

# 6 tips on how to become more socially responsible in the spices and herbs sector

Last updated:

31 October 2023

Making your business more socially responsible contributes to a positive social impact and helps you gain a competitive edge in the market. Consumers and governments in Europe are increasing their demands on social responsibility. Therefore, companies that develop this aspect will have an advantage in the European market. Start by complying with the European Spice Association's Code of Conduct, then get an internationally recognised certification to secure your market advantage.

## Contents of this page

1. [Turn your social responsibility efforts into a sales argument](#)
2. [Increase health and safety by controlling pesticide use and providing proper personal protective equipment](#)
3. [Fight gender inequality from inside your company](#)
4. [Work closely with farmers to mitigate the risks in your supply chain](#)
5. [Prioritise human rights along your supply chain](#)
6. [Help reduce poverty and adapt to the European market at the same time](#)

## 1. Turn your social responsibility efforts into a sales argument

In the spices and herbs sector, companies in developing countries can include social sustainability in their unique selling points. This helps you stand out in the market and makes you a potential long-term partner for European importers. Proving a socially responsible supply chain can help you enter niche markets with better prices and buying conditions. If your company offers big volumes, demonstrating social sustainability practices can also give you access to big players in Europe.

### Get certification for the end consumer to reach the most demanding consumers

European consumers are increasingly aware of the social problems in the supply chains of foods produced in developing countries. A small but growing group of consumers wants to buy products that are produced and sourced fairly. These consumers base their buying decisions on well-known certifications, which guarantee a certain level of social and environmental sustainability.

Obtaining fair trade certification can be a powerful tool for companies to prove their commitment to social sustainability. Fair trade ensures that farmers and workers receive fair wages, work in safe conditions and follow environmental standards. By participating in fair trade practices you can attract consumers who want to support ethical sourcing and sustainable incomes for farmers.

Figure 1: Organic and Fairtrade Vanilla Extract from the British-Ugandan brand Ndali

Source: NdaliYouTube YouTube Page

Among the most recognised social certifications for end consumers (B2C) applicable to spices and herbs you will find:

- [FairTrade](#), [Fair for Life](#), [Fairtrade Original](#) and similar fairtrade labels
- [Rainforest Alliance](#)

For brands in developed countries to certify and be able to display the logos of these standards, they must comply with fair sourcing practices and buy their raw materials from certified suppliers. Therefore, certifying your product against these standards will give you access to those buyers.

[Cinnatopia](#), an exporter of spices from Sri Lanka, takes pride in being a leading exporter of organic certified spices in its country. Their Unique Value Proposition includes tradition, quality (certification against a scheme that is fully recognised by the Global Food Safety Initiative) and sustainability. Proof of this last pillar is their organic, Fair Trade and Rainforest Alliance certification.

[HDDDES](#) is an exporter of spices and derived products from Sri Lanka offering Fair Trade-certified spices. Their company video also mentions other social responsibility activities, showing that the social aspect has become a part of their Unique Value Proposition prized by their clients.

Figure 2: HDDDES Corporate Profile mentions Fair Trade and social responsibility

Source: HDEES YouTube Channel

## **Prove social sustainability in your supply chain to do business with big processors and traders**

Big traders and processing companies are looking to avoid any human rights violations and socially harmful practices along their supply chains. This is due to growing pressure from public opinion and upcoming changes in legislation. An easier way for them to reduce these risks is to buy from certified suppliers, especially if they are being audited externally.

Business-to-business (B2B) social responsibility standards and certification schemes guarantee a certain level of social responsibility that is internationally recognised. Even though these standards are not visible to the end consumer, having them will help your company do business with key actors in Europe.

