COFFEE Project

Guidance on Communicating Objectives and Standards Across the Supply Chain

VERITÉ
Fair Labor. Worldwide.

Funding is provided by the United States Department of Labor under cooperative agreement number IL-31476. This material does not necessarily reflect the views or policies of the United States Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement by the United States Government. 100% of the total costs of the project is financed with federal funds, for a total of $2,200,000 dollars.

Guidance on Communicating Objectives and Standards Across the Supply Chain

Introduction

This tool is one of 17 tools comprising the Socially Sustainable Sourcing Toolkit (S3T), 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 S3T 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*.

STEPS OF COMPLY CHAIN AND CORRESPONDING TOOLS

U.S. Department of Labor Comply Chain Model

S3T Socially Sustainable Sourcing Toolkit

STEP 1. Engage Stakeholders and Partners
- Guidance on Stakeholder Engagement

STEP 2. Assess Risk and Impacts
- Risk Evaluation for Action in the Coffee Trade (RE-ACT) Dashboard
- Root Cause Analysis of Labor Violations in the Coffee Sector
- Self-Assessment Questionnaire for Coffee Traders
- Self-Assessment Questionnaire for Coffee Producers
- Self-Assessment Questionnaire for Labor Brokers
- Guidance on Screening and Selection of Labor Brokers

STEP 3. Develop a Code of Conduct
- Sample Code of Conduct Provisions
- Sample Social Responsibility Agreements
- Primer on Recruitment-Related Risks in the Latin American Coffee Sector

STEP 4. Communicate & Train Across Supply Chain
- Guidance on Communicating Objectives and Standards Across the Supply Chain

STEP 5. Monitor Compliance
- Guidelines on Monitoring of Coffee Farms
- Guidance on Monitoring of Labor Brokers
- Worker Interview Guide Focused on Recruitment and Hiring

STEP 6. Remediate Violations
- Management Systems Framework for Preventing and Remediating Labor Risks

STEP 7. Independent Review
- Framework for Independent Verification of Ethical Sourcing

STEP 8. Report on Performance
- Guide on Public Reporting for Private Sector Stakeholders

Introduction to the Tool

Effective communication and training on Code of Conduct standards represent a key building block for successful adoption of social responsibility practices by all supply chain actors, from the coffee bean producer to the coffee retailer. The need for straightforward information on what is required of supply chain partners and their workers is often underestimated. This is even more the case with building the knowhow and technical skills to implement both Code of Conduct and legal requirements, including mitigating risks to workers and remediating issues that arise.

Combined, adequate knowledge and skills comprise the *capacity* to not only continually improve performance against Code of Conduct standards, but to meet business objectives while doing so. However, capacity building is a broad term. There is not always a clear line between *communication* and *training*. Nor is there a clear line between *awareness* and *understanding*. This points to the importance of knowing what the specific objectives are in the planning and implementation of a communication and training (or capacity building) program. What needs to be accomplished, not in terms of activities, but impact? What are you trying to do?

One Size Does Not Fit All

First, not everybody needs the same level of understanding on root causes of recurring issues or the same skills related to the development of risk controls, such as screening labor brokers for unethical or illegal practices.

Second, not every actor with whom your company needs to communicate or every individual in need of training is necessarily "reachable." There are practical limits as to how much training on grievance procedures a roaster, for example, can provide a producer, or even how much simple awareness of the standard on forced labor a retailer can drive into a supply chain in which there may be a lack of traceability to the farm level. This is made ever more complicated by the complexity of the coffee supply chain and the many permutations in business actor roles and relationships.

This guide will attempt to simplify and provide overarching rules of thumb and considerations for tackling the challenge of increasing the capacity for supply chain actors to make more informed decisions in selecting and monitoring suppliers and improving working conditions for those furthest upstream.
It will cover:

- Who should be engaged in communication and training (capacity building)
- What topics should be covered in those communications and trainings
- How to make sure capacity building efforts have the intended impact
- How to measure the impact

