



## 4C Statement on “Exploitation and Opacity: The Hidden Reality of the Mexican Coffee in Nestlé and Starbucks Supply Chains” published by Empower LLC

Empower LLC, in cooperation with Coffee Watch and ProDESC, published a report last Friday, 14<sup>th</sup> of February 2025, highlighting concerns in Mexican coffee supply chains. The report raises issues regarding socio-economic conditions of smallholders, corporate influence on sustainability standards, and deforestation and environmental impact.

The report referenced the role of the 4C Certification in Mexican coffee supply chains. 4C takes the concerns raised seriously and provides clarification on key points. We have grouped the several issues that have been raised and refer to these in the following thematic chapters:

### Independence of 4C

In various parts of the report, 4C is described as “Nestlé’s proprietary standard” or “Nestlé’s certification scheme”. This is not the case.

4C is a voluntary, independent third-party certification system that sets and maintains rigorous sustainability standards while operating impartially to monitor compliance. 4C does not belong to or implement its standards within individual company supply chains; rather, compliance is assessed by independent, accredited certification bodies through thorough, regular audits and on-site verifications. These processes are further reinforced by oversight from 4C system users, ensuring impartiality, credibility, and global applicability in line with internationally recognized third-party certification principles.

Both the German Federal Government and the German Coffee Association (Deutscher Kaffeeverband e.V.) were involved in the founding of the 4C certification system. This was part of a broader commitment to promoting sustainability and responsible sourcing in global agricultural supply chains.

The initiative was a public-private partnership, bringing together government agencies, industry representatives, and civil society organizations to establish a common standard for sustainable coffee production and trade. Today, 4C is an independent organisation with a broad multistakeholder approach, and is designed to function independently in its auditing and verification role in coffee supply chains.



## Empowering Smallholder Farmers

The report claims that 4C certification marginalizes small-scale farmers.

4C is designed to be inclusive, with over 93% of certified producers being smallholders.

To ensure accessibility and sustainability for smallholders, 4C applies a group-based certification approach, allowing farmers to join a 4C Unit – a structured collective that provides key benefits:

(i) Capacity Building & Technical Assistance – Smallholders receive targeted training and technical support from the Managing Entity (ME), helping them adopt sustainable farming practices and enhance productivity.

(ii) Reduced Certification Costs – By certifying as a group, smallholders avoid the financial burden of individual certification audits, making certification more affordable and accessible.

(iii) Market Access & Business Scaling – Smallholder farmers can pool their coffee production, creating a larger and more competitive supply that strengthens their bargaining power and facilitates access to international and sustainable coffee markets, in addition to local markets.

This group certification model ensures that smallholders are not excluded but empowered with better economic opportunities and improved sustainability practices.

Beyond certification, 4C actively supports smallholder farmers through internal management systems, continuous training, capacity-building programs, and tailored sustainability projects aimed at improving livelihoods.

4C actively engages in projects to enhance farmer livelihoods, such as the developPPP initiative in Colombia, which supports smallholders in adopting sustainable agricultural practices and securing long-term economic stability.

As part of our dedication to sustainability and farmer well-being, 4C is the first coffee certification system to integrate the Food Security Standard (FSS) as an add-on. This initiative, developed in collaboration with WWF, Welthungerhilfe, and the Center for Development Research (ZEF), and supported by the German Federal Ministry of Food and Agriculture, aims to strengthen food security and human rights on a global scale.

The 4C system is specifically designed to meet the needs of smallholder farmers. No individual farmer is required to pay fees for certification or audits. Instead, these costs are usually covered by the Managing Entity (ME) – typically a coffee cooperative or a regional organization that represents a group of farmers. However, practically, any



company related to the value chain (e.g. exporters, traders, and rosters) can take on the role of an ME.

This "group certification" model centralizes and redistributes costs, ensuring that smallholders are not financially burdened while maintaining robust compliance standards. The ME covers certification, training, and audit expenses on behalf of the farmers, making certification more accessible without direct financial obligation for individual producers.

By alleviating cost barriers and providing targeted support, 4C creates an enabling environment where smallholder farmers can thrive in sustainable coffee production while gaining better market access and long-term economic stability.

## The Reach and Impact of the 4C System

The report claims that 4C is a "light" standard which is misleading.

The 4C standard is reinforced by its recognition at the SAI Silver and Gold level, ISEAL membership, and active participation in global sustainability initiatives, such as the UN Global Compact. Furthermore, 4C is independently benchmarked within the International Trade Centre's Standards Map, further demonstrating its alignment with internationally recognized best practices.

The accusation that 4C favours major buyers is inaccurate. The 4C Code of Conduct requires the Managing Entity to safeguard the economic and social well-being of the BP Producers they source from. It does not favour large corporations; on the contrary, it is designed to support smallholders by incorporating special requirements that reflect their unique challenges and resources.

## Enhancing Transparency and Traceability

The report claims that traceability in supply chains is fragile and depends on Internal Management Systems.

Traceability in 4C means that 4C certified coffee can be tracked and traced every step of the supply chain, from the producers to Final Buyers.

Within 4C Units, full traceability must be ensured and verified during 4C audits.

