C.A.F.E. Practices Verifier and Inspector Operations Manual

Starbucks Coffee Company

V6.0

SCSglobal
SERVICES

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Introduction

Starbucks Coffee Company (hereafter referred to as Starbucks) initiated C.A.F.E. (Coffee and Farmer Equity) Practices in 2004 to evaluate, recognize, and reward producers of high-quality sustainably grown coffee. C.A.F.E. Practices is a green coffee-sourcing program developed by Starbucks in collaboration with SCS Global Services (hereafter referred to as SCS), a third-party evaluation, certification, and auditing firm, and Conservation International (CI), an international environmental non-governmental organization. C.A.F.E. Practices seeks to ensure that Starbucks sources sustainably grown and processed coffee by verifying the economic, social, and environmental aspects of coffee production against a defined set of evaluation criteria.

Select producers, processors, and suppliers, who together represent Starbucks' coffee supply chain, are evaluated against the criteria contained in the "C.A.F.E. Practices Generic Scorecard" and "C.A.F.E. Practices Smallholder Scorecard" by third-party verification entities referred to as verification organizations.

- Within verification organizations, 'verifiers' are those personnel responsible for ensuring the quality of C.A.F.E. Practices reports submitted in the Verifier Reporting System (VRS) and serve as the main point of contact for all communications from Starbucks and SCS.
- 'Inspectors' who work for verification organizations are responsible for carrying out field inspections and completing reports in the VRS.

The different roles assigned to both verifiers and inspectors provide a quality control mechanism necessary to ensure accurate and rigorous reporting in the C.A.F.E. Practices program.

Producers, processors, and suppliers, collectively representing a supply chain, must fulfill two program pre-requisites before applying to participate in the C.A.F.E. Practices program.

- The first requirement concerns quality specifications: only those suppliers who meet Starbucks green coffee quality standards may participate in the program.
- Second, participants in the C.A.F.E. Practices program must demonstrate economic accountability throughout their supply chains by providing evidence of an existing documented system of payments and must demonstrate that their operations are economically viable.

After satisfactory fulfillment of these pre-requisites, suppliers representing green coffee supply chains, may apply to participate in the program. C.A.F.E. Practices requires that all entities in a supply chain (with the utilization of a representative sample-based approach for both small and medium farms) undergo evaluation against the economic, social, and environmental criteria set forth in the program scorecards. Following delivery of reports to clients (suppliers) for review and approval, reports are submitted via the VRS for approval by Starbucks.

1.0 Document Scope

This operations manual provides a detailed explanation of the verification process, standard operating procedures (SOPs), and verification methods to which all verification organizations approved for work in the C.A.F.E. Practices program must adhere.

Standardizing a universal and transparent approach to verification and interpretation of C.A.F.E. Practices evaluation criteria is the aim of this operations manual. This document provides inspectors with the methodology necessary to apply the C.A.F.E. Practices criteria to coffee farms, processing and grading/sorting facilities, and warehouses in a consistent manner. By fully understanding the information contained in this document, verifiers and inspectors can offer participating producers, processors, and suppliers consistent and reliable service. In sum, this Operations Manual addresses the following areas:

- Reference documents and program terminology.
- An overarching description of the verification process.

- The methodology that verification organizations shall employ when assessing supply chains for compliance against the C.A.F.E. Practices criteria.
- Gathering and reporting accurate coversheet data from C.A.F.E. Practices verifications.
- Protocols and procedures that personnel working with verification organizations are required to follow for evaluating C.A.F.E. Practices criteria.
- The report submission, approval, and dispute resolution process.
- Communication flows between verification organizations and SCS.

Even though this manual intends to provide an extensive overview of C.A.F.E. Practices verification procedures, **verification organizations should consult SCS in case questions arise.** All communications must be sent to the main contact email address cafepractices@scsglobalservices.com and the appropriate team member will respond. Generally, verifiers should be the main point of contact with SCS and in case inspectors have any questions about the program procedures they must contact the verifier first. SCS will share program updates directly with verifiers.
For any clarifications, assistance, or questions **suppliers** shall contact Starbucks at cafepractices@starbucks.com.

2.0 Reference Documents

2.1 C.A.F.E. Practices Generic Scorecard: Provides the scoring indicators against which the entities undergoing verification are evaluated.

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

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

2.4 Verifier Guidance Updates (VGUs): Provide periodic updates on interpretation of specific criteria and/or indicators, reporting procedures for the VRS, and other program updates.

2.5 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.

2.6 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.

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

2.8 C.A.F.E. Practices Auditing and Training Manual: Provides information on the procedures used by SCS to train verification organizations on C.A.F.E. Practices, audit them, and continuously review their work in the program.

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

2.10 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.

2.11 C.A.F.E. Practices Terms and Conditions: Provides suppliers with the terms and conditions for supply chains to participate in the C.A.F.E. Practices program and receive validity.

3.0 C.A.F.E. Practices Program Terminology

C.A.F.E. Practices program terminology needs to be consistent to ensure uniformity of meaning among producers, processors, suppliers, verifiers, and other users of the program. Terms used in the C.A.F.E. Practices program are defined below.

3.1 Aggregate Score: The total (summed) score of all criteria associated with a supplier's application.

3.2 Agrochemicals: Synthetic substances used to control competition from other organisms (e.g., pesticides and herbicides), and to provide crops with the nutrients necessary to compensate for lack of soil fertility (fertilizers).[1]

3.3 Appeal: A written request from a C.A.F.E. Practices producer or supplier for formal reconsideration of any evaluation made by a verification organization.

3.4 Application Type: A supplier's application is classified as either "New" or "Re-verification" depending on the entities included in it and their history in the program.

    3.4.1 New: An application in which less than 75% of farms have participated in the program previously.

    3.4.2 Re-verification: An application in which 75% or more of farms have participated in the program previously.

3.5 Approval Procedure: The procedure through which SCS reviews an applicant verification organization's credentials, independence, and organizational capacity to carry out C.A.F.E. Practices inspections. See "C.A.F.E. Practices Verification Organization Approval Procedure" for more information.

3.6 Areas of High Conservation Value (HCV): Areas that possess one or more of the following attributes:
- Contain globally, regionally, or nationally significant concentrations of biodiversity.
- Are in or contain rare, threatened, or endangered ecosystems.
- Provide basic ecosystem services (e.g., watershed protection or erosion control) in critical situations.
- Are fundamental to meeting the basic needs of local communities (e.g., subsistence or health); and/or,
- Are critical to local communities' traditional cultural identity (areas of significance identified in cooperation with such local communities).

3.7 Biological Diversity: The variability among living organisms from all sources including terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems.

3.8 Buffer Zones: In protecting critical ecological areas, the buffer zone is an area of land (typically comprised of native vegetation) that reduces the impacts of adjacent activities on the critical area.

3.9 Canopy Cover: The multiple stories of foliage in a stand of trees or shrubs, in particular the uppermost continuous layer of branches and foliage.

3.10 Check Audit: The process by which an SCS auditor checks the veracity of C.A.F.E. Practices verification reports by independently conducting inspections at the farm, processor, and/or supplier level following the initial inspection by the verification organization.

3.11 Cherry: The fruit of the coffee tree, which contains the coffee bean(s).

3.12 Climate Change: A shift in long-term weather patterns. Recent climate change has been attributed to anthropogenic sources, such as fossil fuel combustion (e.g., gasoline, coal, etc.) and other human-related activities that increase atmospheric concentrations of greenhouse gases.

3.13 Collector: An individual or farmer within a supply chain that aggregates coffee from farmers in the application before delivering it to a mill.

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[1] Conservation Principles for Coffee Production, Conservation International, 25 April 2001

3.14 Conservation Emphasis Areas: Defined areas of the farm where conservation of ecological resources is the primary objective. Coffee harvesting is permitted in a conservation emphasis area as long as it does not interfere with conservation goals. In other words, coffee can continue to be cultivated as long as the ecological value that is the focus of the conservation emphasis area is maintained.

3.15 Corrective Actions: Actions developed by the supplier to address Non-Conformities with Zero Tolerance indicators. They are part of the supplier Work Plan.

3.16 Corrective Action Plan (CAP): A plan that suppliers will develop upon receipt of a Zero Tolerance Corrective Action Plan (ZT-CAP) request that details how the supplier plans to address all Not Comply evaluations of zero tolerance indicators. May also be referred to as "Work plan."

3.17 Criteria: Specific quality, transparency, environmental or social requirements that form the third hierarchical layer of the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard.

3.18 Desk Check: A ZT-CAP check where the verification organization reviews documentation requested from the supplier remotely.

3.19 Dispute: An appeal that cannot be satisfactorily resolved by the verification organization or one that requires SCS resolution, such as in cases where interpretation of criteria is contested, where an appeal is submitted after reports are approved, or other exceptional cases.

3.20 Early Zero Tolerance (ZT) Notification: A notification sent by the verifier to both Starbucks and the supplier that indicates whether there is non-compliance with Zero Tolerance indicators for a given verification. The Early ZT Notification is required for all applications and must be sent within five business days of the closing meeting of the verification.

3.21 Ecosystem: A community of plants, animals, and their physical environments, functioning together as an interdependent unit.

3.22 Employer: An individual or entity that hires and pays workers for their labor. The employer defines the terms of employment for workers and provides the agreed-upon terms such as the salary.

3.23 Endangered Species: Any species that is in danger of extinction throughout all or a significant portion of its range.

3.24 Extra Point: Specific indicators in the C.A.F.E. Practices scorecards that represent the best practices in a criterion. Extra points are awarded if the requirements of the indicator are met and in recognition of efforts made above and beyond the program's normal requirements.

3.25 Farmer Support Center (FSC): Also known as the Starbucks Coffee Agronomy Center (SCAC). The Costa-Rica FSC administers the C.A.F.E. Practices program, including the processing of supplier applications, verification reports, and Corrective Action Plans (where applicable). SCAC/FSC Agronomists also provide technical support and training (Best Agronomy Practices) to promote higher yields and improved quality coffee production. For locations of additional Farmer Support Center locations, please follow the link: https://stories.starbucks.com/press/2018/starbucks-farmer-support-centers/

3.26 Field Audit: The process of evaluating the performance of a verification organization in the field by either a shadow or check audit conducted by an SCS auditor.

3.27 Flows: A flow is an amount of coffee that moves from one entity to another, e.g., a farm to a processor, a wet processor to a dry processor, a processor to a warehouse, etc.

3.28 Greenhouse Gas (GHG) Emissions: Gases that encourage the trapping of heat in the atmosphere. These may result from farm activities such as fertilizer use, tilling, electricity use, or burning of fossil fuels. The most common greenhouse gases are carbon dioxide, methane, and nitrous oxide.

3.29 Harassment: Unwelcome physical, verbal, or sexual conduct by management or co-workers that interferes with an employee's work performance or creates a hostile work environment. Harassment may include the use of offensive remarks, derogatory words and references, and sexual suggestions.

3.30 **In-kind Payment:** Compensation for a service not involving the exchange of money. In-kind payments may include food, shelter, clothing, or other goods or services.

3.31 **Inspection:** The evaluation of an individual C.A.F.E. Practices entity against the C.A.F.E. Practices Generic Scorecard and/or C.A.F.E. Practices Smallholder Scorecard

3.32 **Inspector:** An individual who conducts inspections against the C.A.F.E. Practices Generic and/or Smallholder Scorecard for an approved C.A.F.E. Practices verification organization.

3.33 **Internal Control System:** Monitoring and assistance mechanisms used by a supplier, processor, or association to ensure the small farms that they source coffee from are complying with the C.A.F.E. Practices Generic Scorecard and/or C.A.F.E. Practices Smallholder Scorecard.

3.34 **IUCN Red List:** An internationally recognized database of species at risk of extinction maintained by the International Union for Conservation of Nature. The database includes metrics to determine the relative risk of extinction, and to catalogue and highlight those species that are facing a higher risk of global extinction (i.e., those listed as Critically Endangered, Endangered, and Vulnerable). Available at: http://www.redlist.org/.

3.35 **Labor Intermediary:** A formal or informal third-party employment agency or agent through which workers may be contracted and/or compensated by an entity. Examples of labor intermediaries include external subcontracting agencies as well as informal work groups where workers are paid either through a group leader or recruitment agent.

3.36 **Large Farm:** Any farm with 50 hectares or more (≥50ha) in coffee production.

3.37 **Lead Inspector (Verification Organization):** A C.A.F.E. Practices inspector with broad experience in the program who has been approved by SCS to support in general verifier responsibilities, including delivering internal trainings, conducting internal observations for new inspectors/verifiers, carrying out report review in the VRS, and sending verification reports through the VRS. See the Approval Procedure for further details.

3.38 **Legacy Application**: Any application that includes at least one farm in common with a more recent application. E.g., if application 11111**FY20** contains at least one farm in common with 12222**FY23** (a more recent application), then application11111FY20 is a legacy application of 12222FY23.

3.39 **Limited Approval (Verification Organization):** Limited approval is the first approval status in the C.A.F.E. Practices program. It allows a verification organization to conduct one verification at a time. Progression to the next approval status will be determined after the results of an SCS audit or VRS Review.

3.40 **Local Laws:** Includes all legal norms established by governmental entities whose jurisdiction is less than the national level, such as departmental and municipal laws.

3.41 **Medium Farm:** Any farm with 12 to 49.9 hectares (≥12ha, <50ha) in coffee production.

3.42 **Native Species:** A plant or animal species that is endemic or indigenous to the area in question or has naturalized to the given area in geologic time.

3.43 **Non-Conformity (NC):** An instance where the audited or verified entity does not meet the requirement(s) of the C.A.F.E. Practices scorecard or those found in program document(s). Non-conformity and non-compliance, and conformity and compliance, are used interchangeably throughout C.A.F.E. Practices program documents.

3.44 **Office Audit:** The process of evaluating verification organizations on the overall quality control of their organization through document review of verification records, quality management system and procedures, personnel records, and other materials as requested by an SCS auditor (may occur remotely).

3.45 **Offsets:** Carbon credits purchased by an entity to offset greenhouse gas emissions generated on-site. One offset represents the reduction of one metric ton of carbon dioxide equivalent (CO_2-e).

3.46 **On-Site Check:** A ZT-CAP check where the verification organization conducts an inspection at either the office and/or field locations of the supplier, as determined by the Corrective Action Plan.

3.47 **Organic:** A method of farming that does not use synthetic fertilizers or pesticides.

3.48 Personal Protective Equipment (PPE): Articles of clothing or equipment worn or used in order to protect the body from exposure to harm during hazardous work (e.g., the application of agrochemicals).

3.49 Pesticides: The range of herbicides, insecticides, fungicides, rodenticides, nematicides and hormones that are used in coffee growing**.**

3.50 Pre-requisite Criteria: The un-scored criteria (performance requirements) in the Economic Accountability subject area of the C.A.F.E. Practices Generic Scorecard and/or C.A.F.E. Practices Smallholder Scorecard that must be met in order to participate in C.A.F.E. Practices. Compliance with pre-requisite criteria is evaluated by Starbucks Coffee Trading Company exclusively.

    3.50.1 Quality: The supplier must meet approved expectations prior to submitting a supply chain application.

    3.50.2 Transparency: The supplier agrees in principle to provide financial transparency on all coffees sold and shipped, together with shipping documents at time of shipment.

3.51 Principle: The middle or second hierarchical level of the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard that provide elaboration or the subject areas. Principles are further elaborated by Criteria.

3.52 Processor: An entity that operates a wet or dry mill that produces green coffee or parchment from parchment or coffee cherry using wet or dry processes. Processors may be standalone processors or vertically integrated processors within a coffee growing estate or plantation. Processors cannot be 'suppliers' independent of actual producers.

3.53 Producer: A generic term referring to an individual or entity (i.e., coffee estate) cultivating coffee cherry, which is subsequently processed and traded as green coffee.

3.54 Producer Support Organization (PSO): An entity that provides support to smallholders in a coffee network. The supplier, mill, coop, or other association may serve this function. The entity providing outreach and services to the small farm is identified and assigned its own ID in the supplier application.

3.55 Productive Area: In C.A.F.E. Practices, productive area refers to all land on a farm used to produce coffee, even if at the moment of the inspection no coffee is being harvested (e.g., because of recent pruning or new seedlings or heavily affected by a disease). Area set aside explicitly for conservation purposes shall be counted as conserved area. Non-productive area is the total area set aside for conservation and other uses (e.g., worker housing, waste areas, production of other crops, recreational use).

3.56 Provisional Approval (Verification Organization): Provisional approval is the next step up from Limited approval status. Within this approval status the organization may only claim and verify simultaneously up to three applications. See "C.A.F.E. Practices Verification Organization Approval Procedure" for more information.

3.57 Qualitative Evidence: Written evidence in C.A.F.E. Practices verification reports gathered through worker interviews, document review, and direct observation that support an inspector's evaluation of an indicator as Comply, Not Comply, or Not Applicable.

3.58 Quantitative Evidence: Numerical or statistical data in C.A.F.E. Practices verification reports gathered through worker interviews, document review, and direct observation that support an inspector's evaluation of an indicator as Comply, Not Comply, or Not Applicable. Examples of quantitative evidence may include, but are not limited to, wages, working hours, and hours of heavy labor.

3.59 SCS Global Services (SCS): A third-party evaluation, certification, and auditing firm that is charged with providing oversight, training, support, and approval of third-party organizations carrying out verifications and ZT-CAP checks against the C.A.F.E. Practices evaluation criteria. SCS also works with Starbucks Coffee Company in the design and improvement of the C.A.F.E. Practices program and conducts unannounced audits on approved C.A.F.E. Practices supply chains.

3.60 **Score:** The numerical index demonstrating the degree of compliance to any of the scored evaluation criteria found within the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard.

3.61 **Secondary Forest**: A secondary forest (or second-growth forest) is a forest or woodland area in which significant human interventions were absent for a time period sufficient for mature forest ecosystem characteristics, such as complexity, structure and biological diversity, including soil characteristics, flora and fauna, to become established. .

3.62 **Shadow Audit:** The process of evaluating the performance of a verification organization by which SCS auditors accompany verifiers and inspectors for all or part of a C.A.F.E. Practices verification.

3.63 **Smallholder Farm:** Any farm with less than twelve (<12ha) hectares in coffee production.

3.64 **Standalone Mills:** Standalone wet mills are processors that receive coffee cherry from at least two different farms and mill it to the parchment stage. Standalone dry mills are processors that receive parchment or dried cherry coffee from at least two different farms and de-hull and/or sort, grade, bag, or otherwise prepare the green coffee for export.

3.65 **Status:** After a verification is complete and compliance with C.A.F.E. Practices is confirmed by a C.A.F.E. Practices administrator, suppliers will be granted an approval status depending on the score achieved. Supply chains with a score of under 85% will receive "Verified" Status, supply chains with 85% and over will receive "Strategic" status.

3.66 **Starbucks Coffee Agronomy Center (SCAC):** Also known as the Farmer Support Center, or FSC, the SCAC is located in Costa Rica and administers C.A.F.E. Practices, including processing supplier applications and final verification reports. SCAC also provides technical support and training that promotes high quality coffee production.

3.67 **Starbucks Coffee Trading Company (SCTC):** Operating out of Lausanne, Switzerland, SCTC is responsible for purchasing coffee and ensuring quality for Starbucks. The Sustainability team manages the relationship between SCS and Starbucks and is located in Switzerland.

3.68 **Starbucks Coffee Company:** Headquarters of Starbucks Coffee Company is in Seattle, Washington, United States of America.

3.69 **Stratified Semi-random Sampling:** The sampling approach that dictates that one portion of the sample is selected randomly while another is selected based on farm attributes.

3.70 **Subcontracted Labor (also 'contract labor'):** Workers who are subcontracted and formally employed through a third-party employment agency or agent. Where subcontracted labor is used in a supply chain, the verification organization must inform the client that all documentation related to hiring practices, compensation, and benefits for subcontracted workers must be available at the time of inspection.

3.71 **Subject Area:** The highest hierarchical level of the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard. Subject areas are further elaborated by 'Principles,' which, in turn, are further elaborated by 'Criteria.'

3.72 **Supplier:** Entity that enters direct contractual supply agreements with Starbucks Coffee Trading Company to sell green coffee.

3.73 **Supplier Continuous Improvement:** The C.A.F.E. Practices program is based on a model of continuous improvement, with the goal of suppliers to steadily improve practices over time.

3.74 **Supply Chain:** In coffee, the steps and links (or, entities) in the production of green coffee that connect coffee producers to processors to warehouses to suppliers. In other words, the characterization of how the coffee moves from farm to processor to supplier.

3.75 **Supply Networks:** In coffee, another term for a coffee supply chain that underscores the fact that the supply chain associated with any single supplier commonly includes several processors and numerous producers. In other words, groups of coffee producers and processors that provide coffee in various stages to suppliers.

3.76 **Threatened Species:** Any species that is endangered or is likely to become endangered within the near future throughout all or a significant portion of its range.

3.77 Tracking System: A system that ensures that C.A.F.E. Practices coffee is kept separate from non-C.A.F.E. Practices coffee. Coffee sold as C.A.F.E. Practices must be traceable as coffee that was produced and processed only by entities that are included in the verified supply chain.

3.78 Validity: For new and expired applications, C.A.F.E. Practices validity will begin on the same date the approval status is confirmed by a C.A.F.E. Practices administrator and ranges between one to two years.

3.79 Verification: The independent evaluation (inspection) and reporting process through which compliance with the C.A.F.E. Practices Scorecards, evaluation criteria, or Zero Tolerance Corrective Action Plan, is determined. The combined process of completing all required inspections and the related reporting for a supply chain.

3.80 Verification Organization: A third-party organization that assesses green coffee supply chains against the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard.

3.81 Verifier: The designated representative(s) from a third-party verification organization charged with the tasks of training of inspectors, internal review of reports, and handling communications with SCS and Starbucks.

