

9 tips on how to become more socially responsible in the natural food additive sector

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Global companies and European consumers are paying more attention to social standards in supply chains. For exporters of natural food additives, this means your European clients will place stricter requirements on social responsibility. This chapter discusses opportunities for strengthening your commitment to social responsibility in your own supply chain. It also explains how this can benefit you by improving your reputation, customer loyalty and revenue by giving you access to more profitable markets.

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1. Learn about social responsibility laws introduced in the European Union

For a long time, compliance with some sustainability standards was voluntary in Europe. This is beginning to change now, and these standards are becoming mandatory across Europe. You need to be aware of these changes as they will impact your business activities.

Introduced in 2021, [the European Union \(EU\) Due Diligence Directive](#) requires EU companies “to identify and, where necessary, prevent, end or mitigate adverse impacts of their activities on human rights, such as child labour and exploitation of workers, and on the environment, for example pollution and biodiversity loss”. These requirements are not yet mandatory for small and medium enterprises (SMEs) operating in the EU and will not become mandatory for the biggest companies until 2024. However, your European clients will also have their own corporate social responsibility (CSR) strategies. An example is the Swiss flavour and fragrance company [Givaudan's Sourcing4Good](#) programme. Its goal is to improve working conditions at the farm and collector level while also improving life in the communities they source from and promoting good agricultural practices.

Exporters that want to continue doing business in Europe will have to meet stricter transparency standards for social responsibility. Remy Cointreau, a European company that uses natural flavouring and other ingredients, [uses SEDEX to collect data and measure progress on social responsibility](#). Your clients will carefully select sourcing partners based on their commitment to social responsibility, improvement measures they are taking and their willingness to improve social sustainability in their supply chains.

To show that you are a socially responsible exporter, you must meet the minimum social standards and make your efforts part of your company's identity. Figure 1 shows some certification schemes through which you can demonstrate your commitment to sustainability. However, not all buyers ask for such standards, so you should consult with them to find out if these standards will make you a more competitive exporter.

As a first step, do a self-assessment of your company's compliance with international social standards as set by the [International Labour Organization \(ILO\)](#). This will help you find weaknesses in your company's commitment to social responsibility and show you where you perform well. Use this information to boost your position in the market and target specific European importers.

Figure 1: Certifications that show your commitment to social responsibility



Source: ProFound, 2023

Tips:

Ask your clients about their social standards and criteria. Different buyers may prefer different schemes, depending on their end clients and distribution channels.

Read through [SEDEX's case studies](#) outlining why European companies are taking sustainability measures and how they are incorporating these efforts into their supply chains. SEDEX is a global membership organisation dedicated to improving ethical and responsible business practices in global supply chains.

Look at the [ILO standards](#) and the [World Economic Forum's 34 metrics](#) for supply chain sustainability, and rate your company on their criteria. Note that these criteria were developed and are used to assess global companies' sustainability performance.

Read CBI's study on [social certifications and expected developments](#).

2. Ensure traceability and get to know the production stakeholders

If you want to work on your social responsibility, you need to start at the beginning of your supply chain. Many steps happen outside your direct operations, and it's important to know about them all. First, find out exactly where the raw material you source is grown and who is involved in the production process, further processing, transport and sales. Identify and talk to people involved in production and supply activities. Also make sure everyone you work with has sustainable practices in place.

When visiting producers, find out about their living conditions. Ask them to show you how the production process works, who is involved and the equipment used. You can also ask your producers to do a [self-assessment to measure their farm sustainability](#), and to complete a questionnaire [to assess their social performance](#). All of this information about production sites and stakeholders will give you a basis to analyse your business strengths and the areas you need to work on.

To better understand the roles and relationships of stakeholders in your supply chain, you can do a [simple stakeholder mapping](#). Figure 2 below shows how Robertet, a French flavour and fragrance company, [mapped out its stakeholders in a CSR report](#) to better understand those stakeholders' expectations, interests and informational needs. The numbered tiers stand for stakeholders' different levels of involvement and influence in Robertet's operations.

Figure 2: Robertet's stakeholder mapping and actions



Source: [Robertet](#), 2023

You can do this too, just keep it simple. By gathering information about your stakeholders, you will be better informed about their needs and areas of influence. For example, talk to producers about issues related to production processes and safety at work. Visually mapping your stakeholders can help you identify bottlenecks and possible steps to resolve them.

Tips:

Consider using [stakeholder mapping](#) to identify who is involved in your supply chain.

When mapping stakeholders, talk to as many people as possible to get a complete picture of the situation.