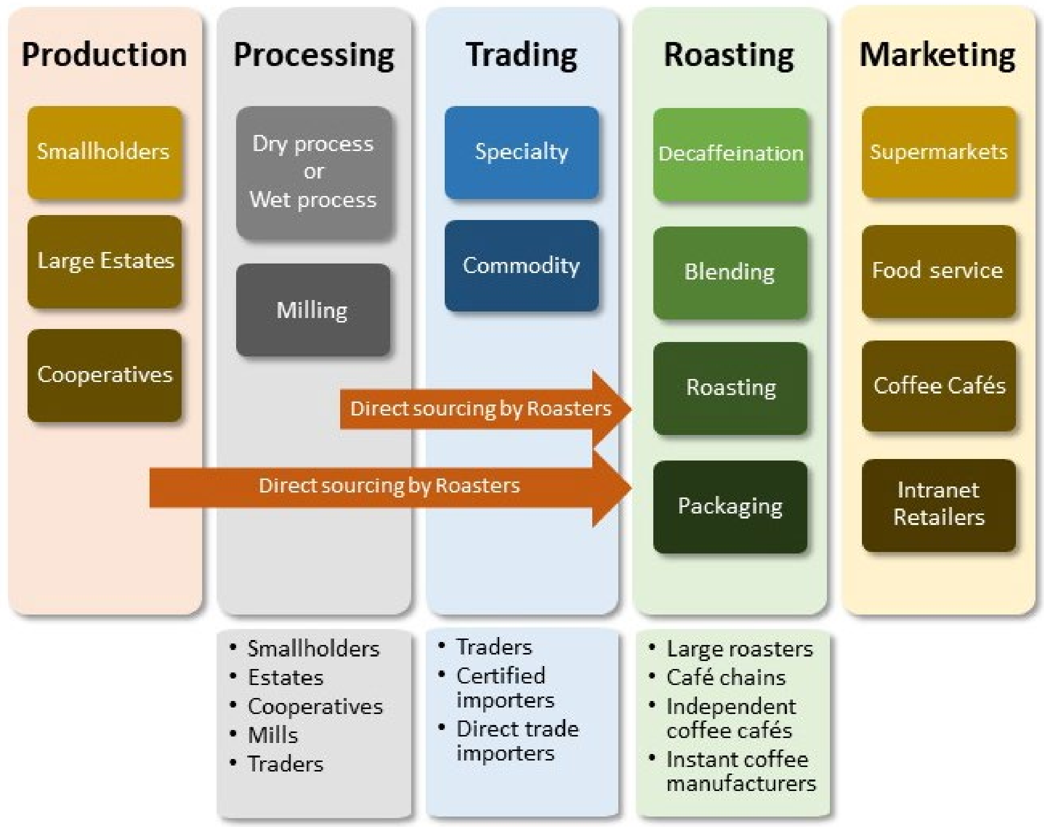
Who Should Receive Capacity Building?

Effective implementation of a company's supply chain social sustainability requirements relies on the informed decisions and actions of individuals and companies throughout the supply chain, from a trader choosing which farm to purchase coffee from to a worker filing a grievance. The better everyone in the supply chain understands their roles and responsibilities, the better the system will function. Beyond training its employees who have social sustainability responsibilities, a company should provide training to the following actors across its supply chain:

- Workers and trade unions
- Labor brokers, including recruiters and crew leaders
- Producers (farmers, from smallholders to large estates)
- Cooperatives and other producer organizations
- Mills and operations where coffee is hulled, sorted, graded, and bagged
- Local coffee brokers and other intermediaries
- Exporters and importers
- Roasters or coffee brands/companies
- Industry associations
- Communities
- Civil society organizations

As a starting place for mapping the stakeholders whose capacity (understanding and ability) is critical to the change process, the typical key supply chain functions and actors are shown below:

Graphic 1. Model of the coffee value or supply chain[1]