> **3.81.1 Main Verifier:** A verification organization's office-based primary point of contact for clients and SCS who has been approved by SCS as the lead personnel in C.A.F.E. Practices. The main verifier is responsible for maintaining an organization's Quality Management System (QMS) as it pertains to the C.A.F.E. Practices program and for ensuring that verifications are carried out according to the requirements in the Verifier and Inspector Operations Manual. Verifiers conduct internal review of applications and send client reports before the established deadline in the VRS. Verifiers are also responsible for guaranteeing that members of the verification team receive sufficient training in the C.A.F.E. Practices program. See the Approval Procedure for further details.

> **3.81.2 Secondary Verifier:** A verification organization's secondary point of contact for clients and SCS who has been approved by SCS to support the primary verifier, including in ensuring that verifications are carried out according to the requirements in the Verifier and Inspector Operations Manual, conducting internal review of applications, sending client reports before the established deadline in the VRS, and guaranteeing that members of the verification team receive sufficient training in the C.A.F.E. Practices program. See the Approval Procedure for further details.

3.82 Verifier Guidance Update (VGU): A document distributed by SCS to provide supplemental guidance to the Verifier and Inspector Operations Manual and updates to program documents and procedures. Once a VGU is released it becomes part of program requirements.

3.83 Vertical Integration: An arrangement in which a single organization manages or owns two or more stages of production (e.g., coffee growing, processing, trading).

3.84 Verifier Reporting System (VRS): The online proprietary reporting system designed for the writing, collection, management, and analysis of all C.A.F.E. Practices inspection and ZT-CAP reports. The VRS also generates aggregated scores for supply chains based on indicator evaluations and weighting and tracks progress over time. Please refer to the "C.A.F.E. Practices VRS User Manual" for more information.

3.85 VRS Review: The process by which an SCS auditor remotely checks the accuracy and quality of a conducted verification using the online Verifier Reporting System (VRS).

3.86 Warehouse: An entity that serves to store coffee, whether before processing, between processing stages, or after processing for export.

3.87 Water Body: In C.A.F.E. Practices, a water body refers to any natural or man-made water body, including ponds, lakes, streams, springs, rivers, wetlands, all kinds of wells, or other areas that ordinarily (permanent) or intermittently (temporary) contain water.

3.88 Water Stress: The condition where total water use exceeds the locally available water supply in the watershed (e.g., streams, rivers, groundwater), and could lead to a long-term deficit problem.

3.89   **Weighted Toxicity Index Score:** This is calculated by taking the total volume of each agrochemical (e.g., pesticide, fungicide, herbicide, or synthetic fertilizer) applied over the year and multiplying it by a toxicity factor (LD 50) for the main active ingredient in the product in question. The overall index score for the farm is calculated by averaging the individual product values and then dividing them by the total productive area of the farm.

3.90   **Workers:** The general term designating anyone who is hired, either directly or indirectly (through a labor intermediary), to work in coffee growing and processing operations. Refer to Section 6.6.2 of this manual for further information on workers and worker classification.

      3.90.1   **Permanent/Full-time** workers are those who are employed on an ongoing, year-round basis for the full workday by the entity being inspected.

      3.90.2   **Temporary/Seasonal** workers are those who are hired to work during part of the year. These include workers who work during the harvest months as well as workers who conduct off-harvest activities (e.g., pruning, fertilization, etc.).

3.91   **Work Plan:** A plan that suppliers will develop upon receipt of a Zero Tolerance Corrective Action Plan (ZT-CAP) request that details how the supplier plans to address all Not Comply evaluations of zero tolerance indicators. May also be referred to as "Corrective Action Plan."

3.92   **Zero Tolerance:** Specific indicators in the C.A.F.E. Practices evaluation criteria that require compliance for participation in C.A.F.E. Practices. Please refer to the C.A.F.E. Practices Verifier and Inspector Zero Tolerance Corrective Action Plan (ZT-CAP) Procedure Manual

3.93   **Zero Tolerance Corrective Action Plan (ZT-CAP) Procedure:** The process of initiating and undergoing corrective actions to address all Not-Comply evaluations of Zero Tolerance indicators identified during a verification. Successful implementation of corrective actions followed by a third party ZT-CAP check is necessary for an application with ZTNC evaluations to be eligible for validity in the C.A.F.E. Practices program.

3.94   **Zero Tolerance Non-Conformities (ZTNCs):** Zero Tolerance indicators that have received a Not-Comply evaluation and that will need to be corrected through a ZT-CAP process.

4.0   Principles of C.A.F.E. Practices Verification

- **Ethical**: Verifiers and inspectors will faithfully assess coffee supply chains against the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard.
- **Fair**: Verifiers and inspectors will fully and accurately report all findings of verification activities.
- **Objective**: Verifiers and inspectors will be unbiased in their assessment of all entities being verified.
- **Independent**: Verifiers and inspectors will not have any conflicts of interest with any activities or entities being verified.
- **Transparent**: Evidence presented in reports will be verifiable and clear.

5.0   Overview of C.A.F.E. Practices Verifications

5.1   Summary

C.A.F.E. Practices verifications consist of evaluating economic accountability, social conditions, and environmental impacts throughout a green coffee supply chain. Verification organizations that are approved to carry out C.A.F.E. Practices verifications are faced with the complex task of objectively assessing green coffee supplier performance against the C.A.F.E. Practices criteria.

A high degree of heterogeneity characterizes coffee production and processing activities around the world. Farm size varies widely. Family-run operations with less than one hectare of coffee production to large estates with up to several hundred hectares in production all participate in the global coffee economy. Coffee processing techniques are unique. Some smallholders may process small batches of coffee 'cherry' by hand on the farm premises, while large, mechanized mills may process thousands of kilograms of coffee cherry in a single day. Additionally, geographic conditions and transportation infrastructure have

greatly influenced the development of national and regional coffee economies, resulting in a situation where nearly every green coffee supply chain possesses unique attributes. These factors necessitate an approach to verification that is universal yet sufficiently flexible to be applicable to all situations verifiers and inspectors may encounter throughout the world. The C.A.F.E. Practices program has evolved with this need in mind.

The Generic Scorecard V3.4 contains 188 specific indicators designed to evaluate economic, social, and environmental conditions prevalent in a given 'large farm' or 'medium farm' supply chain. The Smallholder Scorecard V3.4 complements the Generic Scorecard, but only contains 127 specific indicators, the majority of which were drawn from the Generic Scorecard based on their applicability to small farms. Of the 127 indicators in the Smallholder Scorecard, there are 42 indicators that do not appear in the Generic Scorecard. These indicators apply exclusively to the Producer Support Organization (PSO), an entity that provides support to smallholders. In this way, the Smallholder Scorecard is designed to evaluate the economic, social, and environmental conditions prevalent among smallholder networks.

Verification organizations conducting C.A.F.E. Practices verifications are typically regionally based, third-party organizations, familiar with local production and processing practices prevalent in the region in which they operate. By working with regionally based verification organizations staffed by experienced personnel with appropriate local knowledge, supplier participants in C.A.F.E. Practices verifications have a cost-effective, efficient verification service at their disposal.

C.A.F.E. Practices strives to foster continuous improvement in economic, social, and environmental aspects of coffee production. It is a program based on continuous improvement not only in terms of producer, processor, and supplier compliance with the evaluation criteria, but also with regards to interpretation of criteria and reporting on the part of verification organizations. Feedback received from inspectors and verifiers applying C.A.F.E. Practices in the field helps to improve the overall quality of the program.

5.2 C.A.F.E. Practices Objectives and Scope

5.2.1 Objectives

C.A.F.E. Practices is an integral aspect of Starbucks' long-term commitment to ensuring the sustainability of their coffee that is grown, processed, and traded in an economically, socially, and environmentally responsible manner. C.A.F.E. Practices promotes continuous improvement through best agronomy practices in the coffee sector as a whole.
A C.A.F.E. Practices status is required in order to provide coffee to Starbucks. An Approved C.A.F.E. Practices status neither implies nor guarantees that coffee will be purchased by Starbucks Coffee Company.

The evaluation criteria, divided into four major 'subject areas,' encompass metrics for coffee sustainability – Product Quality, Economic Accountability, Social Responsibility, and Environmental Leadership – with indicators in each criteria group progressing along a spectrum from minimum practices to best practices. The minimum requirements for participation in the program, designated as 'zero tolerance' (ZT) indicators, address the following: payments that satisfy the legal minimum wage requirements (or, in the absence of updated legal requirements, recommendations based on current living industry wage averages); employment practices prohibiting discrimination, harassment, and the use of child and forced labor; access to education; conversion of natural forest to agricultural production; pesticide use; and product traceability. 'Extra point' indicators are those that represent best practices, in addition to program requirements. An entity undergoing verification can be rewarded for these best practices by earning extra points but does not lose points toward the total score of the application if the requirements of an extra point indicator are not met. Collectively, the C.A.F.E. Practices Generic and Smallholder Scorecards include 230 indicators spanning 36 criteria. Of the total number of indicators, 22 are zero tolerance and 39 are 'extra point.'

5.2.2 Scope

A C.A.F.E. Practices verification encompasses an assessment of a supply chain from the source of the coffee (i.e., the producers) through the processing stages up to the point where the coffee is bagged and prepared for export. Applications submitted by suppliers to the C.A.F.E. Practices program must accurately list all entities taking physical possession of cherry, parchment and/or green coffee. Following verification and reporting, each individual supply chain, in turn, receives an overall 'aggregate score' and status in the program from Starbucks. While each entity in a given supply chain plays a role in the overall sustainability of the coffee supply, the potential for environmental and social impact may vary considerably at different points along the chain.

As C.A.F.E. Practices verifications represent entire supply chains, each individual entity that is verified for compliance against the evaluation criteria contributes to the overall aggregate score of the supply chain. Since aggregate scores represent the performance of farms, processors, and warehouses in the supply chain, it is necessary to weigh performance, relative to each entity's impact, to represent social conditions and environmental impacts in a fair and consistent way. Weights for the different subject areas (Economic Accountability, Social Responsibility, and Environmental Leadership) are determined by production or processing volume of coffee, measured in kilograms or pounds of green coffee, as well as the number of permanent and temporary workers in each entity.

5.2.3 Entities to be Verified

Regardless of the structure and composition of the supply chain associated with each Starbucks supplier, the fundamental objective of the C.A.F.E. Practices verification process is to evaluate each entity against all applicable evaluation criteria. The supply chains depicted in Figure 1 are comprised of a 'vertically integrated' estate and a smallholder network. In addition, C.A.F.E. Practices supply chains may include networks composed of medium and small farms. Large farm networks may not include small or medium farms in the same application. Whereas all standalone processors, warehouses and producer support organizations must be evaluated in the verification, the sampling methodology described in Section 6.4.3 allows for a representative sample of small and medium farms to be inspected.

Figure 1: Examples of Starbucks Green Coffee Supply Chains

The two sub-figures illustrate different types of supply chain scenarios, including a vertically integrated estate (Figure 1.A), and smallholder network (Figure 1.B).
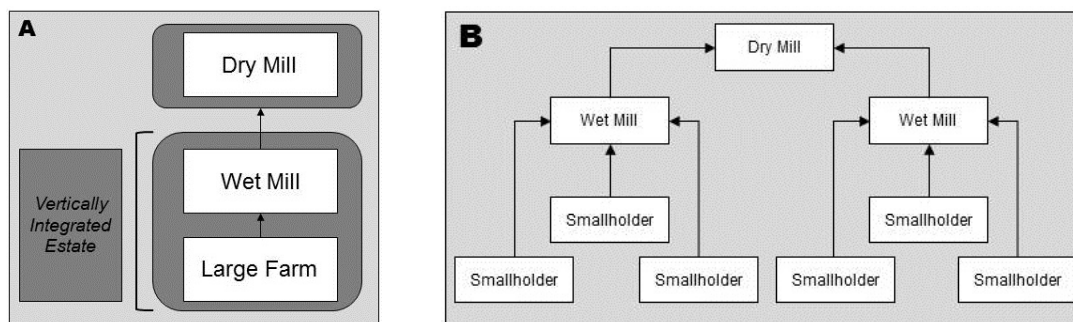
It is the responsibility of the verifier and inspector to verify that volumes reported by sampled entities listed on the C.A.F.E. Practices Supplier Application are accurate. This system of volume verification ensures that the total volume of green coffee entering the Starbucks supply chain as verified C.A.F.E. Practices green coffee is accurate.

For the purpose of C.A.F.E. Practices verifications, the following entities are to be included in the scope of a supply chain verification. See Section 6.4.3 for a more detailed discussion of sampling methodology.

Smallholder Farm: Any farm with fewer than 12 hectares (<12ha) in coffee production.

- Small farms shall be evaluated against the Smallholder Scorecard: Economic Accountability, Social Responsibility and Environmental Leadership – Coffee Growing evaluation criteria.
- Smallholder Scorecard: Environmental Leadership – Coffee Processing (Wet) criteria shall be evaluated for all small farms with on-premise wet coffee processing described in the supplier application.

Medium Farm: Any farm with 12 to 49.9 hectares (≥12ha, <50ha) in coffee production.

- All medium farms shall be evaluated against the Generic Scorecard: Economic Accountability, Social Responsibility and Environmental Leadership – Coffee Growing evaluation criteria.

Large Farm: Any farm with 50 hectares or more (≥50ha) in coffee production.

- All large farms shall be evaluated against the Generic Scorecard: Economic Accountability, Social Responsibility and Environmental Leadership – Coffee Growing evaluation criteria.

Processor (Wet): A mill that processes coffee cherry into parchment.

- All wet processors shall be evaluated against the Generic Scorecard: Economic Accountability, Social Responsibility and Environmental Leadership – Coffee Processing (Wet) evaluation criteria.
- Standalone wet mills that have already been inspected during the previous or the same harvest period do not need to be re-inspected.

Processor (Dry): A mill that processes parchment coffee or dried cherry into green coffee and/or sorts and grades parchment and/or green coffee prior to exportation.

- All dry processors shall be evaluated against the Generic Scorecard: Economic Accountability, Social Responsibility and Environmental Leadership – Coffee Processing (Dry) evaluation criteria.
- Standalone dry mills that have already been inspected during the previous or the same harvest period do not need to be re-inspected.

Warehouse: An entity other than the processors that are included in a C.A.F.E. Practices application that stores coffee. Warehouses are to be included within the scope of C.A.F.E. Practices verifications as a distinct entity if:

- They are in a separate location from a processor, AND
- The entity employs workers different than those that work for the processor (i.e., not under the processor's management).

A warehouse facility that is part of a dry mill compound and managed together with the dry mill would not be considered as a separate entity. Any collector that stores coffee and hires at least one worker, needs to be considered a warehouse.

- Warehouses that have already been inspected during the previous or the same harvest period do not need to be re-inspected.
- All warehouses shall be evaluated against the Generic Scorecard: Economic Accountability, Social Responsibility and Environmental Leadership- Coffee Processing (Dry) (traceability) evaluation criteria.

Verification organizations must confirm the validity of mills and warehouses for each verification separately through the respective First Response Letter and reach out to SCS in cases that need

specific confirmation. Both entity types can be evaluated as their own supply chain, i.e., "mill-only" or "warehouse-only."

Producer Support Organization (PSO): An entity that organizes and supports smallholder farm networks in the implementation of C.A.F.E. Practices, production, and processing best practices, as well as in information dissemination. In the C.A.F.E. Practices program, the PSO can take various forms. Some examples include exporters, cooperatives, suppliers, wet mills (CPUs), farm associations, and dry mills.

- All PSOs shall be evaluated against the Smallholder Scorecard: Producer Support evaluation criteria.
- PSOs may be affiliated with wet and dry processors in a given supply chain but receive their own entity code within the application. The PSO must be assessed for compliance with the Producer Support indicators, as detailed in the Smallholder Scorecard.
- For PSOs that provide support to small farms included in multiple applications, the PSO will have the same entity code for each application, but the evaluation of the PSO indicators must be conducted based on the circumstances of each individual application and the respective farms included.

Other intermediary entities: Supply chain intermediaries that handle coffee in the chain of custody (i.e., collectors/middlemen/points of purchase/collection points), but do not fall under the definition of one of the entities listed above, must *always* be considered in the evaluation of traceability in the coffee supply chain. A representative sample of these entities must be reviewed during the verification to ensure that adequate documentation, and physical segregation between C.A.F.E. Practices coffee and non-C.A.F.E. Practices coffee is maintained at all steps of the supply chain. The traceability system at supply chain intermediaries must, at minimum, be included in the evidence and evaluation of PS-MT 1.1. Verification organizations should discuss the presence of warehouses or other supply chain intermediaries with their client prior to the verification.

5.2.4 Timing and Frequency of Verifications, Validity of Supply Chains

In-harvest verifications are required for all application types, except warehouse-only applications and therefore need to be undertaken at any time during the local harvest period, regardless of the application's classification as "new" or "re-verification" and whether a previous validity for the supply chains is still active or has expired.

New and expired applications will receive C.A.F.E. Practices validity the same date the verification report has been received and approval status is confirmed by a C.A.F.E. Practices administrator. Supply chains that still have validity at that time will receive the subsequent validity with the day the existing validity period is set to expire to allow for continuous validity. Validity will last for a maximum of two years, except for large-farm applications, which receive a maximum of one year.

It is important to note that final status and validity are granted once final verification reports, including Zero Tolerance corrections as per ZT-CAP validated by third party check, have been received and approved by Starbucks.

The validity will be upheld if the supplier structure remains unchanged during this time. If the supply chain does incur changes, then it will need to be re-verified.

Starbucks regularly updates the Terms and Conditions for C.A.F.E. Practices suppliers, and the most recent version is available on the SCS website under documents for suppliers (https://www.scsglobalservices.com/services/starbucks-cafe-practices). In case of any discrepancy to the information provided in this Manual, the most recent version of the Terms and Conditions supersedes.

5.2.5 Standards and Document Translations

The C.A.F.E. Practices Generic Scorecard is the default standard against which large and medium farms, coffee processors, and warehouses in C.A.F.E. Practices are evaluated. For farms with fewer than 12 hectares in coffee production, the C.A.F.E. Practices Smallholder Scorecard is the standard against which these farms are evaluated. If any translations of C.A.F.E. Practices program documents contradict the English versions, the English versions will prevail.

5.2.6 Use of Supplier Self-Evaluation

Supplier self-evaluations and results from previous C.A.F.E. Practices verifications may be used for guidance but may not be substituted for verification results. Materials for self-evaluation are available for download on the SCS website: http://www.scsglobalservices.com/starbucks-cafe-practices.

5.2.7 Use of Other Certification Protocols

C.A.F.E. Practices verifications may take place in conjunction with other coffee certification programs, but such programs are not substitutes for C.A.F.E. Practices verifications. While other certifications may help entities prepare for C.A.F.E. Practices verification, they are not a substitute for a full, independent onsite verification. Desk audits, gap analyses, and other means to benchmark C.A.F.E. Practices with other certification programs may help make verifications more efficient but are not substitutable for C.A.F.E. Practices verifications. Verifiers must ensure that inspectors conducting inspections of an entity for both a C.A.F.E. Practices verification in conjunction with other certifications complete C.A.F.E. Practices field notes for each entity inspected for C.A.F.E. Practices.

If a verification organization conducts a C.A.F.E. Practices inspection concurrently with another service offering, it is important that inspectors ensure that suppliers are aware of the differences between a certification program and a verification. For example, it is important to remind suppliers that C.A.F.E. Practices is not a "pass/fail" program like a certification, and that some procedures may be different. Because there are requirements specific to the C.A.F.E. Practices program for closing meetings, it will be necessary to ensure that the closing meetings for combined certification audit and C.A.F.E. Practices verification are kept separate in such a way that the specific aspects of each program are discussed and highlighted.

5.2.8 Verifier Interpretation

Guidance on interpretation of any C.A.F.E. Practices indicator, guideline, or document is provided by SCS as needed. Inspectors should reach out to their verifiers in case any questions arise as to how to interpret a scenario for evaluation against the scorecard. Verifiers may contact SCS with questions about how to interpret aspects of the C.A.F.E. Practices evaluation criteria, procedures, or other relevant issues when guidance cannot be found within program documents.

5.2.9 Stakeholder Input

Stakeholders may provide feedback and/or input regarding C.A.F.E. Practices to either Starbucks at cafepractices@starbucks.com or SCS at cafepractices@scsglobalservices.com.

5.3 Summary of Verifier and Inspector Responsibilities, Resources and Procedures

5.3.1 C.A.F.E. Practices Verifier and Inspector Responsibilities

Verifiers and inspectors have a distinct set of responsibilities:

- The inspector's responsibility is to evaluate the compliance of C.A.F.E. Practices suppliers against the C.A.F.E. Practices Generic Scorecard and/or C.A.F.E. Practices Smallholder Scorecard and report the results to Starbucks.
- The verifier's responsibility is to manage relationships and communications with clients, SCS, and Starbucks, in addition to ensuring that submitted reports are subjected to internal review for accuracy and consistency.

More details on the roles and responsibilities of verifiers and inspectors are provided in the C.A.F.E. Practices Verification Organization Approval Procedure.

5.3.2 C.A.F.E. Practices Verification Resources

C.A.F.E. Practices verifiers and inspectors preparing for onsite verifications need to consider the resources required to fulfill verification obligations including, but not limited to:

- Financial resources and necessary time to carry out verifications.
- Technical resources to carry out verifications (i.e., telecommunications, computer and internet capabilities, reliable transportation, GPS units, etc.).
- Personnel qualifications sufficient to ensure that verifier and inspectors possess appropriate skills and training.
- Language skills and literacy levels appropriate for communication during inspections and review of documentation.

