

Report on

# Responsible Business Conduct 2021

for Jacobs Douwe Egberts Norge AS

# SUSTAINABLE GOALS



## To Readers Of The Report

Business has a major impact on people, society and the environment. It can make positive contributions to development but can also have negative impacts and cause harm. Companies therefore play a key role in achieving the UN's Sustainable Development Goals (SDGs). The Norwegian government expects all companies, regardless of size, to map, prevent, limit and communicate on how they handle risks for negative impact, as well as remediation mechanisms in cases of harm on people, societies or the environment. This is known as due diligence and applies to the private and public sector as well as organizations. As a consequence of the recently passed Transparency Act (åpenhetsloven), all larger corporations are obliged by law to conduct due diligence and show transparency in this work from 1 July 2022.

Members of Ethical Trade Norway have committed themselves to work with mandatory due diligence for responsible business practice. The foundation for this work is Ethical Trade Norway's Declaration of Principles (code of conduct) which covers the areas decent work, human rights, environment/climate, anti-corruption and animal welfare.

The reporting template is designed for the company to show transparency in their work on responsible and sustainable business practice, as described in the UN Guiding Principles (UNGP) and the OECD Guidelines for Multinational enterprises. The report should show how the company works with due diligence, and describe what challenges the company faces, which measures are being implemented to handle these challenges, as well as progress and results. All member reports are publicly available on Ethical Trade Norway's website.

**Heidi Furustøl** *Executive Director* Ethical Trade Norway

# Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



## Preface From CEO

Friele is Norway's oldest coffee house with a history going back as far as 1799. Our passion for coffee and tea has led to a rich history of beautiful brands and quality products, such as Norway's most known coffee brand - Friele Frokostkaffe. We have taken responsibility for our supply chain – from bean to cup - and the society we operate in. We are continuously improving our business by setting up relevant partnerships, investing in social initiatives and taking care of all our colleagues, who are committed to giving their best whilst producing your favorite coffee.

We take our responsibility for the environment and the well-being of our farmers seriously, so we can look forward to another 221 years of entrepreneurship. This has inspired us to come up with a sharpened approach to our sustainability strategy. Through concrete actions, products and innovations we want to work with our customers and consumers to make a contribution to our living planet, so that we can all enjoy coffee and tea for many years to come.

# " Our purpose: Unleash the Possibilities of Coffee & Tea to Create a Better Future "

Lasse Søgaard *Country Manager* 

## Company information and business context

## Key company information

### Company name

Jacobs Douwe Egberts Norge AS

#### Head office address

Midtunhaugen 6, 5224 Nesttun, Postboks 175, 5852 Bergen

## Main brands, products and services offered by the company

Coffee produced in our factory in Bergen: Friele (Frokost) coffee (dark roast, caffeine free, Cafe Noir, filter, french press etc), Krone, Norwegian Roast-series with specialty coffee and full range certified coffee.

## **Description of company structure**

Head office from 1st of July 2015 Jacobs Douwe Egberts (KDE) in Amsterdam, Netherlands. National coffee production with administration in Bergen. Head office for JDE Professional Norway in Oslo. Sales offices in all major cities with nation wide sales support.

### Turnover in reporting year (NOK)

 $1\,133\,427\,357$ 

#### Number of employees

172

Major changes to the company since last reporting period

## Contact person for the report (name and title)

Eva Gullerud, Marketing Specialist & CSR-responsible

## Email for contact person for the report

eva.gullerud@jdecoffee.com

## Supply chain information

### General description of the supply chain and the company's sourcing model

JDE Norge buy our coffee from JDE's central sourcing company KDE Netherlands. KDE Netherlands buy our coffee through traders and local exporters. Norway also buy coffee machines and spareparts through KDE. Approximately 70% our coffee sales in Norway is produced in our factory in Midtun in Bergen (appoximately 13 000 tonnes)

Manufacturing mainly in JDE sites (specialized on product type) + small share of 3rd party supplier. Local logistics operations (Warehousing and Distribution) externalized to local suppliers (Bring, DSV).

