Guidance on how to carry out a risk assessment, as required in the UTZ Core Code of Conduct for group and multi-group certification (versions 1.1 & 1.0).

This guidance document is part of a set of documents designed to assist with implementation of specific topics within the UTZ Core Code of Conduct.

This document is intended for use by farmer groups and the technical assistants supporting them in the certification process.
UTZ AND RISK ASSESSMENT

Risk assessment is an important part of the UTZ Code of Conduct as it provides a practical way for groups to focus on the issues that could prevent them from reaching the goals of UTZ certification: better crop (quantity, quality), better income, better environment, better life. It enables groups to achieve sustainable farming worldwide in the most efficient way.

The aim of this document is to

- Make sure that UTZ and its members have a common understanding of how to carry out a risk assessment and why this matters.
- Provide a practical tool for carrying out risk assessment
- Inform groups and their trainers on what documentation is required for risk assessment.

This guidance provides a general method for risk assessment. Other guidance documents such as those on Child labor and Climate Change refer to risk management and give specific advice for risk assessments on those issues.

This guidance is written for group managers, especially the IMS manager, and IMS staff. UTZ recommends that trainers and technical assistants to UTZ certified groups also use this guidance when training or supporting groups to carry out a risk assessment.

UTZ REQUIRES:

- Better Farming Methods
- Better Working Conditions
- Better Care for Nature
- Better Care for Next Generations

UTZ CONTRIBUTES TO:

- Better Crop
- Better Income
- Better Farming
- Better Future
- Better Environment
- Better Life

This guidance document refers to version 1.1 of the UTZ Core Code of Conduct for group and multi-group certification. Where relevant the requirements of version 1.0 are also referred to. Version 1.1 is an improved version of version 1.0.

As of the 1st of July 2015, groups can be audited against the Core Code of Conduct version 1.0 or 1.1. As of the 1st of January 2016, groups can only be audited against the Core Code of Conduct version 1.1.
WHY IS RISK ASSESSMENT NEEDED?

The UTZ Code of Conduct cannot cover every situation or reflect all the different circumstances which may occur on a particular farm or area. Risk assessments help you apply the Code of Conduct in the best way for your group. For example, the UTZ Code (version 1.0) states:

**G.B.73:** Good practices for storage, handling, and processing are in place, taking into account the risk assessment. Group staff and group members are informed about practices relevant to them.

The UTZ Code cannot prescribe what constitutes good storage practice in each area and cannot cover every possible problem relating to storage. A risk assessment will help your group identify how best to reduce or eliminate losses by answering questions such as:

- what are usual crop losses during storage?
- what is causing these losses?
- how severe are these crop losses during storage?
- does this happen every season or are storage losses influenced by factors such as rain during harvesting, or pest or disease problems in the field before harvesting?

**BOX 2**

Risk assessment is part of risk management, an ongoing cycle of risk assessment, prevention and monitoring which should be carried out every year. This will help the group to improve their practices and results over time, moving towards the UTZ goals of Better Crop (quantity, quality), Better Income, Better Environment, Better Life.

The total process for risk management is explained in the IMS Guidance document.

**BOX 3: GOOD TO KNOW**

What does the Code of Conduct say (definition):

**Risk assessment:** A systematic process for identifying and evaluating hazards. Hazards can be identified in an external environment (e.g., economic trends, climatic events, competition) and within an internal environment (e.g., people, process, infra-structure). When these hazards interfere with objectives — or can be predicted to do so — they become risks.

What is a hazard?

A hazard is something that could go wrong and cause damage, harm or a negative effect (impact) on something or somebody. Outbreak of a crop pest is a hazard, the negative effect would be, for example, crop loss and consequently loss of food and income.

What is a risk?

A risk is the threat that a hazard could occur and create a negative effect. The level of risk is determined by the likelihood of the hazard occurring and the severity of the negative effect.

For example: In an area where earthquakes occur, the hazard is the earthquake occurring. The potential impact of a heavy earthquake is very high (your village will be destroyed and people will die) but the likelihood of this happening is very small (e.g., once in 100 years). However, there is a higher likelihood of small earthquakes occurring more often. Houses will be damaged, but people will not die. (severity is medium, likelihood of occurrence medium). Overall the level of this risk is medium and preventive actions should be taken, such as building strong houses, not building houses on unstable slopes, installing warning devices, and educating people about what to do when an earthquake is felt.
WHAT TO HAVE IN PLACE?

