COFFEE
Project

Cooperation On Fair, Free, Equitable Employment

Guidance on
Public Reporting

TOOL 28 OF 28

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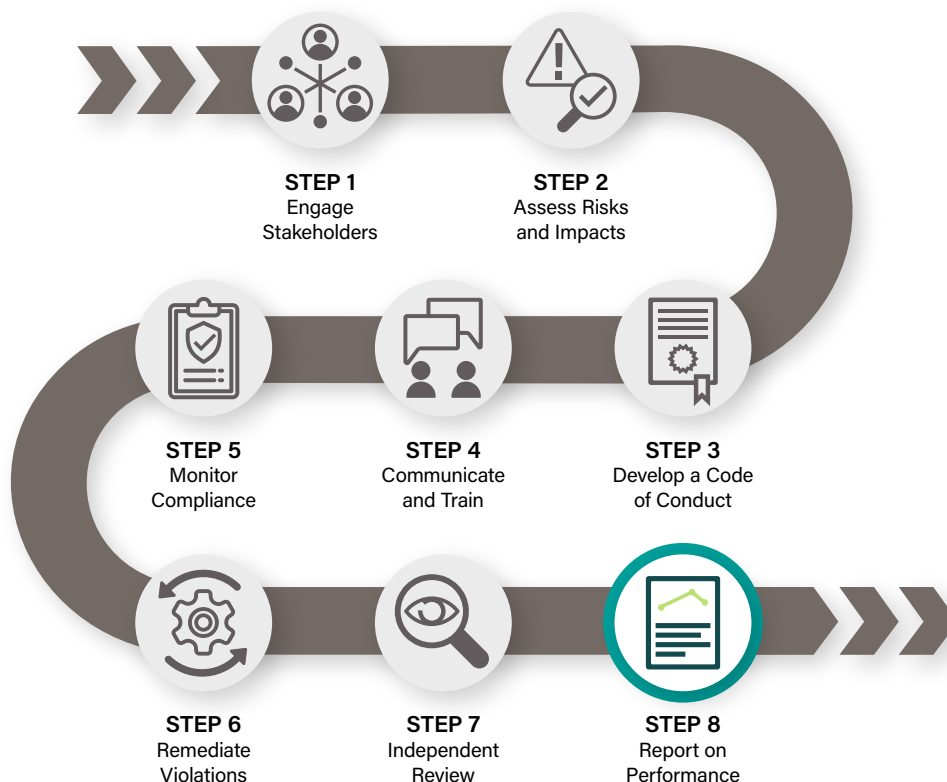
About Our Funding

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About the COFFEE Toolkit

This tool is one of 28 tools and 14 online training modules comprising the COFFEE Toolkit, which was developed as part of Verité's Cooperation on Fair, Free, Equitable Employment (COFFEE) Project through generous funding from the US Department of Labor's Bureau of International Labor Affairs (USDOL-ILAB). The purpose of the COFFEE Toolkit is to promote coffee retailer, roaster, trader, cooperative, and farm adoption of socially sustainable sourcing and farming practices in order to promote improved working conditions for farmworkers in the coffee sector.

The COFFEE Toolkit was developed in alignment with USDOL's Comply Chain model, with at least one tool created for each of the eight steps of Comply Chain (see graphic below). Many of the tools are derived from tools created for the Responsible Sourcing Tool, developed by Verité with funding from the U.S. Department of State's Office to Monitor and Combat Trafficking in Persons (J/TIP). The tools can be used á la carte, but it is important that companies have systems and tools in place for each step of Comply Chain.

STEP 1
Engage
Stakeholders

STEP 2
Assess Risks
and Impacts

STEP 5
Monitor
Compliance

STEP 4
Communicate
and Train

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STEP 6
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STEP 7
Independent
Review

STEP 8
Report on
Performance

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Why Report on Labor Issues?

Companies that export, import, roast, and sell coffee are increasingly required to report publicly on their progress in addressing human rights issues within their supply chains. Socially responsible investors focused on Environment, Social, and Governance (ESG) criteria routinely evaluate companies' performance on issues such as child labor and forced labor. In addition, major voluntary frameworks such as the UN Guiding Principles on Business and Human Rights (UNGP) Reporting Framework and the Global Reporting Initiative (GRI) require regular reporting on progress. Mandatory due diligence reporting regimes on key issues such as modern-day slavery and child labor are also increasingly being instituted by state, national, and international governmental bodies as a condition of operating, importing, and selling goods within specific political boundaries.

