



4C System Update 17

21 March 2025

1. Clarification of Traceability Requirements

2. Implementation Guidelines of the Registration of Business Partner (BP) Producer in only one 4C Unit

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1. Clarification of Traceability Requirements

4C has been and is striving for sustainable, traceable, and deforestation-free supply chains while providing regulatory value to its system users. Any unannounced sale of 4C certified coffee or cocoa (4C certified products) poses a high risk of double counting sustainable and certified products. Therefore, to mitigate risks in the supply chain and accurately portray 4C certified volumes, all actors must factually report and document the amount of 4C sales and purchases in the 4C Portal.

Every 4C certified unit has invested significant resources and time in mitigating risks and complying with 4C requirements. The system must therefore, ensure that every coffee or cocoa lot and amount is tracked and reported to 4C so that 4C certified coffee and cocoa producers are properly valued and awarded.

4C pays crucial attention to the implementation of traceability requirements across the entire supply chain of actors involved in producing and trading 4C certified products. Traceability is a key pillar of sustainable coffee and cocoa supply chains. This is underlined by increasing mandatory and voluntary requirements (e.g. EUDR, Green Claims Directive).

It is in the interest of all 4C system users to ensure that only 4C products are traded as 4C coffee or cocoa, and that no mislabeling of conventional products as 4C certified products occurs in the supply chains (greenwashing). This becomes even more important with the implementation of EUDR, requiring the segregation of EUDR compliant and certified products in the supply chain. Comingling with non-EUDR compliant products is not allowed.

The role and responsibilities of the Managing Entities (MEs), Intermediary Buyers (IBs) and Final Buyers (FBs) as indicated in *Chapter 8 Traceability*, and *Chapter 8.2 Specific Traceability Requirements for Intermediary and Final Buyer, 4C System Regulation, version 4.0* are clarified and further detailed as follows:

- All actors involved in the production of 4C certified coffee (4C Units, MEs) and those engaged in its trade (IBs and FBs) must comply with 4C's traceability requirements.
- Traceability in the 4C System ensures that 4C certified coffee can be tracked and traced at every stage of the coffee supply chain (Figure 1), from the BP Producer to the Final Buyer. This process guarantees to the coffee sector



and consumers that coffee sold as 4C certified is sourced from 4C certified producers and traded only by IBs and FBs registered in the 4C System.

- Physical segregation is mandatory for all BPs within a 4C Unit, as well as for all MEs and IBs throughout the production, processing, purchasing, and storage of 4C certified coffee.

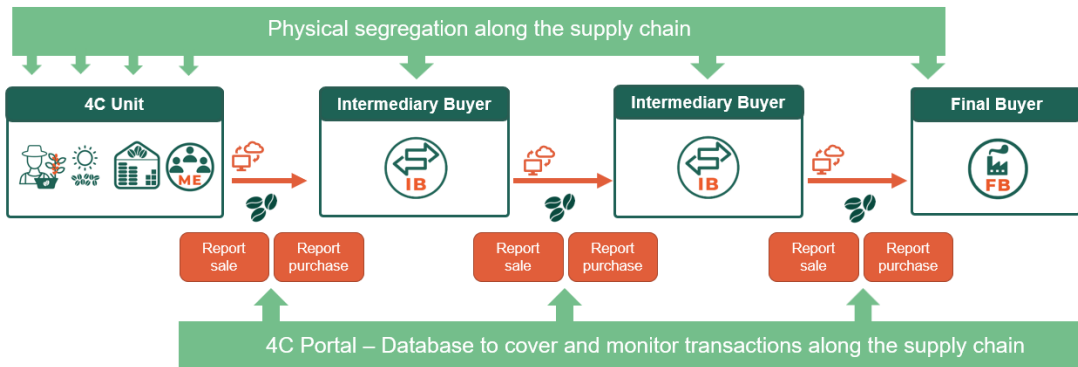


Figure 1: Ensuring traceability along the supply chain

It is therefore required that:

- The ME or authorized Service Provider Trader (SP Trader) of a 4C Unit must report the sold volume of 4C certified products, 4C EUDR products, or non-4C products (including defect beans) via the 4C Portal. Those volumes are being checked in 4C audits. This must be done either periodically (quarterly or annually) or on actual basis. Volumes of 4C certified or 4C EUDR products are only to be sold to an IB or FB registered in the 4C System. If a ME sells 4C certified products to an IB or FB not participating in the 4C system, this product must be sold as conventional coffee or cocoa. EUDR compliance reports issued by 4C are allowed to be only forwarded to IB or FB participating in the 4C system.
- IBs and FBs are allowed to trade 4C certified or 4C EUDR products only if initially purchased from a certified 4C Unit. The 4C certificate and the 4C EUDR attestation must be valid on the day of purchase – typically, the day the first buyer takes ownership of the coffee/cocoa or coffee/cocoa batch. This date must be supported by the corresponding documents (e.g. invoice) issued to the seller. Any buyer purchasing 4C certified or 4C EUDR products must be registered as an IB or FB in the 4C System.
- An IB can only sell products as 4C certified or 4C EUDR coffee to other IBs or FBs registered in the 4C System. The IB is obliged to report the sold volume of 4C certified or 4C EUDR products in the 4C Portal to each client (IB or FB) per transaction or per contract, on either periodical (quarterly or annually) or actual basis.
- Supply chain traceability is covered and monitored in the 4C Portal. The 4C Chain of Custody Certification (CoC) is recommended to further mitigate the risk of commingling 4C certified and 4C EUDR with non-4C certified and non-4C EUDR products.