<table>
<thead>
<tr>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct a risk assessment for issues related to production and processing*.</td>
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<td></td>
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</tr>
</tbody>
</table>

*Please note that in version 1.0, risk assessment is mandatory from year 4.

TO CARRY OUT A RISK ASSESSMENT YOU WILL NEED TO:

1. **Identify a team to conduct the risk assessment**
   The IMS manager has overall responsibility for making sure the assessment is carried out and followed up. However, UTZ strongly advises that a team of people is put together to carry out the risk assessment. This team should include:
   - IMS staff
   - Key farmers, who can provide valuable input on farming practices in the community. Both female and male farmers should be included because they are likely to have different knowledge and contribute different views on issues.
   - An external consultant could help to guide the process, if needed.

2. **Use the Risk Assessment Tool (explained below) to identify risks relating to:**
   - Control points in the Code of Conduct where a risk assessment is required and that are relevant for your group (See Annex 2 & 3.).
   - Key issues and control points that need special attention for your group (e.g. where the crop is grown close to a protected nature area)
   - The subjects indicated with yellow bars in all blocks of the code. Think about issues relating to the subjects that could hinder achieving the objectives of UTZ - Better Crop, Better Income, Better Environment, Better Life.

For example, for Block A the subjects are:
   - Production area identification
   - Record keeping
   - Internal Management System (IMS)
     - Responsible persons
     - Member identification and contracts
     - Internal inspection and self-assessment procedure
   - Training and awareness raising
   - Traceability
   - Premiums and transparency
   - Yield optimization
IN PRACTICE: HOW TO USE THE RISK ASSESSMENT TOOL TO PLAN YOUR ACTIVITIES

You can take the following steps to carry out your risk assessment. The template in Annex 1 can help you do this.

STEP 1: CHOOSE THE SUBJECT

The subjects are described in the Code of Conduct. Here we use ‘Record keeping’ as an example.

**STEP 2: IDENTIFY POTENTIAL PROBLEMS**

In this step you identify potential issues related to record keeping. Ask yourself – what could prevent your group from achieving the UTZ objectives? Sometimes there are several things that could go wrong. All of these should be identified and recorded. See Annex 1 for some examples.

**Example:** During an internal inspection of the IMS last year it was found that some receipts from farmers selling to the cooperative were missing.

**STEP 3: ANALYZE THE LEVEL OF RISK**

You should look at:

a. the negative effect that the group wants to avoid (the hazard)

b. its severity and

c. the likelihood that it will happen and the frequency.

a. The negative effect

Example: Without sales receipts there is a traceability risk as we cannot show evidence that the beans are from UTZ certified group members. This could possibly reduce the volume of certified produce that can be sold. Farmers may not be able to prove their right to receive premium.

b. The severity:

Example: If traceability is affected and farmers are not able to prove their right to premium, this is a severe problem. However, if records are also kept by the crop collectors or lead farmers, the severity of the impact could be reduced.

c. The likelihood:

Example: In this case only a few farmers are affected and receipts are only missing for some deliveries. The risk to the whole group is low but the risk to the individual farmers is higher.

**STEP 4 EVALUATE THE IMPORTANCE OF THE RISK**

The severity of the negative effect and the likelihood of its occurrence are assessed to provide an overall result for the importance of the risk.
The level of importance can be high, medium or low, allowing for a bit more flexibility, a scale of five levels and a color code can be applied. Deciding on the risk level is a matter of judgment for your team.

In the table below the combinations and results are shown:

Example: In the example, only some farmers have not kept their receipts, but traceability and premium payment are both key issues for UTZ. This means the overall level of risk is medium.

**HOW TO REDUCE OR ELIMINATE RISKS**

After the risks have been evaluated you can prioritize which risks need to be addressed by the group. This should include all high level risks.

For the most important risks, you should identify preventive measures that can reduce or eliminate the risk. These preventive measures become part of the planned activities in your Group Management Plan.

