

Hội thảo các Đối tác trong khu vực

Regional Stakeholder Conference



“Update on Sustainability Challenges and 4C Solutions”

Dr Norbert Schmitz
4C Managing Director

#4CConferenceVN

📅 Ngày 5 tháng 12 năm 2024

📍 Thành phố Hồ Chí Minh, Việt Nam

hợp tác cùng



Sustainability at work

Globally leading **certification** system for **coffee and cocoa**, with coverage of entire supply chain, carbon footprint and EUDR requirements



Reliable **transaction database** for **supply chains** aligned with **Union Database** (renewable energy)

Ecological & Social **Risk assessment** and verification based on remote sensing and comprehensive set of databases



4C is a part of an independent group providing services to implement sustainability solutions for private and public sector clients



Certification system for **carbon credits** and **ecosystem services**.

The world's leading **certification system** for sustainability & greenhouse gas emissions, supporting circular economy



Independent management **consultancy** with a focus on sustainability and **climate protection**

4C strives for a world where the responsible production of coffee and cocoa contributes to a positive impact on the environment and people

Comprehensive and innovative certification scheme addressing EU and global requirements	Chain of Custody certification and supply chain traceability in 4C Portal	Support with regulatory compliance and ESG reporting	First to develop a science-based Carbon Footprint Add-On
Social focus through Advancing Equity, Women Empowerment Add-On, and Food Security Add-On	First to develop and integrate a one-stop EUDR solution	Stakeholder engagement through regular events	Integrity Program to ensure credibility
SAI Silver and Gold equivalent and ISEAL Community Member	Social and ecological risk assessments and use of remote sensing data	Continuous system improvement and digitalization	Training program for auditors and system users