5.3.3 C.A.F.E. Practices Verification Procedures

C.A.F.E. Practices verification organizations need procedures in place to:

- Plan and schedule verifications.
- Ensure the C.A.F.E. Practices activities are managed competently.
- Ensure C.A.F.E. Practices training occurs among relevant employees/contractors.
- Maintain verification report records, including field notes.
- Monitor and improve verification performance.
- Ensure consistency and quality in C.A.F.E. Practices reports.

More details on the procedures required of verification organizations are provided in the C.A.F.E. Practices Verification Organization Approval Procedure.

6.0   Verification Activities

6.1   Summary

The verification process includes pre-onsite planning, onsite inspection, and post-onsite reporting activities. The main activities associated with each discrete step in the verification process are outlined below.

Figure 2: Summary of Verification Activities
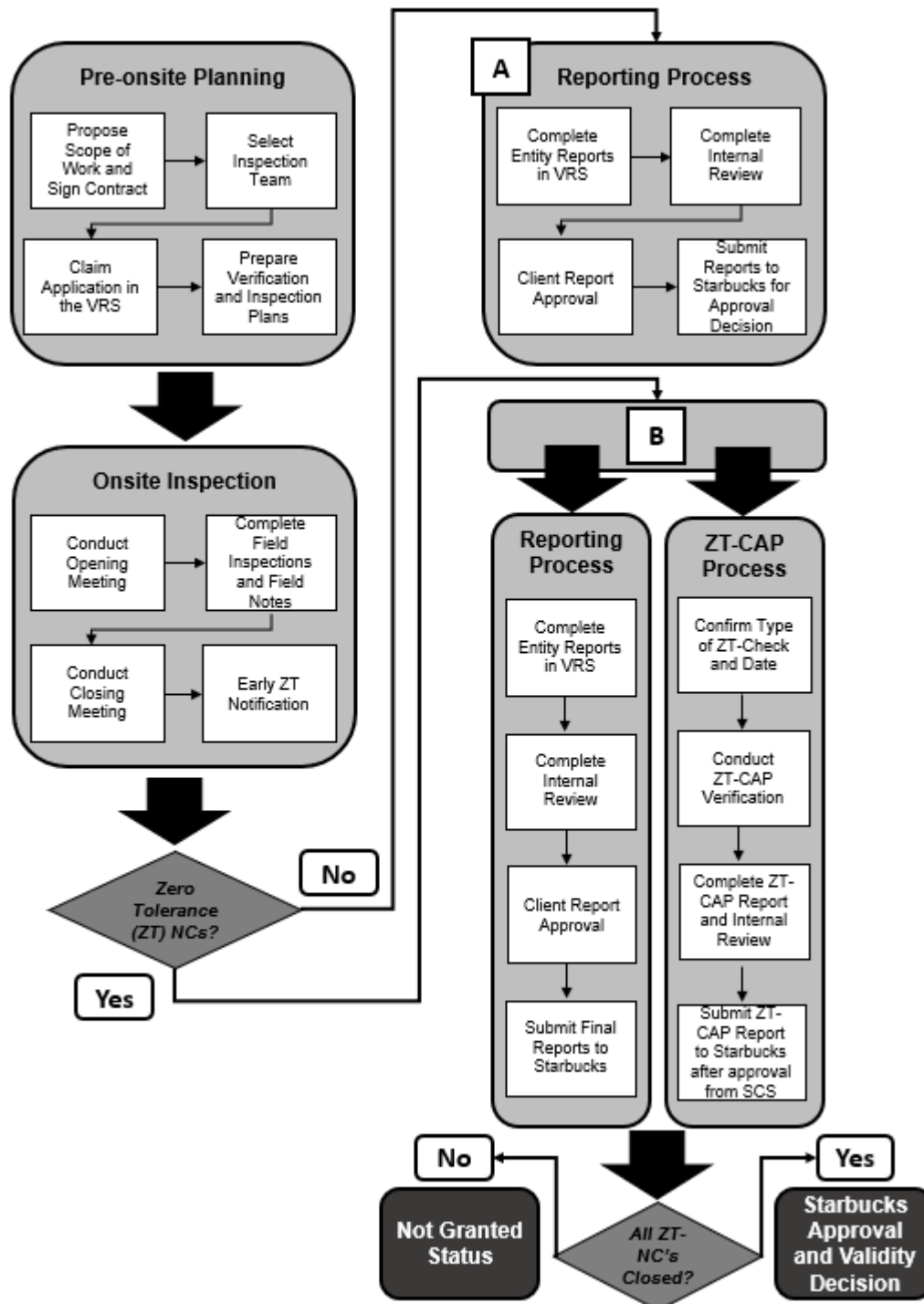
6.2 Pre-Onsite Planning

Prior to commencing any onsite inspections, verification organizations must refer to the pre-onsite planning checklist (see Appendix A) to ensure that they have completed all the necessary steps outlined in the following sections.

6.2.1 Initiating C.A.F.E. Practices Verifications

Suppliers seeking C.A.F.E. Practices status with Starbucks generally initiate C.A.F.E. Practices verifications by submitting an application to Starbucks, where it is reviewed for eligibility. Should the supplier satisfy the necessary pre-requisites, the supplier is given a unique C.A.F.E. Practices application ID number.

The application process requires the supplier to provide full disclosure of all processors and farms supplying coffee to Starbucks. That is, the supplier must fully and accurately describe the supply chain(s) associated with the coffee it wishes to sell to Starbucks. Suppliers then seek out a limited, provisionally, or fully approved C.A.F.E. Practices verification organization from those listed on the SCS website at: http://www.scsglobalservices.com/starbucks-cafe-practices.

Verification organizations must request that their client provide a C.A.F.E. Practices application ID number and security code before initiating verifications. This ID number should be used in all correspondence associated with the respective supply chain. A copy of the First Response Letter that Starbucks sends to approved suppliers once an application has been approved must be requested by the verification organization to secure this information. The First Response Letter also has two addendums: 1) the Non-Compliant Entity Addendum, which lists any entities included in the application that received zero tolerance evaluations in the previous verification cycle (only applicable in cases of re-verification); and 2) the Mill Addendum, which includes all mills and warehouses in the application with current validity (meaning that the mill and/or warehouse re-verification is not required unless requested by the client). Verifiers must always request a copy of the First Response Letter from the supplier to ensure that non-compliant entities are included in the sample and that the appropriate mills and warehouses are included in the scope of the verification. Please note that the First Response Letter is the *only* reference to be used to confirm the validity of all mills and warehouses in an application, regardless of whether there are mills and warehouses available to be copied in the VRS.

The following is a detailed explanation of all verification activities. Most of the activities presented here are listed in an order that reflects the chronology of verification activities.

6.2.2 Determining Feasibility of Verification

Prior to engaging in work on a C.A.F.E. Practices verification, it is essential to determine the feasibility of the project. The following questions should be addressed by verification organizations before undertaking work:

- Are the entities included in the verification scope prepared and cooperative?
- Will in-harvest requirements be met (if applicable)?
- Have they supplied sufficient information for the verification?
- Is sufficient time allocated for the verification?
- Can all the entities in the C.A.F.E. Practices supply chain be identified?
- Is the supply of coffee traceable and are the reported volumes of coffee realistic?
- Is the application complete and accurate?

If the supplier is unable to provide this level of information and disclosure to the verifier, the verification should be re-scheduled until these conditions are met, or a feasible alternative is agreed upon.

Prior to starting verification, verifiers should remind suppliers to:

- Inform Starbucks that they plan to be verified.
- Confirm receipt of correct application ID and security code.
- Confirm mill and warehouse validity status.
- Confirm in-harvest conditions will be met at the time of inspection (except for warehouse-only applications). See Section 6.6.3 for definitions of in-harvest conditions by entity type.
- Ensure that all required documentation is available on-site.
- In the case of a re-verification, confirm the new application can receive validity before the legacy application expiration date in order to maintain continuous validity, if so desired by the supplier.

6.2.3   Contract between Verification Organizations and C.A.F.E. Practices Suppliers

The costs associated with the verification or re-verification process are borne by the supplier wishing to obtain and maintain status as a supplier under the C.A.F.E. Practices program. The cost to undergo the verification process should be contracted as a fixed fee for a specified scope of work based upon a mutually agreed upon number of days required for pre-onsite planning, onsite inspections, reporting, and follow-up communications. As the scope and timing of verifications is always subject to change, verifiers should make sure to account for any unforeseen time and expenses in the contract in order to receive adequate payment for their services.

Once the supplier has received confirmation from Starbucks that their application has been approved and they must undergo the C.A.F.E. Practices verification process, the supplier must enter into a contractual agreement with a verification organization listed on SCS's website. This agreement, based on the understanding of the supplier's application and C.A.F.E. Practices protocols, establishes the scope of the desired assessment, and specifies the rights and responsibilities of each party. To establish contractual validity the contract must be signed by both parties. The contractual agreement between the verification organization and the supplier must at a minimum detail:

- Scope of the verification (including application ID, number of entities of each type, sample required, and number of days).
- Cost of the verification.
- Information disclosure and confidentiality.
- Conflict of interest declarations.
- Clause assuring that verification activities do not guarantee C.A.F.E. Practices status or sale of green coffee to Starbucks.
- Clause assuring that the supplier has the responsibility to fulfill the pre-requisite subjects of Product Quality and Economic Accountability and that the verifier assumes no liability should the supplier not have done so.
- Any non-compliance ZT issues or missing documentation could increase both time and costs associated with the verification.

6.2.4   Notifying SCS of Planned Verifications

SCS requires that verification organizations with limited approval inform SCS of all planned and potential verifications (regardless of whether a contract has been signed) **as soon as first contact has been made with a supplier about prospective verification work, and before claiming applications in the VRS,** by emailing a completed verification planning template to SCS. If information sent in the planning template changes, verification organizations with limited approval must send an updated planning template to SCS which reflects the updated planning details, as long as the application hasn't been claimed yet in the VRS. Once an application has been claimed in the VRS, changes to the verification plan must be updated in the VRS accordingly.

Verification organizations with provisional or full approval are not required to send SCS a verification planning template proactively but shall send one to SCS upon request, **within 5**

business days from the date requested. The verification planning templates must only include applications that have not yet been claimed in the VRS at the time that the verifier sends the verification planning template to SCS.

The most up-to-date version of the verification planning template can be found on SCS' website.

6.2.5 Claiming Applications in the VRS

Prior to starting a verification, verifiers must claim the application in the VRS. Once the application is claimed, and before starting the verification, it is crucial that verifiers review the information presented in the VRS to ensure that it matches the original application presented by the supplier and used to plan the verification. In case of any differences, the verifier must contact the supplier to determine whether changes to the verification plan and contract are needed, or whether any discrepancies should be reported before the verification begins (following the supply chain discrepancy procedure explained in Section 6.4.6). Verifiers should make sure to download the application that is available in the VRS and make sure that it is the one used during the verification. Once the application is claimed, all mill and warehouse validities should be confirmed, and the verification plan adjusted accordingly.

To claim an application in the VRS, verifiers must enter the security code for the application provided by their client. As part of the process of claiming an application in the VRS, verifiers must enter the *planned* verification dates in the application coversheet. The *actual* verification start date is to be entered in the application coversheet once the verification has begun, and the *actual* end date is to be entered once the verification has been completed. For detailed instructions for claiming an application, please refer to the "VRS Verifier and Inspector User Manual."

In addition, when using mobile devices as field notes, inspectors must download and synchronize entities from the application on their computer or tablet using the inspector VRS Reporting Tool before going to the field to ensure that the application has completely transferred to their computer.

6.2.6 Selecting Inspection Teams

C.A.F.E. Practices verifications assess coffee supply chains from production to export, so verification teams must include inspectors with the skills necessary to evaluate compliance with all C.A.F.E. Practices evaluation criteria across all entity types included in the application. Approved verification organizations must ensure that the inspector or inspection team (depending upon the size of the project), as a whole, is qualified to complete each required inspection given the scale, intensity, and complexity of the operation. Therefore, it is up to the verification organization to determine whether an inspector or an inspection team is well qualified to evaluate Social Responsibility, Economic Accountability, Environmental Leadership- Coffee Growing, and Environmental Leadership - Coffee Processing subject areas. All inspectors shall meet standards as described in the "C.A.F.E. Practices Verification Organization Approval Procedure" and have experience auditing against environmental and/or social evaluation standards or protocols, including certification programs, as well as in industrial systems and natural resource assessment.

6.2.7 Use of Interpreters

In countries or regions with many different languages or regional dialects, or cases in which inspectors do not speak the native language of a country or region where inspections take place, verifiers must ensure that appropriate interpretation support is arranged. Verifiers should inform SCS of interpretation support needs in the relevant section of the verification planning template. Verification organizations must not rely on supplier representatives (e.g., PSO staff) for interpretation support during inspections. Interpreters need to be assessed in advance of a verification for their language abilities, independence and content knowledge related to coffee farming, processing etc., as well as relevant past professional experience and requested for their CVs. It will not be necessary for SCS to approve interpreters prior to verifications, but the CV or

resume of individuals chosen for translation support may be requested by SCS prior to the verification. In addition, SCS office audits will include review of the CVs or resumes of any interpreters used by the organization for C.A.F.E. Practices verifications.

6.2.8   Establishing Contact with Entities Being Verified

To conduct verifications in an efficient and cost-effective manner, it is necessary to ensure that the entity being verified is prepared and ready for the verification. In addition, entity management must also be present during the opening meeting. Transportation needs and all other logistical considerations should be arranged in advance of the verification.

In the case of smallholder supply chains, it is often impossible to contact individual producers in advance of onsite inspections. Where feasible, advance notice of inspection activities for participating producers is expected, but this should not restrict inspections. Producers must be available at the time of the onsite inspection to ensure that critical information, such as the number of workers employed or agrochemical usage practices, is considered, thus allowing inspectors to make informed evaluations. If producers are not available at the time of inspection, reconfiguring the farm sample to include farms with available producers is essential to ensuring that information presented in the final report is representative of conditions in the supply chain.

If in-harvest verification is required or requested by the supplier, the verifier must confirm with their client that in-harvest conditions, as defined in Section 6.6.3, will be met at the time of inspection.

6.2.9   Subcontracted Labor

Where subcontracted labor (or 'contract labor', i.e., workers who are subcontracted and formally or informally employed through a third-party employment agency or agent) is used in the supply chain, the inspector must include the external labor intermediary in the scope of the verification. All relevant documentation related to hiring practices, compensation, and benefits for workers contracted through the external agency must be requested and made available at the time of inspection. Verifiers are required to confirm the presence or absence of labor intermediaries prior to the onsite verification and inform the client that documents from these agencies must be presented during the onsite inspection for the evaluation of indicators related to Social Responsibility. This guidance applies also in the case where workers are organized by any type of labor intermediary, such as labor brokers or where workers are organized in work teams and receive payments from a team leader. In these cases, the inspector must confirm whether additional documentation exists at the level of the labor intermediary and include that in the scope of the verification.

6.2.10   Use of Tablet or Paper-Based Field Notes

During the verification planning phase, it needs to be ensured that there are sufficient field notes available for the inspection team to conduct the verification, considering possible supply chain discrepancies. The verifier needs to be aware if the inspector is using paper-based field notes or an electronic device to record evidence. During inspections, inspectors must always use the entity-specific paper-based C.A.F.E. Practices Field Notes available at http://www.scsglobalservices.com/starbucks-cafe-practices or the electronic version accessed through the inspector account in the VRS. All field notes and respective electronic reports, if applicable, need to be reviewed by verifiers or lead inspectors as part of the internal report review process to ensure accuracy with information entered into the VRS.
Verifiers shall maintain updated, secure files of all C.A.F.E. Practices field notes from verifications or PDF reports of inspections conducted on a mobile device.

6.3   Conducting Document Review

Document review is an important first stage of the verification process because it allows for an efficient onsite inspection process. **Thus, verifiers must request ahead of time, for review prior to and/or**

during the field inspections, documents (such as those listed below) to verify compliance with the C.A.F.E. Practices program scorecards. The purpose of document review is to review any documentation that allows the inspector or inspection team to evaluate compliance with the indicators in the scorecard and to triangulate information obtained during interviews and observations.

Ahead of a verification, the verifier must provide the supplier with a list of all documentation that will be reviewed, before and during onsite inspections. A verification organization and the supplier with whom they have contracted may elect to conduct part of a verification's document review remotely (see section 6.3.1), in the interest of reducing the amount of time an inspector, or a team of inspectors, spends onsite at entities looking over documentation. In this case, the verification process begins prior to onsite inspections, at the start of the remote document review process. Further details concerning remote document review are provided in section 6.3.1.

During each entity visit, inspectors must review the list of requested documents during the opening meeting. At this time, inspectors must also summarize which of those documents, if any, were reviewed remotely, prior to the onsite inspection. During the closing meeting, inspectors must confirm whether any requested documentation was ultimately not made available for inspection. Required documents include both informational documents (such as farm management plans, social policies, etc., some of which may be reviewed remotely) and records (payment slips, injury records, etc.). **Records must be reviewed in-person during the onsite visit and cannot be reviewed remotely**. During the inspection, inspectors must request specific records, which include semi-randomly selected examples, both to ensure records are not hand-picked by management and to cross check information obtained during remote document review (if carried out), details received during interviews with workers, as well as onsite observations.

The list below, as well as sections 2 and 3 of the C.A.F.E. Practices program document "List of Indicators that Require Documentation", contain examples of documents that may be requested for each indicator that requires documentation. This supplemental guidance document for verifiers and inspectors provides specific information about those indicators for which documentation must be presented to the inspector for a Comply evaluation to be considered. The list below is intended to be a guide for both verification organizations and their clients and is not exhaustive. Verifiers should thus inform clients that documents included in the list are examples only, and, consequently, other types of documents may be requested prior to or during a verification.

Economic Accountability

- Receipts or invoices for coffee bought or sold.

Social Responsibility

- Annual leave program
- Collective bargaining agreement
- Contracts with labor intermediaries
- Earning records
- Employer medical emergency care plan: procedures in the event of an emergency
- Employment contracts
- Fire and emergency evacuation plan (mill): procedures in the event of a fire emergency
- Health and safety training documents
- Injury reports
- Management policies, including discrimination, forced labor, child labor, freedom of association
- Records of contributions to general health services for workers
- Records of financial support or donations to schools and/or medical facilities: receipts, letters of acknowledgement
- Records of in-kind payments
- Records of payment of benefits to government agency
- Record of payments to workers
- Records of worker association fund
- Sick leave program

- Time-logs
- Training records
- Vacation policy
- Written agreement for overtime hours worked between workers and management

Coffee Growing – Environmental Leadership

- Assessment of Conservation Areas
- Documentation related to assessments performed by ecologist/biologist.
- Integrated Pest Management (IPM) plan
- List of wildlife species native to the region
- Farm management planning meeting minutes
- Plan to minimize impact of climate change on coffee production: shade / mulching
- Plan to restore native vegetation: timeline / areas / type of vegetation or trees
- Plans and/or procedures for handling pesticide spills and overexposure
- Plans and/or procedures to handle agrochemical accidents, spills or contamination
- Purchase records of pesticides
- Records of climate change risks and impacts on coffee production
- Records of pesticide application
- Records of quantity of water used
- Records of total toxic load calculation for productive area on the farm
- Restoration plan: timeline / areas / type of vegetation or trees
- Results of foliar analysis
- Results of soil analysis
- Shade management plan: timeline / areas / type of vegetation or shade trees
- Soil management plan
- Wildlife management plan: local wildlife list / trainings / methods to preserve / worker training attendance
- Written C.A.F.E. Practices work plan, documentation of improvement activities

Coffee Processing – Environmental Leadership

- Documents related to tracking system
- Receipts of purchase of carbon offsets
- Records of fuel used for drying coffee
- Records of quantity of energy used
- Records of total energy used per kg green coffee
- Records of volume of water used
- Records of wastewater tests

Producer Support Organization
- Assessment of conservation areas within smallholder network
- C.A.F.E. Practices farm verification reports from previous verifications
- C.A.F.E. Practices application
- Coffee purchase receipts
- Documented system for tracking coffee movement
- Documented evidence of participation or inclusion in a formal project to calculate and reduce greenhouse gas emissions within the smallholder network
- Evidence / record of monitoring / tracking farm activities
- Farm management plans
- List of producers participating in the C.A.F.E. practices program
- List of wildlife species native to the region
- Meeting minutes, annual work plan
- Records of pesticides purchased or provided to smallholders
- Shade management plan: timeline / areas / type of vegetation or shade trees
- Soil management plan

- Training materials and records
- Verification results from past verifications
- Written agreement or identification card from PSO to farmers
- Written records of climate change risks/impacts on coffee production

6.3.1 Remote Document Review

Remote document review, where an inspection team reviews select documents prior to onsite entity visits, is available as an option in the verifications process (when feasible) and is not mandatory. Furthermore, remote document review must be agreed to by both the verification organization and supplier representatives ahead of the verification. To determine feasibility of remote document review, the verification organization must coordinate with supplier representatives to confirm that requested documents are available in digital formats and that both parties have sufficient technological capacity (e.g., internet connectivity) for the materials to be shared and reviewed in a secure way.

As maintaining data security and information confidentiality is critical when working in digital environments, the verification organization must arrange for the supplier to provide documents through a secure file-sharing platform. Importantly, remote document review is part of the verification process and, as such, must not commence until a contract has been signed and the application has been claimed in the VRS. The verification plan must include provisions specifying that any documents requested for remote review, but which were ultimately not provided, must be made available to inspectors at the time of onsite inspections. In addition, verification organizations must have a system to record which documents were reviewed remotely.

6.4 Preparing for Onsite Inspection Activities

6.4.1 Preparing the Verification and Inspection Plans

Verifiers or inspectors must prepare a verification plan before commencing verification activities, to be distributed to both inspectors and representatives from the supply chain undergoing evaluation. Additionally, an inspection plan must be provided by the inspector conducting the work for each entity that will be visited, providing detailed descriptions of the activities that will take place during the onsite inspections and to help guide the inspectors in the field. Such a plan also serves to inform the entity undergoing inspection of the need to conduct worker interviews, what documents will be reviewed onsite vs. remotely, which areas will be visited, and approximately how much time will be required for each activity.