Among the most important B2B social sustainability initiatives are:

- Supplier Ethical Data Exchange ([SEDEX](#)) - global platform for buyers, suppliers and auditors to store and share information. The SEDEX organisation also developed a social auditing standard, [SMETA](#) (SEDEX Members Ethical Trade Audit). This auditing template helps companies to assess a supplier's working conditions in the social, ethical and environmental domains.
- [Rainforest Alliance](#) - third-party certification scheme that sets criteria for both social and environmental issues.
- [BCorp](#) - third-party certification scheme that sets very strict criteria for both social and environmental issues. BCorp certifies entire companies. BCorp certification requires companies to meet high standards of performance, accountability and transparency on a wide range of factors. This scheme is probably among the fastest-growing ones worldwide.

To compare these standards among each other and with other sustainability standards, you can use [ITC's Standards Map](#). On this platform you can compare standards based on your location, your target market, and the topic of the standards.

1. Look for the 'filter' option within the tool.

2. Specify your sustainability criteria, such as Social or Environmental sustainability.
3. Apply more filters to narrow down the standards list based on your needs. Include your country, supply chain and target market.
4. Explore the detailed information provided for each standard, including its scope, criteria and certification process.

The company [HDDDES Group](#), with headquarters in Sri Lanka, is registered at the SEDEX platform and is SMETA-certified. This allows the company to easily be considered as a supplier, compared to other suppliers that cannot prove any social standards.

**Tip:**

Opt for standards that include third-party auditing, like Fairtrade or Rain Forest Alliance. These will open opportunities for your products among the most rigorous buyers.

### Prepare for your buyer’s code of conduct

Having a code of conduct is currently a common practice among European companies. It is usually about the protection of human rights as well as other social aspects in the supply chain. The [European Spice Association \(ESA\)](#) has a code of conduct that was approved by its members. It contains some basic principles that its members commit to along their supply chain:

human rights
compliance with local law
prohibition of unethical practices

If you are aiming to sell to European buyers, you can create your own code of conduct matching their principles. In this way they know that working with you helps them have a fair supply chain. Besides reflecting their principles, you can also show some proof of your actions towards complying with these principles. In the table below you will find the principles of the ESA's Code of Conduct with their meaning and the type of information you should include in your own Code.

Table 1: Principles of the Code of Conduct of the European Spice Association and how SMEs can tailor their own to match the requirements.

Principle	Description for European companies	Proof of compliance for SMEs in developing countries
-----------	------------------------------------	--

Compliance with local law	Compliance with national and international legislation in the markets they operate in.	Mention the relevant regulations you comply with.
Business ethics	All forms of corruption, bribes, money laundering and frauds are prohibited.	Refer to internal training, internal audits or other measures you implement in your company to guarantee this principle.
Child labour	Child labour and forced labour are prohibited.	Mention any measure you have in place to monitor and avoid any type of child labour in your company and, if possible, in your supply chain. Also, mention any measures you take in your company to benefit children in your community.
Forced Labour	Forced labour or any kind of labour connected to punishment is prohibited. Access to employment documents and clear compensation information.	If your national law also forbids these practices, you can name the law as well.

Non-discrimination	Discrimination is forbidden; fair disciplinary measures must be communicated.	State your commitment against any form of discrimination inside your company. If there is a high risk of discrimination in your country, it is helpful to mention the risk and what you are doing to mitigate it. For example, you can mention if you have a women's committee or if you make any efforts to employ religious or ethnic minorities.
Freedom of association and collective bargaining	Employees have the right to join the trade unions of their choice and engage in collective bargaining.	If there is a national law that enforces freedom of association, you can also mention it. If there is a union that your workers belong to, mention it, as well as any agreements or programmes you have made with them.
Working hours	Working hours comply with laws; there are recommended maximums. Rest periods in accordance with national legislation.	If the national law is more favourable to workers than this guideline, mention it too. If you offer any extra benefit in terms of working hours, holidays or the like, include it.
Wages	Wages meet legal requirements; should be communicated clearly.	State that you comply with your country's legislation in this regard. If you have any extra benefit like transportation subsidy or a bonus, mention it. You can also check the living wage of your country in the <a href="#">Global Living Wage Coalition</a> . If the salaries of your company meet or exceed the minimum calculated by this organisation, also mention it.