Example: To improve record keeping a person from the IMS is assigned and trained to improve farmers’ knowledge and skills. A second member of staff is appointed in case he/she is unavailable, for example due to illness. Record keeping is prioritized in the internal inspection process.

You should always identify what the measure will involve, when it will be implemented, who is carrying out the activity, how will it be financed and who has overall responsibility.

**MONITORING THE EFFECTIVENESS OF PREVENTIVE MEASURES**

The effectiveness of the preventive measures has to be monitored. This is part of the Internal Management System and is explained in the Guidance for IMS.
RECORD KEEPING - WHAT DOCUMENTATION IS NEEDED FOR RISK ASSESSMENT

The procedures for risk assessment (including monitoring) are part of the IMS and must be documented.

You should keep the following records for your risk assessment:

- A record of which risks were assessed and the results of the assessment. It is recommended that you use the template in Annex 1 to record this. An auditor may ask to see this as evidence that an assessment has been carried out.
- Details of the preventive actions you have planned and how these are integrated into the Group Management Plan. This should include time scales and should identify the staff responsible and the budget allocated.
- Results of any monitoring to assess the effectiveness of the preventive measures you have implemented. This can be documented separately and should be used as input in the next round of risk assessment and preventive actions.
## Annex 1: Example of a Risk Assessment for Record Keeping and Climate Change

<table>
<thead>
<tr>
<th>Subject in the Code</th>
<th>Identification of Hazard: What Can Go Wrong</th>
<th>Negative Effect That We Want to Avoid</th>
<th>Severity of Negative Impact: Low, Medium, High</th>
<th>Likelihood of Occurrence: Low, Medium, High</th>
<th>Level of Risk: Low, Medium, High</th>
<th>Preventive Actions, Including: Who is Responsible for Managing Risk and When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block A, Record keeping</td>
<td>Farmers do not keep receipts</td>
<td>Traceability of the product is affected</td>
<td>HIGH</td>
<td>HIGH</td>
<td>HIGH</td>
<td>Member of IMS staff is assigned to train the farmers. Training farmers.</td>
</tr>
<tr>
<td>Block A, Record keeping</td>
<td>Farmers are illiterate</td>
<td>Farmers cannot keep records, so actions are not documented</td>
<td>MEDIUM (because farmers remember farm history and buyer keeps sales record)</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td>Set up a system that neighboring farmers keep records for illiterate farmers.</td>
</tr>
<tr>
<td>Block D, Climate change - temperature is rising</td>
<td>Increase in pest incidents</td>
<td>Decrease in yield Might be 50%</td>
<td>HIGH (Yield might decrease by 50%)</td>
<td>MEDIUM (will not happen every year, but will happen often)</td>
<td>HIGH</td>
<td>Plant more pest resistant species</td>
</tr>
<tr>
<td>Block D, Climate change - Less rainfall, drought</td>
<td>Water shortage</td>
<td>Small decrease in yield</td>
<td>MEDIUM (only 5% yield decrease)</td>
<td>HIGH (will happen almost every year)</td>
<td>MEDIUM</td>
<td>Plant more shade trees</td>
</tr>
</tbody>
</table>
### ANNEX 2:
**FULL LIST OF THE CONTROL POINTS THAT REQUIRE A RISK ASSESSMENT, FROM THE UTZ CODE OF CONDUCT FOR GROUP AND MULTI-GROUP CERTIFICATION, VERSION 1.1,**

