

## Synopsis - 4C Code of Conduct – Revision 2014

This document explains the main changes in the revised version v2.0 of 2015 of the 4C Code of Conduct. It also summarizes the revision process leading up to the changes, including engagement with 4C stakeholders and their feedback, as well as describes the objectives of the revision as set by the 4C Council. An annex describes in further detail the changes per principle.

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## 1. Introduction

The 4C Association is the leading multi-stakeholder sustainable coffee platform working towards the improvement of the economic, social and environmental conditions of coffee production and processing to build a thriving, sustainable sector for generations to come.

In order to achieve its mission, the 4C Association has three functions:

- It sets, maintains and operates the 4C Code of Conduct, an entry-level standard that defines a global common baseline and starts all coffee supply chain actors on the path to the sustainable production, processing, and trade of coffee.
- It actively promotes and partners with other sustainability standards and initiatives in the market to increase the supply and demand of verified and certified coffee.
- It offers an open and dynamic platform that invites members and partners from both public and private sectors to effectively work together non-competitively on overarching, critical issues that threaten the sustainability of the coffee sector.

The ultimate objective of the 4C Association is that, over time, all coffee producers around the world, and therefore all coffee production, will achieve a baseline level of social, environmental and economic sustainability. To achieve this fundamental change, all stakeholders in the coffee sector need to get involved and work closely together. The 4C Association enables them to join forces and build long term relationships by providing tools and mechanisms such as the Code of Conduct and the Rules of Participation.

## 2. Summary of Changes

Changes can be summarized along the following four themes:

### 2.1 Emphasis on Farming as a Business:

Coffee producers are interested in increasing their profitability/ putting coffee farming as a business at the heart of the discussion. During the revision process, it was highlighted that the revised Code should serve as a tool to contribute towards making more business out of coffee and thus helping to improve the livelihoods of farmers. A new principle has been introduced and a couple more have been reoriented towards Farming as a Business.

What has changed?	Why was the change necessary?
Principle 1.1. Newly introduced principle, i.e. Raising awareness among producers about practices that lead to increased profitability and long-term productivity.	To increase awareness among farmers of the need to be more profitable, in some cases by increasing productivity, and in cases where productivity is already high, anchor the idea that it needs to be long term. Increased awareness of profitability-improving practices reinforces a virtuous cycle by which farmers can use this knowledge to demand or seek for good quality trainings with effective results.
Principle 1.2. Capacity and skill development: Business Partners have access to training in relevant technical skills. This principle, previously in the social dimension, has been moved to the economic dimension	Moving this principle from the social to the economic dimension, and grouping it within the "Farming as a Business" section, emphasizes its key role to support Business Partners in the implementation of good agricultural and management practices. This can lead to an increase in productivity and thus a better income.
Principle 1.3. Record keeping: The new focus is on main coffee costs and income. Small holders are given more time to implement record keeping and the Managing Entity	To acknowledge the challenges that some producers, especially small holders, face in relation to record keeping. The change consists in requiring record keeping only for main coffee costs and inputs so as to

takes up the role of providing relevant training and support.	monitor costs of production and profits. The principle now allows more time for implementation and enforces training in cases where record keeping was not yet being practiced.
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## 2.2 Changes to better address small holder producers:

The previous Code was already inclusive of small holders but the order of its content did not reflect it, neither did it specify how the principles applied to small holder conditions in particular. In the revised Code, the order of the content has been modified and specific mentions to small holders have been introduced to make it more relevant for the majority of producers and improve understanding in general.

