



COMMERCIAL GUIDELINES

CAS_Doc_51_Commercial Guidelines_v.2.2_en



Document history

Version	Effective date as of	Details of Change
V.1.0 en	September 2013	Release of first version of Commercial Guidelines, extending the previous Commercial Reporting Guidelines with relevant commercial aspects of trading 4C Compliant Coffee and the previous Q&A
V.1.1 en	February 2014	Minor updates on practical improvements in Online Platform
V.2.0 en	December 2015	(1) Specifying license, (2) Specifying certified coffee, (3) Specifying tractability and reporting, (4) Spelled out commercial reporting procedures in greater detail and updated all screenshots from the online platform, (5) Introduction and collection of the volume-based fee from Final Buyers as of 1 st January 2016.
V.2.1 en	April 2016	No content change to the previous version, only small updates to adjust to the new organizational reorganization. The spin-off company Coffee Assurance Services GmbH & Co. Kg will be managing and operating the 4C verification system to validate compliance against the 4C Code of Conduct (which is the verifiable operationalized version of the Global Coffee Platform's Baseline Common Code).
V.2.2 en	January 2017	(1) Exclusion of item 3 related to the old 4C Commercial Reporting database, (2) Update the pre-requisites for trading 4C Compliant Coffee, (3) Standardization of the event and related documents that is relevant for the Commercial Guidelines, (4) Exclusion of the obsolete chapters.

Abbreviations

CAS Coffee Assurance Services

© 2016 Coffee Assurance Services. All rights reserved.

This document is part of the 4C Verification System operated by Coffee Assurance Services.

No part of this work, covered by the copyright, may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, recording taping, or information retrieval systems) without the written permission of the copyright owner.

4C Verification documents are subject to regular review and revision. Legally valid documents are available through the Coffee Assurance Services. Coffee Assurance Services accepts no responsibility or liability whatsoever without prior consent.

Coffee Assurance Services reserves the right to undertake relevant steps to protect its copyright in case of breach, misuse, inappropriate use or infringement of this copyright.

For documents translated into languages other than English, the English language version remains the definitive version and Coffee Assurance Services accept no responsibility for any discrepancies between translated versions.

INDEX

1. INTRODUCTION	4
2. SCOPE	4
3. GENERAL REQUIREMENTS	5
3.1 REQUIREMENTS FOR MANAGING ENTITIES OF 4C UNITS	5
3.2 REQUIREMENTS FOR INTERMEDIARY BUYERS	6
3.3 REQUIREMENTS FOR FINAL BUYERS.....	6
4. DOCUMENTATION	7
5. CONFIDENTIALITY	7

1. INTRODUCTION

After successful independent third-party verification, operated by Coffee Assurance Services GmbH & Co KG (CAS), the Managing Entity of a 4C Unit¹ receives a 4C License which confirms the compliance with the requirements of the 4C Code of Conduct and Verification Regulations.

With this license, the 4C Unit, through its Managing Entity, can sell coffee from its listed farmer business partners as 4C Compliant Coffee².

Complementary to this, coffee roasters, retailers and other coffee brand owners, committed to include the 4C Code of Conduct in their sustainable sourcing commitments, purchase 4C Compliant Coffee through the 4C License.

In order to guide and define how to trade and report the corresponding amounts of 4C Compliant Coffee and how to properly use the 4C License before, during, and after the trading activities take place, these Commercial Guidelines were developed.

These Commercial Guidelines are based on and complement the latest versions of the following documents:

- 4C Code of Conduct
- 4C Verification Regulations

The documents above mentioned are available at CAS webpage (www.cas-veri.com).

2. SCOPE

This document describes the requirements, procedures, and documents regarding the trading of 4C Compliant Coffee and corresponding reporting. These requirements must be implemented by:

- **Managing Entities of 4C Units**
- **Intermediary Buyers:**
Traders, exporters, importers, processors, coffee agents, brokers, or any other entity which trades or originates 4C Compliant Coffee.
- **Final Buyers:**
Roasters, instant coffee manufacturers, private label companies, and retail companies with private labels, brand owners, coffee shop chains, or any other entity that claims sustainable sourcing through 4C Compliant Coffee purchases. This means that any Final Buyer who claims sustainable sourcing through 4C Compliant Coffee purchases, must have a valid Service Agreement with CAS.

¹ 4C Unit, 4C Business Partner and other relevant terminologies of the 4C system are defined in the 4C Verification Regulations.

² The 4C Compliant Coffee is defined by the coffee produced, handled and traded in compliance with the 4C Code of Conduct, including the requirements described in the 4C Verification Regulations and in this guideline.

The requirements described by this guideline apply exclusively to commercial transactions of green coffee beans (unroasted) and are applicable to national (domestic) and international (exports) commercial transactions.

