



C.A.F.E. Practices Auditing and Training Manual

Starbucks Coffee Company

V2.0

SCSglobal
SERVICES

Table of Contents

1.0 Document Overview	2
1.1 Introduction	3
1.2 Document Scope	3
1.3 Reference Documents	4
2.0 Training	4
2.1 Prospective Verification Organization Training	4
2.1.1 Approach	5
2.1.2 Evaluation	5
2.1.3 Exemptions	6
2.1.4 Cost	6
2.2 Ongoing Training of Approved Verification Organizations	6
2.2.1 Approach	6
2.2.2 Evaluation	7
2.2.3 Cost	7
3.0 Auditing	8
3.1 Audit Planning by SCS	8
3.2 Auditor Selection	8
3.3 Office Audit	9
3.3.1 Approach	9
3.3.2 Reporting	10
3.4 Shadow Audit	10
3.4.1 Approach	11
3.4.2 Reporting	12
3.5 Check Audit	13
3.5.1 Approach	13
3.5.2 Reporting	14
3.6 VRS Review	15
3.6.1 Approach	15
3.6.2 Reporting	15
4.0 Non-Conformities and Remediation	16
4.1 Non-Conformities	16
4.1.1 Resolving Non-Conformities	16
5.0 Appendices	17
5.1 Audit Processes	17
5.2 VRS Report Review Processes	18

1.0 Document Overview

1.1 Introduction

C.A.F.E. Practices is a green coffee sourcing program developed by Starbucks Coffee Company (hereafter referred to as “Starbucks”) in collaboration with Conservation International (CI), an international environmental non-governmental organization. SCS Global Services (hereafter referred to as “SCS”) was contracted by Starbucks in 2004 to develop a verification framework for the program and third-party verification services in the regions in which the C.A.F.E. Practices operates. The C.A.F.E. Practices program allows Starbucks to responsibly source coffee through evaluations of economic, social, and environmental practices associated with coffee production and processing activities. Independent verification is conducted using the criteria found in the C.A.F.E. Practices Scorecards.

To ensure the quality and consistency of inspections and reporting in C.A.F.E. Practices, Starbucks has contracted SCS as the independent third-party organization responsible for approval, training, and ongoing oversight of all C.A.F.E. Practices verification organizations.

SCS acts as a liaison between C.A.F.E. Practices verification organizations and Starbucks, ensuring the independence and impartiality of the verification process. In this capacity, SCS communicates with verification organizations concerning program updates, verification procedures, indicator interpretation, dispute resolution, and other topics related to verifications. SCS also maintains the list of approved verification organizations that suppliers refer to when seeking to contract third-party verification services.

1.2 Document Scope

This document is intended to provide a detailed explanation of SCS’s role in C.A.F.E. Practices and the corresponding activities conducted on behalf of Starbucks. Detailed explanation of the activities utilized by SCS to maintain and improve the integrity of the C.A.F.E. Practices verification framework allows verification organizations, Starbucks, and other key stakeholders to better understand the nature of SCS activities, thus promoting greater transparency. This document is not intended to address every aspect of C.A.F.E. Practices (including how the performance of verification organizations is evaluated, and how the C.A.F.E. Practices verification framework was developed). This document was designed primarily for prospective and preexisting C.A.F.E. Practices verification organizations, but other interested parties may also refer to this document to better understand the role SCS plays with respect to C.A.F.E. Practices.

The major areas related to SCS’s activities in C.A.F.E. Practices that are elaborated in this document include training, auditing, and the issuance and remediation of Non-Conformities (NCs) of verification organizations. This document does not provide a comprehensive discussion of the approval procedure¹ that is used to determine whether prospective organizations are qualified to carry out work in C.A.F.E. Practices, nor does it discuss the methodology used to assess Starbucks coffee producers, processors, warehouses, and Producer Support Organizations (PSOs) against program criteria².

¹ See the C.A.F.E. Practices Verification Organization Approval Procedure for a detailed description of the approval process.

² See the C.A.F.E. Practices Verifier and Inspector Operations Manual for a detailed description of the verification process.

1.3 Reference Documents

C.A.F.E. Practices Verifier and Inspector Operations Manual: Provides detailed information on the procedures that are to be followed by C.A.F.E. Practices verification organizations.

C.A.F.E. Practices Generic Scorecard: Provides the scoring indicators against which warehouses, processors, medium and large farms undergoing verification are evaluated.

C.A.F.E. Practices Smallholder Scorecard: Provides the scoring indicators against which smallholders and producer support organizations undergoing evaluation are evaluated.

C.A.F.E. Practices Field Notes: Formatted field notes that are to be used by inspectors while conducting verifications.

Verifier Guidance Updates (VGUs): Provides periodic updates on interpretation of specific criteria and/or indicators, changes to methodology and reporting procedures for the VRS.