For sustainability teams, the activity of preparing a public sustainability or human rights report can help institutionalize processes, drive internal commitments, and ensure investment in responsible sourcing programs. When produced in relevant languages and accessible formats, public reports can also be useful for engaging external stakeholders such as communities affected by company operations and supply chains, civil society organizations, journalists, industry groups, investors, and governments in key raw material origin countries.

About This Tool

The **purpose** of this tool is to assist those who prepare company reports for publication.

The main **audience** for this tool are retailer, roaster, and trader staff who develop public reports, and/or service providers who assist them in developing such reports. This tool can also be useful for civil society groups, governments, investors, and others who read and use the reports in their work.

What to Include in Public Reports:
An Overview

A great deal of guidance is available to assist companies in public sustainability reporting. International institutions such as the United Nations and the Organization for Economic Cooperation and Development (OECD) have produced comprehensive frameworks, as have a wide range of socially-responsible investment and consulting firms. Within this array, the core touchstones most widely respected in relation to social reporting are the UNGPs Reporting Framework and the GRI Reporting Standards.

In general, it is up to individual companies to decide which reporting approach is most appropriate for conveying their own social risk profiles, commitments, and programming, but there are core elements that should be included in any comprehensive report. The guidance presented in this tool synthesizes the approaches used in the UNGP Reporting Framework and GRI Reporting Standard, and includes information on what to include in the following report components:

— a statement of your company's commitment to respecting human rights;
— a summary of your company's material impacts on the human rights of workers and communities and your prioritized salient issues and geographies;
— an overview of your company's approach to respecting human rights throughout your operations and supply chain;
— a clear statement of your company's targets and timelines for achieving progress on prioritized salient issues, and your progress on these issues during the reporting period;
— a description of your company's human rights due diligence strategy, including your approach to monitoring, addressing, and preventing salient issues, reducing risks, and verifying progress;
— a discussion of success stories and challenges your company has faced; and
— a summary of your company's forward-looking goals or next steps.

Companies should feel free to cluster or reorganize these elements in ways that work for their particular characteristics and programs.

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Fig. 1: UNGP Reporting Framework

POLICY COMMITMENT

A1 What does the company say publicly about its **commitment to respect** human rights?

EMBEDDING RESPECT FOR HUMAN RIGHTS

A2 How does the company **demonstrate the importance** it attaches to the implementation of its human rights commitment?

C1 Does the company have any **specific policies** that address its salient human rights issues and, if so, what are they?

ASSESSING IMPACTS

B1 Statement of salient issues

B2 Determination of salient issues

B3 Choice of focal geographies

B4 Additional severe impacts

C3 How does the company **identify any changes** in the nature of each salient human rights issue over time?

INTEGRATING FINDINGS AND TAKING ACTION

C4 How does the company **integrate its findings** about each salient human rights issue into its decision-making processes and actions?

TRACKING PERFORMANCE

C5 How does the company know if its efforts to address each salient human rights issue are **effective in practice**?

COMMUNICATING PERFORMANCE

Application of the **UN Guiding Principles Reporting Framework**

REMEDIATION

C6 How does the company **enable effective remedy** if people are harmed by its actions or decisions in relation to a salient human rights issue?

C2 What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?

Source: UNGP Reporting Framework

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Saliency and Materiality

Companies should focus both their reporting and human rights due diligence programming on their most severe negative human rights impacts first. Within the UNGP Reporting Framework, these are referred to as the most "salient" human rights issues within a company's operations and supply chain, while the GRI uses the vocabulary of "material impacts" on human rights. For both, the essential point is that companies should determine which impacts of their business practices are most harmful to people, accept responsibility for managing these impacts, and prioritize their efforts.

Public reporting should also discuss efforts to understand the nature, types, and levels of human rights risk in different parts of the supply chain, given the risk profiles associated with different geographies.

Companies can draw upon research on human rights risks within the geographic footprint of their operations and supply chains, gathering input from relevant stakeholders at all levels, and taking stock of the most critical effects of their business practices on workers, producers, communities, and consumers. Many companies find formal methodologies such as human rights impact assessments (HRIAs) and materiality assessments helpful to structure this analysis.

In prioritizing which identified negative human rights impacts are most salient, companies should consider criteria such as the severity or scale of the impact, the number of people affected by the negative impact, the degree to which the company is associated with or responsible for the impact in question, input from affected stakeholders about the impact's significance to their wellbeing or livelihoods, regulatory or reputational risk to the company, and other relevant factors. The UNGP guidance proposes that companies evaluate their impacts first and foremost on the basis of the potential severity of the harm caused, including how grave, widespread, and difficult to remedy the impact is; and secondarily, how likely the impact is to occur or recur.