Working conditions	Safe work environment, proper facilities and protective equipment are mandatory.	If there is local legislation on working conditions, you should state that you comply with it and name the norm. If you comply with any recognised standard that regulates working conditions like <a href="#">ISO 45001</a> , or even <a href="#">Global GAP for Crops</a> , also include it.
Environment	Compliance with environmental local and international legislation is mandatory.	If there is local legislation on the topic, you should state that you comply with it and name the norm. If you comply with any recognised standard that regulates the environmental impact of your company, like <a href="#">Global GAP for Crops</a> , <a href="#">organic agriculture standards</a> or <a href="#">ISO14001</a> , also include it.
Implementation	Members must implement a sustainability code and verify compliance along their supply chain.	Explain how you are working not only to comply with these principles but also to bring them to your suppliers to improve your supply chain.

Source: [European Spice Association](#) / Globally Cool BV

The Indonesian supplier of spices [Mignon Sista International](#) has created a [Code of Conduct](#) as part of their Corporate Social Responsibility (CSR) programme. This Code of Conduct pinpoints their commitment to some of these key aspects.

### Recommended steps for exporters:

- Develop your own code of conduct with the [ESA Code](#) in mind, to show commitment to your potential clients.
- Ideally, implement a recognised standard that allows you to prove your compliance with your code of conduct, whether or not it is a certifiable standard like those mentioned previously. Make use of the [ITC's Standards Map](#) to identify potential sustainability standards for your company.
- Include this information in key sales materials and channels like your website and brochures.

## 2. Increase health and safety by controlling pesticide use and providing proper personal protective equipment

The spices and herbs industry faces several health and safety issues, including poor working conditions, exposure to harmful chemicals and pesticides, and inadequate access to personal protective equipment (PPE) and medical care. Improving pesticide application and providing PPE to your workers will highly improve their safety. At the same time, it will also lower your expenses on pesticides and help you reduce residues in the product.

### Improving pest and disease management and pesticide application lowers expenses and improves farmers' health and safety

Improper use of pesticides when growing spices is common among farmers. Some practices are harmful to workers' health and have led to pesticide poisoning. This includes excessive use of pesticides, poor application techniques, lack of protective gear during spraying, and in some cases use of pesticides not allowed for the specific crop.

At the same time, pesticide excess can cause product contamination, which might lead to poor quality for the export markets. Implementation of Good Agricultural Practices (GAP) at the farms allows workers to be safe while using inputs effectively and avoiding contamination of the produce.

### Integrated Pest Management

A key concept of Good Agricultural Management is integrated pest management (IPM). IPM is an approach that focuses on using multiple strategies to effectively manage pests and diseases in agriculture. Instead of relying only on chemical pesticides, IPM mixes several techniques such as biological control, cultural practices and monitoring to prevent and control pest and disease outbreaks.

### Minimal use of harmful chemicals

By reducing the use of harmful chemicals during farming, you are lessening the risks farmers are exposed to. At the same time, if you use less pesticide there will also be less residues in your products. This makes it easier to comply with EU maximum residue levels.

### Good Agricultural Practices

[Global GAP](#) offers GAP standards that are recognised internationally. Within Global GAP there is an additional module called GRASP. This module is a risk assessment dedicated to social practices. The International Organization of Spice Trade Associations (IOSTA) has also developed a general [Good Agricultural Practices Guideline](#) that provides an overview of topics to be considered. The Sustainable Spices Initiative - India also developed [a specific guideline](#) for certain spices in that country.

The Indian company ITC Limited, for example, [is working together with smallholders](#) to implement sustainable practices. Their own Sustainable Agriculture Practices Programme provides information and hands-on training to local small-scale farmers using Global GAP standards. Farmers have implemented a new approach to pest management. They substitute chemical methods with more affordable techniques involving biological, physical, cultural and mechanical methods. This approach makes them more profitable and sustainable.

