4C Standard Setting
PUBLIC SYSTEM REPORT

Submitted to ISEAL Alliance in compliance with the ISEAL Standard Setting Code
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As part of continued compliance with the ISEAL Standard Setting code
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Disclaimer: This report was prepared by the 4C Association between February and March 2016. In the near future the 4C system will be changing as per changes in strategic direction. Significant changes will be updated on the public report at least annually.

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Standard

Scope

The 4C Code of Conduct is intended for coffee producers, processors and traders in coffee producing countries. As a baseline standard its sustainability aspiration is to ensure a minimum level of baseline sustainability in the entire coffee community. The main sustainability outcome is to reach a massive amount of coffee producers worldwide and ensure they achieve a defined minimum level of sustainability.

This minimum level is described through a set of 10 unacceptable practices and a set of 27 principles describing specific practices in a traffic light approach. For each principle, criteria are categorized as green, yellow or red according to their level of sustainability. Green practices are desirable; yellow practices should be improved; and red indicates that the practice must be discontinued. A producer group (4C Unit) can only sell 4C Compliant Coffee if it reaches a minimum yellow average rating per dimension, if it has at least a basic International Management System (IMS) and if it has excluded all the 10 Unacceptable Practices included in the Code of Conduct. These principles and unacceptable practices are concrete and specific and translate to the producer the abstract concept of sustainability.

Sustainability outcomes

The 4C Code of Conduct addresses the economic, social and environmental dimensions of coffee production and processing at the level of the coffee producing country. Key in the economic dimension is to promote "farming as a business", i.e. 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. This implies an increased awareness of profitability-improving practices and reinforces a virtuous cycle by which farmers can use this knowledge to demand for good quality trainings with effective results. It also implies that farmers have the capacity and opportunity to develop the required skills by having access to training in relevant technical skills, especially in the implementation of good agricultural and management practices. Expected result is an increase in productivity and thus a better income. To support this, code keeps requirement of record keeping with focus on main coffee costs and income. Time is given to small holders acknowledging the difficulties they face with record keeping. The Managing Entity takes up the role of providing relevant training and support

The economic dimension has a second section of principles aimed at supporting producers with their activity in a structured way: market information, access to services, knowing quality specifications, payment according to quality of the product, traceability procedures and avoiding improper business practices.

Key is pesticide use. This includes type of pesticides, measures to minimize risk, alternatives to pesticides and integrated pest management. The Code moved from being centred on negative lists of pesticides to being more explicit in terms of Integrated Pest Management – IPM requirements. In terms of risks and exposure to pesticides, the Code sets a minimum level of protection to be fulfilled by farmers within the 4C Units.

The social dimension addresses key issues applicable to all producers and other business partners in the supply chain, such as right of childhood to education and non-discrimination. A second set of principles addresses worker rights and working conditions.

The environmental dimension has as a key topic, the good agricultural practices, aiming for producers to improve their production process, using less input thus reducing costs, also having better productivity. This relates to water, fertilizers, organic matter, energy, waste and pesticides.

Why is it needed (justification)

The 4C Code of Conduct in its role of baseline standard aims to increase the coverage of producers who are in touch with standard systems and sustainability supporting markets and currently excluded by standards with higher demands.

Performance level

Performance aspiration of the code is to reach the entire coffee community and ensure it meets minimum practices. In this sense the performance is better understood from a statistical point of view, in terms of number of producers reaching this practices. The performance of the 4C Code can be seen clearer with increasing number of producers, more on a landscape approach. The traffic light structure in the Code indicates the continuous improvement path in the different principles.

Adaptations

Currently no local adaptation guidelines or standards have been developed. The system is young and collecting experiences. The intention towards the future is to promote a series of national or regional standards. An existing case is the code CertificaMinas by the government of Minas Gerais, Brazil.