What has changed?	Why was the change necessary?
<p>The order of the dimensions has been rearranged: The revised Code starts with the Economic Principles and specifically with the group of principles on Farming as a Business. Previously, the list of Unacceptable Practices and the social principles led into the Code.</p> <p>Principles in the Social dimension are now grouped according to their relevance for small holder producers.</p>	<p>It was essential to adapt the Code's structure and content to the reality of coffee farmers around the world, majority of whom are small holders.</p> <p>For example, many principles regarding workers' rights are not applicable for small farmers who, generally, do not hire workers. This was unclear in the previous Code and was leading to confusion among producers. This has now been clarified.</p>
<p>A group of key principles in the Code are specific on how they apply to small holder producers.</p> <p>Principles on: biodiversity, waste water, health and safety, use of pesticides, handling of pesticides, soil conservation, water sources, record keeping and quality.</p>	<p>To make it clear how indicators in some principles apply differently where small holder farmers are concerned. The change reflects the interests of small holder farmers more directly and increases inclusiveness.</p>

## 2.3 Improved approach to pesticides:

The Code has moved from being mainly centered on negative lists of pesticides (banned or to be phased out), to being more explicit in terms of Integrated Pest Management – IPM requirements. It also requires Managing Entities to be more involved and knowledgeable of the use of pesticides within the Unit. In terms of risks and exposure to pesticides, the Code now sets a minimum level of protection to be fulfilled by farmers within the 4C Units, even in cases where providing workers with the appropriate personal protection equipment – PPE is currently unaffordable. Thus, the approach is to enhance internal knowledge on pesticide use, provide more guidance on IPM, manage a list of pesticides reflecting day-to-day coffee realities as well as ensure that measures to minimize risk are being implemented.

What has changed?	Why was the change necessary?
<p>The Red List was restructured by moving a considerable group of pesticides to the Yellow List.</p>	<p>Overall, the 4C Pesticide Lists reflect coffee realities better than they did in the previous Code version. The Pesticides which were moved met 3 conditions:</p> <ul style="list-style-type: none"> <li>- They were the least hazardous in the Red list;</li> <li>- Producers consider them important tools for which there are no readily available alternatives and;</li> <li>- Other standard systems do not ban them.</li> </ul>

Integrated Pest Management: more explicit as to the IPM expected aspects of monitoring, preventive and alternative controls.	To provide clarity and ensure that steps to IPM are implemented. Previous requirements foresaw the development of an IPM plan but gave no clear guidance on what was expected. .
New requirement introduced: The Managing Entity (ME) is expected to know about pesticide use within its Unit. As a new procedure, the ME is required to annually report on progress in this matter. This know-how does not need to be exhaustive from the start but should aim at allowing the ME to gradually increase its knowledge and role in managing pesticide use in the Unit.	Involving the Managing Entity in learning about the use of pesticides allows to build a common ground from which systems of best practices can be developed within the Unit, or at regional level, or could even trigger the need for projects at Association level.
Reducing exposure to pesticides, reducing risks: at the most minimum level, the revised Code stipulates the adoption of measures to ensure personal protection for business partners in all cases. Previously, the Code required personal protection equipment – PPE but tolerated cases where PPE was not always used.	To ensure basic protection for every person in all cases at yellow level. Even when there is a lack of resources preventing some producers from using appropriate PPE, measures to reduce exposure and minimize risks must still be implemented.

## 2.4 Merge of documents and more concrete and explicit requirements:

The revision process has made it possible to merge all the requirements applying to 4C Units that are to be found in various other 4C documents into the Code document. Similarly, the Code's terminology has been improved making it more concrete and explicit (and a new document introduced – an interpretation guide for the Code principles).

<b>What has changed?</b>	<b>Why was the change necessary?</b>
<p>Consolidation of requirements of 4C Units from various documents into one document: The Code, the indicators of the Unacceptable Practices and the Pesticide Lists have been merged into one single document. Previously, these were three independent documents.</p> <p>Requirements in the Verification Regulations which are applicable to 4C Units are summarized in an Annex in the Code and the specific prohibition on GMO is included as an Unacceptable Practice.</p>	To make the Code more practical and facilitate its use by the 4C Units
<p>Wording changes: The Code's wording and terminology have been revised to make it more precise and concrete, avoiding vague terms.</p> <p>In addition, a new document, "Guidance for Interpretation" will be launched soon, where instructions on interpreting each principle are meant to support both the implementer and the verifier.</p>	Enhance the comprehensibility of the Code in order to avoid interpretation problems and misunderstandings.