Keep in mind that implementing good agricultural practices might mean a change in the way your workers and farmers in your supply chain have been growing their produce for a long time. Therefore, to effectively implement GAP you should raise awareness among the workers about the benefits of this approach. You should also provide practical training sessions on how to implement these practices.



## Provide personal protective equipment to improve health and safety

Providing PPE to farmers handling pesticides will improve their safety. The label of the pesticide indicates the type of PPE needed for the application.

Some key protective pieces of equipment for handling pesticides are:

- chemical-resistant gloves
- chemical-resistant shoes or chemical-resistant shoe covers
- chemical splash goggles
- chemical-resistant headgear if the pesticide application happens overhead

On top of that, farmers handling pesticides should always wear buttoned-up long-sleeved shirts, long pants, and shoes with socks. They should always wash their protective gear after use, including their boots, to avoid further contamination.

Figure 3: Personal Protective Equipment for Pesticide Application

Source: Missouri University YouTube page

The workers involved in the production and processing of spices and packing are often exposed to high amounts of dust. This is the case especially during activities like milling, blending/sifting, weighing and scooping. It can cause allergies, dermatitis and respiratory problems such as occupational asthma. To avoid this, you should identify these risks in your production process and provide your workers with training and PPE to reduce the risks.

### Tips:

Apply an internationally recognised GAP standard for your product, like Global GAP. This will help your workers apply pesticides safely and efficiently, and will help you comply with the [MRLs \(Maximum Residue Levels\)](#) required by the European Union.

To help the implementation of the Global GAP standard in your company or among your suppliers, contact a registered trainer in your country from the [Global Gap website](#).

Focus on these practices' benefits to farmers in order to create commitment among them, otherwise they might have difficulties adopting the new practices.

Provide proper PPE to guarantee that your farmers and workers can perform their tasks safely. This will reduce worker absenteeism due to injury or sickness.

Train your workers along the supply chain on the safe use of equipment, handling of chemicals, and other relevant topics.

### **3. Fight gender inequality from inside your company**

There is a gender imbalance in the spices and herbs industry, defined by gender-based work division and wage differences between the genders. Plus, women in the industry are paid less than their male colleagues doing similar tasks. Promote gender inclusion in your company and profit from the women's support market that is currently blooming in Europe.

#### **Be an example of gender equality for your workers and the community**

The first step towards promoting gender equality in your chain is to offer a clear policy about equality among workers and the treatment of women and other disadvantaged groups in your company. It should be clear to everyone that discrimination, abuse, harassment and other practices that can affect women are forbidden. This will already reduce potential issues for women in your company and help improve perception about women's rights among your workers.

Besides structural challenges, women working in the spices and herbs industry often receive lower wages than their male colleagues when performing similar tasks. This is based on gender biases and can be easily changed. Therefore, a key measure to reduce gender inequality in your company is to provide equal pay for equal work, independent of gender, religion, ethnicity or the like.

To support women and underrepresented groups in your company and your supply chain, you have to talk to them and understand their challenges. After truly listening to them, you can tailor approaches to create a more inclusive work environment. For example, you can offer day-care facilities for mothers with small children, or help women open bank accounts to receive their loans.

To give women the chance to share their view you can create a Women's Committee. This organ can represent the interests of women at meetings and discussions in decision-making processes. It can also suggest and facilitate activities to improve their conditions, such as training programmes and workshops to enhance the skills and knowledge of female members. This may include sessions on financial literacy, leadership development, organic farming practices, quality control and entrepreneurship.

#### **Let your engagement with women help you sell more**

Promoting gender equality and empowering women in the spices and herbs sector can be a powerful way to differentiate a company. The inclusion of women in the economy is a priority in Europe. Therefore, you can communicate your efforts to support women in your supply chain and improve your brand's reputation. Besides, offering your buyers the possibility to have a positive impact on gender equality when buying from you and thus improving the social responsibility of their own chain also makes a good selling argument.