The verification plan must provide a summary of all activities that will take place remotely and during the field inspections, including the 'what, when, and where' of all onsite and remote inspection activities. The verification plan must be given to the client at the onset of the verification process, with individual inspection plans distributed during the field inspection activity by the inspectors conducting the work. Verification organizations may choose to develop a list of activities and documents to be reviewed specific to each entity type (e.g., a template for PSOs, farms, and mills) that will be incorporated into the verification plan sent to the client. The C.A.F.E. Practices program does not have specific requirements for inspection days, but typical ranges are detailed in the chart below:

Entity	*Recommended* Range of Inspector Days
PSO	0.5 - 1 day
Standalone wet mill	0.5 – 1.5 days
Standalone dry mill	0.5 – 2 days
Smallholder farm	2 – 6 hours
Medium/Large farm	1 – 1.5 days
Integrated estate (Medium/large farm with integrated mill)	1 – 2 days

| Warehouse | 0.5 – 1 day |

The actual length of an inspection depends on the factors that allow the inspection to be conducted fully and comply with all program requirements (conditions on the farm, size of the entity, risk areas, number of workers to interview, etc.). These conditions should be reviewed with the supplier during the verification planning stage to establish realistic verification and inspection times, and to communicate this information in verification and inspection plans.

6.4.2 Determining Harvest Requirements

All supply chains, except for "warehouse-only applications", must be verified during harvest. For applications composed of large farms, for the application to be considered 'in-harvest', all large farms and all standalone mill coversheets in the application must indicate 'yes' for 'Inspected during harvest'. The harvest classification for mills of integrated estates (whether in or off harvest) does not affect the overall application harvest classification, unless the application contains only one farm, or the mill is classified as a standalone mill.

For applications composed of small and medium farms, for the application to be considered 'in-harvest', at least 50% of sampled farms AND all standalone mill coversheets in the application must indicate 'yes' for 'Inspected during Harvest'. Verifiers are reminded during the verification planning phase to remind the supplier about the requirements for the verification to ensure that the required entities will meet the conditions to be considered in-harvest.

6.4.3 Determining Sample Size

Given the size, complexity, and diversity of coffee growing, processing, and exporting operations, a sample-based approach to assessing small and medium farm networks seeking C.A.F.E. Practices status is necessary.

After obtaining the full list of processors and producers comprising the supplier's supply chain and confirming if any processors or warehouses have validity according to the First Response Letter, verifiers and inspectors are to construct stratified semi-random samples of small and medium producers.

6.4.3.1 Sample Intensity of PSOs and Warehouses

All PSOs in the supplier application must be inspected as part of the C.A.F.E. Practices verification. If a verification organization conducts verifications for multiple supply chains under one PSO, the verifier must still ensure that there are separate completed field notes for the PSO inspection for each application. In addition, inspectors must evaluate indicators within the scope of each application. For example, if a PSO offers one type of support to one supply chain undergoing verification and a different type to a separate supply chain that is also undergoing verification, the evaluations and evidence for the applicable indicators must reflect these differences in the PSO entity report for each application.

All warehouses in the supplier application must be inspected as part of C.A.F.E. Practices verification.

6.4.3.2 Sample Intensity of Large Farms and Processors

All large farms (≥50ha in productive area) and their corresponding processors included in the application must be verified in each supply chain. All large farms and all standalone mills must be inspected in harvest. In cases where a large farm or standalone mill inspection is planned and at the time of the inspection the in-harvest qualification cannot be met, the inspector must not conduct the inspection. The inspector must discuss with the entity representative whether harvest conditions can be met at a later time and postpone the inspection. If this is not possible, the inspector must remind the entity and supply chain representatives that off harvest inspections are not accepted, and inform the verifier of the change. Verifiers are reminded in the planning phase

to communicate clearly to suppliers the in-harvest requirement for C.A.F.E. Practices supply chains and consequences if those conditions are not met.

Standalone wet mills are processors that receive coffee cherry from at least two different farms and mill it to the parchment stage. Standalone dry mills are processors that receive parchment coffee or dried cherry from at least two different entities and de-hull parchment coffee received and/or sort, grade, bag, or otherwise prepare the green coffee for export. All standalone processors must be verified, except those which are specified to have current validity in the Mill Addendum of the First Response Letter. The First Response Letter that was sent from Starbucks to the supplier is the *only* reference to be used to confirm the validity of all mills in an application. For each mill with validity, at least one farm that sends coffee to the mill must be included in the sample of farms in the verification.

In addition to confirming whether there are mills and warehouses that do not need to be inspected in the First Response Letter, the verifier should also confirm with suppliers if any other verifications are being conducted concurrently to ensure that a mill or warehouse is not inspected twice in the same harvest season. In cases where a mill/warehouse does not appear in the First Response Letter but does not need to be inspected due to an availability of an entity report with current validity, verifiers may request an entity report copy for the entity through the VRS. Please refer to the Verifier Reporting System Verifier and Inspector User Manual for additional details on requesting report copies.

6.4.3.3 Sample Intensity of Small and Medium Producers

Inspectors must use a sample-based approach for small and medium farm inspections. In statistical terms, the total number of farms (whether small or medium) to be sampled is *n*.

The sample intensity for small farms (<12ha in productive area) is 1.5 times the square root of the total number of small farms.

Thus, for small farms $n = 1.5\sqrt{total\ number\ of\ small\ farms}$

All medium farms (≥12ha, <50ha in productive area) and their corresponding processors must be evaluated in a given supply chain for all applications with 10 medium farms or less. When application consists of more than 10 medium farms, the first 10 medium farms must be evaluated + the square root multiplied by 1.5 of all medium farms greater than 10.

Thus, in applications with more than 10 medium farms,
$n = 10 + 1.5\sqrt{total\ number\ of\ medium\ farms - \ 10}.$

On-premise wet mills for medium farms will have a separate entity code and must be visited in accordance with medium farm sampling guidelines.

Example 1:

Supplier A has a total of 562 entities (30 medium farms, 500 small farms with mills, 30 integrated wet mills, and 2 dry mills) in its C.A.F.E. Practices application. In order to assess the compliance with C.A.F.E. Practices criteria of supplier A's farm, an inspector would:

1. *For the medium farms, calculate the square root of 20, which is 4.4, Multiply 4.4 by 1.5, which is 6.7, then add 10 to get the number of medium farms to inspect (16.7, round up to 17 medium farms).*

2. *For the small farms, calculate the square root of 500, which is 22.3, then multiply by 1.5, which is 33.5. Round up to 34 to get the number of small farms to verify.*

3. *Include all wet mills used by the sampled farms and all dry mills.*

In this case, the inspector would evaluate 17 medium farms, 17 wet mills, 34 small farms and 2 dry mills.

In the case that inspectors are not able to complete the required sample for reasons outside of their control (for example, security restrictions), the inspection team must notify the verifier, and the verifier must notify SCS, immediately, with the explanation and evidence of why the sample could not be completed.

There may be cases where inspectors reach a higher sample size than required (due to supply chain discrepancies or other reasons). In such cases, verifiers must complete the inspection reports for all entities inspected and include them in the verification report to the client.

6.4.4 Determining Farms to Visit

To maintain the independence of the verification process it is imperative that the verifier and/or inspector, not the supplier, select the farms that will comprise the sample. It is also important that the sample be representative of the supplier's entire C.A.F.E. Practices supply chain. Farms must be selected using a **stratified semi-random sampling** approach. This approach dictates that one portion of the sample is selected randomly while another is selected based on farm attributes. The attributes used for stratification, listed below, describe different characteristics of farms, and are intended to make the portion of sample that is not randomly selected representative of overall conditions in a supply chain.

- **Size**: include a representative number of farms in the stratified portion of the sample with different productive areas if a large amount of variation exists among farms in a supply chain.
- **Coffee production**: include a representative number of farms in the stratified portion of the sample with different coffee production if a large amount of variation exists among farms in a supply chain.
- **Topography and water resources**: include a representative number of farms in the stratified portion of the sample that have different topographical features and are adjacent to water bodies.
- **Geographic sub-regions**: include a representative number of farms in the stratified portion of the sample that are located in different geographies within the supply chain.
- **Producer affiliation with mills and/or PSOs**: where multiple mills and/or PSOs are present in a supply chain, include a representative number of farms in the stratified portion of the sample that are affiliated with each mill and/or PSO.
- **Use of hired labor**: include a representative number of farms in the stratified portion of the sample that use hired labor.
- **Use of subcontracted labor**: include an adequate representation of farms in the sample that rely on subcontracted labor.
- **Traceability**: For every mill and warehouse that is part of the C.A.F.E. Practices supply chain the sample must include at least one farm that delivers coffee directly to the entity.
- **On-premises milling**: if an application consists of both small farms with and without mills, the sample of small farms must include both types of small farms, proportionally to the number of farms of each kind included in the application.

It is up to the inspector to determine which attributes should be used to select the sample based on conditions in the field, the degree of variation among farms in the supply chain, and other factors. Additional attributes may be identified, but it is imperative that the portion of the sample not randomly selected is representative of farms in the supply chain. Half of the sample may be comprised of farms randomly selected, while the other half may be comprised of farms selected according to the attributes listed above. Regardless of the approach employed, the sample must be modified if producers are not available for the farms selected or if farm access is restricted for any reason.

6.4.4.1   Determining Farms to Visit: Re-verifications

An application is considered a "re-verification" when 75% or more of the farms included in the application have previously been included in the program, whether in the same supply chain legacy or a different one.

For a re-verification of a sampled network of farms, the sampling percentage split between new farms and those previously verified shall be 85/15. That is, 85% of the current sample shall be comprised of farms that have not been previously inspected, and the remaining 15% of the current sample comprised of farms that were previously inspected in a legacy application. In the case that there is more than one legacy application, farms can be selected from all legacy applications in order to meet the 15% sampling requirement. This 15% sample is to be selected using a semi-random approach with an emphasis on farms that did not perform well in prior verifications. **In addition, all farms that failed to comply with zero tolerance indicators the previous verification (that are part of the current application) must be included** *in addition* **to the required sample as per the sampling guidelines above.**

The reason for including previously verified farms in a re-verification is to monitor and track continuous improvement.

Preparation for Re-verification Sampling:

1. As part of the re-verification process, verifiers must request from their client the First Response Letter sent by Starbucks to the supplier (client), which includes any Non-Compliant (zero tolerance) farms and/or mills or warehouses that do not need to be inspected.
2. If the supplier is unable to provide the First Response Letter, the supplier will need to request a copy from Starbucks at cafepractices@starbucks.com so they can provide it to the verifier.
3. Once verifiers claim the application in the VRS, they will need review the legacy information in the VRS to 1) confirm that the entities with zero tolerance evaluations match the entities listed in the First Response Letter, and 2) select entities in the current supply chain that were previously sampled in order to meet the 15% re-verification sample rate. Please refer to the Verifier Reporting System Verifier and Inspector User Manual for additional details on reviewing legacy information. **If there is a discrepancy between the entities with zero tolerance evaluations identified in the Legacy ID of the VRS and the entities identified in the First Response Letter, the verifier must contact SCS immediately.**

6.4.5   Supplier Internal Control Systems

Due to the C.A.F.E. Practices sample-based approach, some small or medium-sized farms in a given supply chain are not independently verified during the initial phase of the program. Thus, to help ensure that C.A.F.E. Practices is implemented throughout the supply chain, suppliers shall assist and monitor farms' compliance to the C.A.F.E. Practices evaluation criteria. This outreach and monitoring is called 'internal control'. In some cases, this internal control can be carried out in cooperation with support from the Starbucks agronomy team. It is recommended that suppliers have at least the following internal control mechanisms in-place:

*   Ensure that every member of the C.A.F.E. Practices supply network complete a self-evaluation form.
*   Review and retain a copy of a self-evaluation form from each producer.
*   Assist producers with areas of weakness relative to the C.A.F.E. Practices Generic Scorecard and/or the C.A.F.E. Practices Smallholder Scorecard as they are identified in review of the self-evaluation forms. Assistance may consist of sharing information and/or recommending other resources that are available for assistance.

Suppliers may wish to implement additional internal control mechanisms, such as periodic site inspections. Enhancing the level of internal control may help to improve the overall aggregate score.

6.4.6 Supply Chain Discrepancies

A supply chain discrepancy occurs when the verifier or inspector discovers discrepancies between an application and the reality in the field or the application as it appears in the VRS. In addition, any changes a supplier needs to make to the application after it has already been claimed in the VRS by the verifier will need to be reported as a discrepancy.

Once in the field, inspectors should attempt to identify all possible supply chain discrepancies during the opening meeting of the verification. In some cases, inspectors may need to verify certain discrepancies during the field inspection before confirming that they exist. Once they are confirmed, the inspector should immediately contact the verifier with the details of the discrepancy, including the entity codes and a brief explanation.

Depending on the type of discrepancy, the verifier or inspector may need to change the overall sampling of the supply chain (see Section 6.4.3). **If sampling adjustments are needed, where possible, the verifier should immediately advise inspectors while they are in the field to ensure that inspections are conducted for the correct number and type of entities based on the updated supply chain.** Please note that the VRS will not allow the verifier to submit the final reports if the required sample has not been met. Therefore, it is vital that inspectors always carry additional copies of field notes for different entity types (e.g., small farms, medium/large farms, processors, warehouses) to account for potential discrepancies. If there are questions about discrepancies or how they may affect sampling, the verifier should immediately contact SCS before proceeding to the next step.

Once all supply chain discrepancies have been compiled for the application, the verifier will need to send **one email** to the client, with a copy to SCS (cafepractices@scsglobalservices.com) and Starbucks (cafepractices@starbucks.com), explaining that a correction may be required. In the email, it is necessary to specify the entity codes of each entity where a discrepancy was discovered with a brief explanation. If multiple applications are being verified simultaneously, the verifier should send one email per application. SCS recommends using the template document provided to verifiers for discrepancy reporting in order to clearly report discrepancies and resolve them quickly. All discrepancies for an application must be reported at the latest by **5 business days after the verification closing meeting** in order to ensure the supplier is informed on any changes required and that applications are updated promptly. Starbucks will then follow up with the supplier to make the necessary adjustments to the application, if needed. In some cases, Starbucks may need to issue a new application ID with the correct information included.

Discrepancies related to farm size, production volumes, and other information related to an entity's coversheet can be updated by the inspectors directly in the VRS once the discrepancy is reported and the client confirms the changes. Discrepancies related to addition or removal of entities from the application need to be resolved by Starbucks directly once the supplier confirms the changes and sends an updated application.

Please note that the supply chain discrepancy notification email may be sent either while the inspectors are in the field or after the field work has been concluded, and in some cases, the field work may be concluded before the discrepancy is resolved. For that reason, it is essential that the verifier ensures that inspections for any entities affected by the discrepancy be conducted while the inspectors are in the field, in some instances prior to sending the supply chain discrepancy notification. For example, if a mill which was not included in the supplier application is detected during the field inspection, and the inspector has confirmed that this mill takes possession of C.A.F.E. Practices coffee, the mill should be inspected as a precautionary measure while the inspector is still in the field. If the verifier has any question as to whether the scope of the verification should be adjusted and additional entities should be inspected, they should contact SCS..

Even once a supply chain discrepancy has been reported, inspectors can continue to work on reports for the application in the VRS. Verification reports, however, must not be submitted to the client until the supply chain discrepancy is resolved, or the verifier receives guidance from SCS.

Examples of supply chain discrepancies include, but are not limited to:

- **Changes to farm size of 50% or more and such that change the farm type**
    - Example: the productive area of a farm is different from what was provided in the application and the difference results in the farm changing farm size type:
        - Small farm to medium/large farm.
        - Medium/large farm to small farm.
    - Example: A farm size changes by 50% or more:
        - A farm that was listed as 60 hectares on the application and is verified as 113 hectares.

Farm size changes of less than 50% (e.g., 8ha to10ha) that do not change the entity type do not need to be reported as a discrepancy.

- **Processing changes**
    - Example: the inspector discovers that a farm has wet processing activities on premise when the application listed wet processing at a separate facility, or on-premises processing listed in application, but farm does not actually wet mill its coffee.

- **Incorrect entities (farms or processors) included in or excluded from the application**
    - Example: all the farms in the application are sending coffee to a dry processor not included in the application, or a wet processor not included in the application is processing some or all of the coffee included in the application.
    - Example: during document review the inspector finds that a mill receives coffee from farms or mills not included in the C.A.F.E. Practices application and confirms that the mill does not separate and/or track C.A.F.E. Practices coffee from non-C.A.F.E. Practices coffee.
    - Example: during a verification, the inspector finds that coffee is being stored at a warehouse on its way to a mill or prior to export. The warehouse was not included in the application for the supply chain.

- **Difference between volume listed in application and actual volume observed in the field**
    - Verifiers are required to send a supply chain discrepancy for any entities where a substantial difference is noted between production volume listed in the application and actual volume observed in the field. If during a verification, an inspector or inspection team notices such a difference, the verifier needs to be informed at latest shortly after the verification closing meeting, including any obtained information on where this difference comes from.

In all the scenarios above, the verifier must send an email to the client, with a copy to SCS and Starbucks explaining the discrepancy.

Entities that have been inspected and have been evaluated with ZTNC(s) cannot be removed from the application through the supply chain discrepancy process and will need to have a full report written including the ZTNC(s) found.

6.4.7   Farms included in Multiple Applications

A farm cannot be included in multiple C.A.F.E. Practices applications. Verification organizations that discover during a verification farms that are potentially included in more than one application should discuss the circumstances of the farm and the discrepancy with the supplier to determine whether an inspection is necessary and the details of the discrepancy to report.

6.5 Conducting Onsite Inspection Activities

6.5.1 Collecting and Verifying Information

During inspections, inspectors must always use the entity-specific paper-based "C.A.F.E. Practices Field Notes" available at http://www.scsglobalservices.com/starbucks-cafe-practices or the electronic version accessed through the inspector account in the VRS. No substitute format for field notes is acceptable, nor is only recording verification results in notebooks considered acceptable. All field notes must contain complete evaluations, with complete coversheet information and qualitative evidence. Verifiers must also retain inspector field notes and interview records as well as any supplemental notes or materials employed by the inspector during the inspection in their respective offices as part of the record of the verification, as specified within Section 5.4. All field notes, paper or electronic, need to be reviewed by the verifiers as part of the internal report review process to ensure accuracy with information entered into the VRS.

6.5.2 Opening Meeting

Conducting an opening meeting at the beginning of each on-site inspection is mandatory to set expectations, to provide a timeline for verification and reporting efforts, to further explain the verification plan and approach, and to answer initial questions of the entity being verified. The inspection plan must be explained during the opening meeting, along with the confidentiality policy of the verification organization and the need to conduct worker interviews in private. It is also important to mention that it is not possible to give any recommendations or consulting with respect to compliance with program requirements.

The opening meeting also provides an opportunity for the inspector to ask questions of farm and mill management, get an overview of the operations, and examine documents that were prepared but not provided in advance of the onsite verification. The list of required documents should be reviewed during the opening meeting in order to ensure that the requested documents are made available for review during the inspection. Reviewing a site map of the operation, confirming the availability of workers, and discussing appropriate areas to visit during the verification is a good way to initiate the inspection and to refine the agenda for the inspection. This approach helps the inspector better understand the extent of the operation, including where facilities and waste management sites are located, and, in the case of farms, serves to identify critical areas for observation, such as water bodies and high slope areas.

During the opening meeting, inspectors must always request permission to gather photographic evidence of documents or observations throughout the inspection as supporting evidence for indicator evaluations or coversheet data. It should be communicated that photographic evidence may be uploaded as part of the final report but will be kept confidential.

Inspectors must mention the Early ZT Notification procedure during the verification opening meeting.

6.5.3 Roles and Responsibilities of Guides and Observers

Guides and observers designated by the entity undergoing inspection are permitted, but they must not participate in worker interviews or dictate the terms of the inspection. Inspectors must refrain from sharing specific information on indicator evaluations with guides and observers and make the terms of their participation clear during the opening meeting.

For more guidance for observers, refer to "Roles and Responsibilities of Observers in C.A.F.E. Practices verifications and audits".

6.5.3.1   Inspectors in Training

New inspectors and verifiers need to attend verifications as part of their training and approval process. In addition to the outlined guidelines in "Roles and Responsibilities of Observers in C.A.F.E. Practices verifications and audits", this specific group may listen to a sample of worker interviews, if there is agreement of the interviewee. There must never be more than one observer present during a worker interview and in certain cases the inspector may not allow observation of worker interviews.

6.5.3.2   Verifiers and Lead Inspectors Conducting Internal Shadow Audits

In their role, internal shadow auditors review the performance of the inspection team, which may require discussing findings during the inspection activities in private if it does not influence and or interfere with the inspection process, reviewing documents pertaining to the inspection to access inspector's competence, and reporting the observations relevant to competence, inspection process and interpersonal interactions. A witness auditor may not need to observe the entire inspection and may focus on specific activities to evaluate the inspector. The witness auditor shall not actively verify problem areas during the inspection and only seek clarifications regarding the inspection process. The witness auditor only takes the place of an inspector in severe cases. In the unforeseen event that an inspector is deemed incompetent by the witness auditor another team member may step in for the remainder of the verification. In this case SCS must be informed about the decision at the end of the day.

6.5.3.3   Interpreters

As part of their role and upon introduction to workers, interpreters objectively and accurately serve during interviews and potentially during review of documentation. They shall interpret the worker and inspector interview responses/questions content in full and not in part or what the interpreter deems important. They shall not discuss or give any examples to the worker that might bias the response to a question and shall disclose the exchange to the inspector. For more information on the role and requirements for interpreters, refer to section 6.2.7.