4C is a pathway to sustainable coffee supply chains

4C coffee produced in
20 countries

More than **300,000**
farmers are producing
4C coffee

22
cooperating
certification bodies

1.8 million tons
of green coffee
certified

Independent
3rd party audits



Roughly **850,000**
hectares
covered

Innovative and
cost-efficient
solutions

Major brand
owners and traders
are sourcing 4C coffee

Use of remote sensing
to **verify land use**
change

Effective
improvement
plans for impact on
the ground

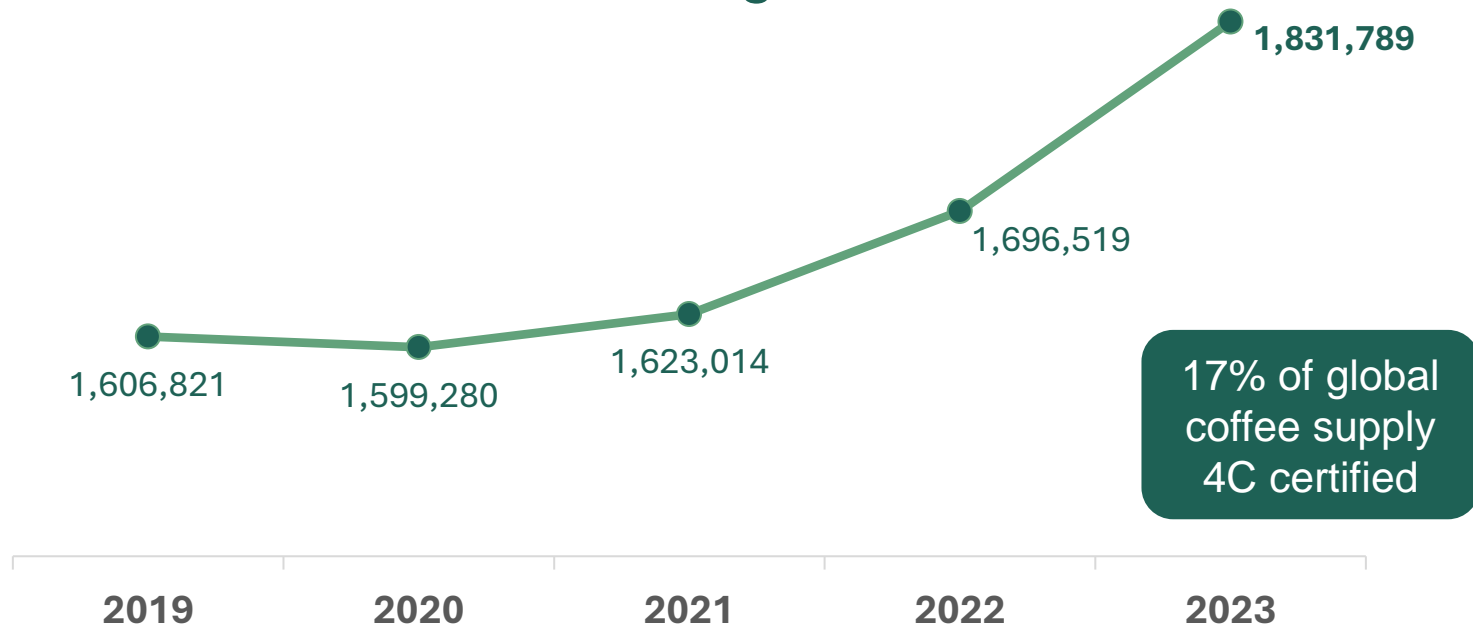


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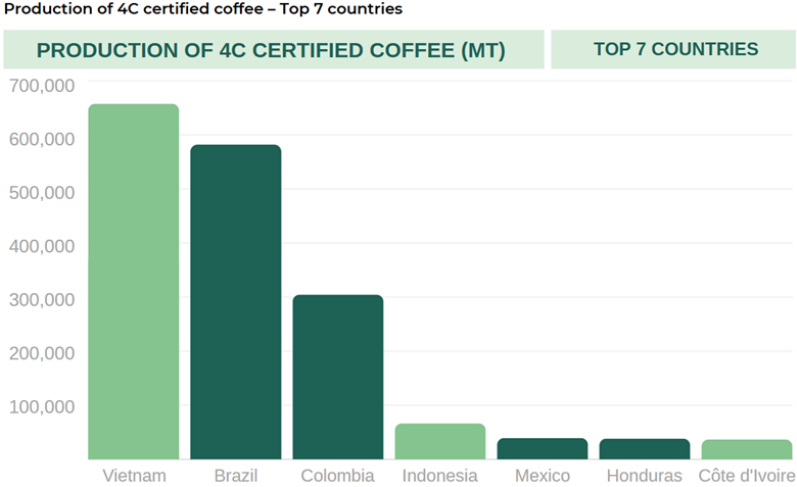
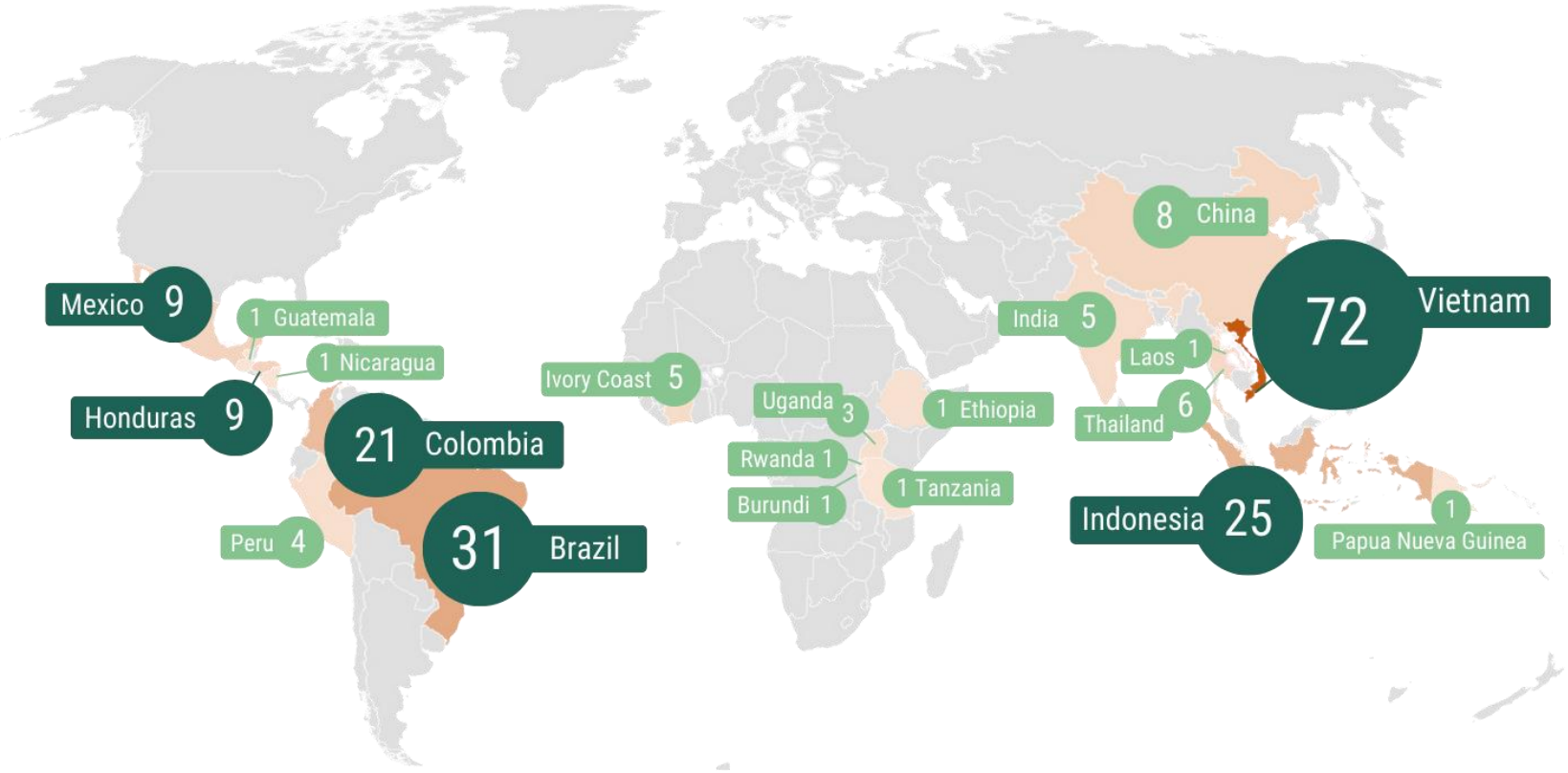


4C is an independent 3rd party certification system for coffee and cocoa, applied in 20 countries with Vietnam in a leading role



	Arabica	Robusta	Total Production
Total	732,674	1,099,115	1,831,789
Vietnam	14,429	643,220	657,649
Brazil	326,524	255,496	582,020
Colombia	304,551	-	304,551
Indonesia	-	66,468	66,468
Mexico	7,126	32,378	39,504
Honduras	38,411	-	38,411
Côte d'Ivoire	-	36,817	36,817
India	65	36,012	36,076
China	25,781	-	25,781
Thailand	2,031	20,507	22,538
Peru	8,546	-	8,546
Tanzania	-	5,236	5,236
Laos	-	2,404	2,404
Rwanda	2,380	-	2,380
Papua New Guinea	1,441	-	1,441
Nicaragua	936	-	936
Uganda	-	578	578
Guatemala	311	-	311
Burundi	142	-	142
Ethiopia (new)	-	-	-

4C Coffee supply base spreads across 20 different countries – Number of 4C Units and production volumes