List of Indicators that Require Documentation for C.A.F.E. Practices: Provides a list of indicators within the C.A.F.E. Practices Generic and Smallholder Scorecards that require documentation for review during a C.A.F.E. Practices verification.

Verifier Reporting System (VRS) Verifier and Inspector User Manual: Provides verifiers and inspectors with instructions on how to claim applications and complete reports in the VRS.

C.A.F.E. Practices Verification Organization Approval Procedure: Establishes the requirements necessary for interested parties to become approved verification organizations and how to maintain accreditation.

C.A.F.E. Practices Zero Tolerance Corrective Action Plan (ZT-CAP) Procedure Manual: Provides verification organizations steps and actions related to Zero Tolerance Correct Action Plan (ZT-CAP) procedure.

Roles and Responsibilities of Observers in C.A.F.E. Practices Verifications and Audits: Provides observers with instructions and explanations around expected behavior during C.A.F.E. Practices Verifications and Audits.

International Standard Organization 19011:2018: Guidelines for quality and/or environmental management systems auditing.

2.0 Training

SCS provides training opportunities to prospective verification organizations seeking approval to work in the program as well as to approved verification organizations. This section outlines the training process and expectations with regards to both initial and continuing training in the program. This is intended to serve as a general overview of the training process, and in some cases, training may follow a format other than that which is presented herein.

2.1 Prospective Verification Organization Training

All verification organizations that are applying for approval in C.A.F.E. Practices must participate in an introductory training conducted by SCS. Training performance, in addition to in-depth review of a prospective verification organization's application materials, is used to determine whether verification

organizations possess the experience, skills and technical capacity necessary to conduct C.A.F.E. Practices inspections (see the C.A.F.E. Practices Verification Organization Approval Procedure for more information on the approval process).

It is important to note that **training participation does not guarantee status as an approved verification organization in the program.**

2.1.1 Approach

Prospective verification organization introductory trainings are typically comprised of a classroom session including presentations, case studies, applied exercises and other learning devices, which may include work in the training site of the Verifier Reporting System (VRS), discussion, a practice field inspection, and formal evaluation of a final exam. Trainings are two to three days long, depending on whether they include a practice field inspection (explained in further detail below).

Day one includes an introductory presentation covering all aspects of the program, with a particular focus on the verification methodology. In addition to the presentation, applied exercises are used to foster group discussion around interpretation of program criteria and indicators. Day two is the practice inspection (if feasible). The practice inspection provides training participants the opportunity to apply what they have learned about program procedures and criteria during day one. On the final day of the training, training participants receive a presentation on the web-based VRS and have an opportunity to complete a simulated reporting project in the training site of the VRS based on hypothetical situations and data provided by SCS. The final day concludes with the written exam. When access to a field site for a practice inspection is not available, the prospective verification organization training is conducted in two days.

The prospective verification organization training should provide participants with the following (at minimum):

- An overview of C.A.F.E. Practices including background/objectives.
- An overview of the Verifier Reporting System (VRS).
- A general understanding of how to complete reports based on completion of a simulated reporting project in the VRS.
- A general understanding of program criteria and indicators based on review of the program scorecards and completion of case studies to discuss indicator interpretation and other exercises.
- A general understanding of the verification and inspection process and C.A.F.E. Practices procedures based on participation in a practice inspection (if feasible given time and access considerations); and
- An evaluation of their performance based on completion of a written exam and participation in group discussion and exercises.

An online training can be used in cases where an in-person training is not possible due to unavoidable circumstances. The materials covered in online trainings should be like in-person trainings.

2.1.2 Evaluation

Training participants are evaluated on their final exam scores, participation in discussions, the quality of evidence entered into the training website of the VRS as part of the reporting

exercise, and their participation and performance during practice inspections, if applicable. SCS may provide the prospective verification organization with written feedback documenting the individual performance of each training in the form of brief observations prepared by the SCS trainer. Exams are the most important tool used to assess the capacity of inspectors and verifiers to conduct work in the program. To be approved as an inspector or verifier in the program, exam scores must be 70% or above.

In cases of unsatisfactory results on exams (69% and below), verification organizations are required to develop strategies to improve understanding in areas of weakness. These could include additional internal trainings, and further Q&A sessions with SCS for clarifications. The verifier must then request an additional exam from SCS, and the inspector or verifier must achieve a passing score (70% or above) prior to conducting any work in the program.