#### Number of suppliers with which the company had commercial relations in the reporting year

38

### Comments

We engage with our suppliers to assess their alignment and risk against JDE Coffee Responsible Sourcing Principles (https://www.jacobsdouweegberts.com/cr/). This is done through an extensive process of self-assessments and independent review through Rainf

#### Approximate ratio by sourcing options



Own or joint venture production - #11 (93%) (JDE MU's: Bergen (NO, 76%), Gävle (SE, 5%), Banbury (UK), Joure (NL), Berlin (DE), Sulasewo (PL), Trostyanets (UA), Andrezieux (FR), Valasske Mezirici (CZ)). Joint Venture: Multeafil, Johan & Nyström

Direct: #16 (4%):

Uelzena, Muskopak, DeSter, Paardekopper, Friesland, Lactalis, illy, Rauch CH, Rauch HU, Krüger, Leroux, Barry Callebaut, Unic, Zengo, Abena, Crem

Purchases through agents/intermediary/importers/brands - #11 (3%):

Friele Foods, Måkestad Engros, Tingstad NO, Tingstad SE, Black Cat, Foodbroker, Merx, Servicegrossisten Øst, Out Of Home, Strandgaarden Wine & Spirits, Johnson Diversey

## List of first tier suppliers (producers) by country

Norway:	1
Sweden :	1
United Kingdom :	1
Germany :	1
Poland :	1
Ukraine :	1
France :	1

JDE MU's: Bergen (NO, 76%) JDE Gävle (SE, 5%) JDE Banbury (UK) , JDE Joure (NL), JDE Berlin (DE), JDE Sulasewo (PL) , JDE Trostyanets (UA), JDE Andrezieux (FR), JDE Valasske Mezirici (CZ)

State the number of workers at first tier producers that the company has an overview of, and the number of suppliers this overview is based on:

Number of workers

Number of suppliers this overview is based on

#### Comments to number of workers

JDE Peet's source approximately 8% of the world's green coffee

## Key inputs/raw materials and associated geographies

Green coffee	Global Brazil Colombia Guatemala Honduras Indonesia India Kenya Peru
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In Norway we sell most coffee from Brazil, followed by countries such as Colombia, Peru, Guatemala, Indonesia, Kenya and India.

## Is the company a supplier to the public sector?

Yes

## Goals and progress

## Goals and progress for the reporting year

1	
Goal:	ISO 14001 certification of our factory in Bergen
Status :	Reached in February 2022
2	
Goal :	Continue to develop our strategic collaboration with the City Church Mission and our volunteer program
Status :	Volunteer program put on hold due to the pandemic- but will start up again before the summer 2022. We will increased the number of sponsored coffee to 9000 000 cups (an increase of 300 000 cups from 2020)
3	
Goal:	Carbon neutral factory in Bergen
Status :	To be finalised by May 2022
4	
Goal:	Directly reaching over 500,000 smallholder coffee, tea & palm oil farmers by 2025
Status :	We increased our reach by 80,000 smallholder farmers in 2020 to a total of 380 0000.
5	
Goal:	Designing 100% of our packaging to be reusable, recyclable or compostable by 2025
Status :	Launch of compostable tea bags in February 2022
6	
Goal :	In 2020, we launched a new diversity and inclusion initiative under Connected People that targets gender balance across JDE Peet's' management positions by 2025
Status :	In Norway we have 45% gender balance across management positions
7	
Goal :	Supply chain aim for Service (Service Level 98%)
Status :	On track

### Goal for coming years



Designing 100% of our packaging to be reusable, recyclable or compostable by 2025



Working towards 100% responsibly sourced coffee, tea & palm oil by 2025



Directly reaching over 500,000 smallholder coffee, tea & palm oil farmers by 2025.



Targeting gender-balanced management positions by 2025



# Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies\* and guidelines for due diligence which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to succeeding, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed.

## 1.A Policy\* for own business

## 1.A.1 Link to publicly available policy for own business

https://www.jacobsdouweegberts.com/cr/

#### 1.A.2 What does the company say publicly about its commitment to respect people, society and the environment?

At JDE Peet's, we unleash the possibilities of coffee and tea to create a better future. Sourcing our raw materials responsibly, taking care of the environment, and engaging our own employees and communities are all important principles that guide our business activities. Our corporate responsibility strategy is built on 3 pillars:

- Common Grounds: addressing the priority issues in our supply chain

- Minimised Footprint: Reducing our environmental impact step-by-step

- Connected People: Engaging our employees and our communities

To support the implementation of our strategy, we have put in place a series of performance targets. For each impact area, we mapped the related material topics, the concerned stakeholders, the key risks identified, the targets we have set for ourselves, the KPIs we use to monitor our performance and the SDGs we contribute to

#### 1.A.3 How has the policy/commitment been developed and how is it anchored in the company?

Our corporate responsibility strategy focuses on those issues that are most material to our business and where, together with our partners, we can have the greatest impact. To ensure we prioritise the issues that most influence the decision making of our external and internal stakeholders and have the most impact on our business success, we follow a formal materiality assessment process.