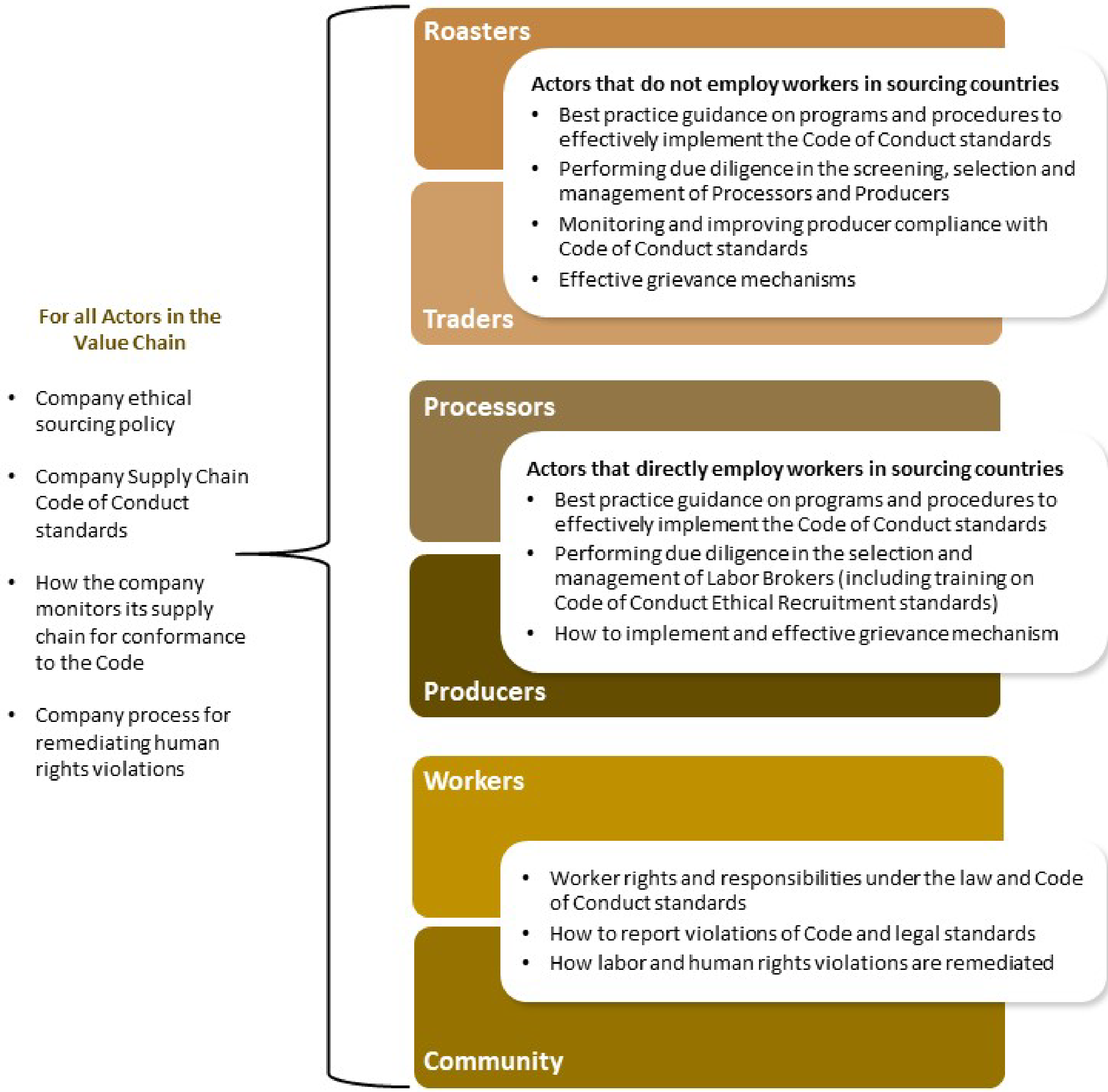


Equally important to a company's supply chain business partners are their workers, the labor recruiter and brokers used to recruit and hire those workers, trade unions, and local civil society organizations.

What Topics Should Capacity Building Cover?

The capacity building requirements for each group of supply chain actors will vary and largely depend on whether they are employers, such as smallholders and estates, or buyers of green coffee whose primary concern is due diligence of their supply chain (i.e., ensuring that their suppliers are adhering to Code of Conduct requirements). As we'll discuss below in the "Designing for Impact" section, a needs assessment is an important element of a company's program to identify specific capacity building needs. However, even without the benefit of a formal needs assessment, there are some fundamental audience-specific communication and training topics that a company should consider tailoring to the needs of the various actors in its value chain.

Coffee Value Chain Actors with Topics for Communication/Training



The following describe the basic communication and training needs in greater detail.

1. **All Audiences**

   All parties in the company's value chain — from producers to end customers —need information about:

   - The company's commitment to sustainability and its Code of Conduct standards
   - How it manages its supply chain to ensure that human rights and other Code commitments are respected at all levels of the chain
   - The company's process for remediating identified labor and human rights violations
   - How all value chain actors, including workers, communities in producing countries, labor unions, and civil society organizations can provide input and feedback on the performance of the company and its supply chain partners

2. **Entities that do not employ workers in the sourcing countries.**

   Traders and roasters typically employ few, if any, workers in the countries from which coffee is sourced. Their primary need from a capacity building standpoint is to understand how to ensure that their suppliers — traders, processors, cooperatives, estates, farms, and the labor brokers employed by them — are adhering to Code of Conduct standards and legal requirements.