As of 31st December 2023



4C is a comprehensive and reliable certification system

4C applies strict criteria based on the three dimensions of sustainability

Economic Dimension

Social Dimension

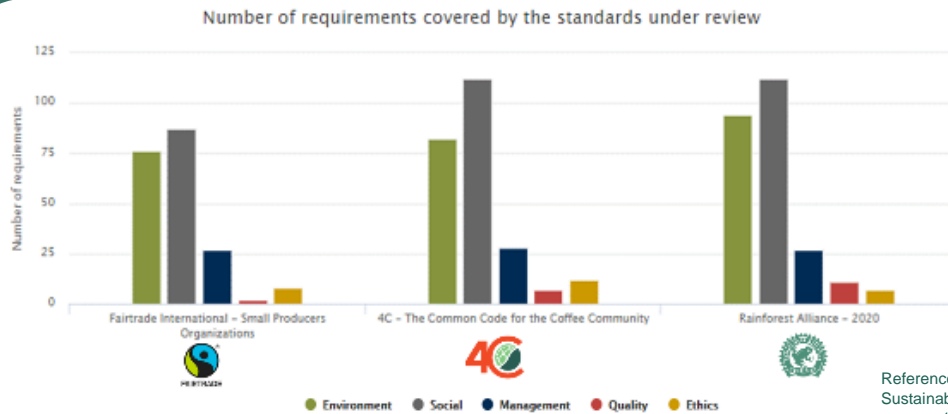
Environmental Dimension



Central pillar of the 4C system:

Continuous improvement on farms through mandatory Improvement Plans

International Trade Centre – Sustainability Map



4C is actively working with sustainability initiatives and associations



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EU Policy regulations will continue to drive demand for certified coffee and cocoa



Regulation on Deforestation-free products (EUDR)

Implications

- Coffee must be legally produced, free of deforestation, and segregated
- Due to globally intertwined supply chains EUDR compliance is pivotal for Asian coffee farmers

In force since **29/06/2023**
Applicable as of **30/12/2024**

Final approval of postponement for 12 months on Dec. 3



Corporate Sustainability Due Diligence Directive (CSDDD)

Implications

- Anchor human rights and environmental due diligence
- Ensure that businesses address adverse impacts of their actions, including their value chains inside and outside Europe

In force since **25/07/2024**
To be implemented into national law by **26/07/2026**



Green Claims Directive (GCD)

Implications

- Aims to make green claims reliable, comparable and verifiable and to protect consumers from greenwashing
- Prohibits sustainability seals that are not governmentally or third-party verified

In force since **24/03/2024**
To be implemented into national law by **27/03/2026**



Unfair Commercial Practices Directive (UCPD)

Implications

- Facilitate consumers' confidence in truthfulness of claims and product information
- Bans environmental labels not based on certification schemes

Amended in 2024 to be implemented into national law by **03/2026**, application as of **09/2026**

4C Certification to support compliance



Update on EUDR

.... December 2024

Trilogue negotiations between EU Commission, Council and Parliament on postponement and amendments:

- EU Parliament withdraws further amendments (“no risk” countries)
- EU Council and Parliament agree on postponement
- Next steps: Vote in next EU Parliament plenary session (16-19.12) and after endorsement by Parliament and Council: Publication in EU Official Journal

2nd October 2024

European Commission proposes postponement of EUDR by 12 months

23rd October 2024

European Parliament votes for accelerated procedure for the postponement proposal

16th October 2024

European Council agrees to postponement proposal

14th November 2024

European parliament votes in favor of postponement, as well as other amendments (e.g. no-risk category)



EUDR Postponement: A Year's Extension Agreed, Awaiting Formal Approval

Key Points:

- **Postponement Confirmed:** The EU Parliament and Council have reached an agreement to postpone the EUDR's implementation by one year.
- **Revised Timeline:**
 - Large operators and traders: 30 December 2025
 - Micro and small enterprises: 30 June 2026
- **Focus on Streamlining:** The EU aims to simplify the EUDR's implementation by reducing administrative burdens.

EU Parliament and Council have come to an [agreement](#) regarding the postponement of the EUDR. The previously proposed amendment by the EU Parliament to introduce an additional category of “no risk” for the assessment of countries has been withdrawn.

For the informal agreement to officially enter into force, the agreed text must be endorsed by both Parliament and Council and published in the EU Official Journal before the year's end. With the postponement, the EUDR will take effect on 30 December 2025 for large operators and traders, while micro- and small enterprises have until 30 June 2026 to comply.

This decision aims, on the one hand, to provide businesses additional time to adapt to the new requirements and, on the other hand, to allow the EU time to finalize essential tools like its online platform and risk categorization.



Breaking News on
EUDR
implementation

How 4C Helps You Stay Ahead

The 4C EUDR solution provides the support you need for compliance in one package. Built upon our robust certification system, it includes:

- A robust **traceability** system, ensuring transparent sourcing and compliance with EUDR traceability demands.
- Collaboration with 4C's partner Global Risk Assessment Services (GRAS) delivers **in-depth risk assessments** identifying deforestation risks within your supply chain.
- 4C facilitates the **collection of crucial data** points required for demonstrating deforestation-free practices and completing EUDR due diligence statements.
- The 4C Code of Conduct **incorporates key legal requirements** with additional legality check support options.