The international company McCormick, for example, has a [Women's Empowerment Framework](#) in place to

identify and improve inequalities in their supply chain. As part of this framework, they provide training on financial management, bookkeeping and business development in their cinnamon supply chain in Indonesia. Some participants were further supported to build their own cinnamon nursery business.

This type of action improves McCormick's image in the eyes of the consumer and creates goodwill for the company. You can also improve your company's image for potential buyers with such initiatives and come across as a reliable partner with similar values to your buyer's.

### **Tips:**

Understand the challenges of women and other underrepresented groups first, in order to act. Create a Women's Committee or a similar team in your company to understand and improve the welfare of women and other underrepresented groups.

Implement a social responsibility standard like [Fairtrade International](#). This will already guide you in dealing with inequality. The Women's Committee, for example, is part of this standard.

Check the [IDH toolkit](#) with measurable indicators to track and evaluate gender-equality interventions. It provides KPIs to improve and a template to measure the impact of your interventions.

Actively communicate your efforts towards gender equality with your stakeholders and potential clients.

## **4. Work closely with farmers to mitigate the risks in your supply chain**

Understanding your supply chain is key to identifying non-compliance with international codes and risks of human rights violations and other social issues. At the same time, you need to understand the needs of your clients regarding social responsibility. This helps you create a strategy that allows you to align your current situation with your clients' expectations.

### **Get closer to the farmers**

Many of the social issues in the spices and herbs supply chain come up in primary production. Nevertheless, exporting companies might not always be in direct contact with the producers because they source the product through intermediaries. In such cases, companies do not always have a full picture of the origin and quality of the product, or of the farmers that produced it and their working conditions.

If this applies to you, it will be very difficult for you to implement any relevant social responsibility measures or guarantee the quality needed to export to Europe. It is key to work directly with the producers to be able to influence their GAP and other practices impacting their social wellbeing.

Therefore, if you do not produce yourself, you should try to establish direct contact with the producers. After establishing a direct relationship, you can start assessing their working conditions and processes with regard to your code of conduct or an international standard.

Working directly with farmers does not necessarily mean you have to exclude a long-term partner that has been working as a middleman or trader. Current partners can continue being part of the supply chain. They can even play an important role, e.g. in sharing information among the farmers and planning training programmes.

## Develop a plan fitting the identified risks

After pinpointing which changes are needed in your specific case, you should develop a plan with actions to tackle the identified problems. For example, if you identified that workers in your farm are having skin problems due to pesticide application without proper PPE, your plan to target this problem could include the following actions:

- Assess the current use and availability of PPE among workers, identifying any gaps or deficiencies.
- Offer comprehensive training sessions on the importance of PPE and its proper use. Emphasise the potential risks associated with pesticide exposure.
- Supply adequate PPE, including gloves, masks, goggles and protective clothing, and make them easily accessible to workers.
- Develop clear policies and procedures making the use of PPE mandatory during pesticide handling and application. Enforce strict adherence to these guidelines.
- Regularly monitor and supervise workers to ensure compliance with PPE usage. Provide feedback and corrective measures as needed.
- Foster a safety-conscious environment by promoting open communication and encouraging workers to raise concerns. Recognise and reward those who consistently comply with PPE protocols.
- Continuously review and improve the PPE programme based on feedback from workers, industry best practices and new safety standards.

Depending on the outcomes of the assessment, you might have to take measures related to previously discussed topics like human rights, working conditions, occupational health and safety, and gender equality. There is no one-size-fits-all plan to improve social responsibility. You will have to develop your own according to the needs of your company, your suppliers, and the standard you want to reach.

### Tips:

For companies working with small farm holders: help the farmers create a cooperative. Having an organisation facilitates communication, organisation of trainings and a potential certification process.