The commercial transactions mentioned in this document are defined through the legal transfer of ownership between sellers and buyers strictly linked to physical product, with or without physical movements of the coffee beans. Any other type of commercial transaction or sale/purchase commitments, including future contracts, are out of the scope of these commercial guidelines and must not be reported.

3. GENERAL REQUIREMENTS

Managing Entities of 4C Units and Final Buyers must report on invoiced volumes of 4C Compliant Coffee through an online commercial reporting portal. To enter the CAS online portal, users need a login and password provided by CAS. The online portal is accessible via CAS webpage (www.cas-veri.com).

Managing Entities of 4C Units and Final Buyers must appoint and inform CAS regarding the staff in charge of commercial reporting. With this information, CAS will provide the necessary login and password for the first access.

3.1 REQUIREMENTS FOR MANAGING ENTITIES OF 4C UNITS

The production volume of a 4C Unit must be informed to CAS by the Managing Entity and updated at least once a year³.

The first actor in the supply chain selling 4C Compliant Coffee is the Managing Entity of the 4C Unit. The Managing Entity is responsible for implementing the 4C Code of Conduct, including all requirements related to the internal management system and traceability within the 4C Unit.

Individual farmers are registered as business partners of the 4C Unit, while the Managing Entity is the 4C License holder. The 4C License must be valid on the date that the coffee is sold, meaning on the date that the ME transfers the ownership of the coffee lot to the first buyer. This date must have the documental support of the respective issued invoice.

4C Business Partners can only sell 4C Compliant Coffee to the Managing Entity of the 4C Unit they are part of or through the internal supply chain of the corresponding 4C Unit.

However, in case a Managing Entity of a 4C Unit is not allowed to legally own the product and the transfer of ownership takes place between the Business Partner and the first buyer, a proper traceability system including clear procedures, appropriate control actions and records must be in place and managed by the Managing Entity. This exception is valid when the Managing Entity is one of the following entities:

- Producers' associations

³ The requirements for the update of the production volume of the 4C Unit are described in the 4C Verification Regulations.

- Agents/brokers
- Other categories of service providers

The second actor in the supply chain is the first buyer. The first buyer can be:

- Managing Entities of 4C Units
- Intermediary Buyers
- Final Buyers

In case a Managing Entity of a 4C Unit is operating as the first buyer, the corresponding requirements valid for Intermediary Buyers are applicable as described in item 3.2.

It is the responsibility of the Managing Entity to perform the reporting. The volume that must be reported through the CAS online portal is the amount of coffee indicated in the invoice as 4C Compliant Coffee. Quarterly reporting from Managing Entities with regards to purchased volumes is recommended. The allowed time lag between any quarter end and finishing the reporting from the managing entity is 4 weeks.

Annual reporting of purchased volumes is mandatory.

3.2 REQUIREMENTS FOR INTERMEDIARY BUYERS

There are no reporting requirements for Intermediary Buyers because they are not required to report at all through the commercial reporting mechanism on volumes of 4C Compliant Coffee. However, they must comply with the trading requirements described in this document and must be able to provide proofs, if requested by Final Buyers.

The requirements described in item 4. DOCUMENTATION of this document are also valid for Intermediary Buyers.

3.3 REQUIREMENTS FOR FINAL BUYERS

The last actor in the supply chain purchasing 4C Compliant Coffee is the Final Buyer.

In case a Final Buyer is the first buyer, the 4C License must be valid on the date when the coffee is purchased, meaning on the date that the Final Buyer received ownership of the coffee lot from the previous owner. This date must have the documental support of the respective issued invoice. In case a Final Buyer is not the first buyer, the 4C License may not be valid anymore on the date when the coffee is purchased.

In case a Final Buyer is operating as Intermediary Buyer for certain transactions, the corresponding requirements valid for Intermediary Buyers are applicable for the corresponding transactions, as described in item 3.2.

The CAS online portal is open for reporting during the whole calendar year. The timeline to conclude the annual reporting for any calendar year is 28th of February of the following calendar year. It is the responsibility of the Final Buyers to comply with the reporting deadlines, as stated in the Service Agreement between the Final Buyer and CAS.

4. DOCUMENTATION

The 4C License must be valid on the date when the ownership of the coffee is transferred to the first buyer, as documented in the corresponding invoice. The validity dates of a license are indicated in the 4C License and available at CAS online portal.

The 4C License number must be indicated in the sale/purchase contracts and in the corresponding invoices. A copy of the 4C License must also be part of the shipping documents.

Good management practices related to traceability must be implemented to ensure that all 4C Complaint Coffee commercial transactions are properly recorded and available at any time, including a comprehensive relation between the physical coffee deliveries (shipment or reception) and the corresponding invoices. This is also applicable for commercial transactions without physical movements.

5. CONFIDENTIALITY

The CAS online portal operates with high security standards. Access to data is restricted to the Managing Director of Coffee Assurance Services and authorized internal staff. CAS uses highest security measures to keep reported data confidential.