Standard-Setting and Revision Process

When standard was first written and by whom

The 4C Code of Conduct was first published in 2004 as a result of a consensus among a multi-stakeholder group which came together to address critical issues in the coffee sector. NGOs like Oxfam and organizations representing workers such as IUF, roasters, traders, producer organizations, standard systems, all came together to draw this minimum baseline with the ambition to ensure that the entire sector moves above this baseline. 4C Association took responsibility of the code plus platform activities in the coffee sector as well as collaboration with other standards, so as to allow producers to step up to standards such as Rainforest Alliance, UTZ or Fairtrade. The secretariat led the review / revision process during 2008. The original code did not include indicators. These were developed during 2009 as to improve clarity on the principles. The process took place within the membership of the Association, a tripartite organization with balanced representation of producers, civil society and trade and industry. The process was facilitated by the Secretariat, guidance and decision making of final draft by the Technical Committee and final approval by the Council of the Association. Both governance bodies including a balanced representation of the three chambers. 4C was still not a member of the ISEAL Alliance. Five years later, in 2013, the latest revision of the code started with 4C being an ISEAL full member and coordinated by the Secretariat and guidance and decision making by the Technical Committee. The revision was finalized in December 2014 with approval by the Council.

Stakeholder categorization and geography

Coffee is one of the main commodities worldwide. Its main stakeholders are producers, traders & industry and civil society. These are represented within the constituency of the 4C Association which allows for a balanced representation based on tripartite governance. In addition representatives from non-member organizations of these sectors, plus those from other sectors such as government, research institutions, implementers, verifiers, have been reached out with the purpose of engaging them in the revision process.

Summary of the revision process

As a first step, in second quarter of 2013, a needs assessment study was developed and it supported the identification of external stakeholders to be included in the revision process. This helped to improve the data base of contacts of the Association. The study also made a survey within the membership of the 4C Association so as to identify concerns on the Code and where it should be improved. Survey results guided on main topics to be revised. Terms of reference (work-in-progress document) for the revision were announced for consultation and feedback. This was via email using the contact data base of the Association and published on the website. The work-in-progress document explained the

scope, objectives and main areas where the revision will focus. The document described the overall timelines, an announcement that consultation workshops will be taking place and especially an invitation to provide feedback on the terms so as to collect these and modify if considered necessary.

The Technical Committee – TC and an external pool of experts was activated in order to manage the revision process. The TC was made up of members from the 3 chambers of the Association: producers, trade and industry and from civil society. In the third quarter of 2013 the TC made recommendations to the Council in relation to the objectives of the revision and its focus areas.

A first draft was approved by the TC on 27th and 28th November 2013 and endorsed by the Council on 12th December 2013. The draft was then submitted for a consultation period of almost 2,5 months (13th March to 23rd 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 small holder 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 second draft approved by the TC was endorsed by the Council on 8th October 2014. 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 3rd December 2014 and the final version formally approved by the Council on 9th December 2014.

Governance

Two governance bodies participate in the standard setting process at 4C Association: the Technical Committee and the Council. The 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: IAC, later replaced by AGROECO, and CRF. From Trade and Industry: Dakman and Racafe. From Civil Society: Utz Certified, Rainforest Alliance and Café Africa. The Council composed of representatives of Producer organizations, i.e. AFCA , FNC, Cooxupe, El Satillal, by representatives of trade and industry, i.e. Nestle, Tschibo, Jacobs Douwe Egberts and Sucafina; and representatives from Civil Society: Christian Initiative Romero, UTZ, Rainforest Alliance and Café Africa. See http://www.4c-coffeeassociation.org/about/governance

Decision-making process

According to the by-laws for the Technical Committee and Council, the decisions regarding revision or development of new standards, are prepared and proposed by the Technical committee for the Council to approve. Decisions of the Council are preferably taken in consensus. Where no consensus is possible either a two-thirds majority of the total Council membership, or a total of seven votes in favour is required, provided at least two members of each Chamber are present in person, by proxy or virtually and voting. At Technical Committee all appointed members should participate in the decision making and all decisions are taken in consensus. If no consensus is possible, simple majority has to be reached. If the Technical Committee cannot come to an agreement, the issue has to be brought to the Council for decision making.

Review and Revision process

Stakeholders are invited and expected to provide comments and feedback to the 4C Code of Conduct. It is very valuable for the Secretariat to collect this information in order to understand better how the recently approved code is being used and what challenges it might pose in terms of feasibility for implementation or in terms of clarity. Stakeholders can contact the 4C Secretariat through the contact info provided in the Code itself, or through the website, or through our regional managers in Vietnam, Indonesia, East Africa, Brazil and Latin America (Spanish speaking). The main contact person for the stakeholders and general public in relation to the overall 4C Association Standard Setting is:

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