2.1.3 Exemptions

In rare cases, a prospective verification organization may bypass the required introductory training process provided that the criteria below are met:

- Personnel working with the verification organization who will be involved in C.A.F.E. Practices verifications (at minimum, one verifier and one inspector) are already familiar with the program through past involvement with another fully approved verification organization and participated in a C.A.F.E. Practices verification within one year from the date the verification organization application was received by SCS.
- Personnel responsible for C.A.F.E. Practices verifications were either trained directly by SCS or were observed by SCS (through a shadow audit) within one year from the date the verification organization application was received by SCS; and/or
- The past performance of all personnel responsible for C.A.F.E. Practices verifications was deemed satisfactory by SCS through ongoing evaluation (e.g., shadow audits, check audits, desk audits).

2.1.4 Cost

SCS does not charge verification organizations for trainings. Nevertheless, verification organizations are responsible for paying all expenses associated with their participation in SCS trainings, including, but not limited to, transportation, hotels, and food. In the case of a remote trainings conducted by way of internet, participants are responsible for any charges as a result of on-line communication.

2.2 Ongoing Training of Approved Verification Organizations

Ongoing training of all approved verification organizations is an integral aspect of the C.A.F.E. Practices program. SCS conducts regional trainings on a yearly basis. Attendance is required to maintain approval status in C.A.F.E. Practices. An exception will be made if no trainings are offered in the region each year. Whenever possible, SCS will conduct web-based trainings if an on-site training is not feasible.

2.2.1 Approach

Trainings are tailored to address issues specific to the region in which they are conducted, review all significant changes made to the program since the last trainings, and review areas where SCS identifies weaknesses in performance or understanding by verification organizations. For training attendance requirements, please see the C.A.F.E. Practices

Verification Organization Approval Procedure. The verifier is responsible for training C.A.F.E. Practices verifiers and inspectors who did not attend the training with SCS, using the training materials provided by SCS. SCS may request evidence that additional internal training was provided to all those who did not attend the training workshop before they conduct any work in the program.

SCS annual trainings includes (at minimum):

- An overview of changes and updates made to the program since the last training.
- A discussion of problematic criteria, indicators, and procedures.
- An overview of any changes to the VRS.
- Exercises and discussions.
- Practice field inspection.
- An exam and/or worksheet used to evaluate performance.

Generally, training workshops include one day of practice field inspection where the focus is on practicing indicator evaluation and discussing them in a group setting. In cases where a practice inspection is included in the training, SCS will arrange transportation for all participants.

The training is typically three to four days and concludes with an exam. In years when extensive program updates have been made, additional trainings may be scheduled.

2.2.2 Evaluation

Training participants are evaluated on their final exam scores, participation in group discussions and case studies, and their participation and performance during the practice inspection, if applicable. SCS may provide individual feedback for participating personnel. All feedback and training materials are sent to the verifiers following the training, documenting the individual performance of each training participant. In order to maintain approval as an inspector or verifier in the program, exam scores must be 70% or above. At least one verifier and one inspector must pass the annual exam for the verification organization to maintain approval in the program.

In cases of unsatisfactory results on exams (69% and below), verification organizations are required to develop strategies to improve understanding in areas of weakness. The verifier must then request an additional exam from SCS, and the inspector or verifier must achieve a passing score (70% or above) prior to continuing to conduct any work in the program. In case of a second failure, SCS will evaluate next steps and the possibility to receive another opportunity to pass an exam.

2.2.3 Cost

SCS does not charge verification organizations for participation in trainings. Starbucks also typically covers the cost of food during training time (e.g., lunch and coffee breaks) and the training invitation will always specify which aspects will be financially covered in the training by the program. Nevertheless, verification organizations are responsible for paying all expenses associated with their participation in SCS C.A.F.E. Practices trainings, including, but not limited to, transportation, hotels, and food. In the case of a remote training conducted by way of internet, participants are responsible for charges as a result of on-line communication.

For additional details regarding training requirements, please see the C.A.F.E. Practices Verification Organization Approval Procedure.

3.0 Auditing

SCS monitors and evaluates the work of approved verification organizations through three primary activities: office audits, field audits (check and shadow) and reviews of reports submitted in the VRS (VRS reviews). This section outlines the auditing process, and elements that will be reviewed during each type of audit. For additional details on audit requirements, please see C.A.F.E. Practices Verification Organization Approval Procedure. Overall, SCS audits may serve one or multiple of the following objectives:

- Assess how effective the training of a verification organization is.
- Assess how effective a verification organizations processes are in planning and conducting a C.A.F.E. Practices verification.
- Compare findings between the SCS auditor and inspector to determine accuracy in reporting inspection evidence.
- Observe the interaction between the verification organization and the entity management.

3.1 Audit Planning by SCS

SCS considers multiple aspects to determine audit opportunities and their scope. During the audit planning phase for shadow, check, and desk audits (VRS reviews), SCS refers to verification planning templates sent by verification organizations, which outline upcoming verifications. Applications to be audited are selected using varying criteria, including but not limited to:

- Country in which the application is located.
- Location of the entities in the supply chain.
- Structure of the supply chain (e.g., smallholder network, vertically integrated estate, etc.).
- Personnel who conducted the inspections.
- Risk level of the application, region, or personnel involved.
- Other factors as applicable.