For companies buying through intermediaries: include your trustworthy intermediary in your efforts to improve your supply chain. The broker can be a great ally to identify the most suitable farmers or communities to start a certification process, for example.

## 5. Prioritise human rights along your supply chain

Respecting human rights throughout the supply chain is an essential part of social responsibility. All internationally recognised certification schemes dealing with social responsibility will require you to protect human rights in the scope of your company's activities. European companies might be held accountable for human rights violations in their supply chain by different regulations. Therefore, exporters that can prove their commitment to human rights will be preferred by buyers, especially big companies.

Watch the following video of the Danish Institute for Human Rights for a summary of Human Rights due diligence for businesses.

Figure 4: Due Diligence - Business and Human Rights

Source: The Danish Institute for Human Rights

There are several regulations at a national level that require companies to conduct due diligence in their supply chain. There is also an upcoming directive that will impact companies in the EU. Even though these regulations are often directed at big companies operating in the EU, suppliers in developing countries are still affected by them.

If your buyer must comply with a certain level of sustainability in its supply chain, this will have an impact on your company. Since you are part of their supply chain, for them doing due diligence means checking your operations based on the requirements of the directive. Buyers will investigate your sustainability practices to make sure that doing business with you is not posing a sustainability risk. They might also ask you to comply with a specific standard or to get a certification.

## **EU - Corporate Sustainability Due Diligence Directive**

The [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#) proposed by the EU aims to oblige companies to address the environmental and human rights impacts of their operations. It requires companies to conduct due diligence within their own operations and across their subsidiaries and entities in their value chains. This includes developing and implementing prevention plans, securing commitments from business partners to comply, and verifying their compliance. It is likely that 'high-risk' sectors like agriculture and the food industry will have to comply with stricter rules.

The CSDDD will affect EU companies with more than 250 employees and a net worldwide turnover of €40 million or more, and non-EU-companies with a net turnover of over €150 million if at least €40 million was generated in the EU. Non-compliant companies might get a compliance order or large financial penalties based on their turnover.

Exporters looking to sell to companies in Europe will have to prove that they don't pose a sustainability risk to their buyers, who must comply with this directive. The buyers will need information from your side to make this assessment. There are different ways to provide this information:

- Filling questionnaires shared by buyers with different questions about the social and environmental actions

of the company. The frequency of these questionnaires is expected to rise with this directive.

- Creating a code of conduct in which you explain your sustainability policies and state your commitment.
- Having a certification by a recognised standard. It is expected that to comply with this directive, European buyers of spices and herbs will be less inclined to buy from uncertified suppliers.

Every buyer will determine which of these activities are needed. Keep in mind that to be able to provide your buyer with the necessary information to comply with this directive, you need to know your own supply chain and tackle any critical risks.

Since this directive is still being discussed and updated, the information presented above is subject to change.

## Due diligence laws at a national level

Some European countries have regulations that hold national companies accountable for human rights violations in their supply chain, even if they take place in other countries, and in some cases including their suppliers. To avoid being penalised, companies to which these regulations apply might prefer to trade with companies that have a system in place to monitor and mitigate the risk of human rights violations.

France, Germany, the United Kingdom, Norway and the Netherlands have already regulations in place that require due diligence on human rights at various levels. Austria, Finland, Belgium and Luxemburg are likewise in the process of creating their own regulations.

### Germany - Supply Chain Act

The Act on Corporate Due Diligence Obligations in Supply Chains ([Lieferkettensorgfaltspflichtengesetz, LkSG](#)) obliges companies to conduct human rights and certain environmental due diligence in their supply chains. This includes their own business area, the actions of contractual partners, and the actions of other (indirect) suppliers. The Act applies to companies in Germany with at least 1,000 employees. Nevertheless, it is expected to possibly extend to smaller companies in the future in the interest of public opinion and some political agendas.