Outside 4C Units, traceability is ensured through mandatory reporting of all transactions via the 4C Portal. Additionally, 4C has introduced the Chain of Custody Certification. These mechanisms enable tracking certified coffee from farms through



the supply chain, aligning with globally recognized traceability frameworks such as ISO 22095 and EU deforestation-free supply chain regulations. The 4C standard's traceability system exceeds many industry standards by requiring strict documentation and verification at each stage.

## Clarifying Supply Chain Responsibilities

We acknowledge the concerns raised regarding supply chain due diligence and the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG).

However, it is important to recognize that the German authority (BAFA) overlooking the LkSG implementation does not benchmark, monitor and recognize certification systems. The responsibility for ensuring compliance with due diligence requirements under the LkSG lies with the companies operating these supply chains, not with 4C as a certification system.

4C does not own, manage, or control any coffee supply chains; rather, it provides an independent certification system. The role of 4C is to establish sustainability principles and verify compliance with them through independent third-party audits.

We remain committed to transparency, continuous improvement, and ensuring that 4C certification upholds robust social, environmental, and economic sustainability standards.

## The Role and Governance of the 4C Advisory Board

The 4C Advisory Board serves as a multi-stakeholder body that provides strategic guidance to ensure the continuous improvement of the 4C certification system. It includes representatives from various sectors, including coffee producers, trade, industry, civil society, and independent experts, ensuring a balanced and independent approach to sustainability. The 4C Advisory Board members can transparently be viewed on our website: <https://www.4c-services.org/stakeholders/4c-advisory-board/>.

While companies like Nestlé participate, no single entity has undue influence over 4C system, which are developed through broad stakeholder consultation and aligned with internationally recognized sustainability frameworks. The Advisory Board operates under specific by-laws and principles that uphold data privacy and security while ensuring that decisions are not influenced or dictated by any single representative.



## Ensuring Fair Compensation for Farmers

Setting a fixed minimum price is not a viable solution due to the diverse economic realities in different coffee-producing regions and market dynamics. Instead of intervening in market mechanisms, the 4C system focuses on strengthening the economic resilience of farmers through sustainability standards that promote better agricultural practices, long-term productivity, and access to premium markets. This approach empowers farmers to navigate market fluctuations more effectively. While 4C does not set a fixed price, buyers of 4C-certified coffee typically pay a premium, reflecting the added value of sustainable production.

## Commitment to Zero Deforestation and Environmental Protection

The 4C standard strictly prohibits deforestation and mandates the protection of primary forests, high conservation value areas, and water resources to ensure that coffee production does not contribute to environmental degradation. 4C-certified producers must adhere to rigorous sustainability criteria that go beyond legal requirements, including measures to prevent land conversion and promote biodiversity-friendly farming practices.

Furthermore, 4C provides solutions for EUDR (EU Regulation on Deforestation-free products) compliance, supporting certified producers and supply chain actors.

It is a 4C requirement to conduct risk assessments prior to audits. Comprehensive risk assessments are based on advanced remote sensing data analyses, use of biodiversity databases, and social and ecological data. 4C uses deforestation maps which are i.a. based on the tree cover loss dataset by Hansen et al. Agricultural replanting activities may be identified as "loss" by the dataset. Therefore, 4C uses in addition to deforestation maps forest maps to differentiate between deforestation and replanting.

The 4C system upholds strict sustainability criteria that prohibit hazardous pesticides listed under international agreements such as the Stockholm and Rotterdam Conventions. Certified units must comply with the 4C Pesticide List as well as national pesticide regulations and must implement measures to minimize environmental impact.

## Transparency, Credibility, and Alignment with the EU Green Claims Directive

As an independent, third-party certification standard, the 4C system complies with the requirements of the Green Claims Directive. The 4C logo and related claims rely on



verifiable data that can be cross-checked via the respective audit report documents and overall audit result. 4C applies very strict rules on the usage of the 4C logo, which can be verified in chapter ten of the [4C System Regulations](#).

The 4C standard was created and is continuously being revised on the basis of public consultation. Public consultation is open to all, including NGOs, producers or other interested actors. Additionally, 4C operates a complaint mechanism that is available and open to all through which appeals of any actor can be shared: <https://www.4c-services.org/process/procedure-of-complaints-and-appeals/>. 4C highly appreciates any feedback received through those channels and encourages all stakeholder to actively share their feedback.

## Strengthening Trust: The 4C Integrity Program

4C continuously evaluates the effectiveness of its system via the Integrity Program and the respective integrity audits. 4C sets out very robust rules in its Code of Conduct in regard to the compliance with regional and local laws. Cases brought to 4C's attention are investigated thoroughly.

4C operates its own integrity program, which double-checks the work of the auditors ("watch the watchman") and also manages a grievance and complaint channel, open to all stakeholders. Findings from the integrity program and our grievance and complaint channels contribute to the continuous improvement of the 4C system.

4C remains fully committed to assessing reported risks and addressing them through targeted interventions. Through our integrity program, we continuously evaluate real-world conditions and ensure compliance with 4C requirements.

## Commitment to Action

Currently, 4C is undergoing a system revision, and we welcome stakeholder feedback to strengthen our certification framework. We invite Empower LLC, ProDESC, and Coffee Watch to share insights from their assessment and engage in an open dialogue on potential recommendations, as collaboration is key to driving meaningful progress in the sector which can only be achieved if stakeholders go hand in hand.

Cologne, 18<sup>th</sup> February 2025