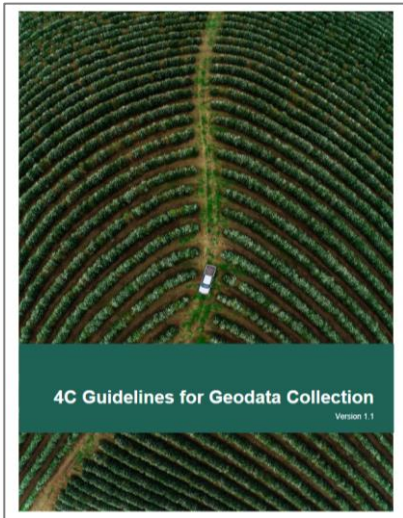
4C offers a one-stop solution to support Your EUDR Compliance



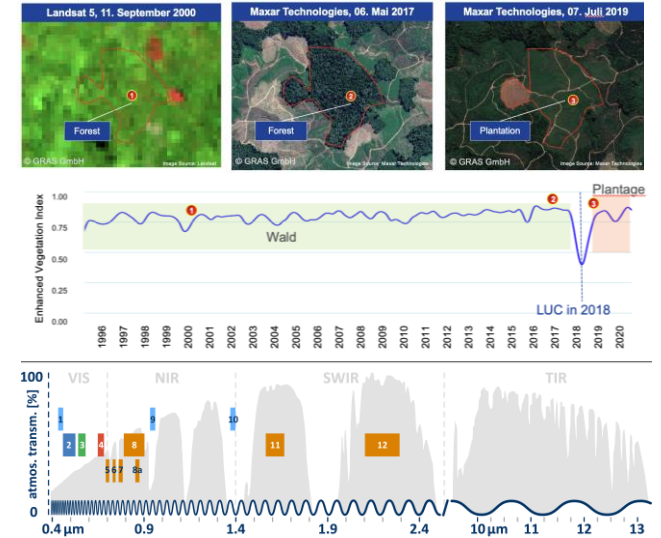
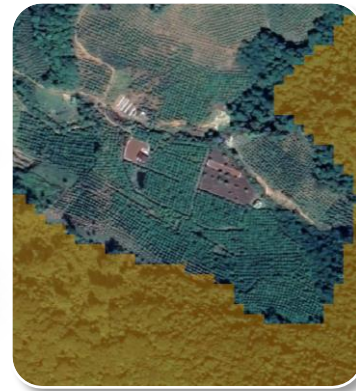
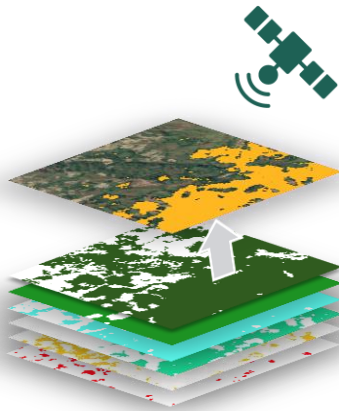
- ✓ Geodata for 4C farms are provided and checked for deforestation
- ✓ Legal requirements (Art. 2 (40)) are covered in the 4C Code of Conduct + additional support options for Legality Check
- ✓ Traceability is provided through the Commercial Reporting via the 4C Portal by System Users
- ✓ Risk assessment and risk mitigation through regular audits and continuous improvement plans
- ✓ 4C system is based on a third-party verification by accredited independent Certification Bodies



Support 4C Units - ensuring quality of geodata and efficient analysis of deforestation-free status



4C Guidelines for Geodata Collection provide essential instructions and guidance for system users



Geodata collection

Quality and accuracy of geodata is ensured by automated plausibility checks during submission and sample-based on-site checks during audits

Automatic deforestation check

Forest and deforestation map based on deep learning algorithms learning from optical and radar satellite imagery, e.g. Sentinel-1, -2, and tree height

Semi-automatic analysis

Detailed analysis of critical cases, raw observation, high resolution, time series analysis, etc.



Additional support options for Legality Check

- Self-assessment for **legality** checks:
 - Questions addressing different legal topics mentioned in EUDR based on the 4C Code of Conduct and the 4C Audit Checklist
 - support for the coffee producers' Internal Management System
- Legality** self-declaration as additional document:
 - Producer organizations' declaration on legal coffee production in accordance with EUDR requirements

ANNEX I
Self-Assessment for EUDR legality

This Self-Assessment shall be conducted to the best of your knowledge and belief. It is meant to support the verification process with the requirements of the EUDR towards Article 2(40) and Article 3. 'Relevant commodities' means the commodities available on the market or exported, (b) unless they have been produced in accordance with the requirements of the EUDR.

Article 2(40), Definitions:
'Relevant legislation of the country of production' means the laws applicable in the country of production, including forest management, forest-related rules, environmental protection, forest-related rules, including forest management, land use rights, environmental protection, forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting, third parties' rights, labour harvesting, third parties' rights, labour rights, human rights protected under international law, the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples, and tax, anti-corruption, trade and customs regulations.

NOTE: The column 'Reference to 4C Audit checklist v.4.1' refers to the respective content of the verification guidance.

Producer organization (Managing Entity):
4C Unit:
4C Unit Number:
Date of assessment:
Filled out by (responsible person):

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SELF-DECLARATION FOR PRODUCER ORGANIZATIONS OF LEGAL PRODUCTION OF GREEN COFFEE

IDENTIFICATION

Producer organization (Managing Entity):
National Identification Number:
Address (Street / Building No.):
Postal code:
4C Unit:
City:
Responsible representative:
Recipient: 4C Services GmbH, Hohenzollernring 72, 50672 Köln, Germany. Country:

DECLARATION

I, _____, the producer organization _____, herewith declare, that all green coffee provided by _____, managing and selling green coffee from the attached list of coffee producers and the processing business partners, has been produced in accordance with the relevant laws and regulations of the producer country, taking reference to the 4C Self-Assessment for EUDR legality compliance (ANNEX I to the Regulation for 4C certified EUDR Coffee v.1.0). The relevant topics as listed in Article 2 (40) are land use rights, environmental protection, forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting, third parties' rights, labour rights, human rights protected under international law, the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples, and tax, anti-corruption, trade and customs regulations.