### 3. The revision process

#### 3.1 Summary

The 4C Code of Conduct as a baseline and entry level standard, reflects the consensus reached among stakeholders on the sustainability goals which the entire coffee sector should be reaching over time.

The Code needs to be revised periodically. This particular revision round was triggered by the rapid growth of the 4C Association - in terms of membership, 4C Units and producers applying the Code of Conduct and supply and demand for 4C compliant coffee - , the lessons learned through implementing the program, reports by external evaluators of 4C's performance, and the evolution of the broader landscape of voluntary sustainability standards' roles in global markets.

In Q2 2013 a needs assessment survey was carried out among members and non-members of the 4C Association so as to identify where stakeholders thought the Code should be improved. This survey revealed the wish for improvement in a few major areas, one of them being the Pesticide List, in particular the Red List, whose requirements had to be met within 3 years of receiving the 4C License, and was found to be more demanding than that of any other standard system. Two other areas referred to the difficulties involved in complying with the rule by which all red principles had to be eliminated within 3 years of initial verification, and the need for more precision in relation to the interpretation of the Code. Additionally, the need to focus more on productivity and good practices that make coffee farming a viable business was apparent.

A Technical Committee – TC and an external pool of experts was put in place in order to manage the revision process. The TC was made up of members from the 3 chambers of the Association. The following participants came from the Producer side: Bernardo van Raij – IAC (Brazil) who later was replaced by Cesar Augusto Candiano – AGROECO (Brazil), and Dr. Joseph Kimemia – CRF (Kenya). From Trade and Industry: Jonathan Clark – Dakman (Vietnam) and Juan Camilo Ramos - Racafe (Colombia). From Civil Society: Indira Moreno (replaced temporarily by Lennie van Dooren – Utz Certified), Michelle Deugd – Rainforest Alliance / SAN and John Schluter – Café Africa who acted as Chairman of the TC and advisor to the Secretariat.

In Q3 the TC made recommendations to the Council in relation to the objectives of the revision and its focus areas. The Council ratified and further advised on these while the TC and pool of experts split in several working groups to address the main revision topics or focus areas (pesticides, farming as a business, 4C Unit concept).

A first draft was approved by the TC on 27<sup>th</sup> and 28<sup>th</sup> November 2013 and endorsed by the Council on 12<sup>th</sup> December 2013. The draft was then submitted for a consultation period of almost 2,5 months (13<sup>th</sup> March to 23<sup>rd</sup> May), reaching out to more than 300 stakeholders – mainly from the implementing side (producers and traders who set up 4C Units) but also from many different other sectors such as research institutions, verification companies, academies, civil society, other standard systems and governmental organizations. Consultation took place online/offline in written form but the most participation occurred at, and feedback collected through direct interaction in workshops with stakeholders in 7 producing countries. Additionally, meetings focused mainly on producers were held in Honduras and in Vietnam, to ensure that they were listened to directly. Further meetings and a workshop took place in Europe in order to collect input from the civil society sector, buyers and industry.

The revision followed the ISEAL Code of Good Practice for Standard Setting including a wide reach out process to ensure relevant stakeholder participation and to benefit from a diverse range of feedback.

The first round of consultations generated significant feedback which was collected and analysed by the TC and turned into a second improved draft after further research. The proposed revisions to the pesticide list required further research and several Code principles were revised in order to address the reality of small holders as per feedback received in this direction. Also based on feedback received from the initial proposal, Code wording was revised to achieve more clarity. Record keeping and profitability-productivity principles were revised once again, looking through the lens of feedback received on the matter.

The second draft approved by the TC was endorsed by the Council on 8<sup>th</sup> October 2014, also providing further advice on the process. The second consultation was reduced in reach and time but still covered several countries. An additional strategy was also put in place, that is, the second draft was tested in the field by doing a mock audit and checking its feasibility (reality check) as well as its verifiability.