3. **Entities that employ workers in sourcing countries.**

   Producers (smallholders to large estates)
   The majority of coffee worldwide (approximately 70 percent) is grown on smallholder farms, while the remainder is produced by medium to large estates.
   Producers employing hired labor need practical advice on how to effectively implement a customer's Code of Conduct standards. This helps the producer to understand "what good looks like" in terms of its policies and procedures, such as how to determine appropriate work for farmers' children or how to select and manage labor brokers to ensure they follow ethical recruitment practices.

   Processors

   Processing basically involves wet-processing and dry-milling, starting with depulping the coffee cherry by removing the outer skin (pulp) and mucilage. Through drying, dry coffee parchment is produced. It is subsequently milled, resulting in green coffee. Different supply chain actors may be involved in processing. Depending on the country, smallholder farmers may process their own coffee, or it may be processed by cooperatives or sold to coffee brokers who sell it to mills. In Colombia, the vast majority of coffee farmers process their own coffee and sell it on the local market as dry-parchment, whereas in countries like Mexico or Guatemala, there are a variety of levels of processing depending on the region. Cooperatives and large estates usually have their own facilities for wet and dry processing, including dry milling. Independent mills also process coffee beans (both cherry and parchment), as do some traders.

Some processors, such as cooperatives, may be required by a company's supply chain due diligence system to ensure smallholders and medium farms that are members of the cooperative conform with code of conduct standards.

4. Workers and Communities

A company's Code of Conduct and applicable laws define the worker rights that employers such as Producers and Processors must respect. Workers need to understand their rights so they can advocate for themselves, and must also be aware of how and where they may report violations to these rights.

It is important to note that in coffee production, some workers may not be literate. All workers who are illiterate should be informed of their rights under local law and the Code of Conduct verbally.

It is important that worker advocates, including worker and civil society organizations, are also aware of workers' legal and code-based rights and avenues for remedy.

5. Labor Brokers

Labor brokers are third parties engaged by employers to recruit, select, hire, manage, and/or transport workers. When they use labor brokers, employers lose control and visibility over the recruitment and hiring process, making workers more vulnerable to unethical recruitment practices, such as being charged recruitment and placement fees, deception about the nature of the work, and other practices that violate their rights.

Labor brokers need to understand laws and Code of Conduct standards related to recruitment, selection, and hiring, and how to establish ethical recruitment policies and procedures to enable them to conform to those standards. They should also learn how to make sure that their recruitment business partners (other labor brokers, worker housing providers, transportation companies, etc.) are also conforming to code and legal requirements.

As mentioned previously, Producers and Processors need to know how to screen, select and manage labor brokers to help prevent unethical recruitment practices.

The Where, When, and How to Deliver Capacity Building?