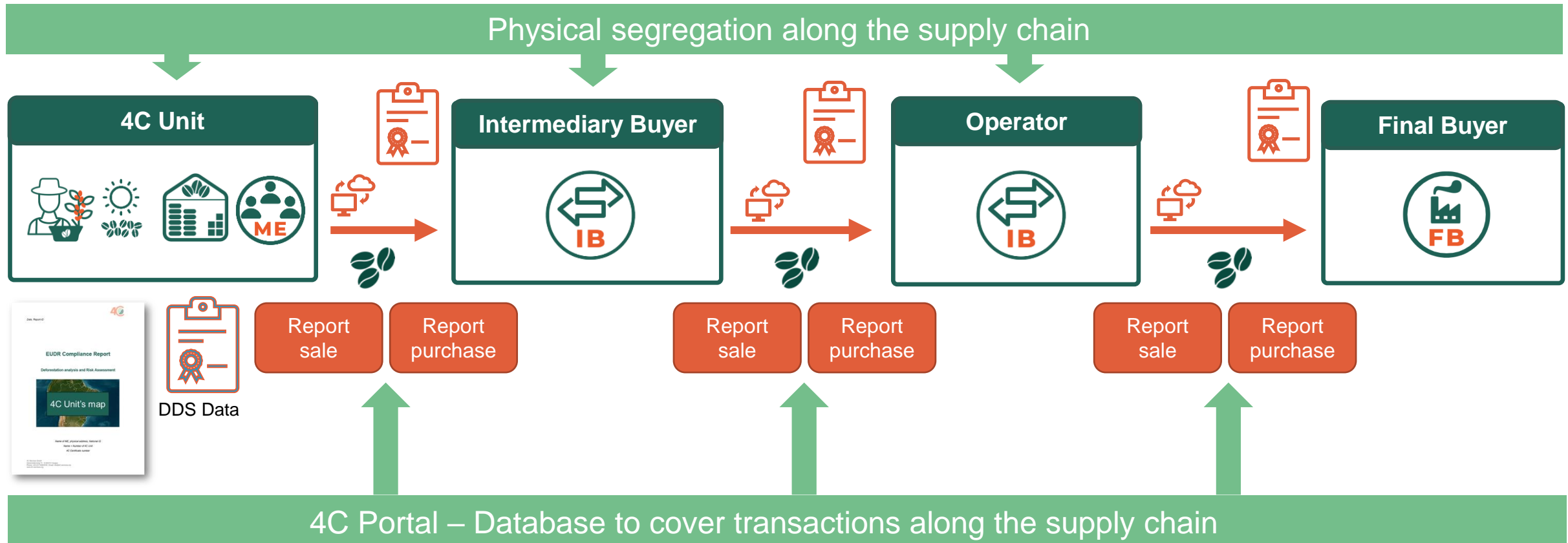
Therefore, I declare that this green coffee production is in line with the requirements of the Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the commodities and products associated with deforestation and forest degradation of certain making available on the European Union market and the export from the European Union of certain Article 3 (a), Article 9 (h) and Article 10 (1).

With my signature, I confirm that I undertake to comply with the Regulation (EU) No 2023/1115, and that I am aware of the consequences set out in Article 25 "Penalties" in the event of a breach.

Place: _____
Date: _____
Signature: _____

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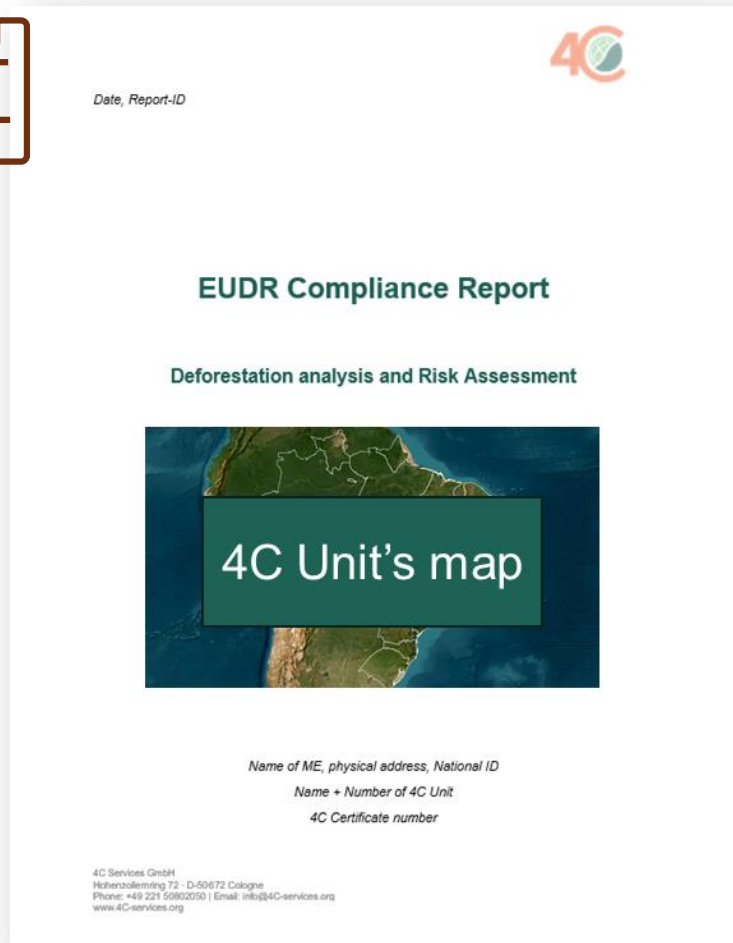
4C Portal provides traceability and facilitates data flow



- EUDR requirements are **fully integrated** in the 4C certification scheme
- 4C covers **deforestation check, legality and traceability** along the supply chain