6.5.3.4   Responsibilities of Representatives of Inspected Entities

In order to conduct a complete and unobstructed inspection, inspectors must be granted unrestricted access to facilities unless access to these would present a legitimate risk to personal safety. While the inspector must determine the specific sites to be visited, the input of entity management is important to consider, and the cooperation of management is essential to a successful inspection effort. Additional guidelines for supplier representatives can be found in "Roles and Responsibilities of Observers in C.A.F.E. Practices verifications and audits".

6.6   Coversheet Data Collection

Coversheet information must be collected right after the opening meeting, before document review or field inspection, to ensure that the inspector is aware of certain elements that are necessary to consider during field observation like the existence of worker housing or the number of water bodies. Updates to the information recorded in the coversheet may be necessary during the inspection if new information is obtained.

6.6.1   GPS Guidance and Methodology

Inspectors shall record the GPS coordinates of all entities inspected. These shall be recorded in both field notes and in the VRS. **If an inspector does not record GPS readings for each entity included in the scope of the verification, the reports will not be accepted by the VRS.** The GPS coordinates can only be submitted in Latitude/Longitude and in degrees, minutes, and seconds (DDD°MM' SS"). Note that any GPS reading taken in the degrees and decimal minutes

format must be converted before the number is entered in the VRS. There are online conversion websites that can convert other GPS coordinate formats to degrees/minutes/seconds, if needed. Inspectors can avoid this conversion by setting their GPS device to report locations in the degrees, minutes, and seconds (DDD°MM' SS") format. One method for checking that the GPS device is outputting the correct reading is to ensure that the minutes or seconds value is never above the number 60.

Inspectors and verifiers must also confirm that North/South and East/West classifications are correctly entered using the appropriate checkboxes in the entity coversheet.

For farms that consist of multiple plots, inspectors shall record the GPS of each plot inspected, using the GPS readings guidance as outlined below. For the purposes of the C.A.F.E. Practices program, plots are defined as portions of the productive area that are not located adjacent to one another.

Where to record GPS readings:

Smallholder Farms:

- House of smallholder (if it is on the coffee farm being evaluated)
- SW corner of smallholder farm (if the farmer does not have a house on the property)

Medium/Large Farms

- Office (if there is an office on the farm)
- House or storage unit (if there is no office on the property)
- Main entrance (if there is neither a house nor office on the property)
- SW corner of plot (if no office, house, storage unit, or main entrance on the plot)

Processors (Wet or Dry)

- Office (if there is an office in the mill)
- Coffee intake area (if there is no office in the mill)

PSO

- Office (if there is an office at the PSO)
- Coffee intake area (if there is no office and the PSO is located in a mill)

Warehouses

- Office (if there is an office at the warehouse)
- Coffee intake area (if there is no office at the warehouse)

6.6.2 Worker Classifications

Workers must be correctly classified according to the definitions below:

Workers: The general term designating permanent/full-time and temporary/seasonal personnel working in coffee growing and processing operations. Worker classifications (permanent/full-time, temporary/seasonal) are determined by number of hours worked per day and the nature of employment (i.e., when it occurs, whether task/productivity-based, etc.).

Permanent/full-time workers are those who are employed year-round on an ongoing basis for the full workday by the entity being inspected.

Temporary/seasonal workers are those workers who are hired to work only during a part of the year for a specific task or time period. These include workers who work during the harvest months as well as workers who conduct off-harvest activities (e.g., pruning, fertilization, etc.).

Workers paid by productivity or by task, both on farms and in mills, must be classified as temporary/seasonal.

Subcontracted labor (also 'contract labor') refers to workers who are subcontracted and formally or informally employed through a third-party employment agency or agent.

To ensure consistent reporting procedures, inspectors must define and classify workers based on the worker classifications used by C.A.F.E. Practices regardless of country-specific legislation pertaining to classifying workers. This will ensure that workers are consistently classified, and supply chains are accurately scored across different regions and countries where the program is currently operating.

For integrated estates, workers must be separated between the farm and the mill to avoid "double-counting." The worker numbers must be divided between the farm or mill field notes coversheets based on the duties of workers during harvest time when the wet mill is operational. If a worker has duties at both the farm and at the mill, the inspector must only count the worker once and include the worker in the coversheet for one entity based on where most of the worker's time is spent. For example, an integrated estate employs a total of 50 workers and 10 of those workers usually work at the wet mill during harvest, and the rest work on the farm. The inspector must record 10 mill workers on the wet mill coversheet and 40 workers on the farm coversheet.

6.6.3 Qualifying Entities and Applications as Inspected in Harvest

Determining whether entities within applications are inspected during harvest is a requirement for all C.A.F.E. Practices reports. All supply chains except for warehouse-only applications are required to be verified in harvest. In-harvest qualification at the level of the application requires inspectors to accurately document whether the adequate number of entities were 'Inspected during Harvest' (see application-level qualification guidance below). This qualification is made in the coversheet of the field notes and report for each entity inspected. Thus, it is critical that verifiers and inspectors understand the following steps necessary to qualify entities as inspected during harvest.

Entity Level Qualification

For large (>50 ha) and medium farms (≥12ha, <50ha), the inspector must select 'Yes' on the coversheet in the field notes and the VRS for 'Inspected during Harvest' if ripe or ripening cherries are observed on the farm AND 15% of the total number of workers, including permanent and temporary workers, is present on the day of the inspection. The total number of workers is defined as the total number of workers employed during an entire calendar year or an equivalent 12-month period. During the farm inspection, the inspector must ensure that they conduct interviews with 15% of the workers. If this number is fewer than three, a minimum of three workers must be present and available for interviews.

For small farms (<12 ha) with on-site milling, the inspector must select 'Yes' on the coversheet in the field notes and the VRS for 'Inspected during Harvest' if ripe or ripening cherries are observed at the time of inspection, AND if it is demonstrated through visual, interview, and documented evidence that machinery (depulpers, washers, fermentation tanks, mechanical dryers, water treatment systems) has been operating at least once during the current harvest period.

For small farms (<12 ha), the inspector must select 'Yes' on the coversheet in the field notes and the VRS for 'Inspected during Harvest' if ripe or ripening cherries are observed at the time of inspection.

For wet processors, the inspector must select 'Yes' on the coversheet in the field notes and the VRS for 'Inspected during Harvest' if it is demonstrated through visual, interview, and documented evidence that machinery (depulpers, washers, fermentation tanks, mechanical dryers, water

treatment systems) is operating or has been operating within one week preceding the inspection date.

For dry processors and warehouses, the inspector must select 'Yes' on the coversheet in the field notes and the VRS for 'Inspected during Harvest' if at least 50% of the total number of workers, including permanent and temporary workers is present on the day of the inspection. The total number of workers is defined as the total number of workers employed in the course of an entire calendar year or an equivalent 12-month period.

For processors that are classified as wet and dry, the qualifications for wet as well as dry processors need to be met.

Application-Level Qualification

For an application composed of small and/or medium farms to be considered 'in-harvest', at least 50% of all sampled farm and 100% of standalone mill coversheets in the application must indicate 'yes' for 'Inspected during Harvest'.

For an application composed of large farms to be considered 'in-harvest', 100% of farm coversheets and 100% of standalone mill coversheets in the application must indicate 'yes' for 'Inspected during Harvest'.

For vertically integrated applications that only contain one farm, one wet mill, and one dry mill, all three entities must be inspected during harvest for the application to be qualified as 'in-harvest.'

The harvest status of warehouses will not affect the harvest status of the application.

When scheduling verifications verifiers are asked to confirm with the supplier the harvest status of all entities, and the consequences of an off-harvest verification. A single standalone mill that is considered as "off-harvest" will cause a whole application to be "off-harvest." Note that in some cases, the dry mill(s) in an application will only begin operating near the end of harvesting activities on farms. Verifiers should ensure that their planning considers cases where a dry mill is operational near the end or after harvesting activities on farms in the application.

6.6.4   Volume Reporting and Confirmation

As part of the collection of coversheet information in the field notes, **inspectors must report the total amount of green coffee produced, processed, or stored during the latest completed harvest year for each farm, processor, or warehouse inspected.** For farms, inspectors should also complete the volumes for the two years prior to the most recent completed harvest. For inspections occurring mid-way through the harvest and/or processing season, coversheets will not include the current harvest production. While the data for the year of the most recently completed harvest is required, inspectors may select that the data is "Not Available" for prior years if they do not have access to this information or if the information is unreliable. If the inspectors select "Not Available", they must include an explanation of why the information was unavailable in the field notes and VRS. **Entity coversheets in the VRS must always reflect the total amount of green coffee processed, produced, or stored annually by an entity without exception**. It is important to mention that most records encountered during field inspections will not contain information on kilograms of green coffee produced or processed. To arrive at this information, inspectors will need to convert cherry coffee to green coffee or parchment coffee to green coffee. In any event, local unit volume amounts (quintal/kg/lbs. etc.) must be recorded in the entity coversheet for future reference.

Mill and warehouse processing and storage volumes are recorded for the last completed harvest only. The total volume is recorded as well as the entity's capacity and specific C.A.F.E. Practices volume. All fields need to be completed, even if the data is the same for all three. In cases of entities being new to the C.A.F.E. Practices program, the specific C.A.F.E. Practices volume

cannot be determined, therefore inspectors may select that the data is "Not Available". If the inspectors select "Not Available", they must include an explanation of why the information was unavailable in the field notes and VRS.

Inspectors must also critically review the total volumes of green coffee produced and processed as part of field inspection taking into consideration the productive area of a farm or the capacity of a processor or warehouse. An important method for ensuring that volumes are reported correctly is to determine yield values and compare to average value for region, as part of the preparation for verifications. During the entity coversheet data collection, inspectors must review and compare the production or processing volumes from the original Starbucks application with the volumes reported by producers and mill representatives to confirm whether there are any differences in the data, to allow producers and mill representatives to provide explanations for the differences, and to later confirm the data during the field observations. As part of the internal report review process, verifiers should also confirm that volume data recorded by inspectors are accurate using up-to-date production data for each region and country where verifications are taking place.

Green coffee production, processing, and stored volume fields on entity coversheets in the VRS are automatically populated by the information included in the supplier application (if available). **Inspectors must verify the production, processing or stored volume for each entity inspected, and enter the verified volumes in the entity coversheet in the VRS**. Where significant discrepancies occur between the field observations and the supplier application, the verifier must follow the supply chain discrepancy procedure explained in Section 6.4.6.

Verifiers should confirm with inspectors that volumes were discussed during the closing meeting. In addition, inspectors should provide verifiers with any information regarding the reasons for below or above-average volumes for each entity, and verifiers may need to enter this information in order to dismiss volumes-related blockers in the entity report in the VRS.
This practice informs Starbucks of any issues that may affect the entered volumes for entities and allows for any necessary communications with suppliers on the matter.

6.6.5 Coffee Flows in the VRS

Inspectors are required to enter information about coffee flows (i.e., information regarding where and by whom the C.A.F.E. Practices coffee is processed) when collecting information during onsite inspections to complete reports in the VRS. A flow is an amount of coffee that moves from one entity to another, e.g., a farm to a processor, a wet processor to a dry processor, a processor to a warehouse, etc. All volumes are to be converted to **volume of green coffee**, regardless of whether the flow actually represents cherry or parchment coffee. It is crucial that inspectors cross check the coffee flows reported between entities. Review of ledgers and receipts is a highly useful tool in determining accurate flows. While the VRS automatically calculates the volume of each flow based on the farm production volumes entered on the entity coversheet, inspectors may need to edit the flows based on information observed during the field visit. Note that the VRS will automatically convert volumes from kilograms to pounds or vice versa and in some cases will display volumes in pounds (e.g., display of flows in supply chain overview). Verifiers should keep this information in mind when conducting internal reviews. All entities in the sample, including those with copied reports from other applications, must have flows (inbound, outbound, or both) entered in the VRS.

In the case that an entity also sends coffee to a mill or warehouse outside of the C.A.F.E. Practices supply chain (i.e., to a non C.A.F.E. Practices supplier), inspectors are required to enter the outflow information in the coversheet of the entity. Farms, mills, and warehouses must send at least a portion of their coffee to another entity included in the C.A.F.E. Practices application to be considered part of the supply chain. If the entity is newly engaged with the C.A.F.E Practices supplier and has not delivered coffee to them or their designated mills or warehouses prior to the inspection, the inspector must clarify the designated mill(s) or warehouse(s) within the C.A.F.E. Practices application that will receive at least a portion of their coffee. In cases where an inspector finds that an entity does not send coffee to any other entity included in the C.A.F.E. Practices

application or is unable to specify the designated entity/entities within the supply chain responsible for receiving at least a portion of their coffee, the inspector needs to consider the situation as a supply chain discrepancy and follow the procedure in Section 6.4.6.

6.6.6 Evaluation of Farms with both Arabica and Robusta Coffee

The determination of **total hectares of coffee production** ("total productive area") at a mixed Arabica and Robusta farm will depend on whether the Arabica and Robusta plants are either interspersed with one another or separated and planted in distinct areas on the farm. The guidance for mixed Arabica and Robusta farms follows the general guidance in the C.A.F.E. Practices program for farms where there is intercropping. At a farm where there are other species that are very well integrated (e.g., every other row), then the productive area includes both the coffee plants and the intercropped plants. However, if the area of the farm with Arabica is clearly demarcated from Robusta or other crops, then only the Arabica area needs to be considered for the total productive area. The determination of "very well integrated" will need to be made on a case-by-case basis by the inspector. In the case of mixed Arabica and Robusta farms, the total productive area would include both species if the two are interspersed throughout the farm and there is no clear separation between them. Similarly, the total productive area could include other crops besides coffee if the farm were closely intercropped between Arabica coffee and another crop plant (e.g., chili pepper; corn).

The determination of the total productive area is important, since the evaluation of all CG indicators will be based on the productive area, even if the total productive area is determined to include Robusta or other crop species.

Unlike the productive area, the **total production volume** that is recorded in the coversheet information for the farm must only include the volume of Arabica produced by that farm. Robusta volume must not be included in the coversheet. However, a comment should be added in the coversheet to indicate the presence of Robusta. If producers are unable to distinguish volumes of Arabica and Robusta, the inspector will need to determine the percentage that is planted with Arabica and calculate the approximate volume from total coffee produced by the farm in order to determine the volume to enter in the farm field notes coversheet.

6.6.7 Additional Coversheet Fields for Farms and Processors

Inspectors are required to collect information about several aspects of farms on the field note coversheets, including information about pests and diseases on the farm, coffee varieties grown on the farm, and other certifications.

The processor coversheet includes a section to specify products that are processed at the mill other than coffee (e.g., cinnamon; cocoa). Inspectors are required to specify if other products are handled or processed at the mill and identify the types of products. If the handling or processing is under the same management as the rest of the mill AND it is done in the same physical location or facility, then the workers that handle the other products are *within* the scope of the verification. Workers that handle other products that are under the same management and at the same physical location as the coffee processing must be evaluated for all relevant indicators (e.g., Social Responsibility), *even if* they do not handle coffee.
Inspectors conducting C.A.F.E. Practices verifications in El Salvador, Guatemala, and Mexico, will likely encounter farms that form part of Starbucks' 100 Million Trees Program. Farms participating in this program are indicated in the VRS and will require additional information on the coversheet. The additional questions are to be found on the SCS website and the format is intended to complement the field notes.

6.7 Evaluation of entities against C.A.F.E. Practices Criteria

The following are the subject areas to be addressed during inspection activities. For the complete list of indicators, refer to the C.A.F.E. Practices Generic Scorecard. Smallholder farms (<12ha) are

to be assessed against the C.A.F.E. Practices Smallholder Scorecard according to Section 6.7.5. Unless otherwise specified within the indicator itself or in the Indicator Guidance Document, the evaluation of new supply chains in the program (new applications as opposed to re-verifications) shall be done by verifying information as far back in time as the date the First Response Letter was issued. For re-verifications, the entities must be evaluated for complying with the indicator since the last verification (unless otherwise noted).

6.7.1   Economic Accountability

6.7.1.1   Scope

The Economic Accountability subject area examines financial transparency, equity of premium distribution (if applicable) and the financial viability of supplier operations.

Suppliers are required to be fully transparent regarding the financial transactions with their processors and producers in their C.A.F.E. Practices supply chains. **Importantly, verifiers and inspectors are not to evaluate indicators EA-IS1.1-1.2 or any of the criteria in EA-IS2 and EA-FV1. Compliance with these criteria is a pre-requisite for participation in the program, and as such, is reviewed by Starbucks Coffee Trading Company (SCTC). However, inspectors do evaluate indicators EA-IS 1.3 and EA-IS 1.4, which examine the financial transparency of coffee buying and selling practices.**

For the purposes of the C.A.F.E. Practices verification process, inspectors examine whether a documented system of payments exists in a given supply chain. Thus, inspectors shall confirm that a transparent payment system exists with information from processors and producers who are part of the supply chain being evaluated against the C.A.F.E. Practices criteria. Inspectors are not to evaluate any information regarding the equity of financial reward or financial viability of the farm or processor. For vertically integrated supply chains where coffee is transferred between entities without an associated purchase or sale, inspectors must still evaluate EA-IS1.3 and EA-IS1.4 based on the existence of receipts for the final sale of coffee for the entities.

6.7.1.2   Assessment

The assessment of Economic Accountability criteria can be conducted using two primary methods:

Document Review
The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Economic Accountability evaluation.

Producer Interviews
In smallholder networks, interviews with producers can be used to confirm that they receive receipts from the PSO or processor. However, evidence collected through interviews must be substantiated through documented evidence that such a system exists (e.g., the observation of at least one receipt at the producer level and carbon copies of receipts at the PSO or processor).

Discussion
Assessing Economic Accountability is a complex task. While suppliers will obviously be able to provide transactional information, processors and producers may not have economic accountability data in a readily available form. Figure 3 below provides some guidance on documents to review at each step in the supply chain:

Figure 3: Documenting a System of Payments in Supply Chain

Supplier: examine contracts, ledgers, log books or other recordings of transactions. (**Evaluated by Starbucks**)

Processor: examine contracts, ledgers, log books or other recordings of transactions. (Evaluated by verification organization)

Producer: examine contracts, receipts, pay stubs and confirm through interview. (Evaluated by verification organization)

Supplier

Processor

Producer

6.7.1.3 Approach

Inspectors need to review information documenting a system of payments as a matter of course in their inspection efforts. The information observed will be selected from the same entities as those sampled for inspection. As the information reviewed is sensitive, inspectors should remind clients that it will be treated confidentially.

6.7.1.4 Reporting

All reporting for these criteria is completed using the VRS located at http://cafepractices.info. For each of the indicators, inspectors must score Comply or Not Comply and provide sufficient evidence to justify the evaluation in the box marked 'Qualitative Evidence'. The inspector will not be able to submit the report to the verifier if the qualitative evidence box is left blank.

6.7.2 Social Responsibility

6.7.2.1 Scope

The Social Responsibility subject area is structured around two principles, each of which is further subdivided into eight criteria. This subject area seeks to ensure fair and non-discriminatory employee hiring practices and employment policies that protect employees, thereby enhancing their quality of life. It also strives to ensure protection from workplace hazards through compliance to national laws and international conventions related to occupational health and safety and housing conditions.

The Social Responsibility subject area is applied at each stage of the coffee supply chain: producers, warehouses, and processors. If an entity does not take possession of the coffee and merely acts as agent in the transaction, Social Responsibility subject area assessments are not necessary. In cases where wet and dry milling is conducted by separate entities, the Social Responsibility subject area applies fully for both entities. Additionally, the Social Responsibility assessment of the processor on an integrated estate (with both farming and milling operations) is conducted separately from the farming operations.

Qualifying Not Applicable Evaluations

There may be one or more indicators that are Not Applicable (NA) to the entity being evaluated. For example, if a farm does not provide worker housing, the corresponding indicator regarding access to habitable housing (SR-WC1.1) would be evaluated as Not Applicable (NA). However, SR-WC1.2 regarding access to safe drinking water is always to be evaluated as applicable if workers are contracted, regardless of whether they live on the farm or mill premises. When inspectors evaluate a criterion or indicator as NA, they must always explain, justify, and provide evidence for this decision in their report. For a table of indicators that are always applicable, see Appendix B.

6.7.2.2   Assessment

The assessment of Social Responsibility criteria needs to be conducted using a combination of the three following methods:

Worker Interviews
Interviews with workers are essential to discern compliance with the Social Responsibility subject area of C.A.F.E. Practices, as well as with some of the criteria specified in the Environmental Leadership subject area of C.A.F.E. Practices. A detailed discussion of the C.A.F.E. Practices worker interview methodology is provided below.

Document Review
The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Social Responsibility evaluation. In the case of some indicators, documentation must be available to the inspector in order to consider an evaluation of Comply (*see* List of Indicators that Require Documentation). While documented evidence is necessary in these cases, it is important to note that documentation alone is usually not sufficient to fully justify an evaluation of Comply, and additional sources of evidence are often required. For example, an entity that has a written policy on non-discrimination but at which discriminatory practices are observed must not be evaluated based on the existence of documentation alone. Inspectors must always ensure that evidence is corroborated through observation and worker interviews.

Direct Observation
Observations play a key role in verifying documented evidence, as well as noting whether underage workers may be present, whether living conditions are habitable, and whether workers have access to potable water. Direct observation is also essential to verifying that worker safety mechanisms such as Personal Protective Equipment (PPE) and safety procedures are not only provided and documented but are also used and implemented.

Discussion
In the case of non-compliance with zero tolerance indicators for the Social Responsibility subject area, suppliers have the opportunity to correct the non-compliances at the entity level through the ZT-CAP procedure to be eligible for the C.A.F.E. Practices program (See Section 9.0).