To determine our contribution to the 17 UN Sustainable Development Goals, we used their specific targets and KPIs to and assessed the extent to which we contribute to these through our operational management, internal policies, corporate responsibility strategy and initiatives and supply chain programmes. We identified three levels of contribution. For more detailed information, see our annual report.



## 1.B Organisation and internal communication

### 1.B.1 How is the due diligence work organised within the company, and why?

Our Code of Conduct is a mandatory eLearning for all employees on a yearly basis. In addition we have launched e-learning courses on competition law, anti-bribery and corruption, and data protection. We also regularly conduct face-to-face courses for target groups. These include for example, courses on competition law for sales teams, anti-bribery and corruption for procurement teams, and data protection for marketing and human resources teams. Moverover, we have an internal audit committee that reports to the board. No one is exempt from our Code, regardless of position or tenure. Our Code and Values go beyond our legal and regulatory obligations and require that we act according to them. There are a number of channels through which you are expected to raise any concerns you may have.

The Speak Up Policy describes how you should report your concerns and be assured that you will never experience retaliation for reporting in good faith.

#### 1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

Our Code applies equally to all associates and consultants/temporary workers. Because this commitment is at the core of who we are, we also expect that our business partners such as suppliers, agents, consultants and licensees will follow similar principles while working on our behalf. No one is exempt from our Code, regardless of position or tenure. For suppliers our core of who we are is clearly set forth in our Supplier Code of Conduct. Each of employee has a responsibility to read our Code, understand the values behind it, and adhere to its guidance.

#### 1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

Our managers and other leaders have a duty to demonstrate a clear commitment to ethics at all times. To endorse the Code, the Company provides for periodic trainings. The Speak Up Policy describes how you should report your concerns and be assured that you will never experience retaliation for reporting in good faith.



## 1.C. Plans and resources

#### 1.C.1 How are the company's commitments to respect people, society and the environment rooted in strategies and action plans?

Our corporate responsibility strategy focuses on those sustainability issues that are most material to our business and where we can have the greatest impact. Our corporate responsibility strategy is built on 3 pillars: - Common Grounds: addressing the priority issues in our supply chain (more details on Common Grounds, our responsible sourcing programme developed in partnership between JDE and Rainforest Alliance, can be found in the CR overview and Annual report attached)

- Minimised Footprint: Reducing our environmental impact step-by-step (Our factory in Bergen aims to be climate neutral in May 2022, and since 2019 it has used 100% renewable energy)

- Connected People: Engaging our employees and our communities (In Norway we have strategic collaboration with City Church Mission were all employees work as a volunteer once a year and we will sponsor 900 000 cups of coffee in 2022)

#### 1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and in the board?

The Board oversees JDE Peet's corporate responsibility program and approves our long-term corporate responsibility targets. It receives updates and reviews progress at least two times per year. Our Corporate and Government Affairs teams develops our corporate responsibility strategy for approval and by our Board. It works with a cross functional leadership group composed of subject-matter experts from across the company including areas such as procurement, manufacturing, research and development, marketing, human resources and compliance - to drive execution and measurement of the strategy.

Our Executive Committee, assisted by our Corporate Responsibility Governance Committee, overseas the implementation of our corporate responsibility strategy.

Our local business units are responsible to develop globally defined policies and controls, activate the global elearning courses and launch face-to-face courses to target groups. The business units have established their own Compliance Councils, chaired by the respective Compliance Officer, and regularly report to the Global Compliance Officer on key initiatives and issues



# 1.D Partnerships and collaboration with business associates, such as suppliers

## 1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

Our Supplier Code of Conduct is an extension of our Code of Conduct and forms the cornerstone of our commitment to responsibly and sustainably source our products. We believe that by adopting responsible and sustainable business practices in our supply chain we not only contribute to the improvement of our products; it also allows us to enjoy long-term sustainable and mutually beneficial relationships with our Suppliers. Therefore, we expect our Suppliers to adopt the universal standards as defined in our Code, in order to minimize any adverse environmental and social impact directly associated with the goods and services sourced by JDE. The requirements laid out in this Code are based on internationally recognized standards, which include the UN Universal Declaration on Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation (ILO) Declaration on Fundamental Rights and Principles at Work and the OECD Guidelines for Multinational Enterprises. We require our suppliers to adhere to the Code and the internationally recognized standards on which it is based when conducting business with JDE.