Get specific information about the percentages of women and men doing different activities, as well as the percentage of ethnic minorities. Global companies are keen to promote the participation of women and indigenous/ethnic minorities. If there are many involved, it can be a positive feature of your business.

To manage different stakeholders' expectations, make it clear to them that resolving issues is not all up to you. Promote discussion among all supply chain stakeholders so that everyone understands the existing challenges and you can all analyse bottlenecks together, as equal partners.

Use a [stakeholder mapping template](#) and complete the information for each stakeholder.

3. Make sure your producers and employees are fairly compensated

In recent years there has been a shift in thinking about fair compensation. In Europe, the focus now is on [living wages and incomes](#), meaning the minimum amount of money people need for a reasonable quality of life. It is possible that the minimum wage in your country is not enough to meet this standard. As an employer committed to social responsibility, it is very important to make sure you pay your employees a living wage.

It is also important to gather information about the prices you pay your producers to purchase raw materials. European clients may ask for this information, so document it across your supply chain. One way to do this is by signing contracts with your producers. Perennial contracts that have no end date are useful as they give producers planning security. See Table 1 below for ideas on how to formalise agreements with your producers.

A good example of an export company that pays fair prices to producers is [Phalada Agro Research Foundation Private Limited](#), based in India, which produces natural food additives with 10 farmer groups across India. They sign contracts with the farmers and guarantee a fair price when market prices are low. This means farmers can support themselves in times of low income and are fairly compensated when market prices are high. Phalada's engagement with all supply chain participants also creates transparency in communication. Many of Phalada's international buyers visit the farmers to get a better understanding of their operations and challenges

Table 1: How to improve upstream supply chain payment conditions

COMMON PAYMENT BOTTLENECKS	IMPROVEMENT OPTIONS
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<p>Imbalance in power dynamics: traders do not pay producers pre-agreed price.</p>	<p>Meet with producers and traders to clarify each stakeholder's role in the supply chain. Agree on fair benefit-sharing and sign contracts with producer representatives and traders.</p>
<p>Women are paid less than men.</p>	<p>Make sure men and women are paid equally for equal work. Include a clause on this in contracts.</p>
<p>Producer cannot read and write and therefore cannot sign the contract.</p>	<p>Sign contracts with family members as representatives.</p>
<p>Too many producers makes it ineffective to sign contracts with all of them.</p>	<p>Sign a contract with a group representative. Make sure producers participate in negotiating price and payment conditions.</p>
<p>Producers rely on day workers who don't count in formal price-setting.</p>	<p>Agree on minimum wages to be paid to all workers and incorporate this in contracts with producers.</p>
<p>A major issue for niche products: highly fluctuating product demand means prices vary from year to year. This creates a disincentive for producers as they do not know what they will be paid for their efforts.</p>	<p>Ask your European client if they are willing to sign perennial contracts or purchasing orders fixing a minimum price and volume to be purchased.</p>
<p>Producers sign contracts with your company/trader but sell their product to another trader.</p>	<p>Draw up a production calendar with producers and specify the inputs required for each production step. Check if pre-financing is needed and make sure cash is available at harvest time. If the production area is remote, consider creating a fund to collect the harvest and pay producers on time.</p>
<p>Producers deliver highly varied qualities.</p>	<p>Agree on a quality standard with your client and producers. Set up a quality-based pricing system. Also check if the cleaning process can be done at the community level. This way, you can reduce waste and so boost productivity and add value at the local level.</p>

Source: [ProFound](#) and Christine Woda, 2023

These steps will show your commitment to producers and strengthen their commitment to your business and its success in turn. Ultimately, their greater trust and motivation will lead to the production of higher-quality natural ingredients for export as well as better resilience to climate change.

Tips:

See [WageIndicator](#) for information about living wages in your country. Keep records of your employees' pay and hours worked so you can provide this information upon request.

Make sure that payments cover production costs for everyone involved. Check that at least the minimum wage is being paid for all work. For work that is dangerous or difficult, such as tree-climbing or handling hazardous chemicals, the pay should be higher.

Talk to your client about options for a compensation provision in the case of low yields due to climate change or catastrophic events.

Read about [why calculating farm costs is important](#).

Find out which certifications your European clients require. If fair pricing is a priority, they may work with the [Rainforest Alliance](#) scheme. Companies with this certification may be more flexible about paying premium prices for natural ingredients, as well as about supporting you in case of economic or environmental shocks that impact harvests.