| G.A.16 | A **risk assessment** is carried out to identify possible risks in production and processing related to:  
Block A) Management  
Block B) Farming Practices  
Block C) Working Conditions  
Block D) Environment | G | The risk assessment is reviewed annually and kept up-to-date. The risk assessment considers the UTZ Certified risk assessment guidelines. |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>G.A.17</td>
<td>A three-year group management plan is prepared, and includes actions to address all relevant issues from the <strong>risk assessment</strong>. Actions are implemented and documented.</td>
<td>G</td>
<td>The group management plan is monitored and updated annually.</td>
</tr>
</tbody>
</table>
| G.B.73 | Good practices for storage, handling, and processing are in place, taking into account the **risk assessment**. Group staff and group members are informed about practices relevant to them. | G+M | Good practices include e.g.:  
- Storing the product in clean designated areas (e.g. off of the ground and away from walls)  
- Designating areas for smoking, eating, or any other activity that represents a contamination risk to the product  
- Ensuring that cleaning agents, lubricants, and other substances that may come into contact with the product are food grade. |
| G.B.75 | Based on the **risk assessment**, a mechanism is in place to respect Maximum Residue Levels (MRLs) of the destination country if the country is known. | G | The mechanism includes e.g.:  
- A sampling procedure to determine residue levels on the product  
- Actions to take in case MRLs are exceeded  
- Communication to the buyer if MRLs are exceeded. |
| G.C.78 | A **risk assessment** is performed on the risks of child labor among the group members. If the **risk assessment** shows risks of child labor:  
- Community based child labor liaisons are appointed, and  
- Documented actions are taken to prevent, monitor, and remediate child labor. | G | Actions are led by the child labor liaisons. Actions connect with existing public or private initiatives on child labor. |
| G.D.114 | Documented measures are taken to assist group members in adapting to important climate change impacts identified in the **risk assessment** | G | Measures may include e.g.:  
- Trainings on adaptation practices  
- Establishment of demonstration plots  
- Installation of a water harvesting system |
| G.D.116 | Documented measures are taken to reduce air contamination from sources identified in the **risk assessment**. | G |  |
**ANNEX 3:**
FULL LIST OF THE CONTROL POINTS THAT REQUIRE A RISK ASSESSMENT, FROM THE UTZ CORE CODE OF CONDUCT FOR GROUP AND MULTI-GROUP CERTIFICATION, VERSION 1.0

<table>
<thead>
<tr>
<th>Control Point</th>
<th>Description</th>
<th>Requirement</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>G.A.18</td>
<td>A risk assessment is carried out to identify possible risks in production and processing related to: Block A) Management Block B) Farming Practices Block C) Working Conditions Block D) Environment</td>
<td>G</td>
<td>The risk assessment is reviewed annually and kept up-to-date. The risk assessment considers the UTZ Certified risk assessment guidelines.</td>
</tr>
<tr>
<td>G.A.19</td>
<td>A three-year group management plan is prepared, and includes actions to address all relevant issues from the risk assessment. Actions are implemented and documented.</td>
<td>G</td>
<td>The group management plan is monitored and updated annually.</td>
</tr>
<tr>
<td>G.B.75</td>
<td>Good practices for storage, handling, and processing are in place, taking into account the risk assessment. Group staff and group members are informed about practices relevant to them.</td>
<td>G+M</td>
<td>Good practices include e.g.: - Storing the product in clean designated areas (e.g. off of the ground and away from walls) - Designating areas for smoking, eating, or any other activity that represents a contamination risk to the product - Ensuring that cleaning agents, lubricants, and other substances that may come into contact with the product are food grade.</td>
</tr>
<tr>
<td>G.B.77</td>
<td>Based on the risk assessment, a mechanism is in place to respect Maximum Residue Levels (MRLs) of the destination country if the country is known.</td>
<td>G</td>
<td>The mechanism includes e.g.: - A sampling procedure to determine residue levels on the product - Actions to take in case MRLs are exceeded - Communication to the buyer if MRLs are exceeded.</td>
</tr>
<tr>
<td>G.C.80</td>
<td>Actions are taken and documented to prevent, monitor, and remediate child labor. Child labor liaisons are appointed and based in communities as needed based on the risk assessment</td>
<td>G</td>
<td>Actions are based on the risk assessment, led by community-based child labor liaisons.</td>
</tr>
<tr>
<td>G.D.116</td>
<td>Documented measures are taken to assist group members in adapting to important climate change impacts identified in the risk assessment</td>
<td>G</td>
<td>Measures may include e.g.: - Trainings on adaptation practices - Establishment of demonstration plots - Installation of a water harvesting system</td>
</tr>
<tr>
<td>G.D.118</td>
<td>Documented measures are taken to reduce air contamination from sources identified in the risk assessment.</td>
<td>G</td>
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