Given the consequences associated with non-compliant zero tolerance indicators, inspectors must justify their evaluations through use of detailed and comprehensive evidence. Supporting evidence should at minimum include the source(s) of the evidence (e.g., document review, worker interviews, observation.) and reference to legal requirements, such as the legally mandated minimum wage or working age. In addition, inspectors should explain the extent of non-compliance with the zero tolerance indicator(s) and any other contextual information as relevant to understanding the documented findings. The evidence should indicate whether management was aware of the problem and if the non-compliance is isolated or widespread within the operation.

Additional evidence must be included when an evaluation of Not Comply is issued for zero tolerance indicators SR-HP1.1 or 1.2 (See *Evaluation of SR-HP1* below). This specific information will allow the producer, supplier, verifier, SCS and Starbucks to better understand the circumstances associated with the evaluation of Not Comply for these indicators.

Appendix C of this document as well as the C.A.F.E. Practices Verifier and Inspector Indicator Guidance Reference of Scorecard V3.4 detail the minimum evidence required for evaluation of zero tolerance indicators.

6.7.2.3 Sample Size for Interviews

While it may not be feasible to interview all workers in any given operation, it is essential to interview a representative sample. **Inspectors must interview 15% of the total number of workers, when workers are present at the entity during inspection. Where 15% of the total number of workers is more than 25, inspectors should limit their interview sample to a maximum of 25. Where 15% of the total number of workers is less than three, inspectors must increase their interview sample to reach a minimum of three workers.** Increasing the worker interview sample size to include more workers is often necessary if interviews consistently reveal conflicting information (see discussion on increasing sample size below).

To calculate the sample based on total workers, multiply the total number of workers by 15%. The total number of workers is defined as the total number of workers employed in course of an entire calendar year or an equivalent 12-month period. Multiplying the total number of workers employed at the entity by 15% will determine the total number of worker interviews required for a given inspection.

Example 1: Large farm A has:

- *15 Permanent/full-time workers who work 6 days/week, 12 months/year and receive 21 vacation/holiday days*
- *105 Temporary workers*
    - *80 hand pickers (Group A) work 6 days/week for 3 months/year*
    - *25 hand pickers (Group B) work 6 days/week for 1 month/year*

Total workers: 120

Sample calculated by total workers: 120 * .15 (15%) = 18

It is also necessary to stratify the interviews across different worker classifications and job descriptions such that the information gathered is representative of the overall operation. The sampling methodology for selecting workers to interview usually begins during the document review stage, in which the total number of workers, their job descriptions, and the sample to be interviewed can be determined.

In the event of discovering non-compliance with a zero tolerance indicator in criteria SR-HP1 and/or SR-HP4, and if the evidence is inconclusive, the inspector will need to take an additional sample of 10% of the total workers in order to confirm and support the evaluation of the zero tolerance indicator. The information from the additional worker interviews must be entered as qualitative evidence in the VRS. The purpose of increasing the sample size is to establish whether incidences of non-compliance are common practices or are isolated circumstances, particularly regarding minimum wage evaluations. This process must be documented in the qualitative evidence field for the relevant indicator in the report.

6.7.2.4 Approach

Workers can become apprehensive when being interviewed and inspectors should be sensitive to this. For this reason, **workers must never be interviewed in the presence of management** and, ideally, not in the presence of their co-workers. Workers need to be interviewed in a neutral location providing privacy where the worker feels comfortable. If the privacy of the interview becomes compromised at any point, the inspector must end the interview. Inspectors should approach workers first by introducing themselves and explaining why they are gathering

information. In addition, inspectors must mention to interviewees that all information collected during worker interviews will be kept confidential.

Interviews are voluntary. An interviewee may decline to participate in the interview at any point. If an interview was not completed it must not be counted as part of the sample. If many workers decline to participate in interviews the inspector(s) should take note for further investigation. The interviewer shall treat each interviewee with respect, avoiding offensive language and thanking interviewees for their time at the close of the interview.
Interviews shall be performed in a language suitable for interviewees to understand, and the language or dialect of workers must be confirmed with suppliers in the verification planning stage to determine whether interpreters are required. Additionally, female inspectors should interview female workers on topics of harassment and discrimination, when possible.

It is important to write down the worker's name and position as well as the results of the interview, as information concerning payments and working hours can then be discreetly crosschecked on the payment register prior to the closing meeting. **The names of interviewed workers must never be shared with management, and worker names must never be included in the qualitative evidence in the VRS.** Quantitative evidence entry in the VRS does require entry of workers' names, but names of individual workers entered in worker interview record in the VRS are not included in the report shared with suppliers, SCS or Starbucks.

Inspectors should have the list of topics to be covered in worker interviews but should not be continuously writing during the interview, as this practice can make interviewees nervous and could bias responses. As mentioned above, it is essential to compare responses from workers with document-based evidence, particularly for SR-HP1 (minimum wage). Asking workers what they are paid and then comparing the worker's response with ledger entries in the operation's office is an appropriate cross-comparison that generates the most robust verification results.

Although one-on-one interviews are the preferred interview method of the C.A.F.E Practices Program, there may be situations where group interviews are necessary to meet the required 15% worker interview sample. During inspections of large operations for which the maximum of 25 worker interviews applies, conducting group interviews in addition to individual interviews may be necessary to meet the interview sample. Additionally, where there are significant time limitations due to unforeseen circumstances (e.g., travel delays, poor weather conditions, etc.) group interviews may be combined with individual interviews to meet the 15% sample. **Inspectors must never rely solely on group interviews to meet the overall sample.**

When conducting group interviews, inspectors must limit the interviews to five workers or fewer in each interview group. As in the case of individual interviews, all necessary information (i.e., names, worker classification, etc.) must be collected for each individual and all interviews must be conducted in private and never in the presence of management. Although the overall interview sample of the entity must be stratified such that the information gathered is representative of the overall operation, groups should be comprised of workers with similar job descriptions to avoid the sharing of sensitive information (e.g., wage payments) across different worker types.

As with individual interviews, the inspector should take an "exploratory" rather than "investigative" approach in the interview and always begin the interview with open-ended, exploratory questions in order to broadly assess the situation. Leading questions should always be avoided. Close-ended ("yes/no") questions should only be used to confirm specific facts after exploratory questions have provided a clear and unbiased description of the conditions at the farm or mill.

When conducting a group interview, the inspector should attempt to engage workers individually during each question to ensure that all workers have a chance to respond and to prevent any individual worker from dominating the conversation. If the inspector finds that there is one worker answering all of the questions, the inspector should make an effort to solicit responses from other workers. If the inspector is not able to attain full participation from the group, the interview should

be ended, and the inspector should either attempt to form a new group or pursue individual interviews.

Evaluation of SR-HP1: The evaluation of SR-HP1 can be a complex task. The first step in the assessment is to fully understand what constitutes legal minimum wage or the local/national industry standard in cases where the government does not set the legal minimum wage. Often the agricultural sector has different pay scales than other employment sectors. Minimum wage or industry standard information can generally be obtained from the department of the central government that is responsible for labor issues, usually the Ministry/Department of Labor. In cases where the government does not set the legal minimum wage, the verifier must refer to SCS minimum wage guidance documents.

The next step is to evaluate worker status: permanent/full-time, or temporary/seasonal. If labor intermediaries such as external contracting agencies or informal work groups are used, inspectors must include such workers and the agency (if applicable) in the scope of the inspection.

Workers who are working under or through a labor intermediary are also within the scope of the C.A.F.E. Practices Social Responsibility requirements, and they must be included in the evaluation of all applicable indicators, including wages, working hours, trainings, PPE, etc. If it is confirmed that labor intermediaries are used at an entity, inspectors are required to evaluate whether the intermediaries meet all applicable legal requirements. For the purposes of the C.A.F.E. Practices program, there are two categories of labor intermediaries: external subcontracting agencies and informal work groups where workers are paid through a group leader or recruitment agent. For entities in which there is an informal labor intermediary (e.g., a group leader and the bag loaders in a dry mill that he organizes), inspectors must request documentation in order to confirm that the hours worked and payments to the subcontracted workers meet the requirements of C.A.F.E. Practices.

Verifiers must clearly describe to clients that labor intermediaries are included within the scope of the verification. In addition, verifiers must also explain that labor intermediaries require documentation in order for the Social Responsibility indicators to receive evaluations of Comply. After workers have been categorized in accordance with the program's worker classifications (see Section 6.6.2), inspectors and verifiers should evaluate documented payment information (planning documents, work ledger, payment system information) against payment information collected through worker interviews. Where possible, inspectors should be provided written proof of payment to workers in the form of payment registers, paystubs, receipts, bankbooks, etc. Note that in some regions or entity types, productivity payments (where workers are paid by the task, not by the time) are prevalent, while in other regions or entity types, payment is made by the hour, day, or week.

Where productivity-based payments are made, the inspector must confirm if the system of payments allows workers to meet the minimum wage. Unless otherwise specified according to national/regional legal requirements, the following method should be used by inspectors to evaluate compliance of SR-HP1.1-2 and SR-HP1.10-11 when productivity payments are made:

1) Through interviews with management and workers, and review of documentation, classify workers according to job description(s) to arrive at a summary of all worker types that are paid by productivity (e.g.,150 temporary hand sorters, 20 permanent hand sorters, 65 temporary loaders, etc.).
2) Through worker interviews and document review, record pay rates for each type of pay by productivity task outlined in the summary ($X per kilo of green coffee hand sorted, $X per bag of parchment unloaded, $X per bag of cherry coffee harvested, etc.), accounting for any changes to pay rates made during the year prior to the date of inspection.
3) Through worker interviews and document review, record the approximate number of hours worked per day by workers paid by productivity (not counting time spent by workers for breaks or lunch).

4) Identify the daily pay for the workers in the worker interview sample (examining several different months in the year prior to the inspection to arrive at a representative average).
5) Take the average pay per day for each type of productivity-based work and divide by the average number of hours worked per day. The resulting value is the equivalent payment per hour for the respective type of productivity-based work that can then be used to determine whether the workers are able to reach the nationally or regionally established minimum wage requirements.
6) To arrive at final evaluations for SR-HP1.1-2 and SR-HP1.10-11 for workers paid by productivity, calculate whether the workers in the interview sample were able to reach or exceed the hourly equivalent of the daily or monthly national or regional minimum wage requirements (or industry standard in the absence of a minimum wage) over the last year based the productivity-based payment scheme used by the processor or producer.
7) In the event that an inspector discovers non-compliance with a zero tolerance indicator in criterion SR-HP1 and the evidence based on the initial interview sample is inconclusive, it is required that the inspector takes a further sample of 10% of the total workers in order to confirm and support the evaluation of the zero tolerance indicator. The information from the additional worker interviews must be entered as qualitative evidence in the VRS.

The inspector must evaluate the indicators based on whether the payment system allows workers in the interview sample to reach the nationally or regionally established minimum wage requirements. This approach acknowledges that records of productivity-based payments are often incomplete as working hours are not uniformly tracked. Therefore, the workers included in the interview sample represent the basis for the evaluation of whether the payment system allows workers paid by productivity to reach the nationally or regionally established minimum wage requirements.

The quantitative evidence presented in support of SR-HP1.1-1.2 and SR-HP1.10-1.11 must clearly state the following:

- The workers' hours per day (that is, the average hours worked per day by the interview subject);
- The workers' pay per day (that is, the average payment earned by the interview subject);
- The total pay per day (that is, the average payment earned by the interview subject, plus any in-kind payments).

The qualitative evidence should be informed by the quantitative evidence and should include any special circumstances that impacted the availability of information during the inspection or complicated the evaluation of productivity-based payments (e.g., lack of workers to interview, changes to the minimum wage or industry standard, etc.).

6.7.2.5　Reporting

All reporting is completed using the online reporting system at http://cafepractices.info. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide enough qualitative and quantitative evidence to justify the evaluation. Inspectors must enter their written evidence in the box marked 'Qualitative Evidence' and enter the quantitative evidence for the indicator in the appropriate evidence field(s). Inspectors will not be able to submit the report to the verifier if the qualitative evidence box is left blank.

Data collected from worker interviews is to be reported using the worker interview record link included for evaluation of indicators SR-HP1.1-1.2. **Inspectors must enter data for all worker interviews completed.** Please refer to Section 6.7.2.3 for further guidance on worker interview requirements.

6.7.3　Environmental Leadership - Coffee Growing

6.7.3.1 Scope

The Environmental Leadership- Coffee Growing subject area focuses on the cultivation of coffee and is structured around 11 criteria:

- Water Body Protection
- Water Resources and Irrigation
- Controlling Surface Erosion
- Maintaining Soil Productivity
- Maintaining a Coffee Shade Canopy
- Protecting Wildlife
- Conservation Areas
- Ecological Pest and Disease Control
- Farm Management and Monitoring
- Long Term Productivity
- Climate Change

The expectation is that producers strive to meet or exceed the included criteria.

Qualifying Not Applicable Evaluations

There may be one or more indicators that are not applicable to the entity being evaluated. For example, indicators CG-WR1.1-8 are to be evaluated as Not Applicable (NA) on any farm that does not contain any water bodies. When inspectors enter coversheet data into the VRS regarding the number of water bodies on a farm, CG-WR1.1-8 indicators will be automatically evaluated as NA based on this information. CG-WR1.9-11, however, must be evaluated based on the presence of any water body, regardless of whether it is located on the farm. Therefore, it is critical that inspectors accurately assess maps and conduct thorough field observations to determine whether permanent or temporary water bodies are present on or nearby a farm. For a table of indicators that are always applicable, see Appendix B.

6.7.3.2 Assessment

The assessment of Environmental Leadership- Coffee Growing criteria can be conducted using a combination of the three following methods:

Worker Interviews
Interviews with farm workers are essential to discern compliance with many Environmental Leadership- Coffee Growing criteria, particularly indicators related to use of agrochemicals, farm management and monitoring, impact from cultivation practices, and knowledge of areas at risk of erosion.

Document Review
The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Environmental Leadership- Coffee Growing criteria evaluation.

Direct Observation
Observations play the most critical role in verifying compliance with Environmental Leadership- Coffee Growing criteria, specifically when evaluating water body buffer zones, shade coverage, soil management practices, measures to prohibit hunting of wildlife and/or collection of plants, and the safe handling of agrochemicals. It is critical that inspectors walk the farm premises and note their observations accordingly in their field notes.

While documentation and interviews are important components of the inspection process, they must be supported through actual inspector observations. Inspectors should visit as much of the productive area as possible, as well as areas designated for conservation and biological corridors. On large farms, inspectors should focus on high-risk areas (i.e., newly planted areas of the farm,

high slope areas, water bodies, etc.). A comprehensive onsite inspection is essential to assuring credibility of submitted C.A.F.E. Practices reports.

6.7.3.3   Identifying High Risk Areas

In the case of sizeable properties, it may not be feasible to review the entire farm area during the inspection. For this reason, it is essential for the inspector to select high risk/high value areas as part of the inspection process. The specific quantity and quality of areas selected for visual inspection should be representative of conditions present in the overall farm. This approach should also be taken when farms of any size consist of multiple plots. When it is not possible to visit all farm plots, inspectors shall select high-risk/high-value areas to visit as a minimum. This includes high-risk areas related to social responsibility (worker housing, toilets, etc.) as well as environmental leadership (water bodies, areas of high-conservation value, etc.). Inspectors must visit as many areas as possible in order to evaluate all indicators thoroughly.

6.7.3.4   Approach

First and foremost, the inspector must always review a map of the farm if one exists, and if not, the inspector should ask the farm manager to draw a map to identify areas such as watercourses, steep slopes, recently deforested and/or planted areas, and areas of the farm where workers might be found during the inspection. This allows the inspector to set the agenda, identifying the specific areas to be visited during the field inspection.

A good approach to an assessment of a medium or large farm is to start with review of a map and then proceed with a perimeter drive around the property with farm management, stopping to review high-risk areas. In the case of a small farm, the inspector should attempt to walk the boundaries of the farm. Reviewing the overall property gives the inspector a better idea of the general farm conditions and will further identify key areas that might require closer examination.

There is a fine balance between being shown around and being led around. To avoid being led through an inspection, inspectors should lead the inspection effort while accompanied by a guide or observer, or, if evaluating the farming operations, in the presence of farm management. Inspectors should take the time to make observations independent of farm management. For example, stopping a perimeter drive to walk off the road through a high impact area such as a very steeply sloped plot helps generate observations for the inspector and will result in a stronger inspection by revealing information that might not otherwise be available (e.g., presence or absence of erosion controls, careful placing of physical barriers to prevent erosion, etc.).

6.7.3.5   Reporting

All reporting is completed using the online reporting system at http://cafepractices.info. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide enough qualitative and quantitative evidence to justify the evaluation. The inspector must enter their written evidence in the box marked 'Qualitative Evidence' and enter the quantitative evidence for the indicator in the appropriate evidence field(s). The inspector will not be able to submit the report to the verifier if the qualitative evidence box is left blank.

6.7.4   Environmental Leadership - Coffee Processing

6.7.4.1   Scope

The Environmental Leadership- Coffee Processing subject area focuses on wet and dry coffee processing (i.e., processing of coffee cherry into parchment and then into green coffee). Included within dry processing is the activity of sorting and grading coffee. Facilities that only sort and grade coffee manually, without the use of energy, are only assessed against the Social Responsibility Subject Area and are not evaluated against Environmental Leadership - Coffee Processing criterion CP-RM1, and must therefore be assessed against the Warehouse Fieldnotes. The goal of

the wet processing criteria is to process coffee in a manner that minimizes the consumption of water and protects water quality while ensuring the output of high-quality product. This subject area also seeks to minimize the environmental impacts of the waste generated during processing operations and to encourage energy conservation.

The scope of processors' inspections includes the entire facility, even if a specific supply chain only uses part of the operation to process C.A.F.E. Practices coffee (e.g., a C.A.F.E. Practices supplier only requires the dry mill operations of a wet/dry mill).

Qualifying Not Applicable Evaluations

There are specific exemptions in place for farms with on-premises wet mills, which process 3,500 kilograms or less of green coffee annually. In these cases, indicators CP-WC1.1, CP-WC1.4, CP-WC1.5, and CP-WC2.3 will be automatically evaluated as Not Applicable (NA) based on the green coffee volume processed entered in the farm coversheet if it is 3,500 kilograms or less.

In addition, indicators referring to the use of wood for drying parchment coffee are only applicable in those processing operations that mechanically dry parchment coffee.

6.7.4.2   Assessment

The assessment of Environmental Leadership- Coffee Processing criteria can be conducted using a combination of the following three methods:

Worker Interviews

Interviews with farm workers and management are essential to discern compliance with many Environmental Leadership- Coffee Processing criteria, particularly indicators related to waste management practices and the use of coffee pulp as a soil amendment through distribution to farmers in the case of smallholder networks.

Document Review

The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Environmental Leadership- Coffee Processing criteria evaluations. Consumption of water, energy, and wood (if applicable) are critical areas in the criteria where written documentation is required.

Direct Observation

Observations play the most critical role in verifying compliance with Environmental Leadership- Coffee Processing criteria, specifically when evaluating the environmental impact of wastes generated from milling operations on the surrounding area, including water bodies. The inspector should observe the entire milling operation from the point where either cherry or parchment coffee enters the operation, to the points where finished product and wastes exit the operation, respectively.

Discussion

There is a wide variety of processing coffee methods. In some countries and regions, small producers independently remove the pulp and mucilage from the coffee cherry, then transport the wet parchment to suppliers for drying, then dry milling. In other places, producers sell coffee cherry to specialized wet mills that solely process cherry. Throughout the coffee-growing world estates exist that vertically integrate both the growing and processing functions. Regardless of the type and method of processing the coffee, C.A.F.E. Practices requires a full assessment of coffee processing.

A full assessment of coffee processing includes evaluating the product traceability system of mill facilities. The traceability system requires that C.A.F.E. Practices coffee is kept separately from non-C.A.F.E. Practices coffee. Coffee sold as C.A.F.E. Practices must be traceable as coffee that was produced and processed by entities that are included in the verified supply chain. A mass balance system for tracking the coffee, that equates total C.A.F.E. Practices received to total C.A.F.E. Practices coffee delivered, while allowing for mixing of coffee from C.A.F.E. Practices verified sources with other sources is **not** acceptable.

CP-MT1.1 is a zero-tolerance indicator that assesses whether a mill or warehouse has a system for tracking C.A.F.E. Practices coffee from initial purchase or intake through the final sale or output. In the case of a dry mill or warehouse, the final output will be the point of export. The system must consist of a paper trail that documents the volumes of coffee sent from the farm(s) or other entities to the mill or warehouse and volumes sold or delivered by the entity to the next entity. Documentation may include sales and purchase records, receipts, logbooks, production records, etc. In addition to document review, the inspector shall use direct observation and worker interviews with management and mill/ warehouse workers to determine whether a system is in place for tracking C.A.F.E. Practices coffee.

If an inspector sees receiving documents that show coffee coming from different wet mills or farms into the mill or warehouse being inspected, but does not see that the entity tracks the lots from C.A.F.E. Practices verified and unverified sources uniquely (e.g., through lot numbers or physical segregation), then either a supply chain discrepancy procedure should be followed to report that either a farm or wet mill is potentially missing from the application and/or the entity will need to be given a Not Comply evaluation for the tracking indicator CP-MT1.1.

6.7.4.3   Approach

As coffee processors are intensive operations, the entire processing facility must be visited as a matter of course during inspection. Site maps may provide an overview of the facilities and surrounding area, but, in the absence of such documentation, inspectors should always make an effort to identify where wastewaters are discharged and to visit these areas, paying particular attention to potential impacts on surrounding water bodies in cases where mills are adjacent to rivers and streams.