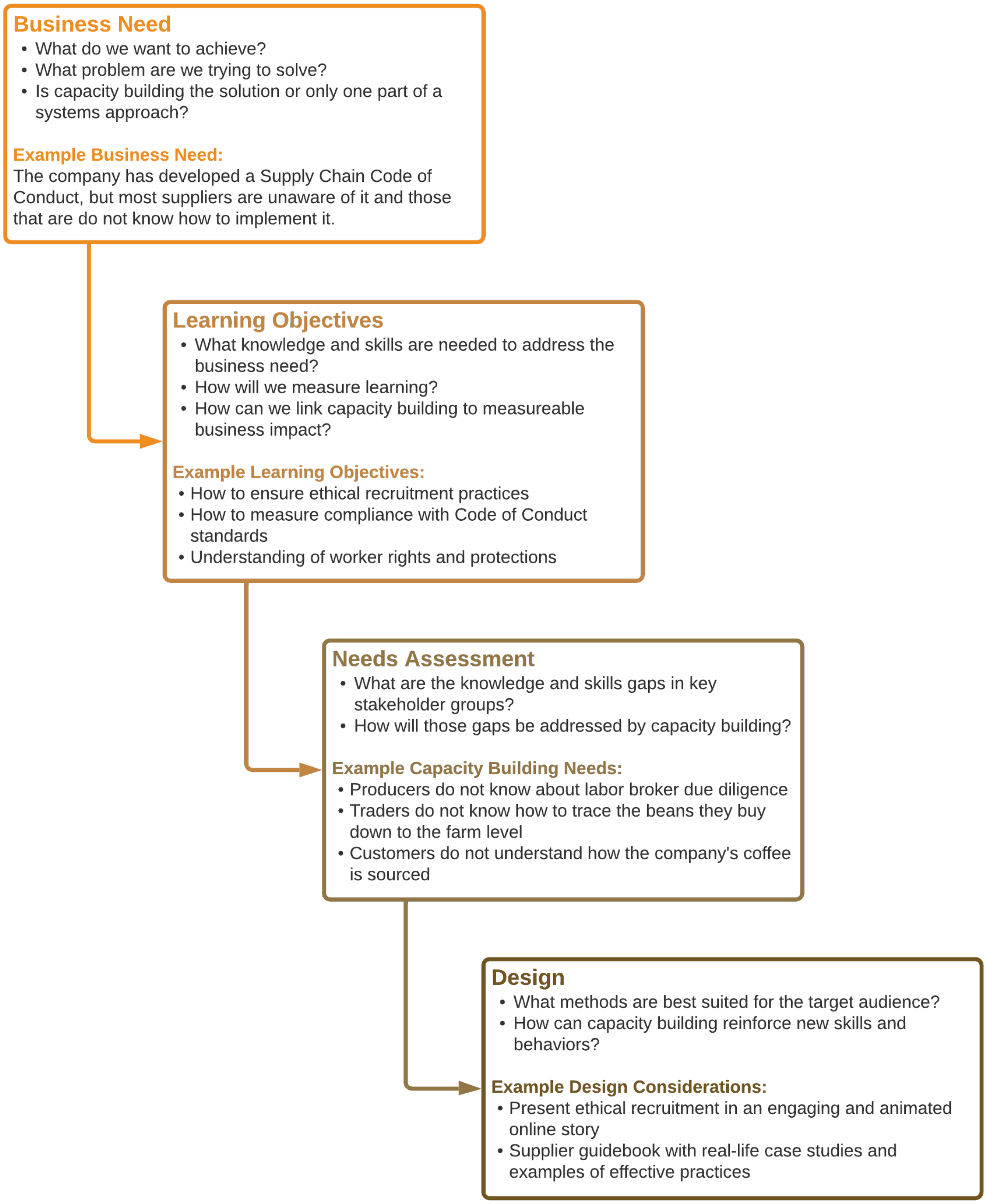
Designing for Impact

The purpose of capacity building is to **fulfill an organizational need**. For example, new suppliers (traders or farms) must understand their customer's (roaster's) Code of Conduct and how to effectively meet its requirements. Workers need to know their workplace rights and how to report violations of those rights. Coffee traders must be able to determine how all the entities in their supply chains – down to the farm level – are meeting both Code of Conduct and legal requirements. And everyone in the supply chain needs to understand the legal and customer requirements that apply to them.

If a capacity building program is properly designed, it can fulfill these needs, and the effectiveness and specific impacts of that communication and training can be reliably measured. However, a program that is poorly designed is not only likely to fall short of addressing business needs, but its impacts will also be difficult if not impossible to assess. (See Figure 3).

Therefore, any discussion of how to measure the impact of capacity building begins with design. The basic ingredients of good design for any capacity building program include the elements outlined in the diagram below, along with answers to the questions pertaining to each element.

Figure 3: Designing Capacity Building for Impact



Learning Objectives and Needs Assessment

In the diagram above, the elements or steps that are most commonly overlooked in developing communication and training are:

- clearly defining the *objectives* of a training or communications strategy; and,
- assessing the *training needs* (for learning, doing, understanding, or awareness) of the target audience before even creating the design.

Objectives should flow from an internal analysis of business needs (what specific impacts are intended and by when). The objectives are rarely met by a single intervention, so milestones and timelines are an important aspect in design.

A needs assessment can be conducted through multiple channels of data, from audit reports to surveys and other forms of targeted outreach. In general, when it is safe to do so (for example, through a confidential channel), respondents are candid about what information or skills they need that would help them be a better business partner, employer, or employee.

Means and Methods of Delivery

There are multiple vehicles for communicating and training stakeholders on Code standards and other social responsibility requirements. Different channels are better suited than others for specific content (knowledge vs. how to) and objectives (awareness vs. ability to implement).

There is no one ideal starting place for communication and training on Code standards. The rule of thumb, as noted elsewhere in this document, is that it should not be a single event; constant reinforcement and support is essential for what is fundamentally an element of change management. The following are some examples of communication and training approaches:

- Some companies introduce their Code standards through their procurement function during the contracting phase (adding the Code to contracts and requiring that the supplier do the same in its contracts with its next tier of suppliers).
- Other companies socialize or reinforce the importance of their Codes first through supplier webinars or in-person summits before rolling the requirements out during the contracting phase.
- Others prepare the ground more systematically via online orientation training and/or guidebooks with detailed interpretative guidance (e.g., explanations of auditable standards) and/or guidance on best practice steps for implementation (e.g., system building and development of risk controls).
- Some companies have in-house staff to develop and deliver trainings, while others either contract out this function or use training materials developed by a trade association or other membership group.
- In some cases, companies may find it feasible and effective to use a training of trainers (TOT) approach, which embeds training competencies along with other aspects of supplier capacity. For example, traders can

be trained and then charged with training all their producers and processors on the company's Code of Conduct requirements and how their conformance to the Code will be monitored.