## 1.E Lessons learned and changes in the reporting period

## 1.E.1 What lessons has the company learned during the reporting period concerning responsible business conduct, and what has changed as a result of this?

Our materiality analysis is an important tool for identifying our priorities according to their importance for external and internal stakeholders as well as their impact on our business success. We identified, scored and prioritised issues. The material topics are linked to the three pillars of our corporate responsibility strategy, our underlying commitment to responsible business practices and our evolving business model. The distribution of topics on our materiality map, across three distinct tiers, informs our approach to value creation for our company and society and helps to integrate our business and sustainability priorities with the United Nations Sustainable Development Goals:

https://www.jdepeets.com/contentassets/d8f5c1c8552a4039894579d225c20ea7/jde-peets-materiality-assessment.pdf





Defining the focus for reporting

# Identify and assess the company's impact on people, society and environment

"Identify and assess" is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

## 2.A Mapping and prioritising

## STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

## 2.A.1 List the company's prioritised risk of negative impact on people, society and environment.

Salient issue	Related topic	Geography
- Climate change mitigation - Ethics and governance - Product quality - Responsible supplier labour practices - Supply chain transparency - Sustainable agriculture - Sustainable packaging		Global

The material topics are linked to the three pillars of our corporate responsibility strategy, our underlying commitment to responsible business practices and our evolving business model: https://www.jdepeets.com/contentassets/d8f5c1c8552a4039894579d225c20ea7/jde-peets-materiality-assessment.pdf

## DETERMINATION OF SALIENT ISSUES

2.A.2 Describe in short the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period. Describe how information was gathered, what sources were used, and which stakeholders have been involved/consulted. Further, describe whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

To guide our materiality assessment we collaborated with BSR, a global business network and consultancy focused on sustainability. We identified, scored and prioritised issues using the following methodology: 1. Identify material issues: A comprehensive list of issues was identified and determined through a sector analysis, review of sustainability reporting standards and company priorities and strategies.

2. Determine importance to business: In order to determine their relative importance to business, each issue was assessed according to its impact on JDE Peet's' brands and reputation, growth, employee engagement, operational efficiency and product quality and innovation. Key internal stakeholders provided input via in-depth interviews with JDE and Peet's leadership as well as surveys to a broader audience of colleagues in both businesses.

3. Determine importance to external stakeholders: In order to determine their relative importance to external stakeholders, each issue was assessed according to its importance to various stakeholder groups: business partners, NGOs and civil society, shareholders/investors, customers, and governments/regulators. In-depth interviews were conducted with external stakeholders spanning our key stakeholder types: coffee farmer representatives, coffee traders, customers, NGOs, certification bodies, industry groups, investors, coffee value chain experts, and multi-stakeholder collaborations.

4. Prioritise: We mapped scores for each issue, taking into account business and external stakeholder importance, which identified the priorities presented in our materiality matrix.

## ADDITIONAL SEVERE IMPACTS

# 2.A.3 Describe any other severe impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

Developed with the Rainforest Alliance in 2018, Common Grounds is designed to provide transparency on the priority sustainability challenges in the coffee supply chain and to continuously improve the social, economic and

environmental conditions in the origin countries. The primary focus is on coffee & tea, but our engagement also extends to ingredients such as palm oil. In 2021, we launched the third cycle of Common Grounds Supplier SelfAssessments, focusing on further improvements in reach and quality of the process, alignment with our Coffee Sourcing Principles, and identification of key sustainability challenges. This cycle will further inform and enhance both our supplier engagement strategy as well as the continuous improvement approach of addressing priority issues in our supply chain. 3

Management of salient issues

# Cease, prevent or mitigate negative impacts

"Cease, prevent and mitigate" is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to in¬fluence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's own policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

## 3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	<ul> <li>Climate change mitigation</li> <li>Ethics and governance</li> <li>Product quality</li> <li>Responsible supplier labour practices</li> <li>Supply chain transparency</li> <li>Sustainable agriculture</li> <li>Sustainable packaging</li> </ul>
Goal :	
Status :	
Objectives in reporting year :	Full report on impacts of our activities is reported with GRI content index https://www.jdepeets.com/siteassets/documents/jde-peets-gri-content-index-2020.pdf