Upon establishing a field audit plan, a supplier audit notification is sent to inform responsible parties that SCS will be either accompanying the contracted verification organization for all or part of the verification (in the case of a shadow audit) or will be independently visiting entities in the supply chain to review the work previously completed by the verification organization (in the case of a check audit). SCS makes every effort to ensure that suppliers are duly notified at least five days prior to the scheduled visit.

Office audits are conducted once a year for each verification organization, and are independent from field work. When planning office audits, SCS coordinates with verification organizations to set the time and location of the office audit. Once these details are determined, SCS sends an office audit notification (see below) which serves as the official notification and includes the audit plan. If an audit at the main office of a verification organization is logistically difficult, SCS reserves the right to conduct the office audit remotely (See Section 3.3 for details). In cases a verification organization has multiple field offices, it is required that all necessary documentation be made available at the location of the office audit or online.

3.2 Auditor Selection

Field and office audits are conducted by SCS auditors who are fully trained in C.A.F.E. Practices.³

³ SCS auditor trainees may conduct audits under the supervision of an SCS lead auditor.

3.3 Office Audit

In an office audit, SCS reviews a verification organization's Quality Management System and procedures specific to C.A.F.E. Practices. Office audits are carried out on an annual basis, either on-site or remotely.

3.3.1 Approach

Once time and date have been selected for the office audit, SCS sends an office audit notification two weeks prior to the audit date outlining the documents and procedures that will be reviewed during the audit. The SCS auditor evaluates the verification organization on the overall quality of different aspects of the verification process, such as adherence to procedures, the maintenance of documents relevant to C.A.F.E. Practices, and the quality of reports submitted in the VRS.

SCS requests physical or scanned paper field notes or electronic PDFs (in cases when inspections were conducted using mobile devices), contracts, and other relevant documents for up to three applications listed on the office audit plan. In addition, SCS may semi-randomly select up to two additional applications for review at the time of the audit. The criteria used for semi-random selection of applications include those related to past disputes, applications subjected to VRS reviews, applications representative of different types of supply chain structures, applications with ZTNC findings, and applications representative of work in different countries. In the case of a remote audit, instructions will be given for how to upload the documentation.

The SCS auditor conducts document review, supported by interviews with the verifier(s) and/or inspector(s) at the verification organization's offices to evaluate the extent of conformance on the part of the verification organization with all requirements set forth in the Verifier and Inspector Operations Manual and in the Verification Organization Approval Procedure.

The office audit normally requires a full day, but SCS reserves the right to request documentation for early review, which may lead to a shorter in-person audit. The office audit is conducted using the SCS office audit report template.

Specifically, SCS evaluates the use and/or presence of:

- Contracts
 - To ensure that the contracts are available for each of the selected applications and that they include the information specified in the Verifier and Inspector Operations Manual.
- Field notes
 - To ensure that complete field notes are available for each of the selected applications and entities or PDF copies of the Field Notes for verifications conducted using mobile devices, that the correct version is being used, and that the information is consistent with the reports as entered in the VRS as per the Verifier and Inspector Operations Manual.
- Personnel records
 - To ensure that CVs, training records, conflict of interest declarations, and confidentiality agreements are available and regularly updated for all inspectors and verifiers involved in C.A.F.E. Practices and that the inspector roster in the VRS is up-to-date as per the Verifier and Inspector Operations Manual.
- Quality management system

- To ensure that a quality system is in place, including internal training, internal review, and document control, and is in accordance with the requirements outlined in the Verification Organization Approval Procedure.
- Dispute resolution procedures
 - To ensure that any documentation regarding disputes is available for each of the selected applications (if applicable) and that the organization's dispute resolution procedures and documents are in accordance with the Verifier and Inspector Operations Manual.
- Legislation and records maintained by the verification organization.
 - To ensure that verification organizations are maintaining the resources required to conduct verifications in accordance with the Verifier and Inspector Operations Manual.
- C.A.F.E. Practices program documents
 - To ensure that verification organizations are maintaining the most recent versions of all C.A.F.E. Practices program documents as required per the Verifier and Inspector Operations Manual.
- Documentation related to ZTCAP processes.
 - To ensure that verification organizations keep all records related to this specific type of verification in accordance with the Verifier and Inspector Operations Manual.

3.3.2 Reporting

SCS uses the office audit report template to present the results of the audit. The completed office audit report includes strengths and weaknesses within the verification organizations against program requirements. It also reports any Non-Conformities (NCs) resulting from the audit that require the verification organization to develop corrective actions to maintain status as an approved verification organization.

