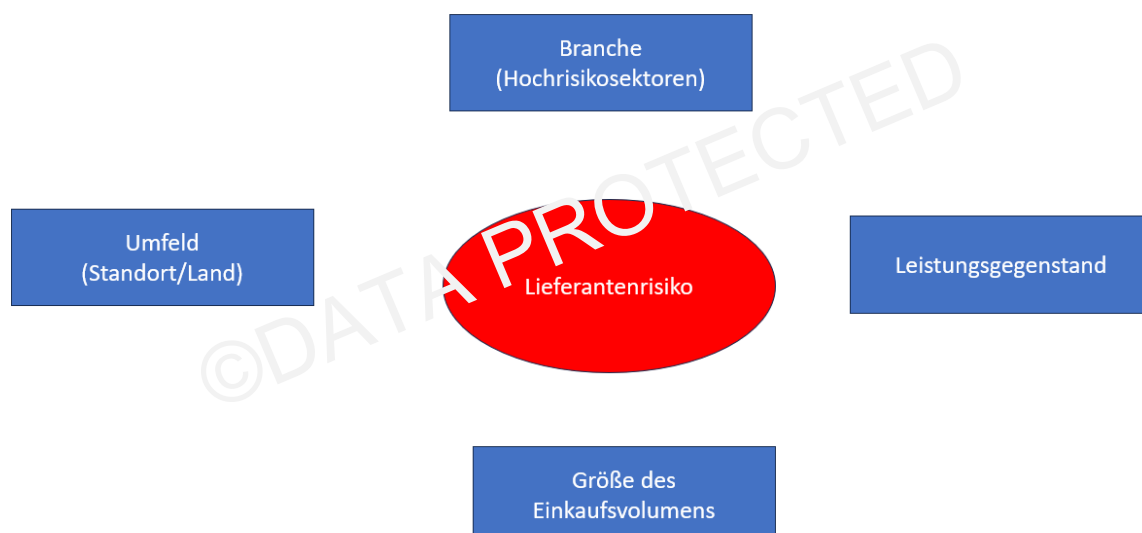
Visualisation of the supply chain



Spices are grown as plantation products or by small farmers in subsidiary agriculture. In the country of cultivation, they pass through several stages of trade before reaching the processor/exporter. The exporters are the contractual partners of our organisation. We regard farmers and intermediaries as indirect suppliers.

Once the products have been processed, they are usually sent to us or the germ reduction company by sea freight before being delivered to us by lorry.

Supplier selection matri



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Industries

Germany is the world's third largest importer and exporter of food and agricultural products. The sector is primarily a supplier industry for the "wholesale and retail trade" and a customer industry for "agriculture and fisheries". Around a quarter of the raw materials processed in the industry are imported.²

The food and luxury food sectors as well as agriculture and fisheries are among the 29 identified sectors with human rights risks.³

Unlike in other sectors such as construction or transport services, human rights risks in the food industry primarily occur in the upstream value chain.

Location/environment/country level

The data selection at country level is based on the Amfori/BSCI Countries Risk Classification, which assumes that countries belonging to the OECD⁴ do not pose an increased country risk⁵. In addition, all countries rated as low risk countries by AMFORI are excluded. (rating higher than 60 and no more than two dimensions rated below 60).

Subject of performance

Only imported herbs and spices are considered, as these have greater sustainability problems than services. Services (such as IT services) are sourced exclusively from Germany.

Size/ Volume

European suppliers (e.g. for herbs) are subject to the usual standards and laws for human rights, labour rights, labour, and environmental protection, as well as corruption. Non-European supplier countries are therefore analysed in the first step. Suppliers who have only delivered once were not analysed.

The next step in the risk assessment is to focus on supplier countries of major importance (large import volumes).

² Federal Ministry of Labour and Social Affairs, Die Achtung von Menschenrechten entlang globaler Wertschöpfungsketten, Risiken und Chancen für Branchen der deutschen Wirtschaft, Research Report June 2020, ISSN 0174-4992

³ Ibid, p. 33

⁴ Organisation for Economic Cooperation and Development (all EU countries, plus Australia, Iceland, Japan, Canada, New Zealand, Norway, Switzerland, the Slovak Republic, the Czech Republic, Turkey and the USA.