## Actions :

During risk mapping, our Common Ground program evaluates the responses given in the SAFs alongside the data reported in the OIAs. This process allows us to identify areas where risks on environmental and social issues are the highest in countries and regions from which JDE Peet's sources coffee. When we need further information, third-parties conduct targeted assessments. Through interviews and surveys with farmers, suppliers, and other stakeholders, targeted assessments provide insight into the complex challenges that contribute to identified risks. Altogether, the detailed information obtained allows us to better identify where risk is highest in the countries and regions that we sources from. This information is critical in our supplier investments and in the development of Improvement Projects with the greatest impacts. Part of what makes these projects work is that they undergo a thorough risk assessment by multiple Rainforest Alliance experts and JDE Peet's Sustainability Managers prior to implementation. For more information on active Improvement Projects, see the case studies in our annual report:

https://www.jdepeets.com/contentassets/08dac84aae2e4d6298955e47d80f3cbb/jde-peets-annual-report-2020.pdf

## OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

#### Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

#### 3.B.1 Reduction of environmental and climate footprint

Our Global Environmental Management System pursues continuous sustainability improvements by optimising our use of energy, water and other resources while reducing waste across our manufacturing activities. We also address our environmental footprint along the rest of the value chain by, for instance, the introduction of more sustainable packaging.

We are committed to climate action, while enhancing our operations. That's why we have set science-based targets to:

- Reduce absolute scope 1 & 2 GHG emissions 25% by 2030 from a 2020 base year
- Reduce absolute value chain scope 3 GHG emissions 12.5% by 2030 from a 2020 base year
- Our primary focus is to operate our manufacturing facilities efficiently and reduce fossil fuel use
- We also work with our partners to address the footprint of our value chain

Our factory in Bergen uses 100% renewable energy and in 2022 we aim to become carbon neutral by May. We are also in the finalizing steps of becoming ISO 14001 certified. We are certified Miljøfyrtårn and our office in Oslo is BREEAM excellent-certified

#### 3.B.2 Adapting own purchasing practices (sourcing)

We work to address sourcing challenges through a cycle of continuous improvement in multi-year projects. These are implemented in close partnership with our suppliers, as well as with farmers, cooperatives, exporters, traders, civil society and governments. Today, we have projects in place across all the 15 Common Grounds coffee origin countries. They focus on the identified priorities and vary by country. Two-thirds of our conventional coffee purchased in 2020 were covered by both a supplier self-assessment and Origin Issue Assessment. This process has equipped us and our suppliers with a much deeper understanding of the most pressing sustainability challenges in each origin country.

#### 3.B.3 Choice of product design and raw materials

UTZ/Rainforest Alliance, Debio, Fairtrade, RSPO, 4C, Ethical Tea Partnership, FSC, FSA,

## 3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

6.2 in Responsible Sourcing Principles:

"Workers rights and duties

Workers are aware of their rights and duties and these are adhered to by their employer.

Suppliers' internal management systems identify, assess and address that in processing units and on (smallholder) farms:

• Workers have access to information regarding workers' individual rights and duties, reflected in their employment contracts or verbal agreements

• Workers can freely establish and join workers' organizations, both internal (such as workers' representations) and external (such as trade unions) and take part in collective bargaining on working conditions. Employers provide training on social dialogue and workers' rights, and for grievances procedures.

• Workers are regularly paid at least the minimum national wage, the minimum regional wage, or the wage agreed upon by a collective bargaining agreement, whichever is higher. Employers keep records of paid wages and track applicable minimum wages paid to workers in their supply chain.

• Workers and their families are provided with accommodation on-farm or near processing facilities have safe, clean and decent living quarters taking into account local conditions."

## 3.B.5 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Many smallholder farmers are not part of formal cooperatives and are currently beyond the reach of sustainability certification. Moreover, many sustainability challenges are complex and go beyond what an individual producer or cooperative can address. These challenges require systemic change and take multiple years to solve. Accordingly, we believe that the best way to improve coffee & tea sustainability is to drive continuous improvement through partnerships among farmers, cooperatives, exporters, traders, roasters, civil society, and governments. Common Grounds works with stakeholders to identify the most important social and environmental issues wherever we source our coffee & tea. We then address those issues through collaborative action and open, direct communication with our suppliers. After identifying the local priorities, we work in partnership with our suppliers, NGOs and governments to address the challenges faced by smallholders

## 3.B.6 Other relevant information concerning the company's work to cease, reduce and handle negative impact on people, society and environment