Office Audit Report Template Overview:

- Section 1.0: Includes general information about the office audit and the verification organization.
- Section 2.0: Provides a summary of the results of the audit, listing strengths, weakness, and general comments.
- Section 3.0: Lists any NCs issued from the audit.
- Section 4.0: Provides a summary of the document review findings.

SCS auditors will submit draft audit reports which undergo internal review, before being sent to the verification organization and Starbucks within 20 business days after the end date of the audit. If any NCs are issued, SCS will also send the Non-Conformity Report (see Section 4.1 for further details) to the organization.

3.4 Shadow Audit

In a shadow audit, SCS observes an inspector's verification approach to ensure that it meets the requirements in the Verifier and Inspection Operations Manual. While SCS may not be able to shadow all inspectors, the shadowed inspector represents the performance of the verification organization, as it is considered that verification organizations maintain their entire personnel up to date on program requirements and alignment regarding verification and inspection procedures and indicator evaluations.

Verifiers should not make any modifications to their verification planning in preparation for the shadow audit (unless requested by SCS), and the audit should not require any additional resources from suppliers, as SCS will be accompanying the organization in its already-established plan for the verification.

3.4.1 Approach

SCS conducts at least one shadow audit for each active verification organization each year. For verification organizations working in multiple regions, SCS will conduct at least one shadow audit in each region where the organization has conducted C.A.F.E. Practices verifications.

Prior to conducting the shadow audit, SCS ensures that:

- The supplier has been notified of the audit.
- The application has been claimed in the VRS (at least five days prior to the start of the verification).

Shadow audits can vary in length (generally lasting between one and five days), depending on the size of the application, the number of inspectors assigned to the verification and the availability of the SCS auditor(s). The shadow audit is conducted using the SCS shadow audit report template.

During the shadow audit, the SCS auditor observes the inspectors in the field, and does not actively participate in the on-site inspection. The SCS auditor will provide feedback to the inspector at an appropriate moment, preferably not in the presence of the client.

Specifically, SCS evaluates the inspector's approach as it relates to:

- Principles of a C.A.F.E. Practices verification
 - To ensure that all work is conducted in an ethical, fair, objective, transparent, and independent manner, as detailed in the Verifier and Inspector Operations Manual.
- Pre-onsite planning
 - To ensure that all pre-onsite planning procedures have been carried out in accordance with the Verifier and Inspector Operations Manual.
- Opening meeting
 - To ensure that the opening meeting is conducted in accordance with the Verifier and Inspector Operations Manual.
- Coversheet data collection
 - To ensure that all coversheet data is collected accurately and in accordance with the Verifier and Inspector Operations Manual.
- Field observation
 - To ensure that the inspector is visiting the necessary areas at the site, and that field inspection procedures are conducted in accordance with the Verifier and Inspector Operations Manual.
- Worker interviews
 - To ensure that worker interviews are conducted in accordance with the Verifier and Inspector Operations Manual.
- Document review
 - To ensure that all necessary documents are reviewed in accordance with the Verifier and Inspector Operations Manual
- Closing meeting
 - To ensure that the closing meeting is conducted in accordance with the Verifier and Inspector Operations Manual.
- Indicator interpretation

- To determine the level of deviation between the evaluations of the inspector and of SCS.

To complete the shadow audit process, the SCS lead auditor who performed the shadow audit conducts a review of the submitted application in the VRS (post-shadow VRS review) to ensure that the submitted report is consistent with what was observed by the SCS auditor in the field.

Depending on the due date to submit the application to the client, SCS will determine the depth level at which the post-shadow VRS review will be conducted, selecting from the following approaches:

- **Limited review:** This type of review includes only the indicators that were identified to have discrepancies/differences with the audit report.
- **General review:** This type of review includes all the indicators from the shadowed entities and not just the indicators where discrepancies/differences were identified in the audit report.
- **Comprehensive review:** Similar to a general review but will include additional entities that were not part of the shadow audit as well as those that were shadowed. The number of additional entities depends on the focus of the comprehensive review and identified risks.

3.4.2 Reporting

SCS uses the shadow audit report template to present the results of the audit. The SCS auditor compares their own indicator evaluations against those of the inspector. SCS then sums the number of discrepancies in indicator interpretation by entity and calculates the entity level deviation and average deviation for the inspected entities during the shadow audit. SCS considers $\leq 5\%$ in indicator deviation between SCS auditor and inspector(s) acceptable. If a discrepancy of $>5\%$ is issued against an organization for the first time, then this NC is considered as a minor NC. However, if the organization has received an NC for indicator deviation in the past, then the current NC related to the discrepancy will be elevated to a major NC. The SCS auditor reviews any discrepancies in indicator interpretation with the inspectors in the field at the end of each day to ensure that the field notes are updated to reflect the correct evaluations, and that the reports entered in the VRS will be accurate and correct.