Based on the second round of feedback, a third draft was discussed and approved by the TC on 3<sup>rd</sup> December 2014 and the final version formally approved by the Council on 9<sup>th</sup> December 2014.

### 3.2 Overall timelines:

Needs and Risk assessment	May – June 2013
Definition of Scope (TOR)	July 2013
Consultation on Scope (Work-in-Progress)	Sept – Oct 2013
First consultation	March – May 2014
Second consultation (field tests)	October 2014
Approval revised version	December 2014

### 3.3 Needs assessment study:

In order to identify where revision efforts should be placed, and to understand how 4C Members saw the Code in terms of challenges and strengths, a needs assessment study was outsourced. The study included a member survey as well as an analysis of the information and experience collected through years of Code implementation and verification.

The needs assessment study took place during the second quarter of 2013. Based on the study and on an analysis of the 4C Secretariat the Council recommended the following objectives on 20<sup>th</sup> June 2013.

### 3.4 Agreed objectives and focus areas of the revision (as approved in July 2013 by the Council)

#### 3.4.1 Objectives:

1. Facilitate access for more coffee producers by maintaining baseline character and inclusiveness of Code.
2. Address the main issues relating to implementation in order to contribute to increasing the effective impact on the participating coffee communities.
3. Align with other sustainability standards in coffee as a baseline Code of Conduct with a stepping-up function.
4. Engage with a balanced and representative group of coffee stakeholders and ensure a revision process that follows the 4C Standard Setting Procedure in line with ISEAL's Code of Good Practice for Standard Setting.
5. Improve the clarity of the Code in its wording, interpretation, areas of overlap and continuous improvement approach.



6. Improve the approach to good agricultural, processing and management practices in order to strengthen “coffee farming as business”.

### 3.4.2 Focus areas

- Revision of the 4C Pesticide lists (red and yellow).
- Approach coffee farming as a business.
- Improve the traffic light system.
- Align with other standard systems (as a baseline).
- Revisit the discussion of the 4C Unit concept and assess options.
  - Note: a task force of experts came up with some preliminary ideas on alternative models to the current definition of a 4C Unit. These require further elaboration together with the participation of a wider scope of stakeholders. The subject was therefore detached from this code consultation as it requires a different rhythm. It will be taken up once code implementation is on its way and interest from stakeholders on this issue asks for it.

## 3.5 Engaging Stakeholders

### 3.5.1 Global Consultation rounds– feedback opportunities

#### 1<sup>st</sup> round – Draft 1 (March – May 2014, 72 days)

- 15 well attended workshops, 348 participants in 8 different countries within 2,5 months: Honduras, Vietnam, Kenya, Brazil, Indonesia, Uganda, Colombia
- European stakeholder consultation workshop conducted in Switzerland.
- Online / offline survey and direct interactions

#### 2<sup>nd</sup> round – Draft 2 (October 2014, 30 days)

- Workshops: Vietnam, Indonesia, Brazil, Kenya and Uganda
- Meetings: Peru (certification body) and El Salvador (cooperative of women)
- Field tests: Brazil, Uganda, Honduras and Vietnam

#### Summary of Stakeholder participation:

- Participant Organizations: 1<sup>st</sup> Round Workshops – 172, 2<sup>nd</sup> Round Workshops – 149
- Overall in both rounds, total participation of 244 organizations:
  - 113 4C Units
  - 35 Members which do not have 4C Units (traders and NGO)
  - 96 non-members (academic institutions Certification Bodies, development agencies, governmental agencies)

### 3.5.2 Overall feedback summary

#### In general

- Stakeholders appreciate opportunity to comment;
- Positive feedback was given on the change in structure & the focus on Farming as a Business;
- Further guidance or interpretation support was requested;
- Emphasis was made to keep Code inclusive ;
- Well received proposal on pesticide list, still perceived as complex.