4. Research ways that your producers can diversify their income sources

Many export SMEs in developing countries are working hard to improve existing business relationships with their producers. Instead of sourcing only 1 ingredient from a producer, they are supporting producers to build wider portfolios of ingredients.

You can show your social responsibility by helping your producers become more skilled. For example, by creating training programmes to improve production methods and boost productivity. Or by helping them find ways to [make money from different crops](#) and [rotate what they grow](#), and so expand their range of ingredients and income.

[Bountoux](#), a French supplier of natural aromatic ingredients and essential oils, has trained over 720 vanilla producers in Madagascar. The company had its in-house auditors visit producers to learn their needs and provide training. This helped to improve quality, and in 2021 Bountoux bought 40 tons of certified organic green vanilla beans from these producers. See [their 2021 report to learn more about their strategy](#) and how to implement similar measures in your business. In the Philippines, [BASF](#) established the [first Rainforest Alliance-certified coconut oil](#) by working closely with farmers. They trained farmers in Good Agricultural Practices, which improved annual coconut yields by 26%.

You can do the same by offering to help your producers formalise their organisations. This will let them access international support programmes [to improve producer resilience](#) through training in good farming practices.

Consider encouraging your suppliers to expand their customer base and rely not only on you. However, before doing this, make sure to agree on the amount of product you will purchase from them for a set number of years. Though it may feel like a gamble, building a good relationship with your suppliers can pay off. If they are financially stable they can offer higher-quality raw materials, which will benefit your export business.

Tips:

See if you can transfer any parts of the processing process to producers, which can be worth doing not only to boost productivity, but also to add value at the local level.

Talk to your clients about possibilities for supplying more natural ingredients as a way to help producers diversify their income and become more resilient. This can be part of a regenerative agriculture system (see our [Tips to go green](#)).

Read about [Good Agricultural Practices](#).

Read the case studies in the IFF Sustainability Report (page 83) [for inspiration on how you can strengthen communities](#).

5. Treat everyone fairly and equally

[Equal and respectful treatment is a fundamental human right](#). Discrimination based on gender, ethnicity, religion, sexual orientation or disability is never acceptable. By ensuring fair and equal treatment of all your employees, you can foster trust, boost loyalty and enhance overall efficiency in your company. For example, [Firmenich](#), a Swiss food flavouring company, has improved employee satisfaction and productivity by promoting diversity and inclusion. By creating an inclusive work environment, they have built a strong sense of community and teamwork among their employees.

Women play a crucial role in producing and harvesting natural ingredients, but often face inequalities in power, income and involvement. To address this issue, you need to visit the communities and understand their power dynamics. By engaging in constructive discussion, you can help empower women and people with a lower status. [Boudjebel SA VACPA](#), an exporter of date derivatives from Tunisia, started a programme in 2020 aimed at gender equality in its organisation. With support from the [International Finance Corporation](#) and the [World Bank](#), Boudjebel obtained [Economic Dividends for Gender Equality \(EDGE\) certification](#), which recognises gender parity in employment. Moreover, over 82% of Boudjebel's employees are women.

For helpful ideas on how to solve gender-related workplace issues, see the [ILO's Gender Diversity Journey document](#).

To promote fairness in the workplace, it is important to understand the difference between equality and equity. Equality means treating everyone the same, but doesn't look at individual needs and circumstances. Equity, on the other hand, means providing added support to people who may need it more so that everyone is at the same level and can carry out their job equally. You can create a more equitable and inclusive workplace by offering flexible support tailored to individual needs. Figure 2 gives an illustration of how this works.

Figure 3: The difference between equality and equity



Source: [ProFound](#), 2023

Follow the steps below to minimise discrimination in your company.

Identify potential sources of discrimination and inequality in your supply chain.

Review your policies and practices to combat discrimination, including supplier selection and pay.

Develop a diversity, equity and inclusion (DEI) policy that outlines your commitment to minimising discrimination and inequality in all parts of your business.

Make sure your employees are informed about and trained in the DEI policy, and that it is consistently enforced.

Set up reporting mechanisms to track your progress on DEI goals, and do regular reviews to identify areas for improvement.

Build partnerships with local suppliers so their needs and perspectives are incorporated.

Do regular surveys and focus groups with employees to get feedback about the effectiveness of DEI initiatives.

Create a safe and inclusive workplace culture where all employees feel valued and supported.

Make sure your marketing and branding efforts are inclusive and representative of diverse cultures and backgrounds.

Continuously review and update your DEI policy to keep it relevant and effective at combating discrimination.