6.7.4.4   Reporting

All reporting is completed using the online reporting system at http://cafepractices.info. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide enough qualitative and quantitative evidence to justify the evaluation. The inspector must enter their written evidence in the box marked 'Qualitative Evidence' and enter the quantitative evidence for the indicator in the appropriate evidence field(s). The inspector will not be able to submit the report to the verifier if the qualitative evidence box is left blank.

6.7.5   Assessment of Subject Areas for Smallholders

6.7.5.1   Scope

The Smallholder Scorecard addresses the specific conditions and needs of farms smaller than 12 hectares by using a subset of the indicators found in the Generic Scorecard. Comprised of ten criteria, this additional set of requirements addresses the need for small farms to receive support with the implementation of C.A.F.E. Practices. The supplier, mill, co-op, or other association may serve this function (see PSO definition in Section 3.0). The entity designated to provide these services to small farms is assigned its own ID in the supplier application.

The Smallholder Scorecard is divided into five subject areas: Economic Accountability, Social Responsibility, Environmental Leadership- Coffee Growing, Environmental Leadership- Coffee Processing (Wet), and Producer Support.

The Environmental Leadership- Coffee Processing (Wet) subject area in the Smallholder Scorecard must only be evaluated for a smallholder if their farm is described as having on premise wet milling in the supplier application (if the inspector discovers that the application does not correctly describe the situation observed in the field, the supply chain discrepancy procedure for processing changes in Section 6.4.6 should be followed).

6.7.5.2 Assessment

Smallholder supply chains can vary significantly. Some smallholders grow coffee and then deliver the coffee cherries to a local wet processor. Other smallholders wet mill coffee cherry on the farm premises and then deliver the parchment to a dry processor.

As with any C.A.F.E. Practices application, the entire supply network must be identified in the application prior to verification. This can be a challenging task with smallholders, but it is essential. If the entire supply chain cannot be identified, then the verification cannot take place. Once the supplier has completed the identification of the supply chain within the C.A.F.E. Practices application, inspections may commence.

Figure 4 below illustrates at which points in the supply network, inspectors must use both types of scorecards, depending on what type of entities are inspected, and given a scenario where **producers are not processing coffee on premise**.

Figure 4: Smallholders Deliver Coffee to Wet Mill; PSO Function Performed by the Wet Mill
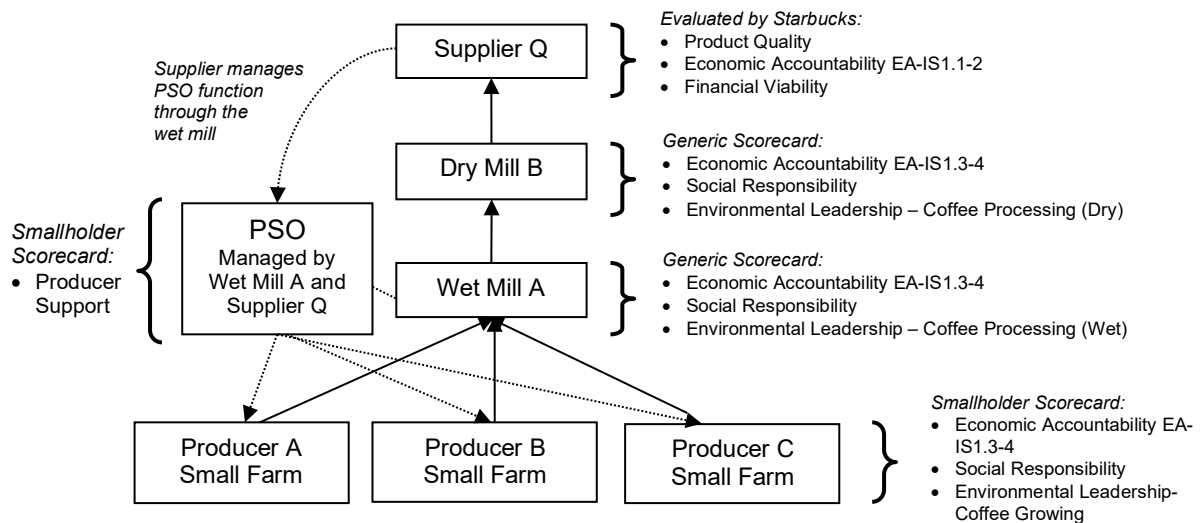
In the example above, Wet Mill A also serves the function of the PSO, and the supplier manages both entities. In the supplier application, both entities (the PSO and the wet mill) would be assigned different entity codes. Wet Mill A must be assessed against the Economic Accountability, Social Responsibility, and Environmental Leadership – Coffee Processing (Wet) subject areas. The PSO would be evaluated against the PSO criteria found in the Smallholder Scorecard. Dry Mill B must be evaluated against Economic Accountability, Social Responsibility, and Environmental Leadership- Coffee Processing (Dry) subject areas.

Figure 5 illustrates at which points in the supply network inspectors must use either the Smallholder Scorecard or Generic Scorecard depending on what type of entities are inspected, given that **producers are processing coffee on premise**. In this case, the smallholders are assessed against the Smallholder Scorecard: Economic Accountability, Social Responsibility,

Environmental Leadership- Coffee Growing, and Environmental Leadership – Coffee Processing (Wet).

Figure 5: Smallholders Conduct On-Premise Wet Milling; PSO is an Independent Entity
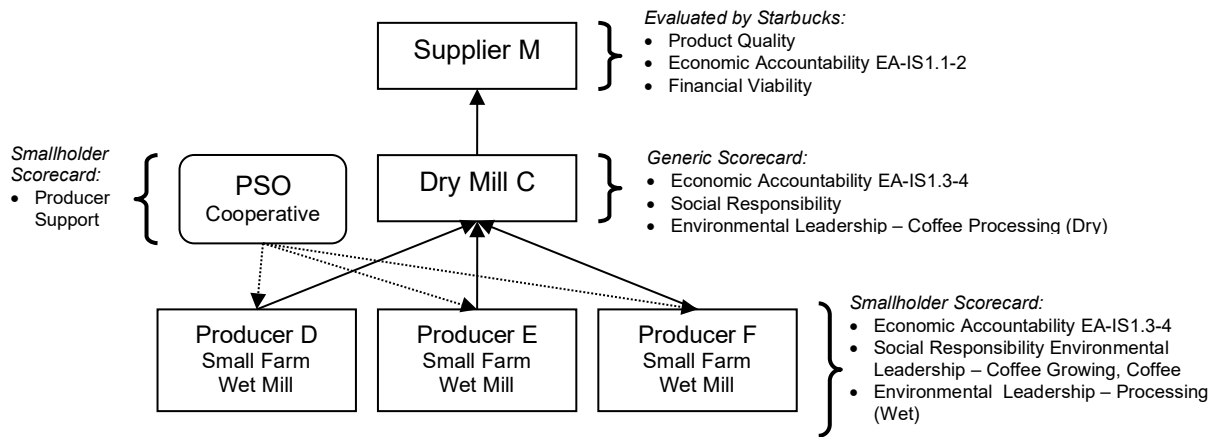
In Figure 5 the PSO exists independently of the dry mill and supplier. Just as in Figure 4, the PSO would be evaluated against the Producer Support criteria found in the Smallholder Scorecard. The Dry Mill B would be evaluated against Economic Accountability, Social Responsibility, and Environmental Leadership- Coffee Processing (Dry) subject areas. **The key difference between Figures 4 and 5 is the fact that the smallholders in the supply network depicted in Figure 5 process and wet mill cherry coffee on premise, which is then collected and delivered to Dry Mill C.** Thus, on premise wet milling among the smallholders replaces the function of a standalone wet mill and must be evaluated accordingly using the Smallholder Scorecard: Environmental Leadership- Coffee Processing (Wet) subject areas.

In certain cases, a supply chain might incorporate collectors. Collectors are individuals or farmers within a supply chain that aggregate coffee from farmers in the application before delivering it to a mill. If collectors exist in the supply chain, they are considered part of the scope of the C.A.F.E. Practices verification. For supply chains in which a collector or other intermediary is used to aggregate coffee from smallholders prior to delivering to the mill, this step in the supply chain must be evaluated within the scope of PS-MT1.1.

Verifications of smallholder applications should generally begin with the PSO inspection. By initiating the verification with the PSO inspection, inspectors will be able to gather information that can be verified during subsequent visits to farms and mills in the application.

The Smallholder field notes include a final page with questions that are specifically related to PSO support for producers. Inspectors are required to complete these questions. Based on this requirement, evaluations of indicators in the PSO field notes therefore cannot be completed until inspectors have reviewed the information gathered during smallholder farm visits. Inspectors must prepare to revisit indicators in the PSO field notes during the verification to verify and supplement evidence based on the information obtained during small farm inspections. In particular, information related to producer support and trainings must be verified through producer interviews and should be considered throughout the verification. Since PSO indicator evaluations must be deferred until all onsite visits to small farms have been carried out, the entity closing meeting must occur after this time.

6.7.5.3   Smallholder Reporting

All reporting is completed using the online reporting system at http://cafepractices.info. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide sufficient qualitative and quantitative evidence to justify the evaluation. The inspector must enter their written evidence in the box marked 'Qualitative Evidence' and enter the quantitative evidence for

the indicator in the appropriate evidence field(s). The inspector will not be able to submit the report to the verifier if the qualitative evidence box is left blank.

6.7.6   Closing Meeting

Inspectors are required to conduct a closing meeting at the end of each entity inspection, as well as at the end of the verification.

Entity Closing Meeting

The entity inspection closing meeting provides inspectors an opportunity to discuss the verification findings with the inspected entity. Before discussing the findings, inspectors must mention that they cannot provide any recommendations to the client. **Inspectors must emphasize that findings presented during the closing meeting are preliminary and subject to change pending the internal review process and/or revision by SCS.**

During the entity inspection closing meeting, the inspector must report **all Not Comply (NC) evaluations for zero tolerance indicators** with the appropriate entity and supply chain representatives. In addition to reporting specific findings related to Not Comply evaluations for zero tolerance indicators, the inspector should provide an overview of non-compliance by criteria, and must mention specific documents that were not available for observation during the verification. Providing an overview of findings related to Not Comply evaluations and highlighting of missing documents is essential in ensuring transparency in the verification process, reducing appeals and disputes during the review period, and allowing participants engaged in the verification process to ask any questions of the inspector(s) to clarify findings.

Clients are given the opportunity to review all evaluations as part of their approval of the verification report before a final version of the report is submitted to Starbucks. Therefore, the closing meeting does not replace the process of reviewing verification reports but helps the producers and processors to understand the general outcome of the inspection and areas of non-compliance.

During the entity inspection closing meeting, inspectors must conduct a final review and comparison of the production or processing volumes from the original Starbucks application with the volume recorded during the inspection to confirm whether there are any significant differences and whether a discrepancy for volumes should be reported. **At no time after the entity closing meeting shall an inspector or verifier accept evidence submitted by an entity undergoing verification, except when authorized to do so by SCS.**

During the closing meeting inspectors must explain next steps and the general reporting process, including timeline, contact persons, and the verification report review and approval process.

Verification closing meeting

During the closing meeting for the *verification*, the inspection team leader must review the production volumes of sampled entities with the supplier by also comparing the actual volume against that included in the Starbucks application. The inspection team leader should confirm with the inspectors on their team that the volumes were reviewed at each sampled entity.

Inspectors are required to use a Closing Meeting Signature Form during the verification closing meeting with the supplier to ensure that the following information is conveyed:

- General findings of the verification;
- Provision that findings are preliminary and may be subject to change;
- Affirmation that all non-compliant zero tolerance indicators were discussed;
- Harvest classification for the supply chain;

- Confirmation that any required documentation that was missing at the time of inspection was requested during the entity closing meeting.

In addition, the Closing Meeting Signature Form must include a list of all Non-Comply evaluations for zero-tolerance indicators and the related entity code. Inspectors must discuss the Early ZT Notification and ZT-CAP process with the representatives of the supply chain during the closing meeting.

During the closing meeting inspectors must explain the reporting process, including deadlines and contact persons for receiving the verification report, the verification report approval process, and the appeals and disputes process, as detailed in sections 6.8 and 7.0.

Verification Organizations may use the version of the Closing Meeting Signature Form distributed by SCS, and available on the SCS website: http://www.scsglobalservices.com/starbucks-cafe-practices, or develop their own, provided that it includes the required information as above.

6.8 Early ZT Notification, Verification Reports, Internal Review, and Client Report Approval

6.8.1 Early ZT Notification

The Early ZT Notification is a procedure by which verification organizations formally notify the supplier and Starbucks whether non-compliance with zero tolerance indicators was found during a verification. Where any ZT non-compliance (ZTNC) is found, inspectors are required to complete the relevant evidence for each ZTNC evaluation. The purpose of the Early ZT Notification is to allow the supplier to begin the corrective action process as soon as possible following the verification, and therefore implement corrective action plans more quickly. It is important to note that supply chains will still have to undergo a ZT-CAP process to resolve any ZTNCs and receive a status in the C.A.F.E. Practices program.

Verifiers are required to send the Early ZT Notification to SCS for review **within 5 business days of the closing meeting** of a verification or confirm no ZTNCs were observed within the same timeline. The VRS includes a tool for verifiers to assign the Early ZT notification report to inspectors to complete. Verifiers are responsible for reviewing the evidence provided by the inspectors. Once reviewed and confirmed by SCS, the verifier must submit the notification to the supplier via the VRS. If the supplier confirms the reported Non-Compliances in the Early ZT Notification or five business days have passed, the notification is then automatically submitted to Starbucks. Suppliers may also appeal ZTNC findings at this stage. For more details on this process, see section 7.1.

For entities that are shared between multiple applications, the verifier must include the ZTNC evidence and submit an Early ZT Notification under the application where the entity report will be written.

Should SCS request updates to the Early ZT Notification and return it to the verification organization, a revised version will need to be resubmitted **within 2 business days**. Verifiers are requested to ensure that inspectors reporting ZTNCs are available even after submitting their first notification to be able to clarify questions resulting from the review conducted by SCS.

Inspectors must mention the Early ZT Notification procedure during the verification opening and closing meetings. Verifiers should ensure that suppliers are aware of the Early ZT Notification and resulting ZT-CAP check if any ZTNCs are discovered during the verification.

Figure 6 below details the timeframe, as well as verifier and inspector responsibilities for the Early ZT notification.

Early ZT Notification Procedure

Within 5 business days of closing meeting	Immediately after SCS review	Within 5 business days	Immediately
Verification org. completes Early ZT Notification* → **Verifier sends Early ZT Notification to SCS for review**	**Verifier sends Early ZT Notification to supplier**	**Supplier reviews and accepts Early ZT Notification****	**Early ZT Notification is submitted to Starbucks**

*If there are no ZT non-compliances, verifiers must confirm in the VRS using the "Early ZT Notification" option in the Application Actions menu.
** If a supplier does not accept the Early ZT notification within 5 business days, or appeals, the verifier should inform SCS.

6.8.2   Verification Reports

C.A.F.E. Practices reports are the result of the inspection process and indicate the level of compliance with the C.A.F.E. Practices Generic Scorecard and/or C.A.F.E. Practices Smallholder Scorecard for each entity in the sample. It is essential that the verification reports include the necessary level of detail to provide context for evaluations. Inspectors need to provide relevant references to documentation and other forms of evidence for all evaluations within the inspection report, both for areas of compliance as well as non-compliance and non-applicability.
All verification reports are to be completed online using the VRS, http://cafepractices.info. No other reports will be accepted. See the C.A.F.E. Practices Verifier Reporting System (VRS) Verifier and Inspector User Manual for more information.

6.8.3   Internal Review and Client Approval of the Verification Report

6.8.3.1   Internal Review of Verification Reports

Prior to sending the complete verification report to the client for review, the verifier is required to review all inspection reports. All verification organizations must have a quality control (internal review) procedure for ensuring that inspection reports are of the highest quality. **At least one C.A.F.E. Practices approved verifier or lead inspector who did not participate in that verification will review the inspection report(s)**. Each completed inspection report must be passed through an internal review system. The system should include a review of the original field notes and other documentation collected by the inspector during the field work. This is essential to make sure that the reports are factually accurate, include sufficient evidence to justify evaluations, demonstrate consistent evaluation of indicators, and are free from mistakes. If any clarifications or changes are needed in the entity report, the verifier or lead inspector shall return the report to the inspector to make the necessary modifications. Once a verifier has reviewed an entity report and has confirmed no additional changes are needed and it is ready to send to the client for approval, the verifier must change the status of the report from 'finalized and submitted' to 'reviewed by verifier.'

6.8.3.2   Deadline for Completing Verification Reports

Verification reports must be submitted to the supplier for review using the Verification Reports page in the VRS within 20 business days of the last day of the onsite inspection, or within 30 business days for sampled networks. The deadline for each application is calculated by the VRS once the verification's actual end date is entered into the system. Once the client has approved the reports (see below), final reports are submitted to Starbucks through the VRS.

Extensions to reporting deadlines may be granted at the discretion of SCS and must be requested in writing to SCS at least **5 business days** prior to the client report due date and include sufficient explanation to justify the extension. Extensions will typically be granted for a maximum of **5**

business days, unless otherwise determined by SCS. Once an extension has been approved by SCS, verifiers must contact the client to notify them of the new reporting timeline and request that Starbucks be notified in the case that any shipments will be impacted by the new reporting timeline.

Starbucks has implemented policies that more closely link the verification approval status of a coffee supply chain with purchasing relationships. For that reason, the timing when VRS reports are received may determine when coffee is purchased or shipped. Adherence to deadlines in the VRS is crucial to this timing. Organizations that continually fail to meet deadlines will face progressively stronger consequences, culminating in removal of approval to conduct work in the program. More information about this procedure can be found in the Verification Organization Approval Procedure.

6.8.3.3   Client Approval and Distributing Verification Reports

Verification organizations need to submit entity inspection reports to the client for review and approval **prior to submission of reports** to Starbucks in the VRS. The VRS includes a mechanism to send the verification reports for review to the client. As part of the process to approve the reports, the client reports require suppliers to specifically approve the (i) application volumes; (ii) harvest status; and (iii) results from the reports.
Clients are to be given adequate time to review the reports. This timeframe should not exceed 10 business days except in cases of extremely large supply chains.

If verifiers do not receive confirmation of report approval from clients after 10 business days, verifiers should contact the client to request an update on their approval. If the client is unresponsive, SCS should be notified via email so that Starbucks is advised to contact the client. **Verification reports cannot be submitted to Starbucks without client approval.**

See Section 7.1 for client appeals on indicator evaluations.

While suppliers are encouraged to review reports for mistakes and to request clarification on specific evaluations, verifiers may not accept any submission of evidence after the final closing meeting. If the client discovers mistakes when reviewing the verification report, verifiers should confirm the mistake through a thorough review of the report(s). Inspectors must make corrections to indicator evaluations. The corrected report(s) should then be resubmitted to the verifier for review, who will then need to create a new verification report and send it to the client through the VRS.

Once the client has approved of the verification report through the VRS, the verifier must change the status of the entity reports from 'reviewed by verifier' to 'accepted by verifier' and submit the application to Starbucks.

7.0   Appeals and Disputes

For the purposes of C.A.F.E. Practices, the following definitions for 'appeals' and 'disputes' will be used:

Appeal: A written request from a C.A.F.E. Practices producer or supplier for formal reconsideration of any evaluation made by a verification organization.

Dispute: An appeal that cannot be satisfactorily resolved by the verification organization and therefore requires SCS resolution. Examples of disputes include cases where interpretation of criteria is contested, where an appeal is submitted after reports are approved, or other exceptional cases.

7.1 Appeals Submitted During Early ZT Notification and Verification Report Review Period

Verifiers are required to submit an Early ZT Notification as well as a C.A.F.E. Practices verification report to the client prior to submission to Starbucks for approval. Clients need to approve the Early ZT notification

and verification report through the VRS. The client can decline to approve the version of the report sent, by initiating an appeal process.

A client may either appeal clear errors (e.g., indicator evidence contradicts indicator evaluation) in the report or may not agree with the interpretation of indicators/criteria and/or inspection procedures.

Action to be taken: The verifier must mark the application as under appeal in the VRS. The verifier should inform SCS of the appeal in writing only if (i) any reporting deadline is affected by it, or (ii) the appeal relates to a ZTNC evaluation. The verifier must review the supplier appeal and provide responses to clarify interpretation, or make any changes if errors were encountered by returning the affected reports to the inspectors to make the necessary changes. If any changes were made in the entity reports, the verifier must send an updated verification report to the client for approval.

If the supplier is still in disagreement with the verification organization based on the response to the appeal and/or requests to submit additional evidence, **the appeal must be elevated to a dispute.** The verifier must contact SCS to initiate the dispute resolution process by sending **one email** to SCS (cafepractices@scsglobalservices.com) and copy Starbucks ([cafepractices@starbucks.com)](mailto:cafepractices@starbucks.com) and the supplier, :providing the following information using their appeal and dispute resolution form:

- Entity code(s) and name(s) for all entities involved in appeal.
- Application code and name of supply chain.
- Name of responsible verification organization and personnel within verification organization responsible for application.
- Name of client and personnel responsible for submitting appeal.
- Date that field inspection(s) occurred.
- Date reports submitted to client for review.
- Date report approved by client (if applicable)
- Date appeal received.
- Indicator interpretation/criteria and indicator(s) that is (are) being appealed.
- Written description of appeal with supporting evidence and/or documentation from the client.
- Relevant excerpts of evidence and justification provided in inspector's report, results of internal review performed by verifier with responses to indicators/criteria/procedures under appeal.
- Date appeal response was sent to the client.
- Scanned copies of the relevant field notes, or as requested by SCS.

Once SCS has received the information listed above and determined that the dispute should be considered, the application will be marked by SCS as "in-dispute" in the VRS. SCS will have 10 business days to review the information provided by the verifier and the client and provide a response in writing to the verification organization, the client and Starbucks which clearly justifies the SCS decision and describes further actions (if any) to be taken by the verification organization. If further time is required to provide a decision, SCS will notify all parties involved with the expected timeline for resolution.

