CONCEPT OF THE EQUIVALENCE MECHANISM

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>V1.0</td>
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<td>First Version of the Concept of the Equivalence Mechanism</td>
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1. BACKGROUND

The vision of the Global Coffee Platform is a thriving and sustainable coffee world. In order to achieve long term sustainability and contribute to the UN Sustainable Development Goals (SDGs) in the coffee world GCP facilitates global and national agendas to drive collective impact for sustainable coffee communities. One of the tools GCP uses to achieve its vision is to define minimum (baseline) sustainability in coffee production and processing. The goal is that with time the entire coffee community achieves these and goes beyond them.

If producers are distributed in a normal curve\(^1\) in relation to their sustainability practices (or performance), most producers would be in an average situation; leading farmers would be ahead and certified, or multiply certified, to a recognized standard; and a remaining large group of farmers will be behind and not yet being addressed by any known sustainability initiative or program.

\(^1\) In the lower end of the performance curve 25% of producers are found, producing 50% of the negative impact and 10% of the product. A strategy that can increase productivity most and reduce environmental impact most is to move the bottom, not the top\(^*\). Jason Clay of WWF, Keynote speech at Global Sustainability Standards Conference 2015.
bigger community moving together towards sustainability. This will offer these programs and initiatives recognition and potential synergies and efficiencies.

The unacceptable practices and baseline principles included in the Baseline Common Code are a tangible expression of what minimum baseline sustainability in coffee looks like. The Baseline Common Code is the result of a multi-stakeholder consensus that has been working since 2003. During 2013-2014 it was revised and updated based on experience from farmers, traders and final buyers.

In order to achieve sector-wide adoption of these practices it was first necessary to adapt the 4C Code of Conduct to become the Baseline Common Code, i.e. a reference code. The Global Coffee Platform is neutral and precompetitive and enables the Baseline Common Code as global reference to become part of public or private strategies while letting the market play its role through the use of a diversity of standards.

Now that the reference exists, other schemes and programs can compare to it, identify their equivalence to it, and spread the message of their contribution in eliminating the unacceptable practices and reaching the minimum sustainability practices. Joining efforts enables a virtuous cycle where supply chains become more sustainable and safer to work with. Equivalence to the reference will allow different type of actions, such as voluntary standard systems or schemes, initiatives, programs, national curricula, company sustainable programs, company sourcing requirements and others to be recognized as contributing to overall sustainability by helping raise the level of minimum performance. GCP has a farmer centric approach and sees that farmers in a scheme which is recognized as equivalent could benefit from wider market access.

Criteria and procedures need to be identified so as to enable such comparisons and credible claims. GCP will be able to track progress in a verifiable way and report to coffee stakeholders how the curve is moving.

Being an active member of the Global Coffee Platform is an opportunity for companies and organizations to show their commitment to sustainability of the coffee sector, to develop synergies, and achieve impact with lower investments. One aspect of membership of GCP is to be able to demonstrate the practical outworking of that commitment. The EM is designed to provide a means for this, not only through the purchase of certified sustainable coffee, but also through private schemes which are equivalent at least to the Baseline Common Code. Claiming being part of GCP is essential to both the member organization and to move opinion and build momentum. The EM is designed to ensure that such claims are credible, and thus contribute to building successful change.
1. WHAT IS THE EQUIVALENCE MECHANISM AND ITS CRITERIA?

The Equivalence Mechanism refers to the criteria and process by which the Global Coffee Platform recognizes the inclusion of the principles and practices described in the Baseline Common Code in a standard (scheme) or in programs performed by other operators such as governments, companies, standard systems or others. The criteria include content (sustainability criteria) and criteria to ensure credible implementation of the content (i.e. accompanying criteria).

<table>
<thead>
<tr>
<th>Sustainability Criteria</th>
<th>Relevance: defines the sustainability aim of the scheme or program</th>
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<tr>
<td>Exclusion of 10 UAP’s:</td>
<td>Unacceptable Practices (UAP): worst practices to be eliminated from the coffee supply chain.</td>
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<tr>
<td>27 principles</td>
<td>Describes the minimum sustainability practices for baseline sustainability.</td>
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<tr>
<th>Accompanying Criteria</th>
<th>Relevance: ensure a credible, measurable and comparable approach between different schemes or programs in different places, so that progress can be credibly tracked.</th>
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<tr>
<td>Assurance system</td>
<td>In GCP Equivalence it refers to a system by which an equivalent scheme or program knows (assures) if equivalence criteria are met (e.g. procedures to ensure compliance of the UAP and practices, credible claims and credible data). Includes: Initial self-assessment with 3rd party verification at least every 3 years; measures in place to ensure impartiality, competent personnel, evaluation procedure.</td>
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<tr>
<td>Impact data M&amp;E</td>
<td>Equivalent scheme / program keeps information from farmers and farmer groups. Information on individual farmer level in the case of farmer groups. Equivalent scheme or program shares with GCP information at aggregated level of all farmers covered. Information to be held by the scheme or program includes: a) name/location, b) business info (bags, area, workers), c) scoring data (in relation to 10 UAP / 27 principles), d) monitoring data (pesticide and IPM data, list of trainings). In line with Global Progress Framework. GCP uses summary data to give a picture that describes in time and location how many farmers have reached the baseline level as well as where there are still red practices or where farmers are at risk of falling back into them.</td>
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<tr>
<td>Sustainability Claims</td>
<td>Equivalent scheme or program has policies and procedures that ensure credible sustainability claims.</td>
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The Equivalence Mechanism follows these principles:

- Ensure credibility of claims and contribution to baseline sustainability by schemes or programs.
- Include both content (sustainability) criteria and accompanying criteria (i.e., assurance and claims regarding sustainability and GCP).
- Collect impact M&E data to enable GCP to track progress in its Global Progress Framework.