Tips:

Translate your policies into the native language of your producers.

Keep records about the challenges faced by different groups in your company, such as men, women and people with disabilities, to help you better tackle issues.

See [IFF's Global Human Rights Policy](#) to learn more about fair treatment and equality.

Make sure women and men get equal pay for the same work.

Include rules on fair and equal treatment in your company's code of conduct. For inspiration on what to include, see the [amfori BSCI Code of Conduct](#) and the [Ethical Trading Initiative Base Code](#).

6. Make sure your employees are healthy and safe

Make sure your employees work in safe and good conditions. This means taking steps to prevent accidents and providing sanitary facilities, safety equipment and first aid kits. Treating your employees with respect and keeping them safe helps create a positive work environment, which boosts motivation and productivity.

Workplace safety can be especially challenging with natural ingredients as they are often wild harvested in remote and hard-to-access areas. The best way to deal with potential health and safety hazards is to meet with producers and identify necessary improvements together.

Health and safety steps for your employees

Step 1: Safe and clean workplace

Make sure you have measures in place to prevent injuries and illness. This includes providing employees with the protective gear they need, including helmets, gloves, goggles and masks. You can also schedule regular medical checks for your employees.

Step 2: Have first aid kits available and transportation in case of emergencies

Make sure to have first aid kits available and that they are complete and none of the contents have expired. If possible, have a vehicle available to drive to a medical facility in the case of an emergency. If there is no hospital close to where you work, you can set up medical posts in nearby communities to provide emergency medical care. To prevent repeats of the same accident, keep track of all health-related incidents and take steps so they don't happen again.

Step 3: Good rest area

Your rest facilities should provide protection from rain, sunlight, cold and heat, as well as basic sanitary facilities including toilets and washing stations. Also make sure there is access to clean drinking water.

Step 4: Provide access to improved tools and share knowledge on best practices

Some natural food additives are produced under difficult conditions. This may involve climbing trees or going into deep vegetation where there are dangerous animals. Look at these challenges and discuss possible improvements with your client. For example, you could provide climbing equipment for your producers or snake serum against bites.

A good case example is the distillation of essential oils, for which producers require steam. To generate steam, you need a boiler, which may be just an open furnace with charcoal. This is not only dangerous, as workers are exposed to open fire and smoke, but also uses fossil fuel, which emits CO₂. Replacing charcoal boilers with electric boilers, preferably solar-powered, will make the work environment safer and also reduce CO₂ emissions.

Tips:

Ask producers for ideas on how to improve work processes and conditions. After all, they have the most experience with the production activities.

Before investing in personal protective equipment, do some trials with producers to make sure they will actually wear and use it.

Find out if you can partner with local hospitals or the [International Committee of the Red Cross](#) to organise first aid trainings. First aid training can save lives, especially if production is in remote areas.

Create and distribute an emergency plan with details of what to do in case of accidents. It should include

phone numbers and contact information for the nearest doctors and hospitals, so you can check if they have the right medical supplies and facilities (such as snake serum), and for people who can arrange emergency transport.

7. Make sure land can be used sustainably by securing land use rights

To make sure your producers have access to land in the long term, you need to secure their land use rights. Natural food additive ingredients are often wild harvested from public forests or communal land. While harvesters may have customary rights to collect, often these rights are not documented or clear to everyone. There is a risk that your producer may lose the land in the long term. To check your producers' land use situation, follow these steps:

First identify who the producers are and map the geographical production area.

Check if producers' land use rights in the production area are legally documented. If so, make a record of this information and give it to your client in case of inquiries.

If there is no legal documentation, you need to verify and review the official land use with the producer. Find out what kind of land use is foreseen for the area, such as production forest, protected forest or agricultural land.

Depending on the situation, you may need to talk to local authorities about how to improve land use for long-term sustainability and keep access rights to the production area.

This process should be part of your traceability system. To learn how this works, see the [Tips to go green](#).

Restrictions on collection rights may be limited to the extraction process, and measures to promote sustainable cultivation of a species may be prohibited. It has been shown that when producers secure land rights, [farmers invest more in their land and their productivity improves](#). In Ethiopia, formalisation and certification of land use led to a 45% increase in farmer productivity, and soil and water conservation investments rose by 30%.

This can have a significant impact on producers' long-term sustainability, productivity and income. Also, recognising land rights can help to shift which crops farmers invest in, from subsistence and low-value crops to long-term and perennial cash crops.

Tips:

Read this report on the [importance of securing land use rights for producers](#).