- Trade unions and NGOs in sourcing countries can also play an important role in developing training materials and raising awareness among workers and/or communities on labor and human rights compliance issues.
- For worker training, the design should be based on the demographics and needs of the target worker population. In countries where illiteracy is not an issue, trainings can be delivered in a classroom-type setting using written materials. However, where a notable proportion of workers are illiterate, training and communication methods and materials should be designed to rely on graphics, pictograms, and oral communication so illiterate workers gain the necessary knowledge, skills, and abilities. Specific training formats that can be used for such populations include video presentations, graphical materials, smartphone apps, posters, and other materials that rely primarily on visual storytelling.
- Trainers must also take into consideration the languages spoken by the workforce and ensure that, whenever possible, trainings are provided in workers' first language even if they have some degree of fluency in the predominant language spoken in the area in which the training is implemented. This will help to ensure that workers fully grasp the content and feel respected and comfortable in the training environment.
- Gender is an important consideration as well, as some women may feel uncomfortable sharing information or discussing sensitive topics such as sexual harassment and abuse when male participants or trainers are present.
- Cultural norms should also be taken into consideration, such as whether eye contact and personal space are important, etc. It is also important to understand the most effective teaching styles for the target country and audience. For example, in many cultures, raising one's hand to answer a question or having a group "brainstorm" is uncommon and would likely be ineffective teaching techniques.
- Companies have also found it efficient and effective to link their Code of Conduct and other social compliance training to other supplier training, such as productivity, good agricultural practices, quality assurance, and specific technical skills.

Developing training and communication materials (including eLearning modules and supplier guidebooks), scheduling training sessions, hiring trainers, and tracking training delivery are all significant investments. Companies may want to provide core trainings free of charge, but if Code of Conduct nonconformances are found for which training is required as part of remediation, the supplier could then be charged those training costs. In some supply chain relationships, the suppliers handle all responsibilities related to training, including all costs.

The Importance of Measurement

A key question for a capacity building program is: *Did it accomplish what it promised or set out to do?* The materials may have been engaging, and the training may have been fun, but did the participants learn what they needed to? Did the knowledge or skills taught translate into a needed change in the way they perform their jobs and in respect for the human rights of their workers? And did the company that invested in the capacity building get the desired benefit from sending its employees to the session?

Answering some of these questions is relatively easy. For others, particularly relating to behavior change and business impacts, several steps are involved both before and after the training to gather the information required for quantifiable results.

Figure 4: Kirkpatrick 4-Level Impact Model

Level 1 (Reaction):
Did delivery of the training support effective learning?
(participants were engaged)

Level 2 (Learning):
Did participants acquire the desired knowledge and skills?
(participants can describe ethical recruitment practices)

Level 3 (Behavior):
Are participants behaving differently as a result of the training?
(company staff is performing due diligence of labor brokers)

Level 4 (Outcomes):
Has the organization realized the intended results?
(workers are no longer charged recruitment fees)

This tool borrows from the widely used Kirkpatrick[2] Four-Level Training Evaluation Model: Reaction, Learning, Behavior, and Outcomes. While the Kirkpatrick model is typically applied to interventions designed to change behavior through skills building, the same overall principles can be applied to communication that is more limited in intent to awareness-raising as a starting place.

Meaningful measurement depends directly on some of the basic rules of effective training (and, to a limited extent, awareness-raising communication.) They are summarized in the Training Process Model shown in Figure 4. *(For planning and evaluating communication efforts, substitute "communication" for "training" when reviewing the information below.)*

Trainers commonly measure their participants' training experience (Level 1) and how much they have learned (Level 2). Measuring how trainees apply what they have learned (Level 3) and what impact it has on the work environment and, ultimately, on the business (Level 4) is less common and, depending on the resources available, may be difficult or impractical.