Public reports should include a clear statement of the most salient human rights impacts, the geographic locations in which they are most serious, and a straightforward narrative discussion of the company's rationale for prioritizing some salient issues.

Discussing Company Efforts

Reports should provide a summary explanation of how the company embeds respect for human rights throughout its operations and supply chains.

At the level of a company's own operations, this can be done through a description of relevant human resource policies and approaches to managing identified salient issues and mitigating risk. For example, to combat gender-based discrimination, a company might feature its participation in a formal program to ensure equitable pay for women employees. To mitigate the risk of forced labor due to outsourcing of labor, companies might describe initiatives that promote the ethical recruitment of workers.

The challenges are greater in extended supply chains, where human rights impacts are often most severe, and companies may not have direct control over labor sourcing or other human rights-related practices. Visibility into the supply chain may be a challenge for companies that lack direct traceability to cooperatives or farms, as is the case for many commercial grade coffee buyers and brands. Even exporters within origin countries often rely on layers of aggregators and other middlemen, which can obscure traceability to the farm level.

Reports should describe the company's approach to responsible sourcing, including its supplier code of conduct, and any policies or frameworks used to cascade responsibility for human rights to supply chain partners. If the company supports supplier training to strengthen human rights-related management systems, these efforts may also be described in the report. Companies may also wish to discuss any efforts being taken to consolidate or otherwise optimize the supply chain to minimize negative human rights impacts, for example by reducing the number of suppliers involved, or by reallocating volumes to lower-risk origins.

Visibility and Traceability

In public reports, coffee companies should be forthcoming about the depth of traceability of their supply chains, including the extent to which they have visibility below the Tier 1 supplier level. They should describe the systems they have in place to source and trace the chain of custody of coffee to the lower levels of the supply chain. It is an increasingly common good practice for companies to disclose their suppliers publicly, at least to the Tier 1 (direct supplier) level, and ideally

to Tier 2 (the suppliers of direct suppliers) and below, if feasible. For specialty coffee companies prioritizing responsible sourcing, this may involve publishing supply chain maps. For commercial coffee suppliers, buyers, and roasters, this might involve the disclosure of key origins. If a company relies upon certification systems, this should be clearly stated, noting the level of direct traceability certification affords, and where visibility may be lost. Companies should also describe any methods they use to verify the accuracy and integrity of traceability data.

Risk Assessment

Companies are expected to include an explanation of how they manage each material human rights impact associated with their operations and supply chains in their sustainability reports. For example, some frameworks direct companies to enumerate not only their operations and suppliers with significant forced labor risk, but also the specific measures the company has taken during the reporting period to minimize or eliminate that risk.

Monitoring

The approach to monitoring that is appropriate for a given company varies depending upon its position in the value chain. For farming operations and farm groups, self-monitoring and reporting against a buyer's standard or a certification standard can generate data on human rights issues such as child labor, as well as data on risk factors such as the presence of migrant workers on farms. Third-party audits can also generate insight into conditions on farms, as can data generated through worker grievance mechanisms or other means of accessing worker input. Whatever the approach, public reports should describe how monitoring is carried out, and candidly describe any challenges encountered that might undermine accuracy, along with efforts at improvement. Washing stations, warehousing facilities and other downstream workplaces in the coffee supply chain should also be monitored for human rights abuses.

In reporting on monitoring, while it is good practice to be as transparent as possible, companies are generally not expected to publicly disclose raw monitoring data. Accurate monitoring data forms a crucial basis for tracking the compliance of producers and suppliers; however, companies generally report aggregate data on progress against their targets.

Mitigation and Remediation

When human rights risks are identified, companies should take steps to prevent and reduce them. Prevention begins with communicating expectations to suppliers and establishing the due diligence measures suppliers must take to reduce risk. Systemic root causes of persistent or widespread human rights risks identified in a company's supply chain should be addressed through coffee sector-focused preventative programming at the community, regional, and national levels. All of these prevention measures should be discussed in the company's public reporting.

It is good practice for companies to have a response protocol in place for situations where human rights harms are identified in their supply chains. Response protocols provide step-by-step guidance on short term actions, medium and long-term actions to provide remedy to victims and report information appropriately.