⁵ www.amfori.org, 2021

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Identified criteria⁶

Criteria	Hazard description	Offence against	
			Serious 1-3-5
Human rights	Child labour	ILO 138 and 182 Prohibition of child labour, minimum age	5
	Forced labour/slavery	ILO n No. 29 on Forced or Compulsory Labour, ILO 105 Abolition of Forced Labour	5
	Discrimination	ILO No. 100 Equal pay for male and female workers, ILO No. 111 Discrimination in respect of employment and occupation	3
Labour practices	Minimum wage/appropriate wage	Global Living Wage Coalition	3
	Occupational health and safety/health and safety in the workplace	ILO LEGOSH (national data)	5
	Freedom of association	ILO No. 87 Freedom of association and protection of the right to organise	3
Environment	Environmental pollution (soil/air/water)	Minimata agreement (mercury) Stockholm Convention (persistent organic pollutants)	5
	Improper handling of waste	Basel Convention (Export and import of hazardous waste)	5
	Improper handling of hazardous substances	POP Agreement (handling, storage and disposal of hazardous substances)	5
Fair operating and business practices	Corruption	Corruption index	3
	Property rights (unlawful expropriation/eviction/land confiscation)	International Covenant on Economic, Social and Cultural Rights	3
	Complaints management	VO (EU) 2022_51	3

Prioritisation of risks

	Low CSR risk	Medium CSR risk	High CSR risk
Countries	Western Europe	Eastern Europe	Asia, Africa, Central/South America

⁶ In accordance with ISO standard 20400 (2017) for sustainable procurement Quantis realised on behalf of the Federal Office for the Environment FOEN in collaboration with a support group from the BKB's sustainability specialist group. The relevance matrix is based on a qualitative analysis of existing principles for the product groups covered. Details can be found in the background report.
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Supplier country classified as high-risk country according to Amfori			Albania, Brazil, China, Comoros, Egypt, India, Morocco, Mexico, Nigeria, Sri Lanka, Syria, Tanzania, Turkey, Vietnam.
Importance of supplier countries for your own organisation			Egypt, Brazil, China, Guatemala, India, Nigeria, Mexico, Sri Lanka, Syria, Turkey, Vietnam
Cultivation type	Plantation products	Plantation products	Plantation products (small farming families)
Type of supply chain	Short	Several links	Multi-level trading with many intermediate links
Influence on the supplier	Direct	Irregular contact, limited influence	Little influence, high risk
Supply chain initiatives, Quality seals and management systems, European law	Certified according to standards, are subject to European law	Certified according to standards, are subject to European law	CSR-certified companies have a low risk
Human rights	ILO agreement ratified, additional European standards and certifications	ILO agreement ratified, additional European standards and certifications	Low for CSR-certified companies, otherwise high.
Occupational safety	European standards and certifications	European standards and certifications	High (if not joined ILO Legosh or poor rating Global Living Wage Coalition)
Environmental criticality	None	Subject to European law	High, unless Minimatea Convention (mercury), Stockholm Convention (persistent organic pollutants, Basel Convention (export and import of hazardous waste) ratified, POP agreement (handling, storage and disposal of hazardous substances)
Fair operating and business practices			High if not a member of the International Covenant on Economic, Social and Cultural Rights, and if high corruption index.

Data selection

The data is selected according to

- Evaluation of current suppliers and products
- Prioritisation of products
- Assessment of supplier countries according to individual risks
- Analysis of individual suppliers (existing certifications, audits)

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Derived measures

The aim of the risk analysis is to find the suppliers that do not fulfil the requirements. The critical suppliers identified in the risk analysis based on industry, location, service object and size/volume are assigned measures. The aim is to reduce or eliminate the CSR risk.

The following measures are taken to minimise the risks:

- Sensitisation and training of employees
- Development and communication of a code of conduct for suppliers and employees (see Code of Conduct)
- Evaluation of the Code of Conduct
- Establishment of sustainability criteria for supplier evaluation
- Monitoring and development of suppliers
- Evaluation of suppliers
- Definition of individual measures for critical suppliers, e.g.
 - Communication with the supplier, information about requirements and failures
 - Training of the supplier
 - Demand for changes to processes and control or
 - 1st party, 2nd party or 3rd party audits
 - Requirement for CSR certification within a certain period or
- Discontinuation if necessary

Epilogue

Diverse countries of origin and a wide range of socio-economic conditions complicate procurement in the context of corporate due diligence.

German and European standards are not always applicable to the conditions at origin. Especially when the products are not produced on plantations, but in small-scale, subsidiary farms. Tracing these products back to the small farmers is not possible due to the many trade levels within the countries of origin.