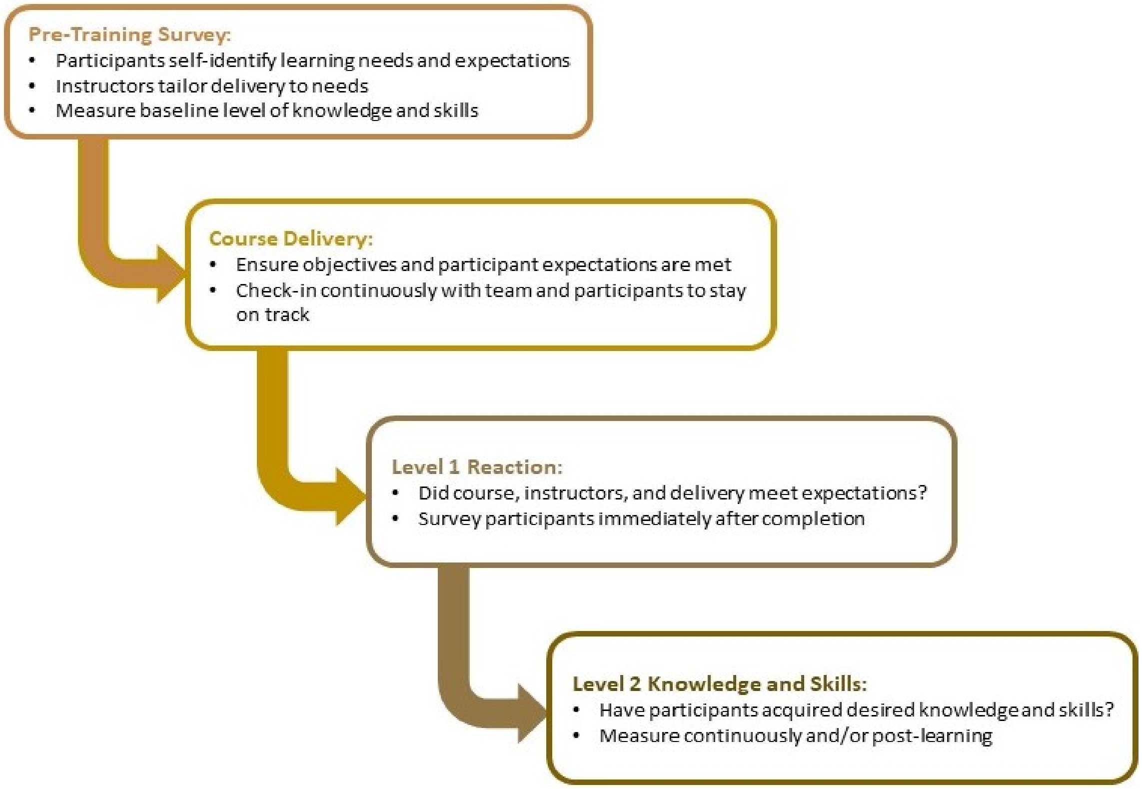
Level 3 requires careful planning to evaluate as behavior changes are neither immediate (meaning they take time to "transfer" into standard practice) nor straightforward to measure.

With Level 4, the goal is to determine whether those transferred behaviors and skills have led to business outcomes — in this case, compliance with Code of Conduct requirements. This should generate concrete results such as workers no longer being charged recruitment fees or workers' freedom of movement no longer being restricted in on-farm housing. While this is a potentially complex and time-consuming exercise, it is valuable as the ultimate test of the effectiveness of capacity building efforts.

Measurement of Reaction (Level 1) and Learning (Level 2)

Reaction and learning measurements directly linked to a pre-training survey process provide immediate feedback on the success of a training or communication program and should always be taken. They are important inputs into the next round of capacity building. As noted above, ***capacity building is a process, not simply an event***.