In addition, the audit report contains any Non-Conformities (NCs) resulting from this audit that need to be addressed by the verification organization to maintain status as an approved verification organization.

Shadow Audit Report Template Overview:

- Section 1.0: Includes general information about the audit and the verification organization.
- Section 2.0: Provides a summary of the results of the audit and the indicator interpretation deviation.
- Section 3.0: Lists any NCs issued from the audit.
- Section 4.0: Addresses the verification approach.
- Section 5.0: Addresses indicator interpretation and deviation (the differences between the interpretation by the inspector and SCS).

SCS auditors will submit draft audit reports, which undergo internal review before being sent to the verification organization and Starbucks within 20 business days after the end date of the audit. In cases where the verification report is due to the client prior to SCS's reporting deadline, SCS will maintain a shorter deadline as to not delay the submission of the

verification report. If any NCs are issued, SCS will also send the Non-Conformity Report (see Section 4.1 for further details) to the organization.

After receiving the shadow audit report from SCS, verifiers and inspectors need to ensure that feedback provided in the report is fully incorporated into all entity reports. SCS will provide a timeline for those adjustments to be made. To not delay the submission of the verification report to the client, SCS will request that entity reports are completed prior to the official verification report due date to allow a post-shadow VRS review. During this review SCS might encounter further adjustments needed to entity reports and will share them with the verification organization. Verification organizations are required to make those adjustments as per the established timeline. Only after SCS sends a confirmation that the report can be submitted to the supplier, may the verifier create the verification report.

3.5 Check Audit

In addition to shadow audits, SCS also carries out regular check audits of verification organizations in the field. In a check audit, SCS evaluates the inspector's verification approach to ensure that it meets the requirements set forth in the Verifier and Inspector Operations Manual, after the verification was conducted.

3.5.1 Approach

SCS conducts at least one check audit for each active verification organization each year. For verification organizations working in multiple regions, SCS will conduct at least one check audit in each region where the organization has conducted C.A.F.E. Practices verifications.

Prior to conducting the check audit, SCS ensures that:

- The supplier has been notified of the audit.
- The verification organization has been notified of the audit.
- The inspections for the planned entities have been completed.
- An audit plan has been sent to the supplier by SCS (at least five business days prior to the audit).

Check audits vary in length (generally lasting between one and three days), depending on the size of the application and the availability of the SCS auditor. The check audit is conducted using the SCS check audit report template. When requested, the inspector(s) and/or verifier(s) responsible for the verification may accompany the SCS auditor(s) on the check audit. This allows the SCS auditor to provide feedback to the verification organization at the time of the SCS audit. When observing an SCS audit, observers should follow the guidance noted in the Roles and Responsibilities of Observers in C.A.F.E. Practices Verifications and Audits.

During the check audit, SCS confirms that the verification was carried out according to C.A.F.E. Practices procedures. This is done through indicator evaluation comparisons with the completed inspection reports and interviews with management and workers at the relevant entities previously inspected. It is important to note that the SCS auditor is auditing the inspector's verification approach and evaluations, not the entity or entities where the check audit is taking place. The check audit does not impact the validity or score of the supply chain and any NC raised is to be addressed by the verification organization. However, in the event that SCS finds a ZTNC at the entity audited, such ZTNC will be reported to the supplier and Starbucks, which will communicate any consequences.

Specifically, SCS evaluates the inspector's approach to:

- Pre-onsite planning
 - To ensure that all pre-onsite planning procedures have been carried out in accordance with the Verifier and Inspector Operations Manual.
- Opening meeting
 - To ensure that the opening meeting is conducted in accordance with the Verifier and Inspector Operations Manual.
- Coversheet data collection
 - To ensure that all coversheet data is collected accurately and in accordance with the Verifier and Inspector Operations Manual.
- Field observation
 - To ensure that the inspector carried out a comprehensive review of the entities inspected, and that field inspection procedures are conducted in accordance with the Verifier and Inspector Operations Manual.
- Worker interviews
 - To ensure that worker interviews are conducted in accordance with the Verifier and Inspector Operations Manual.
- Document review
 - To ensure that all necessary documents are reviewed in accordance with the Verifier and Inspector Operations Manual.
- Closing meeting
 - To ensure that the closing meeting is conducted in accordance with the Verifier and Inspector Operations Manual.
- Indicator interpretation
 - To determine the level of deviation between the evaluations of the inspector and of SCS.