#### On pesticides

- Methyl Bromide – concerns on buying side due to existing legislation in some countries;



- Current Red list includes some pesticides considered necessary for production and which cannot be eliminated within 3 years;
- Current list speaks poorly to producers: very long, very technical.

#### On implementation and verification topics

- IMS - Internal Management Systems, concerns were expressed about the proposed upgrade. Clearer wording needed, clear evidence of what is required;
- Allowing or not principles in red for more than 3 years was discussed – Overall concerns about credibility and impact;
- Continuous improvement – questions about usefulness of annual Self Assessments. Suggestion to focus on improvement efforts.

#### Focus on Farming as a Business

- Well received and valued focus on small farmers not only by making the structure of the Code friendlier to the realities of small producers but also by introducing and grouping together, thus making more visible, those principles that raise the producer's awareness of farming as a business.
- Introducing a new principle on raising awareness on profitability and productivity
- The structure is friendlier to small producers' realities because the Code opens with principles on productivity and profitability, on building capacity and skills and on record keeping. The latter adapted to allow small holders more time to get involved together with the support of the Managing Entity.

#### Interpretation Guidance

- Guidance needed for interpretation of indicators for Code principles. Training required, both for auditors and implementers. Each criteria, indicator, should have defined evidence as it very much depends on interpretation of auditor to date. For example, which are the documents that need to be kept for the IMS? Explanatory guidance necessary for content of required documents.
- Continuous improvement: "Achieving average yellow, eliminating existing reds with equivalent number of greens is very tough and dependent on resources". Find a different measure of gradual or continuous improvement. "Why required to keep moving to a higher level? It should be ok to reach a certain level and maintain yourself there". Allow units with many reds to enter and gradually reduce the number of reds. Requirements very strict as they currently are. License is kept as long as there is a positive evolution, improvement. Improvement plans are more focused and more impact is expected, place more responsibility on the ME, there is more analysis to be done.

Overall the high but especially very active and committed participation of stakeholders during consultation shows the relevance 4C Association has in the coffee sector and an enormous interest in discussing the Code content as well as how the Code is implemented and verified.

## **Annex: More detailed description of Main changes of v2.0**

### Structure:

- Adapted to the majority of coffee producers who are medium or small: order of themes is modified, starting with economic principles that highlight Farming as a Business and placing the Unacceptable Practices after the principles.
- Merge 3 documents: Code, Unacceptable Practices indicators and Pesticide List.
- Rearrange some principles, e.g. Merge both pertaining to pricing into one.
- More precise and concrete terminology and wording.
- Document structure is friendlier for small holders.

### Economic clauses on Farming as a Business:

- Records (1.3): specify focus on coffee costs and income and giving the Managing Entity role of training producer BPs when these face difficulties in keeping records.
- Profitability and long term productivity (1.1): awareness on practices that improve profitability and productivity. Key that producers know what to look for.

### Focus on small holders: a different approach in recognition of the limitations that some requirements place on them:

- Records (1.3): focus on producers' understanding of required records, time is given to actually have records in place
- Quality (1.6): introduce need for small holders to be aware of quality parameters
- Health and safety program (2.9): replace requirement of documented program for actual measures being implemented to address risks.
- Conservation of biodiversity (3.1): focus on raising awareness of small holders on conservation in cases where hunting / collecting endangered species is identified.
- Use of pesticides (records of) (3.2): allow absence of records at small holder level, but require Managing Entity to know more of use of pesticides within the Unit.
- Handling of pesticides (3.3): when using pesticides, small holders take measures for personal protection, even if they cannot afford to use required PPE
- Soil conservation (3.4): actions on existing erosion can be verbally / on site checked at small producer level, no need for documented plans.
- Water sources (3.7): training modules on efficient use of water, on irrigation and processing are being developed.