7.2   Appeals Submitted After Verification Report Approval

If a verification organization receives an appeal from their client after the verification report has been approved, or SCS is informed by Starbucks that a client is submitting an appeal, the following questions apply:

- Did the client receive all entity reports for review and approval prior to submission of the reports to Starbucks?
- Was the client given sufficient time to review the reports?
- Did the client approve the full verification report through the VRS prior to the verification report being submitted to Starbucks?
- Was the individual approving the report authorized to do so?

If the answer to all of these questions is 'yes,' then the verifier must inform the client that C.A.F.E. Practices verifications do not allow for appeal of evaluations after reports have been approved.

If the client claims that extenuating circumstances do apply and is able to present this in writing with supporting evidence, the verifier should contact SCS to initiate the dispute resolution process and provide SCS with the following information using their appeal and dispute resolution form:

- Entity code(s) and name(s) for all entities involved in appeal.
- Application code and name of supply chain.
- Name of responsible verification organization and personnel within verification organization responsible for application.
- Name of client and personnel responsible for submitting appeal.
- Date that field inspection(s) occurred.
- Date reports submitted to client for review.
- Date reports approved.
- Person responsible for approval.
- Date appeal received.
- Indicator interpretation/criteria and indicator(s) that is (are) being appealed.
- Written description of appeal with supporting evidence and/or documentation from the client.
- Relevant excerpts of evidence and justification provided in inspector's report, results of internal review performed by verifier with responses to indicators/criteria/procedures being appealed.
- Scanned copies of the relevant field notes, or as requested by SCS.

Once SCS has received the information listed above and determined that the dispute should be considered, the application will be marked by SCS as 'in-dispute' in the VRS. SCS will have 10 business days to review the information provided by the verifier and the client and provide a response in writing to the verification organization, the client and Starbucks which clearly justifies the SCS decision and describes further actions (if any) to be taken by the verification organization. If additional time is required to provide a decision, SCS will notify all parties involved with the expected timeline for resolution.

8.0   Approving Submitted Verification Reports

Once an official C.A.F.E. Practices report is received by Starbucks, the supplier will receive an email from Starbucks confirming receipt. Should the report be incomplete or contain errors or omissions, SCS will return the report to the verifier with a note indicating the reason the report is being returned via the 'Return to Verifier' function in the VRS and request that the verifier re-submit a completed report. If changes are made to the reports, the verifier must send the updated version to the client for approval.

Starbucks will then conduct a complete review of the report and determine the supplier's final C.A.F.E. Practices score and award status level. Once the report has been reviewed and status is determined, the supplier will receive a "C.A.F.E. Practices Approval Letter", indicating the status and validity granted, as well as a general C.A.F.E. Practices terms and conditions document which states the supplier's official score and status level and includes a hyperlink to the final report and scores. Suppliers should pay special attention to the approved volumes indicated in the approval letter for each supply chain, as this amount will usually differ from the estimated volumes provided in the application.

9.0   Zero Tolerance Corrective Action Plan (ZT-CAP)

The Zero Tolerance Corrective Action procedure applies for supply chains that receive Not-Comply evaluations for Zero Tolerance (ZT) indicators. Once the evidence for the ZTNCs has been reviewed and confirmed by SCS, the verification organization or, in cases of SCS audits, SCS, will send an Early ZT Notification to the supplier via the VRS to review and accept or appeal. Once the supplier accepts the ZTNCs, Starbucks will send the supplier a communication requesting a signed Commitment Letter and the development of a Corrective Actions Work Plan, including a link to the online platform in which the plan must be developed. If the supplier chooses not to follow the ZT-CAP process, the application will be given

a Non-Compliant status and will be required to undergo a complete re-verification in order to be considered for status in the C.A.F.E. Practices program.

In order for the ZTNCs to be corrected and closed, the supplier must undergo the ZT-CAP procedure, which includes:

- Signing a commitment letter.
- Completing a Corrective Actions Work Plan.
- Undergoing a ZT-CAP check.
- Successfully implementing the Corrective Action Plan.

Only the verification organization that conducted the most recent verification of the application may be contracted to conduct the ZT-CAP check. However, the verification organization is not obligated to send the same inspector that conducted the original verification. The implementation of the corrective actions can be verified in two of ways:

1. **Desk Check**: The verification organization will review documentation requested from the client remotely.
2. **On-Site/Field Check**: The verification organization conducts an inspection at either the office or field locations of the supplier.

Starbucks and SCS have developed guidelines for which evidence *must be reviewed* in order to consider a Non-Conformity as closed during a ZT-CAP check. Please see Appendix C or the C.A.F.E. Practices Verifier and Inspector Indicator Guidance Reference of Scorecard V3.4 for the list of minimum evidence required for each ZT indicator. Verifiers and inspectors should refer to this document and the ZT-CAP Procedure Manual when planning for the ZT-CAP check.

The ZT-CAP report template is created in the VRS once the supplier submits a draft Work Plan, and the Work Plan becomes available to the verification organization. Inspectors need to complete the ZT-CAP report using the template within the VRS. Verifiers must conduct an internal review of the information before submitting the results of the ZT-CAP check.

Upon receiving the results found during the desk or on-site check, Starbucks will determine final approval status and validity for the application.

Verification organizations are required to keep records of all documentation related to the ZT-CAP check (client contract, ZT-CAP report, and closing meeting signature form).

More information regarding the ZT-CAP procedure can be found in the C.A.F.E. Practices Zero Tolerance Corrective Action Plan (ZT-CAP) Procedure Manual.

10.0 Appendices

10.1 Appendix A: Pre-Onsite Planning Checklist

☐ Confirm that the client has a Starbucks-approved application

☐ (For verification organizations with limited approval, or if requested by SCS) Send the verification planning template to SCS
   o *Verification planning template must be sent to SCS as soon as first contact was made with the client. In some cases, this may occur before Starbucks has approved the application and transferred it to the VRS*

☐ Confirm that the application is up to date and obtain a copy of the final approved application from the client

☐ Obtain a copy of the "First Response Letter" and addendum(s) received
   o *Verifiers must note any entities that received zero tolerance Non Comply evaluations in previous verifications or any mills and warehouses with current validity*

☐ Request the security code for the application from the client

☐ Calculate sample, if applicable

☐ Confirm that in-harvest conditions will be met during the planned inspection dates

☐ Sign contract

☐ Select verification team

☐ Prepare verification plan and inspection plans, ensuring that the plans include the list of documents that will be requested and reviewed, both remotely and onsite, during the verification before sending to the client and distributing to the inspection team

☐ Send verification plan to the client

☐ Claim application in the VRS before field work begins

☐ Enter the Planned Field Inspection Start and End Dates in the application's coversheet in the VRS

☐ Ensure that the application received from the client is the same as the application in the VRS

☐ Ensure that inspectors can sync the application in the VRS

☐ If a re-verification, check the legacy IDs to identify farms for re-sampling and confirm any entities that received zero tolerance Non Comply evaluations in previous verifications

☐ Select sampled entities (if required)

☐ Establish contact with the entities to be verified

☐ Where subcontracted labor and/or labor intermediaries are used, request that relevant documentation is available at the time of inspection

☐ Review current wage/labor and other relevant legislation

☐ Prepare field notes and any relevant check lists

☐ Conduct document review

10.2 Appendix B: Indicator Applicability Table

Indicators that are always applicable in Version 3.4 Scorecards

Category	Group											
Economic Accountability	EA-IS1	EA-IS1.3	EA-IS1.4									
Social Responsibility (8 Indicators)	SR-HP3	SR-HP3.5										
	SR-HP4	SR-HP4.1	SR-HP4.3	SR-HP4.4	SR-HP4.5							
	SR-WC4	SR-WC4.9										
	SR-MS	SR-MS1.1	SR-MS1.2									
Environmental Leadership – Coffee Growing (47 Indicators)	CG-WR1	CG-WR1.9	CG-WR1.10	CG-WR1.11								
	CG-SR1	CG-SR1.1	CG-SR1.2									
	CG-SR2	CG-SR2.1	CG-SR2.2	CG-SR2.3	CG-SR2.4	CG-SR2.5	CG-SR2.6	CG-SR2.7	CG-SR2.8	CG-SR2.9	CG-SR2.10	
	CG-CB1	CG-CB1.1	CG-CB1.2	CG-CB1.3	CG-CB1.4	CG-CB1.5	CG-CB1.6	CG-CB1.8	CG-CB1.9	CG-CB1.10	CG-CB1.11	CG-CB1.12
	CG-CB2	CG-CB2.1	CG-CB2.2	CG-CB2.3	CG-CB2.4							
	CG-CB3	CG-CB3.1	CG-CB3.2	CG-CB3.3	CG-CB3.7	CG-CB3.8	CG-CB3.10	CG-CB3.11				
	CG-EM1	CG-EM1.1	CG-EM1.9	CG-EM1.10								
	CG-EM2	CG-EM2.1	CG-EM2.2									
	CG-EM3	CG-EM3.1	CG-EM3.3									
	CG-CC1	CG-CC1.1	CG-CC1.2	CG-CC1.3								
Environmental Leadership – Coffee Processing (11 indicators)	CP-WC1	CP-WC1.6										
	CP-WC2	CP-WC2.1										
	CP-WM1	CP-WM1.1	CP-WM1.2	CP-WM1.3								
	CP-EC1	CP-EC1.2										
	CP-RM1	CP-RM1.1	CP-RM1.3	CP-RM1.4								
	CP-MT1	CP-MT1.1	CP-MT1.2									
Producer Support (32 indicators)	PS-MT1	PS-MT1.1	PS-MT1.2	PS-MT1.3	PS-MT1.4							
	PS-HP1	PS-HP1.1	PS-HP1.2									
	PS-SR1	PS-SR1.1	PS-SR1.2	PS-SR1.3	PS-SR1.4	PS-SR1.5						
	PS-SR2	PS-SR2.1	PS-SR2.2									
	PS-CB1	PS-CB1.1	PS-CB1.2	PS-CB1.3								
	PS-CB2	PS-CB2.1	PS-CB2.2									
	PS-CB3	PS-CB3.1										
	PS-EM1	PS-EM1.1										
	PS-EM2	PS-EM2.1	PS-EM2.2	PS-EM2.3	PS-EM2.4	PS-EM2.5	PS-EM2.6	PS-EM2.7	PS-EM2.8	PS-EM2.9		
	PS-CC1	PS-CC1.1	PS-CC1.2	PS-CC1.3								

10.3 Appendix C: Evidence Requirements for Zero Tolerance Indicators

The requirements in this appendix refer to the qualitative evidence requirements for Zero Tolerance indicators that are evaluated as Comply or Non-Comply. In addition to the requirements specified below, information must also always be completed in the quantitative evidence and sources of evidence fields in the VRS and Field Notes.

For those indicators marked by an asterisk, a citation to a legal reference must be provided in the qualitative evidence. The citation must include the title of the document, publication year, and relevant section or article.

SR-HP1.1	<u>ZERO TOLERANCE</u>: All permanent workers are paid the nationally or regionally established minimum wage. If minimum wages for permanent workers have not been established, all permanent workers are paid the local industry standard wage. If workers are paid by production, wages meet the nationally or regionally established minimum wage, or, where minimum wage has not been established, the local industry standard wage.
SR-HP1.2	<u>ZERO TOLERANCE</u>: All temporary and seasonal workers are paid the nationally or regionally established minimum wage. If minimum wages for temporary/seasonal workers have not been established, all temporary/seasonal workers are paid the local industry standard wage. If workers are paid by production, wages meet the nationally or regionally established minimum wage, or, where minimum wage has not been established, the local industry standard wage.

- o National/regional minimum wage, including the legal reference, or wage as established by the C.A.F.E. Practices program;
- o For workers that are paid by productivity (i.e., piece-rate), evidence must include productivity range (e.g., kg per hr., highest and lowest), price per unit (e.g., $ per kg), AND corresponding payment rate; and
- o Rates paid for different tasks performed at the entity, e.g., harvesting, weeding, security (watchmen);

Additional evidence required for Non-Comply evaluation:
- o Number or percentage of workers not meeting the minimum wage;
- o Tasks conducted by workers not meeting minimum wage; and,
- o Payment rate of workers not meeting minimum wage.

SR-HP1.3	<u>ZERO TOLERANCE</u>: Wages are paid regularly to all workers in cash, cash equivalent (check, direct deposit), or through in-kind payments (e.g., food), if legally permissible.

- o Type of payment to workers;
- o Frequency of payment to workers;
- o Description of system of in-kind payments (if applicable); and,
- o Legal reference related to requirements for in-kind payments (if applicable).

SR-HP1.17	<u>ZERO TOLERANCE</u>: Labor intermediaries are only used where legally permissible. Legal status of the intermediary can be demonstrated at the time of inspection. All necessary documentation from the labor intermediary is made available at the time of the inspection to support evaluation of relevant Social Responsibility indicators.

- o Description of type of labor intermediary, including legal status;
- o Activities carried out by workers for labor intermediary;
- o Legal reference related to requirements for labor intermediaries; and,
- o Confirmation of whether all documentation related to the legal status of the intermediary was provided, and if not, which documentation was missing.

SR-HP4.1	ZERO TOLERANCE: Employer does not directly or indirectly employ any persons who are under the age of 14 or the legal working age (ILO Conventions 10 and 138).

- o Age(s) of worker(s), or children assisting family members, under 14 or the legal working age;
- o Reference to the legal working age;
- o Activities conducted by workers under 14 or the legal working age;
- o Schedule of when children under 14 or the legal working age work and/or are present at the entity;
- o If applicable, payment system for work done by children under 14 or the legal working age, including whether payment is direct to the child or indirect (e.g., through parents or other person or organization);
- o Information about whether children are accompanied by a parent or legal guardian;
- o When applicable, the school calendar including holidays in the country of inspection;
- o Any additional circumstances as to why the children are working and what the circumstances are (e.g., whether work is voluntary, how long has this been occurring); and,
- o Any additional references to relevant national legislation.

SR-HP4.2	ZERO TOLERANCE: Employment of authorized minors follows **all** legal requirements, including, but not limited to, work hours, wages, education, working conditions, and does not conflict with or limit their access to education (ILO Convention 10).

- o Ages of authorized minors*;
- o Legal reference for requirements for authorized minors;
- o Activities conducted by authorized minors;
- o Schedule of when authorized minors work and/or are present at the entity;
- o Payment system (if applicable) for work done by authorized minors; and,
- o Information about whether authorized minors are accompanied by a parent or legal guardian.

*For the purpose of the indicator, "authorized minors" refers to minors within the legal working age, up to their 18th birthday.

SR-HP4.3	ZERO TOLERANCE: Employer enforces a policy of prohibiting discrimination on the basis of gender, race, ethnicity, age or religion (ILO Convention 111). *Written policy required for large/medium farms, mills, and warehouses with more than 5 employees.*

- o Confirmation of whether a written policy exists (if applicable);
- o Confirmation that work environment is absent of any type of discrimination;

Additional evidence required for Non-Comply evaluation:
- o The number and type of workers affected, and
- o The type of discrimination observed.

SR-HP4.4	ZERO TOLERANCE: Employer enforces a policy that prohibits the use of forced, bonded, indentured, convict or trafficked labor (ILO Conventions 29, 97, 105 and 143). *Written policy required for large/medium farms, mills, and warehouses with more than 5 employees.*

- o Confirmation of whether a written policy exists (if applicable);
- o Confirmation of absence of forced, bonded, indentured, convict or trafficked labor;

Additional evidence required for Non-Comply evaluation:
- o The number and type of workers affected, and
- o The type of labor observed.

SR-HP4.5	ZERO TOLERANCE: The workplace is free from physical, sexual, and verbal harassment and abuse.

Evidence required for Non-Comply evaluation:
- o Number of workers affected by harassment and/or abuse;
- o Type of workers affected by harassment and/or abuse (provided that information does not put workers at risk); and,
- o Type of harassment and/or abuse, including person(s) responsible.

SR-HP4.6	ZERO TOLERANCE: Workers do not surrender their identity papers or other original personal documents or pay deposits as a condition of employment.

- o If original identity papers are required for employment, then details must be provided about the (i) types of identity papers that are surrendered and, (ii) length of time that identity papers are kept.
- o If a deposit is required for employment, then the evidence must specify the type and amount of deposit.

SR-WC2.1	ZERO TOLERANCE: Children of legal school age who live onsite or accompany family members who are working onsite attend school.

- o National legislation regarding mandatory school attendance, including the age or level to which children must attend school;
- o The number and ages of children living or working onsite;
- o The school and work status of each child (attends school: Y/N; works or helps on the farm: Y/N);
- o Types of activities that the child is doing on the farm;
- o The school and working hours of any children working or helping on the farm.

Additional evidence required for Non-Comply evaluation:
- o Location and distance to school;
- o The reason why minors are not enrolled in school;
- o Information about whether the farm or mill has supported the family in the process of school registration/enrollment;
- o Whether the families tried to enroll the children in school;
- o Whether the minors are part of seasonal/migrant worker families;
- o The length of time the families intend to stay in this region (if migrants); and,
- o Information on the school calendar where the minors come from and whether school is out of session in their region (if migrants).

SR-MS1.1	ZERO TOLERANCE: Entity provides transparency into their operations, policies, processes, and relevant records to Starbucks or its designated third party. Payroll records and time cards provided by management are true and accurate.

Evidence required for Non-Comply evaluation:
- o Aspects of the operation that were not available during the verification; and/or,
- o Items provided to the inspector that were not true or accurate.

SR-MS1.2	ZERO TOLERANCE: Money and/or gifts of any type are not offered to Starbucks or its designated third party.

Evidence required for Non-Comply evaluation:
- o Type of money or other gift that was offered, and the reason for offering.

CG-CB3.1	ZERO TOLERANCE: No conversion of natural forest to agricultural production since 2004.

- o Date that land was converted;
- o Type of forest or land that was converted;
- o Purpose for land conversion; and,
- o Approximate area converted (in hectares).

CG-EM1.1	ZERO TOLERANCE: Farm does not use pesticides that are listed by the World Health Organization as Type 1A or 1B, or that are banned according to national, regional, or local laws.

Evidence required for Non-Comply evaluation:
- o Active ingredient of illegal or prohibited pesticides used;
- o Purpose for use of illegal or prohibited pesticides;
- o Duration of time that illegal or WHO-listed pesticide has been in use; and,
- o Legal reference (if applicable) or specification of whether pesticide is listed as Type 1A or 1B.

The WHO Pesticide Classification is published directly by the World Health Organization and is updated periodically

CP-MT1.1	ZERO TOLERANCE: Entity has a system and is tracking C.A.F.E. Practices coffee from initial purchase through point of export.
CP-MT1.2	ZERO TOLERANCE: Mill has a system and is tracking C.A.F.E. Practices coffee from initial purchase or intake through final sale or output.

- o Description of intake procedure;
- o Comparison of information recorded at the intake with the information given at the sampled farms and if it aligns;
- o Description of methods for keeping C.A.F.E. Practices coffee physically separate from non-C.A.F.E. Practices coffee (e.g., bag labels; storage areas; separate processing runs, etc.);
- o System of documentation used for ensuring C.A.F.E. Practices coffee is separate from non-C.A.F.E. Practices coffee (e.g., receipts; invoices; weigh-bridge tickets, etc.);
- o Deficiencies in the system of documents or physical segregation that would lead to mixing of C.A.F.E. Practices and non-C.A.F.E. Practices coffee; and,
- o For supply chains in which a collector or other intermediary is used to aggregate coffee from producers prior to delivering to the mill, information about their traceability practices must be included in the evidence. For smallholder networks, this step in the supply chain must be evaluated within the scope of PS-MT1.1.

PS-MT1.1	ZERO TOLERANCE: All supply chain entities have and implement a system to track the movement of C.A.F.E. Practices coffee from initial purchase through point of export.

- o Description of methods for keeping C.A.F.E. Practices coffee physically separate from non-C.A.F.E. Practices coffee (e.g., bag labels; storage areas; separate processing runs, etc.);
- o System of documentation used for ensuring C.A.F.E. Practices coffee is separate from non-C.A.F.E. Practices coffee (e.g., receipts; invoices; weigh-bridge tickets, etc.);
- o Information about ALL entities in the C.A.F.E. Practices supply chain, including farms and mills, as well as any other entity that handles coffee (e.g., collectors or farmer delegates that may collect coffee from farms and deliver it to wet mills); and,
- o Deficiencies in the system of documents or physical segregation that would lead to mixing of C.A.F.E. Practices and non-C.A.F.E. Practices coffee.

PS-MT1.2	ZERO TOLERANCE: Organization has an annually updated list of producers participating in the C.A.F.E. Practices program.

- o Date when the producer list was most recently updated; and,
- o Specific discrepancies between the list of producers in the approved C.A.F.E. Practices application and the list encountered at the PSO. In most cases, a supply chain discrepancy notification is also necessary.

PS-MT1.3	ZERO TOLERANCE: Each farm in the supply chain receives a receipt for coffee purchased.

- o Description of the receipt system that is used;
- o Information from farms that were visited during the verification and whether receipts were observed; and,
- o Explanation of system for coffee purchases, if no receipts are issued.

PS-EM1.1	ZERO TOLERANCE: Producer Support Organization does not buy, distribute or apply pesticides prohibited under the World Health Organization Type 1A or 1B lists, or that are banned according to national, regional, or local laws.

Evidence required for Non-Comply evaluation:
- o Active ingredient of illegal or prohibited pesticides used or distributed;
- o Purpose for use of illegal or prohibited pesticides;
- o Duration of time that illegal or WHO-listed pesticide has been in use or distributed; and,
- o Legal reference (if applicable) or specification of whether pesticide is listed as Type 1A or 1B.

The WHO Pesticide Classification is published directly by the World Health Organization and is updated periodically