Some of the human rights in focus in this Act relate to typical supply chain risks, such as:

- prohibition of child labour
- protection against slavery and forced labour
- freedom from discrimination
- protection against unlawful taking of land
- occupational health and safety and related health hazards
- prohibition of withholding an adequate living wage
- the right to form trade unions and workers' representations
- the prohibition to cause any harmful soil change or water pollution
- protection against torture

### France - Loi de Vigilance

The Duty of Vigilance Act, also known as [Loi de Vigilance](#), was implemented to ensure that companies fulfil their obligation to conduct due diligence on human rights and environmental responsibility. This law requires companies to establish, implement and publish their own vigilance plan according to the United Nations' human rights due diligence procedure as outlined in the [Principles on Business and Human Rights \(UNGPs\)](#).

A vigilance plan assesses and identifies risks throughout a company's value chain, including its own operations, subsidiaries and business partners. Under this law, companies have to create their own vigilance plan with the specific measures to identify and prevent human rights and environmental violations in:

- the company's operations
- its parent companies

- its subsidiaries
- its supply chain, including direct and indirect suppliers and subcontractors

This legislation applies to companies that are established in France and have at least 5,000 employees in the company and its French-based subsidiaries, or that have at least 10,000 employees in the company and its subsidiaries in France and other countries. Therefore, this is relevant in principle only for exporters supplying to multinationals or very big companies.

## **United Kingdom - Modern Slavery Act**

The [Modern Slavery Act](#) applies to every organisation conducting a business in the United Kingdom with a total annual turnover of £36 million or more. They will be required to produce a slavery and human trafficking statement for each financial year. The statement must set out what steps the organisation has taken during the financial year to ensure that modern slavery is not occurring in their supply chains or in their own organisation.

## **Netherlands - Child Labour Due Diligence Law and upcoming Responsible Business Conduct Act**

The [Child Labour Due Diligence Law](#) obliges companies to:

- investigate whether their goods or services have been produced using child labour
- create a plan to prevent child labour in their supply chains if they find it
- report these efforts

This law applies to all companies that sell or supply goods or services to Dutch consumers consistently over time. It doesn't matter where the company is based or registered, and there are no exemptions for legal form or size.

This regulation has not yet entered into force and it is yet to be determined when it will. But since the regulation also applies to small companies, exporters looking to sell their product in the Dutch market – directly or indirectly – might have to consider taking a closer look at the risk of child labour in their supply chain.

In addition to this regulation, the Dutch government is currently drafting the [Responsible Business Conduct Act](#) on human and labour rights and environmental due diligence. This regulation will apply to Dutch and foreign companies operating in the Netherlands that fulfil two out of three criteria: an annual turnover of €40 million or more, a balance of at least €20 million, or 250 employees or more.

## **Norway - Transparency Act**

The [Norwegian Transparency Act](#) requires companies to:

- implement and conduct a due diligence process in line with the Guidelines of the Organisation for Economic Co-operation and Development (OECD)
- publish their due diligence strategies
- communicate details like procedures, risks, activities and findings upon request

The Act applies to companies based in Norway and foreign companies selling in Norway that comply with two of the following three criteria: an annual turnover of NOK 70 million, a balance of NOK 35 million or more, or 50 full-time employees or the equivalent annual man-hours.

## **Prepare your company to comply**

Even though all due diligence regulations are different, the outcomes for exporting companies are always similar: they need a continuous process of mapping your supply chain, identifying, preventing, mitigating and managing risks followed by reporting. Companies looking to export will have to commit to this process to be able to provide the necessary conditions and information to their clients. If you want to begin with this process, you can start considering the previously discussed code of conduct and scanning your supply chain for risks.

## Tips:

Check the [OECD Due Diligence Guidance for Responsible Business Conduct](#), the framework on which the CSDDD is based.

Check [MVO's Risk Checker](#) to understand the main risks of your supply chain in your country from an international perspective.

Check the [Toolkit for implementing your Due Diligence](#) from the Dutch Spices Association.