3.5.2 Reporting

SCS uses the check audit report template to present the results of the audit. SCS auditor reviews the inspector's indicator evaluations against those noted by SCS auditor. SCS then sums the number of discrepancies in indicator interpretation by entity and calculates the entity level deviation and average deviation for the inspected entities during the check audit. SCS considers $\leq 5\%$ in indicator deviation between SCS auditor and inspector(s) acceptable. If a discrepancy of $> 5\%$ is issued against an organization for the first time, then this NC is considered as a minor NC. However, if the organization had received an NC for indicator deviation in the past, then the current NC related to the discrepancy will be elevated to a major NC.

In addition, the audit report contains any Non-Conformities (NCs) resulting from this audit that need to be addressed by the verification organization in order to maintain status as an approved verification organization.

Check Audit Report Template Overview:

- Section 1.0: Includes general information about the audit and the verification organization.
- Section 2.0: Provides a summary of the results of the audit.
- Section 3.0: Lists any NCs issued from the audit.
- Section 4.0: Addresses the SCS auditor's assessment of the verification approach.
- Section 5.0: Addresses indicator interpretation and deviation (the differences between the interpretation by the inspector and SCS).

SCS auditors will submit draft audit reports, which undergo internal review before being sent to the verification organization and Starbucks within 20 business days after the end date of the audit. If any NCs are issued, SCS will also send the Non-Conformity Report (see Section 4.1 for further details) to the organization.

3.6 VRS Review

In a VRS review, SCS reviews the quality and accuracy of verification reports submitted in the Verifier Reporting System (VRS), as well as the accuracy and quality of additional reporting elements such as Early ZT notifications, blocker justifications, flows, and others.

3.6.1 Approach

SCS conducts at least one VRS review for each active verification organization each year. For verification organizations working in multiple regions, SCS will review at least one application from each region where the organization has conducted C.A.F.E. Practices verifications. SCS selects applications in new or incomplete status to review using a semi-random approach, considering the country, inspector(s) and/or verifier(s) who completed the report and structure of the application.

Once entity reports have been reviewed by the verifier, (to ensure that the organization's internal quality control systems have taken place), SCS will usually review at least one report of each entity type in the application for accuracy of indicator interpretation, quality of evidence, consistency of interpretation across indicators and reports, coffee flows, coversheet information and timeliness of reporting. A VRS review can be conducted on between one and seven entities in a single application.

SCS will notify the verification organization of the application selected for a VRS review when the verification has been completed and will provide a deadline for confirming that all entity reports and other reporting aspects in the VRS have been completed by the inspector(s) and reviewed by the verifier(s). This deadline will be prior to the verification report submission deadline (usually around ten business days earlier). Verification organizations shall treat the deadlines provided by SCS as program deadlines to comply with as indicated in the Approval Procedure and Operations Manual.

3.6.2 Reporting

SCS completes a VRS review report to summarize the findings of the VRS review and issues any Non-Conformities (NCs) if necessary. This VRS review report is reviewed by SCS personnel who did not participate in the VRS review, then returned to the verification organization.

C.A.F.E. Practices verification reports in the VRS are evaluated against the following criteria:

- Interpretation of indicators.
- Accuracy of coversheet information.
- Compliance with reporting deadlines.
- Adherence to reporting procedures.
- Completeness of all aspects of the application in the VRS.
- Evidence of internal review.

Once the VRS report has been reviewed internally, it will be shared with the verification organization and Starbucks. If any NCs are issued, SCS will also send the Non-Conformity Report (see Section 4.1 for further details). The report may include requests for modifications in the VRS. In such cases, SCS will give the verification organization a deadline to complete such modifications and will confirm all modifications were completed before confirming that the verification report can be sent to the client.

4.0 Non-Conformities and Remediation

SCS is responsible for addressing any violations or failures to adhere to C.A.F.E. Practices requirements and procedures by verification organizations. Various actions may be pursued, corresponding to the severity of the Non-Conformities (NCs).

4.1 Non-Conformities

A Non-Conformity (NC) is a written finding of any failure to adhere to C.A.F.E. Practices requirements and procedures. NCs can be issued to verification organizations at any time by SCS as the result of any failure to adhere to C.A.F.E. Practices standards and procedures but are generally issued as part of audit reports. To maintain approval status, verification organizations must resolve all open NCs within the deadlines set by SCS.

An NC shall be considered Major if, either alone or in combination with further NCs, it results in, or is likely to result in a fundamental failure to meet the standards set out in the Verifier and Inspector Operations Manual and Verification Organization Approval Procedure. Such fundamental failure shall be indicated by NC(s) that:

- continue over an extended period of time; or
- are repeated or systematic; or
- affect a wide range of the verification reports; or
- are not corrected or adequately responded to by the verification organization once they have been identified.

An NC may be considered Minor if:

- it is a temporary lapse; or
- it is unusual/non-systematic; or
- it has impacts that are limited in their temporal and organizational scale; and
- it does not result in a fundamental failure to adhere to C.A.F.E. Practices requirements.