EUDR Compliance Report – for the producer organization and for the operator



Full Report

- Showing a positive result of the deforestation free analysis for the specific group of producer with the attached geodata
- Results of the risk assessment
- Methodology for deforestation analysis and risk assessment
- Link to anonymized geodata (in GeoJSON format as required by EU Information System)
- Link to legality Self-Declaration

→ For Producer organization

- + One-pager showing EUDR compliance with reference to the full report

→ For operator/trader

- + Combined report if batch of coffee has multiple origins
- + Information about supply chain/traceability





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EUDR Compliance checks in origins and along the supply chain to the roasters



EUDR Coffee

Check



Origins

Logos in this section include: TUAN PHAT, agrogenius, TUANLOC COMMODITIES, PNG COFFEE EXPORTS, SUCAFINA, LDC. (Louis Dreyfus Company), MINH TIEN COFFEE, Intimex GROUP, ttd, PT. Asia Makmur, Vinhhiệp (HƯỚNG TỚI TƯƠNG LAI), VOLCAFE, SIMEXCO DAKLAK, Federación Nacional de Cafeteros de Colombia, Nestlé, and S&D SUCDEN.

Operators / Traders / Roasters

Logos in this section include: quijotekaffee, Coffy, Melitta, HACOFECO, COFFEIN COMPAGNIE, LAVAZZA (TORINO, ITALIA, 1895), NEW COFFEE (Roasting Specialists), LDC. (Louis Dreyfus Company), CAFEIA GROUP, and EFICO.

4C Units in Vietnam sell EUDR coffee



“Simexco highly appreciates 4C’s robust efforts in supporting enterprises to comply with the EUDR regulation. The GRAS risk assessment system offers the analysis of large datasets from various sources, providing a comprehensive view of potential risks and supporting decision-making. Furthermore, the system provides risk reports, enabling enterprises to proactively develop solutions and mitigation actions.”



“The journey for EUDR compliance certification is challenging but also valuable. This is also an opportunity for Tin Thanh Dat to complete and enhance its sustainable coffee production system.”

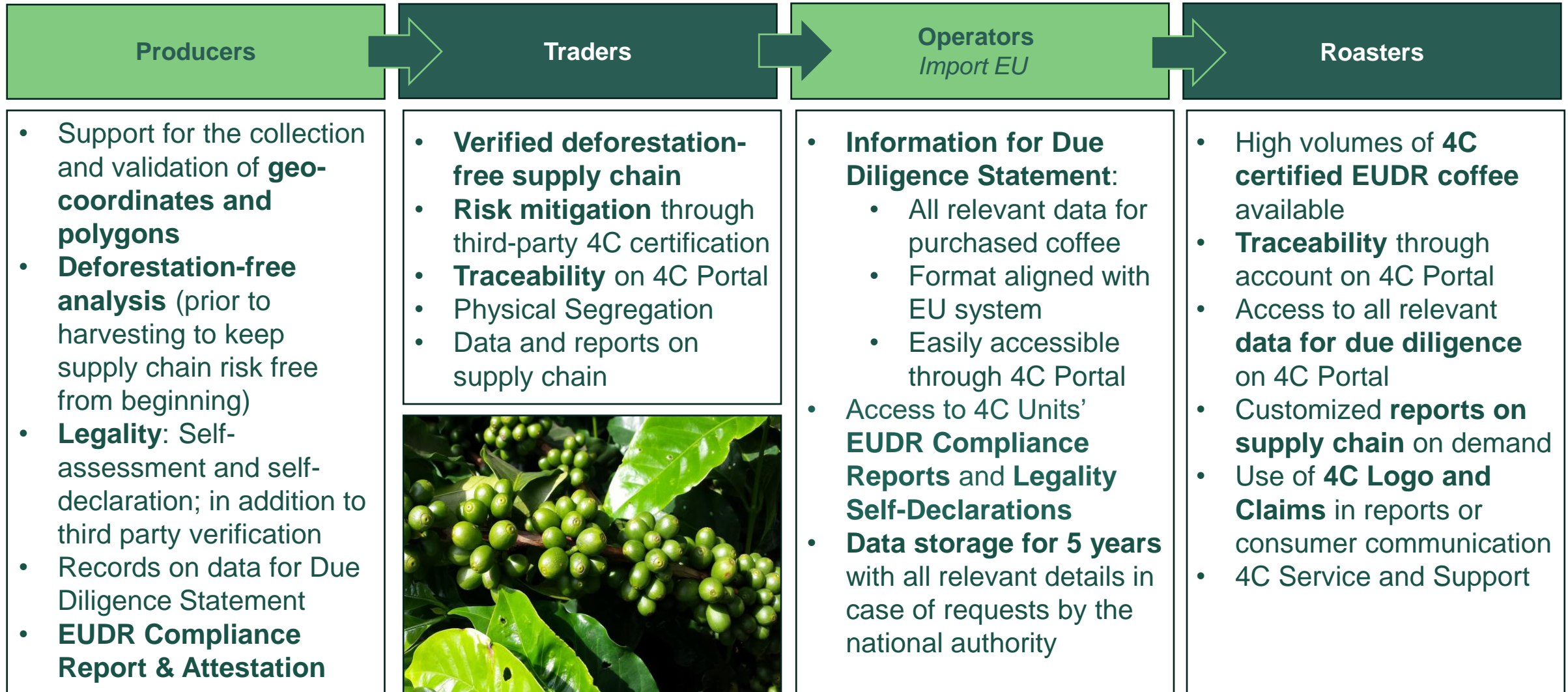


“With the support of the 4C organization, the registration and implementation of 4C EUDR is not too difficult. Currently, our company feels very happy to be able to export coffee to the European market with higher profits.”

“Upon delving into the EUDR requirements, TLC realized that much of the EUDR compliance groundwork had actually already been laid through its ongoing 4C projects. The additional work involved sending the geo-coordinate data of farmers to a centralized deforestation database and verifying that the supply chain is deforestation-free.”