Identify landowners and stakeholders with an interest in the land. They may also be local communities and local governments.

Inform the local community about the benefits of securing land use rights, such as long-term sustainable land use, economic growth and employment opportunities.

8. Create a corporate social responsibility policy that outlines your company's special qualities

Corporate social responsibility (CSR) is a comprehensive approach that aims to promote the sustainable development and economic empowerment of communities and safeguard the environment through various initiatives. To learn more about environmentally-friendly practices, see the [Tips to go green](#). A CSR strategy or policy is a written declaration signed by top-level executives to demonstrate the company's commitment to ethical and sustainable business operations. In essence, it is a roadmap for the company's ethical practices.

How do you make a CSR strategy?

Step 1: Summarise your company and supply chain strengths and the bottlenecks to becoming a socially responsible business (see stakeholder analysis, production and payment conditions, producer resilience, work safety, land use security).

Step 2: Define your CSR goals (short and long-term). Talk to your clients to understand international market priorities for social responsibility.

Step 3: Define the actions needed to achieve your goals, the estimated time frame and any funding sources (if applicable).

Step 4: Set up a monitoring system to regularly check on performance and report on achievements.

Creating a CSR policy for your export business will better enable you to meet both local and global regulations and standards, and so strengthen your reputation and credibility with suppliers and clients. Though CSR policies are already common among European companies, they are less so among export businesses. Adopting a socially responsible approach can therefore help to set you apart from competitors and attract clients who want to do business with ethical and socially conscious exporters.

To attract new clients, use your new CSR policy and defined actions to develop your own unique selling point (USP). You can do this by emphasising your sustainability practices, for example your efforts to set fair prices, provide social empowerment training and/or improve working conditions for your producers. What you focus on is up to you. You can also get your producers' input for strategic decisions, so you know which interventions they would value most. Communicate all of this in your CSR policy, and build your company's engagement with clients around your sustainability practices.

[Aliet Green](#), a regenerative producer and exporter of organic coconut sugar and vanilla beans, shares its impact and sustainability reports with customers and publishes them on the website so potential customers can see what they are doing. This way, they can show they are doing everything they can to protect the environment and provide social benefits.

One of the most impactful ways to develop a USP is to tell a compelling story about your commitment to social responsibility. Although you can do this in your CSR document, social media channels offer a much more effective way to reach new audiences and share your message with consumers. The best social media channels for this are LinkedIn, Facebook and YouTube. See [Aliet Green's](#) videos for inspiration on [how to share your producers' experiences](#) with consumers and other businesses. Be sure to structure your story in clear messages, showing:

- That you are aware there is an issue that needs to be addressed;
- Your impact so far and how you achieved it; and
- [What you plan to do next](#).

To make your storytelling believable, you need concrete evidence. Go out into the field, talk to producers and document how your company's interventions have positively impacted them, their families and the community.

It is important not to make unsupported claims about your impact on local communities, so substantiate everything you say with evidence and examples.

[Serendipol](#), a Sri Lankan producer and exporter of coconut-related products, has a webpage showcasing its engagement with the communities it works with. Some activities Serendipol has funded include infrastructure projects such as building classrooms, IT facilities and community healthcare services. If you work with local communities where you contribute to any kind of social development, highlight this on your website to show customers your commitment to social responsibility.

Figure 4: How to showcase your commitment to social responsibility



Source: [Serendipol](#), 2023

Tips:

Start by identifying the main areas your company's CSR policy should focus on. For example, the empowerment of women, supporting vulnerable ethnic minorities, improving working conditions or building local communities' resilience over the long term.

Look at what your competitors and similar companies in the industry are doing to get a full picture of where your company stands.

Take action, and don't forget to regularly benchmark your performance and report on what you have accomplished.

Tell your unique CSR story in a way that is relatable and engaging for clients.

Share your CSR policy and achievements on your website and social media. Provide data and numbers that are easy to understand.

9. Read our other studies for more information about entering export markets

CBI publishes a range of studies put together by industry experts giving further [tips for becoming a successful exporter of natural food additives to European markets](#). These tips provide insights on [how to find buyers](#), [how](#)

[to make the transition to digital](#) and [how to organise your exports](#). There are also studies on specific products for natural food additives, including [coconut sugar](#), [essential oils for food](#), [oleoresins](#) and [gum arabic and guar gum](#). We recommend using this study alongside our other tips. This way, you can give your clients a complete service and boost your chances of finding buyers in international markets.

This study was carried out on behalf of CBI by Christine Woda and [ProFound – Advisers In Development](#).

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