- Certification Bodies and auditors are required to pay particular attention to these requirements in audits.

Sanctions for Non-Compliance:

- If an ME, and authorized SP Trader, or an IB sells coffee or cocoa as 4C certified or 4C EUDR products to a buyer not registered in the 4C System, the sold volumes will not be considered 4C certified or 4C EUDR coffee. Additionally, the seller must pay a fine to 4C of €12 per metric ton for the volume of products sold.
- If an ME, authorized SP Trader, or IB sells 4C certified or 4C EUDR products to a registered buyer without reporting the transaction within the 4C Portal, the seller must pay a fine to 4C of €12 per metric ton for the volume of products sold.
- The fine for MEs or IBs is separate from and will be additional to the EUDR fee or IB annual fee.
- Infringements will lead to severe sanctions, including the immediate suspension of the ME, IB, or FB's participation in the 4C System. Furthermore, all 4C Units managed by the same ME will be suspended, and all pending transactions or stock of the ME, IB, or FB will not be considered as 4C certified or 4C EUDR products.
- Suspensions will be published on the 4C webpage and communicated to all 4C system users.

Important note: Any damages or losses incurred by the ME, IB, FB, or third parties due to a detected infringement will be the responsibility of the respective ME, IB, or FB.

Infringements can be detected via:

- 4C audits (certification, addendum or surveillance) for coffee or cocoa production, or 4C CoC audits (CoC certification or CoC surveillance) performed by Certification Bodies (CBs) cooperating with 4C
- Announced or unannounced Integrity Audits within the scope of the 4C Integrity Program
- Non-conformities (NCs) reported by third parties, with investigations conducted by the responsible CB or by the 4C Integrity Program

The infringement is classified as **severe** and will first be communicated by the responsible auditor(s) (depending on when and how it is detected), and the respective sanction will be communicated by the 4C Integrity Program.



2. Implementation Guidelines of the Registration of a Business Partner (BP) Producer in only one 4C Unit

The requirement of not allowing the same farmer to be registered in multiple 4C Units aims to prevent double counting and fraud in trading 4C certified products. This is an essential requirement to ensure the traceability of 4C certified product in 4C Units. Multiple registrations may inflate the total volume of certified products and could mislead buyers about the available and tradable volume in the system.

To ensure compliance, 4C provides the following guidance for MEs and BP Producers to efficiently implement the requirement that every BP Producer can only be registered in one 4C Unit (*as the communication of 11th January 2024, System Update 16*):

- The ME and BP Producer have the right to freely engage in a 4C Unit. This commitment must be documented and signed by both parties, either individually or as part of a farmer group. The ME is responsible for informing producers of their rights and responsibilities when joining a 4C Unit, including the requirement to register with only one 4C Unit.
- The commitment must specify the period of cooperation to ensure the stability of the 4C Unit. The ME must keep BP Producers updated on any changes in the 4C System in accordance with the respective requirements in 4C Code of Conduct, therefore, the commitment must be renewed (resigned) accordingly.
- Since 1 July 2024, no duplication of BP Producers is permitted for new 4C Units or for 4C Units returning after an interruption in certification. Certification will not be granted if duplicates exist.
- Since 1 July 2024, MEs are responsible for identifying and resolving duplicated BP Producer registrations before applying for a 4C audit and submitting Annual Update documents to responsible CBs for evaluation. Supportive guidance can be found in the 4C Step-by-Step.

A BP Producer may switch to another 4C Unit only if:

- The BP is formally removed from an existing 4C Unit through the Internal Management System procedure of the 4C Unit. The ME shall update the BPM and submit it to the responsible CB to confirm the removal and update the change of the 4C Unit in the 4C System.
- Only then can the BP Producer sign a new commitment with the new ME/4C Unit. The new ME shall update the BPM accordingly and submit it to the responsible CB as part of the audit or Annual Update application document.

During the transition period, applying for existing 4C Units in the 4C System:

- Duplication issues can be resolved through constructive cooperation between MEs. Each ME must submit a written statement confirming the removal of duplicated BP Producers from their 4C Unit. The updated BPM must then be submitted to the responsible CB during a 4C audit, AU



evaluation, or to 4C during the EUDR checking process. MEs may also provide the latest commitment signed by BP Producers to confirm their continued membership in a specific 4C Unit.

- If MEs do not cooperate adequately, the resolution of duplicated BP Producers will be based on their registration records in the 4C System. The 4C Unit with the earliest registration of the BP Producer (i.e., the first or oldest certification date for an uninterrupted certification period) will have the prevailing right to retain that producer. This right may only be overridden if the BP Producer submits a written statement explicitly requesting to leave a specific 4C Unit/ME. This request must be reviewed and confirmed by the responsible CB during a 4C audit, AU evaluation, or by 4C during an EUDR checking process.

For any exceptional case, system users are requested to contact 4C immediately for further guidance.