Summary of Responsibilities and 4C Services for all Supply Chain Members





EUDR Coffee Check



The one-stop-shop for a concise, conclusive and complete EUDR due diligence process

- **Automated deforestation check with global coverage**, based on latest satellite image interpretation & abstract data-based **risk assessment**
- **Guidance** through full DD process, incl. **legality, individual risk evaluation** of consignments (acc. to Art. 10)
- **Documentation** of DD exercise for each DDS and results for each consignment and DDS **in one platform**
- **ISO 27001 certification** in progress



- Connectivity to **existing processes and tools** for a fast integration into internal work-flows and EU IS, through APIs
- **Integration into Trace and IT systems** of companies along the supply chain via **API**
- **Easy and efficient handling** of consignments by duplicating existing consignments and supplier management functions



- **Over 10 years of experience**
- Development supported by **German Federal Government**
- Numerous projects in **coffee sector**, for **EU COM**, Federal German Ministries



- **Involvement of actual users**, especially from **coffee sector**, during all development phases, and beyond
- **Continuous** development together with users
- **Individual advisory services** on supplier risk management and DD strategies
- Several useability improvements underway, e.g., bulk upload
- Independent platform for **all types of supply chain scopes and EUDR commodities**





Risk Mitigation & Due Diligence

4C certification enhances risk mitigation, supports Due Diligence and ESG Reporting via inspection at farm and along the supply chain level



Each time **changes to the group** of farmer occur
(e.g. adding new farms, expansion of existing farm areas)



Or at least once annually
with Annual Update required under the 4C System



Regular **Integrity Audits** conducted by 4C



Report with required information made available **per batch** registered in 4C Portal (commercial reporting)



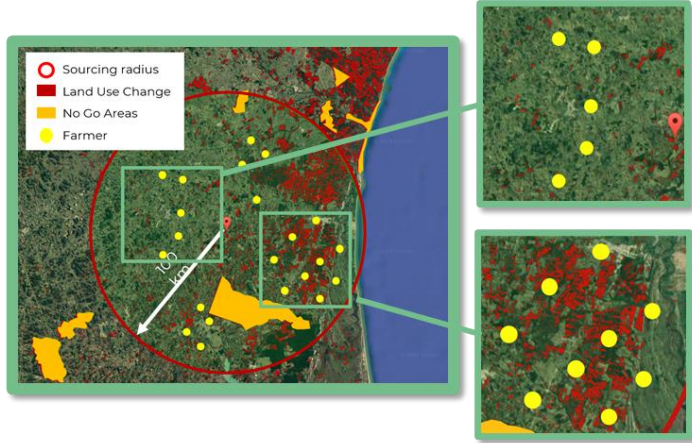
Risk Assessment and Risk Mitigation through 4C Certification

Risk assessment via GRAS Tool+ as integral part of the 4C System:

- GRAS Tool+ takes into account various risk indicators (environmental + social)
- Resulting risk factor informs sample size
- Analysis supports sample selection

Risk mitigation via third-party 4C certification:

- Independent regular audits checking for any indication of non-compliance
- Continuous improvement plans for producer organizations to tackle potential risks



Sample size and selection of samples based on the risk analysis



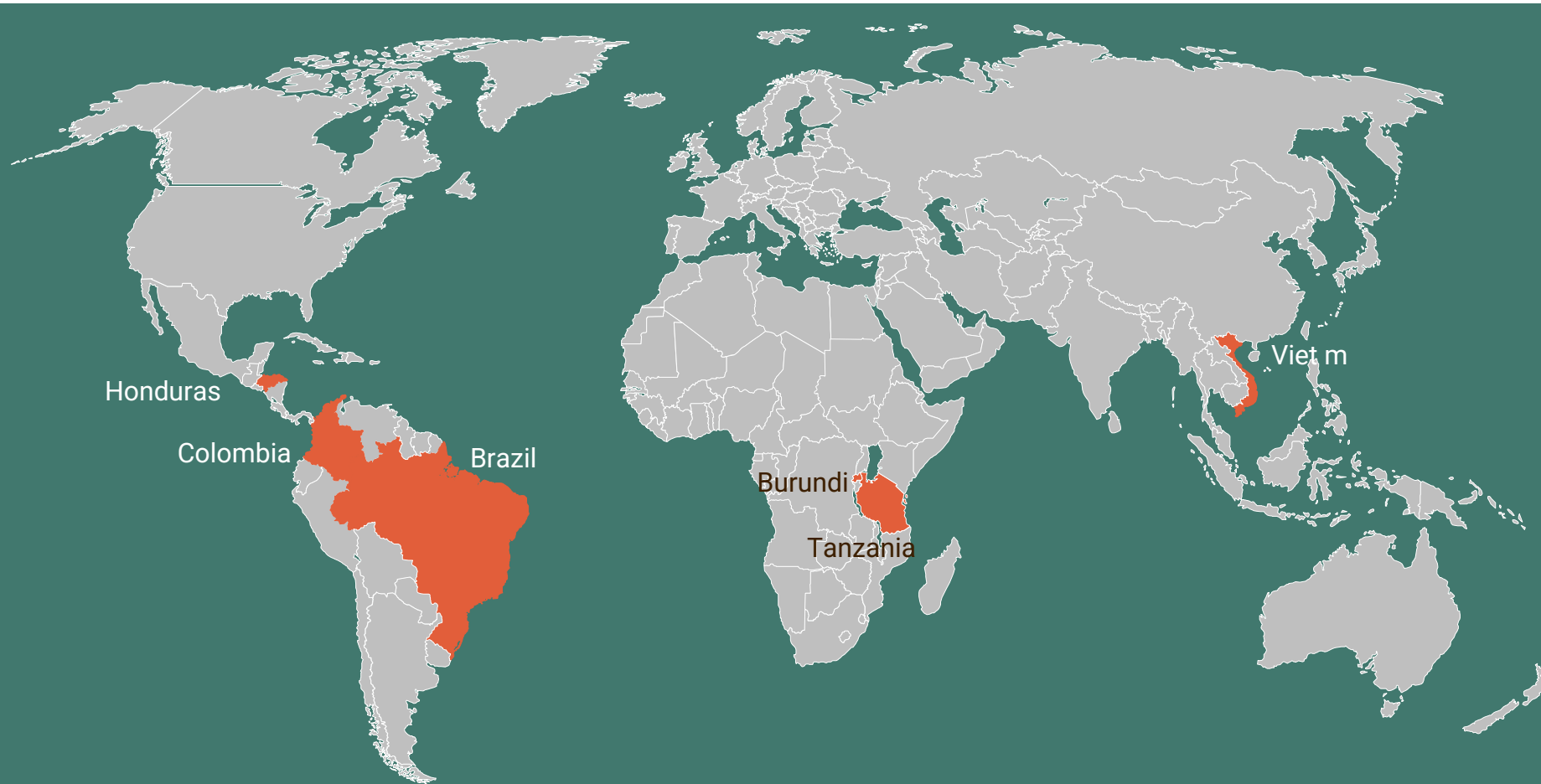
4C Add-Ons to address specific challenges in the coffee supply chain