2. WHAT IS THE BENEFIT OF THE EQUIVALENCE MECHANISM?

A scheme or program can use its status of equivalent to be recognized as one that contributes and participates within a movement towards sustainability together with other leader organizations. The scheme or program is trusted for its credible content and procedures. Members of GCP believe in sustainability and may choose to demonstrate their commitment contribute to sector wide adoption of at least basic sustainability practices (as defined in the BCC) by visibly including baseline sustainability into their operations over time either through buying certified/verified coffee or through other options which are then recognized via the EM. As part of the reporting on BCC in the Global Progress Framework, members need to refer to the Equivalence Mechanism or clearly explain how the information was gathered together with the validation process used. Other benefits of the EM:

- Assesses and establishes the level of equivalence with the common reference, i.e., the BCC.

- Provides the sector with the knowledge of where a standard system or a program is with regards to the minimum sustainability practices as set out in the BCC and therefore provides the necessary transparency to foster synergies in working together.

- Provides confidence that there is a common and comparable way of measuring progress towards the sustainability goals of the coffee sector, and to be able to communicate these in a credible way.

- Provides a measure of the continuous improvement which is sought in the sustainability journey all along the value chain in coffee.

- Allows to make credible claims and support a healthy collaboration.
3. WHEN DOES THE EM APPLY?

Organizations and entities engaged in programs towards sustainability in coffee are encouraged to include the sustainability practices defined in the Baseline Common as well as the accompanying criteria and to assess the level to which they are equivalent.

The Equivalence Mechanism is applicable to schemes and programs, examples of which are described below:

- Schemes, or standard systems (or certification systems)
- Government schemes
- National curricula
- Company sourcing programs.

Note: The Equivalence Mechanism aims to recognize programs that have a long term relation with the farmers and are meant to create systemic change.

4. EQUIVALENCE CRITERIA

Equivalence status is to be granted to those schemes or programs that include all content (sustainability) criteria and all criteria that frame a credible implementation of the content (i.e. accompanying criteria).

<table>
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<td>10 unacceptable practices or UAP</td>
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<td>27 Principles</td>
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Sustainability Criteria is included today in the Baseline Common Code document. Accompanying Criteria will be defined.
5. **KEY STEPS IN THE EQUIVALENCE EVALUATION PROCESS**

GCP encourages other companies and organizations to join and track together progress on elimination of unacceptable and implementation of minimum sustainability practices. Schemes and programs identifying their level of equivalence against the Baseline Common Code will benefit from synergies and also from being known on their contribution to baseline sustainability.

Equivalence evaluation will be kept as simple as possible and will build on existing credibility mechanisms (e.g. ISEAL membership, GSCP benchmarking or others). Evaluation costs will be covered by the applicant. To keep costs low, the evaluation shall be based on desktop evaluations done by GCP itself as far as possible and depending on credibility and expertise needs could include on-the-ground evaluations. Applicant submits to GCP Code Manager details of scheme or program.

1. Desk study carried out to compare the content of applicant scheme or program and BCC
2. 
3. Exchange between applicant and Code Manager (including Technical Committee) on content to reach agreement
4. 
5. Results may be: Equivalent or not equivalent. Feedback provided in relation to areas which are strengths as well as opportunities for improvement.

**5.1. Definitions**

**Assurance**: Demonstrable evidence that specified requirements relating to a product, process, system, person or body are fulfilled (adapted from ISO 17000) (ISEAL Assurance Code)

**Benchmarking** is a comparison of one standard or benchmark against another to determine the extent of overlap and where the standard being compared exceeds or is lower than the benchmark standard. (ISEAL).

**Recognition** is a process of deeming one standard partially or fully equivalent to another standard. Recognition can be unilateral or mutual, depending on whether the recognition goes both ways. (ISEAL).

**Standard System**: The collective of organizations responsible for the activities involved in the implementation of a standard, including standard-setting, capacity building, assurance, labelling, and monitoring. (ISEAL Credibility Principles: 2013).

**Sustainability claims**: a message used to set apart and promote a product, process, business or service, including a project, with reference to one or more of the three pillars of sustainability: economic, social or environmental (ISEAL Sustainability Claims – good practice guide).
Company sourcing program refers to a program developed by a company in order to source coffee. The program involves investments within the coffee community aiming to support its sustainability. A sourcing program includes internal requirements (GCP own definition).

National Curriculum or Extension Material: refers to guidelines or material used by extension workers of a national or regional or sectoral group that uses this material to support farmers and train them. (own GCP definition: 2016).

5.2. Next Steps

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<tbody>
<tr>
<td>1</td>
<td>Between now and GA in touch with key stakeholders and board members and gather input</td>
<td>September – Membership Assembly (October 5)</td>
</tr>
<tr>
<td>2</td>
<td>Promote and market concept of equivalence mechanism</td>
<td>Membership Assembly (October 5) – End of 2016</td>
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<tr>
<td>3</td>
<td>By end of the year get together templates and make it operational by January</td>
<td>End of 2016 – January 2017s</td>
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