### Pesticide list:

- New approach aligns the list with those of other standards, as the rule for elimination within 3 years made list more demanding than that of any other voluntary sustainability standard.
- A much more focused Pesticide List –pesticides in coffee.
- Reduced list: ~150 pesticides less overall and ~ 80 pesticides less in Red list.
- Several coffee relevant pesticides moved from Red to Yellow list.
- With less pressure to phase out in short term, Managing Entity focus on learning about and reporting more on use of pesticides at Unit level, as to better understand the main challenges in pests and diseases.
- Annual reports on pesticide use do not need to be exact but are expected to improve year after year as knowledge of Managing Entity increases.
- The intention is to build a picture of where highly hazardous pesticides are in use and why, so that 4C can help target appropriate support activities for reducing risks in the short term and phasing these pesticides out over medium to longer term.

### Other changes in Economic:

- Principle on Living Conditions (Social 7) is deleted. Many stakeholders expressed their position regarding the expectation on the Managing Entity to be responsible for improving the living conditions of the Business Partners and the workers. It was seen as a very difficult goal to be achieved by an organization that is only one of the actors in the supply chain and because responsibility on

this is mostly to be assigned to the State. Purpose is also to allow Managing Entities to focus on supporting farming as a business.

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#### Other changes in Social:

- Discrimination (2.1): policy and procedures are communicated within the 4C Unit, instead of requiring that they be developed by Unit.
- Right to childhood and education (2.2): Explicit reference to children under the age of 15 not being part of the regular work force.
- Working hours (2.6): Specific cases (e.g. watchmen) are allowed more than 48 hours if legislation allows. Introducing requirement of at least 1 free day after 6 consecutive days of work.
- Seasonal and piece rate workers (2.8): Introducing requirement that daily earnings are at least equivalent to minimum wage for equivalent working time.
- Occupational health and safety (2.9): Introducing risk assessment at yellow level, that workers are aware of safe practices and small holders do not need a documented program but instead they know their risks and address them, including measures for personal protection.

#### Other changes in Environment:

- Biodiversity (3.1): Managing Entity now needs to identify main sensitive areas within the Unit, no conservation program needs to be developed.
- Use of Pesticides (3.2): Explicit reference to specific Integrated Pest Management actions expected to be implemented, i.e. producers monitor their crops and are aware of preventive and control alternatives to chemicals.
- Handling pesticides (3.3) Additions: a) need to identify critical points in pesticide handling; b) PPE is given to workers and small holders implement measures for personal protection; c) pesticides kept out of reach of non-trained people.
- Fertilisers (3.5): Use of fertilisers, according to technical recommendations is promoted as to increase use where there is none, with aim to increase productivity, and to reduce it and qualify it when there is excess or use of inappropriate ones.
- Organic matter (3.6): Explicit mention to recycling of organic (waste) matter, clarification that it refers to organic matter originated from the crop and proposal, if feasible, to explore return of pulp from central processing facilities to the farm.
- Water sources (3.7): Instead of a water management plan, explicit that sources need to be identified and some conservation measures implemented. ME is aware of sources which may be known to be in critical state according to public information and trains smallholders in efficient irrigation. Rational use of water in central processing facilities is required.
- Waste water (3.8): Explicit prohibition to discharge directly into the water course, waste water from central processing facilities or sewage water from workers' housing. Instead of treatment system in wet processing, actions exist to minimize pollution (addressing small holders' realities).
- (Hazardous) waste (3.9): In addition to hazardous waste, now required to take steps to re-use, recycle solid organic not hazardous waste.
- Energy (3.10): Saving energy and use of renewable sources of energy are merged in one principle which is applicable only to central processing facilities.

#### Other changes in Unacceptable Practices (UP):

- Genetically Modified Organisms – GMO Moved from Verification Regulations to an unacceptable practice in the Code.
- Worst forms of child labour (UAP 1) – explicit mention of 18 years of age as threshold.
- A limit of application in time, a cut-off date is introduced both in UAP 4, Forced eviction and in UAP 7 Cutting of primary forest or destruction of other forms of natural resources.
- A new international convention, the Montreal Protocol is added to the UAP 8 on unacceptable pesticides.