4C Add-Ons are voluntary modules that are applied **on top of the core 4C certification** requirements and procedures



Add-On certificates across 4C origins



Carbon Footprint (CF)

Brazil

Vietnam

Tanzania

Burundi

Advancing Equity, Empowering Women (GE)

Colombia 3x

Food Security (FS)

Honduras

Vietnam

As of December, 2024

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4C implements projects to address specific sustainability challenges

Increased impact on the ground and learnings for the 4C certification system

Improving livelihoods for smallholder coffee producers in Colombia



Carbon footprint baselines for robusta coffee in Vietnam and Indonesia



Increasing climate-friendly Robusta coffee production in Tanzania



Development of a joint complaints mechanism in the Brazilian coffee sector



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Further projects focusing on environmental sustainability and carbon footprint

Latin America Coffee Carbon Footprint Baseline Study



- Establish an industry-accepted, statistically sound carbon footprint baseline for Arabica and Robusta coffee production in the five origins, namely Brazil, Colombia, Honduras, Mexico, and Peru.
- 4C is a technical partner with Meo Carbon Solutions

Life Cycle Assessment (LCA) in the coffee sector



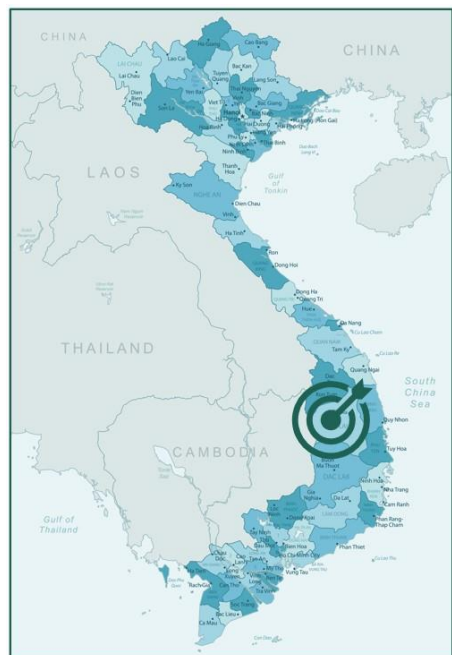
- Research project on interventions and solutions for transition to sustainable food system through value chain approach
- Financed and led by Center for Global Commons of University of Tokyo
- Countries: Brazil, Colombia, and Vietnam
- 4C Carbon Footprint Add-On methodology used to calculate GHG emissions at the farm level for LCA





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Project sustaining biodiversity in coffee production

- Implementation time: Jan. 2021 – June 2022
- Project location: Gia Lai Province, Vietnam
- Project partners:
 - Project management and coordination: 4C
 - International partners: Lake Constance Foundation and Humedales Foundation
 - Local implementation partners: Agriculture and Forestry Research & Development Center for Mountainous Region (ADC) and Vinh Hiep

New projects to come





New Project: ISEAL Innovation Fund

Project Partners:



- **Objective:** Enhancing social auditing and risk identification of audits to bring positive impacts, including greater accountability and compliance
- **Financing:** Grant from the ISEAL Innovations Fund, which is supported by the Swiss State Secretariat for Economic Affairs SECO and UK International Development from the UK government.
- **Pilot location:** Asia and Latin America (Vietnam - Colombia)
- **Timeframe:** 1st of August 2024 – 31st of July 2026

Fostering Social Auditing:

Enhancing Issue Detection and Risk Identification through Responsive and Context-Specific Approaches



Strengthening social auditing methods and tools to enhance safe working conditions, human rights, and improved livelihoods in coffee communities





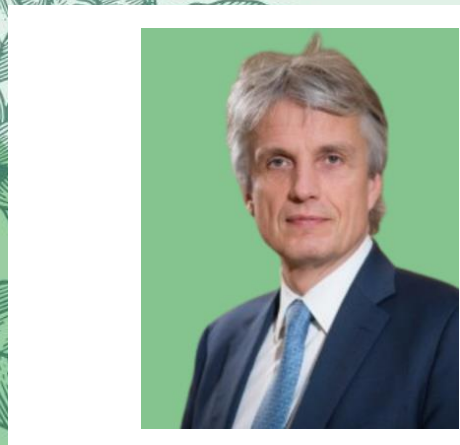
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THANK YOU

FOR YOUR ATTENTION



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