Companies are not expected to publicly report on each case, but they should be as transparent as possible about their efforts to remediate violations within their supply chains, as well as about the effectiveness of those efforts over time. For challenging issues such as child labor, experience has shown that children removed from child labor often fall back into it, so reporting should include long-term tracking and updated disclosure of aggregated case outcomes. The effectiveness of root cause interventions for individual victims should be tracked and reported on (in an aggregated and anonymized fashion).

Independent Verification

The credibility of a company's human rights efforts hinges on having systems in place to ensure the independent verification of programs and progress. At a minimum, companies should:

Establish systems and approaches for verifying the integrity and accuracy of monitoring data and data reported by suppliers	Ensure the validity of remediation activities and outcomes	Track the impact of programming on root causes underlying human rights issues

Targets and Timelines

While companies have an obligation to respect human rights at all times and in all circumstances, the systemic nature of some human rights challenges such as child labor requires sustained effort over time. When this is the case, companies should work towards continuous improvement, report transparently about ongoing human rights challenges in their supply chains, and set clear targets and timelines for addressing them.

Companies should establish a clear overall approach to monitoring and evaluating their human rights efforts, including the development of key performance indicators (KPIs) to track progress toward targets for their prioritized salient issues. Expectations about impact tracking and verification processes should be communicated to suppliers and other relevant supply chain actors.

KPIs should be "**SMART**":

SPECIFIC	MEASURABLE	ACHIEVABLE	RELEVANT	TIME BOUND
Simple and precise	Quantifiable, or with clear qualitative metrics	Reasonable and realistics	Related to the most salient human rights issues	Tied to firm milestones or deadlines

It is best to steer away from abstract statements about ambitions to "responsibly source" a certain percentage of coffee, unless "responsibly sourced" is clearly defined in the report. Examples of stronger targets might be "child labor monitoring and remediation systems in place in 100 percent of coffee farms by 2025," or "all labor within our supply chain ethically recruited by 2030." Even then, definitions of key terms like "child labor monitoring and remediation systems" and "ethically recruited" should be defined, and metrics and targets should be set in accordance with the **SMART** criteria above.

If necessary, different timelines for implementation may be established for different business segments or functions; these should be as precise as possible. Examples are "twenty percent of Brazilian coffee volumes sourced via direct contracting with farmers by 2025," or "average household incomes in our farm footprint in Mexico increased by ten percent by 2022." The baselines, denominators, and contexts in which reporting against targets takes place is critical to include so both internal and external readers have a way to evaluate the scale and pace of progress being reported and the likelihood of objectives being attained within the proposed time period Metrics used should give readers a clear sense of both current compliance levels and year-on-year trends over time.

Reporting should be done regularly (at least annually).

All targets and timelines should be periodically reviewed and revised as necessary to ensure they remain relevant.

Success Stories and Case Studies

Many companies choose to include descriptions of signature programs or significant impacts achieved within the reporting period. Success stories and case studies offer opportunities to bring efforts to life for readers, and can deepen public understanding of the issues and challenges associated with addressing human rights challenges in the coffee sector.

Challenges and Lessons Learned

As the work of extending respect for human rights is inherently challenging in complex agricultural supply chains like those of the coffee sector, setbacks, and barriers to progress are inevitable, even within well-designed sustainability and human rights programs. Companies should be transparent about the challenges they have encountered during the reporting period, including those associated with the implementation or effectiveness of their own programs to manage negative human rights impacts.

Challenges or setbacks should always be treated as occasions for learning and improving, and companies should acknowledge any course corrections they anticipate making going forward. If targets or milestones that were previously established publicly have not been met as planned, the company should acknowledge this, explain what factors accounted for or contributed to this failure, and describe plans for renewed and improved efforts to meet the stated objectives within a revised timeframe.

Reports often close with a nod to any forward-looking commitments or new directions anticipated for the program.

Source: StreetFlash/Adobe Stock

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Next Steps

Because a public report is meant to cover all aspects of the company's human rights program, this tool is linked to nearly every other tool in the COFFEE Toolkit.

Companies should seek stakeholder input on the content of its reports, and should also seek stakeholder feedback on them once published.

Companies should use resources like Tool 10: Risk Evaluation for Action in the Coffee Trade (RE-ACT) Dashboard to assess and report on risks.

The company report should discuss efforts to communicate policies and train supply chain partners on them.

The report should discuss how monitoring is done, both internal monitoring and external third-party verification.

Companies should publicly report on their codes of conduct and other supplier policies.

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Reports should also discuss the company's processes and protocols for mitigating and remediating human rights risks and harms.

The report should discuss how monitoring is done, both internal monitoring and external third-party verification.