"Our partnership with JDE is all about bringing long-term sustainability to coffee and tea farmers in key producing regions. The Common Grounds programme offers an innovative approach based on engaging suppliers, jointly identifying high risk areas, and implementing improvement projects that help mitigate these risks and advance sustainability progress in key sourcing origins. By working together on responsible sourcing solutions that complement certification, the Rainforest Alliance partnership with JDE is a powerful vehicle to accelerate sector innovation and scale up impact." - Aparajita Bhalla, Senior Director Markets Transformation, Rainforest Alliance

https://www.rainforest-alliance.org/business/tailored-services/partnerships-for-impact-collaborating-with-jde-peets-to-improve-farmer-livelihoods/



# 4

# Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

## 4.A. Track and assess

# 4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

In the 2019/20 cycle we received 145 self-assessments from our suppliers representing a 95% response rate. Despite the limitations imposed by the COVID-19 pandemic on our country risk assessment process, we worked with the Rainforest Alliance to successfully conduct or update independent Origin Issue Assessments in 5 priority countries. This means that two-thirds of our conventional coffee purchases in 2020 were covered by both a supplier self-assessment and Origin Issue Assessment. This process has equipped us and our suppliers with a

much deeper understanding of the most pressing sustainability challenges in each origin country

See also attached various case study examples

## 4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work

Through a regular supplier self-assessment process, we actively engage suppliers to ensure alignment with our sourcing principles and to work to address the key sustainability challenges. Improvement projects are identified and selected through this risk assessment process in which suppliers provide information on specific social, environmental, and economic issues in their geography, and action plans related to the Common Grounds focus areas.

In case we determine that suppliers are not in alignment with our sourcing principles, we will work with those suppliers to develop a time-bound improvement plan, so that they can progress towards meeting our goals. We will take more immediate steps if suppliers do not execute their plans in good faith or in a timely manner.



# Communicate how impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly availble, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

## 5.A External communication

## 5.A.1 Describe how the company communicates with affected stakeholders when managing negative impact

Suppliers have an internal management system in place for their operations that is sufficient to verify if and to what extent the JDE Responsible Coffee Sourcing Principles are met.

Suppliers' internal management system includes:

i. a responsible person or team to manage assessment, reporting against the Responsible Coffee Sourcing Principles

ii. the implementation of the action plan

iii. written procedures on the assessment against these Responsible Coffee Sourcing Principles

iv. record keeping of relevant documentation.

Sourcing transparency:

Suppliers know from which (smallholder) farmers they buy their coffee from (directly or indirectly). Suppliers have mapped GPS coordinates/polygons of the (smallholder) farmers and the production plots and keep an updated registry of all their suppliers and (smallholder) farmers.

### 5.A.2 Describe how the company communicates publicly about its own work on identifying and managing salient risks

https://www.jdepeets.com/contentassets/d8f5c1c8552a4039894579d225c20ea7/jde-peets-materialityassessment.pdf

https://www.jdepeets.com/siteassets/documents/jde-peets-gri-content-index-2020.pdf

https://www.jdepeets.com/contentassets/08dac84aae2e4d6298955e47d80f3cbb/jde-peets-annual-report-2020.pdf

https://www.jacobsdouweegberts.com/contentassets/f72a753a37c7471e8d0c37527e4c8a39/jde-responsiblecoffee-sourcing-principles.pdf

https://www.jacobsdouweegberts.com/cr/

JDE provide resources available for our supplier and our own employees, including:

• The Alert Line http://speakup.jdepeets.com

• Our Supply Chain, Procurement, and/or Compliance Departments

• The Ethics and Compliance team at Ethics.compliance@JDEcoffee.com

The Alert Line is maintained by an independent third party provider—it is not staffed with JDE associates. It is available online to all of our Suppliers worldwide and is accessible by telephone in most of the locations in which we operate. Operators are available in the various languages our suppliers and their associates speak





## Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.

## 6.A Remediation

## 6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

We acknowledge the high risk of certain labour violations within the coffee supply chain. We therefore require suppliers to ensure that smallholders and producer groups they work with commit to continuous improvement, put a rigorous risk assessment and mitigation system in place, and take immediate action (e.g., by alerting the responsible local authorities) on any known cases of discrimination, forced labour, child labour, and workplace harassment and violence. Whatever measures are taken should not contribute to further risk or harm of the affected persons

#### 6.A.2 If relevant, describe cases of remediation in the reporting year

## 6.B. Ensure access to grievance mechanisms mechanisms

#### 6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is appropriate

In our Supplier Code of Conduct it clearly states that "Suppliers shall have systems in place to enable fair, confidential and anonymous grievance reporting and follow-up without fear of reprisal. This includes worker whistle blower protections"

JDE provide resources available for our supplier and our own employees, including:

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