Figure 5: Levels 1 and 2



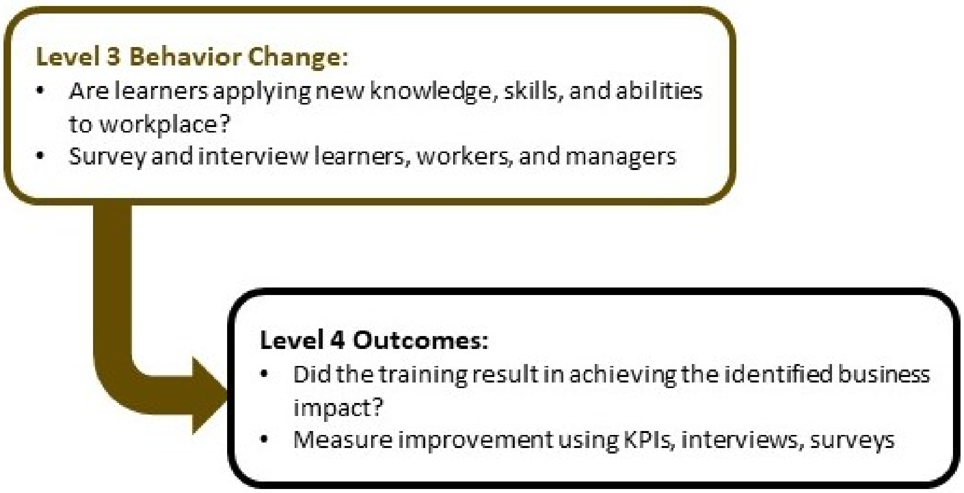
Learning vs. Doing

Reaction and Learning measurements will provide immediate feedback on the success of the training (or communication) program and indicate how likely participants are to apply new knowledge and skills to their decision-making and implementation of processes, procedures, or tasks, ultimately achieving the desired business outcome(s). However, even when the participants have acquired the new understanding and skills, there is no guarantee they will use them — that an enduring use of new learning will occur. This is the weakest link in a capacity building program. Only through a Level 3 assessment will a company (or employer) know if this transfer has occurred. Data on behavior change can come from:

- key performance indicators (KPIs) and targets established prior to an intervention, such as increased use of grievance procedures on farms combined with survey data demonstrating increased rates of workers describing procedures as safe or effective;
- surveys of those in a position to observe change, such as crew leaders or managers tracking migrant worker complaints about labor broker fees;
- worker surveys;
- social responsibility audit reports; and
- follow-up needs assessment surveys (among any and all stakeholder groups).

This information is the foundation for determining, through a Level 4 assessment, if and how the change has impacted the organization.

Figure 6: Measuring Capacity Building Impact



Did the Training Make a Difference to the Company?

Determining whether the investment helped achieve business objectives is both the most relevant and challenging information to gather following a training program. For senior management of an organization, this may be regarded as the bottom-line value of the program. It requires measuring the impact of training on **specific business performance measures** as reported by **various means:** surveys, interviews, audits, grievance reports, and KPIs.

The specific performance measures used will depend on an organization's needs and, of course, on the learning objectives and expected outcomes from the capacity building program itself. These are either changes in compliance outcomes (such as a reduction in the number of children performing unsuitable work on family farms) or changes in "soft" variables that should impact financial outcomes at some point in the future (for example, improved worker satisfaction that should lead to a lower turnover rate and reduced costs for recruitment and training).

The following are examples of Level 4 outcomes (improvements in respect to labor and human rights at the farm level) that may be realized as a result of different strategies for capability building, including supervisory skills, labor broker due diligence, grievance mechanisms, and worker engagement.

- Workers trust the grievance mechanism and its use has resulted in a significant reduction in workplace sexual harassment at the farm level.
- All workers understand their terms and conditions of employment, enabling them to self-advocate for their legal rights.
- Children of family farmers engage only in age-appropriate work.
- No workers under age 18 perform hazardous tasks or in the case of countries in which all agricultural work is legally defined as hazardous, do not engage in farm work.
- Workers do not pay recruitment fees or other expenses to obtain their jobs and carry no recruitment-related debt.
- Achievement of preferred supplier status.

Next Steps

Communication efforts should be overlapped in your formal and informal engagement strategies and related policies of your company linked to social responsibility agreements with your suppliers and/or labor brokers (see *Sample social responsibility agreements and Sample code of conduct provisions*). It is essential that the standards contained in your code of conduct be communicated to all actors in company supply chains, from traders to farms, to service providers and labor brokers (see *Guidance on communicating objectives and standards across the supply chain* and the *Sample code of conduct provisions)*. Once your suppliers are aware of the standards, and preferably trained on how to comply with your requirements, you may monitor compliance with the standards using the *Guidelines on monitoring of coffee farms* and *Self-assessment questionnaires for coffee traders, producers, and labor brokers*, and the *Management systems framework for preventing and remediating labor risks* tool could improve these efforts by generating operation structures that support the company's business performance with sound ethical sourcing practices. Finally, you may also report on how you and your suppliers are working to ensure compliance with these standards using the *Guide on public reporting for private sector stakeholders.*

Endnotes

1 Adapted from: Bamber, Penny; et al. Burundi in the coffee global value chain, skills for private sector development. Duke University – CGCGC, 2014.

2 Dr. Donald Kirkpatrick created the Kirkpatrick Model for his Ph.D. dissertation in 1954. It has become the industry standard for evaluate the results of training http://www.kirkpatrickpartners.com/Home/tabid/38/Default.aspx.