Implement an internationally recognised standard that covers a part of your due diligence duties. This can help you implement your due diligence and prove it to international buyers.

Check the [Frequently Asked Questions about the Supply Chain Act](#) to better understand this regulation. Also check the [guideline on conducting risk analysis as required by the German Supply Chain Due Diligence Act](#) to get a practical idea on how to implement it.

## 6. Help reduce poverty and adapt to the European market at the same time

The production of spices is a crucial source of income for millions of small-scale farmers. However, these farmers often experience poverty, due to factors like price fluctuations of spices, limited bargaining power and dependency on middlemen. At the same time, the lack of knowledge and access to agricultural inputs hinders their productivity. This means they will produce and earn less than they could. Implementing fair trade practices and investing in the farmers that supply to you will help them improve their production. This is ideally done in partnership with your buyers.

### Implement fair trade practices

Exporters can implement transparent and fair trading practices (such as clear pricing information) that unambiguously communicate the factors considered in determining prices (such as quality, quantity and market demand). This ensures that farmers understand how their produce is valued and helps build trust in the pricing process. At the same time, companies should avoid price manipulation, hidden fees, unreasonable payment delays and unfair contract terms.

Exporters can also help farmers gain access to financing and resources. This can involve:

- collaborating with financial institutions to provide credit
- assisting farmers in obtaining necessary inputs such as seeds, fertilisers and equipment
- supporting infrastructure development in farming communities

This will benefit you, as proper inputs will be reflected in product quality and productivity. It will also increase the reliability of your supply, which is a very important factor for international buyers.

Long-term contracts with farmers are another key tool to make the supply chain fairer. They provide stability and predictability in pricing. This helps farmers plan their production and investments more effectively and reduces their exposure to price volatility in the market. Long-term contracts are also beneficial for your company. You can profit from a steady supply of a traceable good-quality product for your international clients.

If you get Fairtrade certification, you will be able to prove this engagement and reach better prices. The premium provided by Fairtrade supply chains will help farmers improve their current conditions. This way, the funding for projects will not be coming 100% from you. Instead, it comes from the whole supply chain, including



the consumer.

Buyers that want to guarantee fair wages in their supply chains will prefer you if they know and have proof of your fair-trade prices. In fact, an exporting company offering unusually low prices or discounts when the harvest in a region was known to be low is a red flag for responsible companies.

## **Build capacity among your suppliers and increase your profit**

Exporters can support farmers by providing them with training and capacity-building programmes. This can include knowledge-sharing on:

- sustainable farming practices
- quality standards
- certification requirements
- market trends

By enhancing farmers' skills and knowledge, you enable them to increase productivity and quality and meet international standards.

You can also support training in environmental sustainability practices. It will allow farmers to enhance the long-term viability of their operations. This is key for exporters that rely on continuous supply to be able to export. You can encourage organic farming methods, promote environmental conservation, and provide guidance on responsible water and resource management. The demand for organic spices is growing in Europe, so accessing organic produce can open the doors to a more profitable market than the conventional one.

If you are developing a capacity-building initiative for the farmers you work with, present the project to your current international partners. It could be about good agricultural practices, organic production or the use of technology in agriculture. Companies in Europe can also profit from supporting these initiatives, which helps them reach their own social responsibility goals. Also, you can look for public institutions and NGOs working in your country. They might contribute to your initiative, for example with resources and trainers.

### **Tips:**

Implement an internationally recognised standard to guide you on fair trade practices. This also allows you to fully benefit from the recognition of your actions among international buyers. To identify a fitting standard for your company, look at [ITC's Standards Map](#). On this platform you can compare standards based on your location, your target market and the topic of the standards.

Involve your business partners in projects to improve the livelihood of farmers in your chain. European buyers often want to implement social responsibility initiatives but need a partner on the ground.

This study was carried out on behalf of CBI by [Globally Cool B.V.](#)

Please review our [market information disclaimer](#).