4.1.1 Resolving Non-Conformities

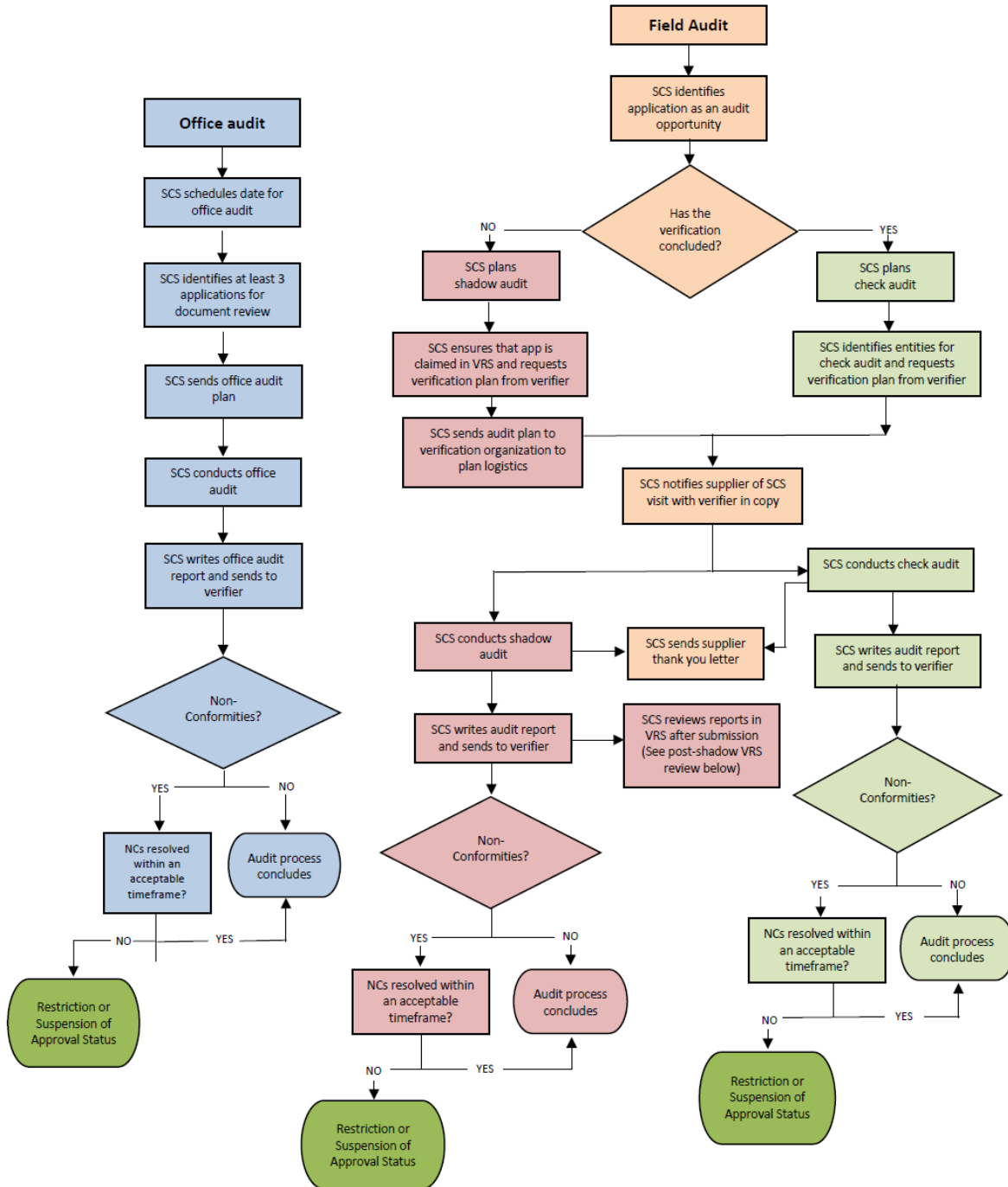
SCS issues a Non-Conformity Report (NCR) whenever NCs are issued to verification organizations. To resolve NCs, the verification organization must complete the NCR detailing:

- the root cause of the NC,
- a corrective action plan describing corrective and preventive actions to be taken,
- the person(s) responsible,
- the expected timeframe for implementation, and
- supporting documentation.

SCS reviews any pending NCRs and will respond to the verification organization to confirm closure or communicate the need for further information. The verification organization must address all NCs by submitting a completed NCR within the timeframe specified by SCS. For additional information on NC escalation procedure and impact on approval status, please see the C.A.F.E. Practices Verification Organization Approval Procedure.

5.0 Appendices

5.1 Audit Processes



5.2 VRS Report Review Processes

