



C.A.F.E. Practices Zero Tolerance Corrective Action Plan (ZT-CAP) Procedure Manual

Starbucks Coffee Company

SCSglobal
SERVICES

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1.0 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 indicators.

A supplier's commitment to the program's core value of continuous improvement is expressed by addressing any Zero Tolerance Non-Conformities (ZTNCs) found during the verification by a verification organization or during a C.A.F.E. Practices audit conducted by SCS, through following the **Zero Tolerance Corrective Action Plan (ZT-CAP) procedure**.

2.0 Purpose of this Document

The purpose of this document is to outline the steps and actions related to the ZT-CAP procedure, as an integral part of the C.A.F.E. Practices program. The procedure outlined in this manual starts once the supplier commits to correcting the ZTNC(s) found during their C.A.F.E. Practices verification or a C.A.F.E. Practices audit conducted by SCS. As the scope of this manual is ZT-CAP procedure only, all other aspects related to ZTNCs (e.g., Early ZT notification, etc.) can be found in the "C.A.F.E. Practices Verifier and Inspector Operations Manual". This document also outlines the essential aspects needed in the development of a Work Plan and provides information on possible outcomes from the ZT-CAP process.

3.0 Reference Documents

- 3.1. C.A.F.E. Practices Audit and Training Manual:** Provides information on the procedures used by SCS to train verification organizations on C.A.F.E. Practices, audit, and continuously review their work in the program.
- 3.2. C.A.F.E. Practices Generic Scorecard:** Provides the scoring indicators against which the entities undergoing verification are evaluated.
- 3.3. C.A.F.E. Practices Smallholder Scorecard:** Provides the scoring indicators against which smallholders and producer support organizations undergoing evaluation are evaluated.
- 3.4. C.A.F.E. Practices Field Notes:** Formatted field notes that are to be used by inspectors while carrying out verifications.
- 3.5. 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.
- 3.6. C.A.F.E. Practices Verifier and Inspector Operations Manual:** This 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.
- 3.7. 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.
- 3.8. 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.

- 3.9. Verifier Guidance Updates (VGUs):** Provide periodic updates on interpretation of specific criteria and/or indicators, reporting procedures for the VRS, and other program updates.
- 3.10. 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.

4.0 ZT-CAP Related Terminology

- 4.1. Applicant:** The supply chain applying for C.A.F.E. Practices that delivers coffee to Starbucks Coffee Trading Company via a supplier, also referred to as “supplier”.
- 4.2. Commitment Letter:** A letter signed by the supplier to Starbucks to demonstrate that the supplier is committing to resolving the ZTNCs found in their application during the verification or a C.A.F.E. Practices audit conducted by SCS.
- 4.3. Continuous Improvement:** C.A.F.E. Practices is based on a model of continuous improvement, with the goal for suppliers to steadily improve practices over time.
- 4.4. Corrective Actions:** Actions developed by the supplier to address Non-Conformities with Zero Tolerance indicators. They are part of the supplier’s Work Plan.
- 4.5. Desk Check:** A type of ZT-CAP check that is conducted remotely by the verification organization or SCS.
- 4.6. Early Zero Tolerance (ZT) Notification:** A notification sent by the verifier or SCS to the supplier that indicates whether there is a non-compliance with Zero Tolerance indicators for a given verification. The Early ZT Notification is required for all applications. The Zero Tolerance Corrective Action Process is initiated once the notification is approved by the supplier and sent to Starbucks.
- 4.7. 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 and verification reports. Agronomists also provide technical support, including Corrective Action Plans (where applicable), 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/>
- 4.8. In-Harvest Classification:** Set of conditions required to meet in-harvest classification for specific entities or the entire application. Applications composed of small and/or medium farms are considered ‘in-harvest’, if at least 50% of all sampled farms and 100% of standalone mill are ‘Inspected during Harvest’, as indicated in the entity’s coversheet. Large farm applications are considered ‘in-harvest’, if 100% of farm coversheets and 100% of standalone mill are ‘Inspected during Harvest’, as indicated in the entity’s coversheet. 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.’
- 4.9. Inspector:** An individual who conducts inspections against the C.A.F.E. Practices Generic and/or Smallholder Scorecard on behalf of an approved C.A.F.E. Practices verification organization.
- 4.10. Legacy application:** A previously verified application containing farms included in a re-verification application that have participated in the program previously, whether in the same application or a different one.
- 4.11. On-Site Check:** A type of ZT-CAP check that is conducted at either the office and/or field locations of the supplier by the verification organization or SCS.
- 4.12. Root Cause Analysis:** A root cause is the core issue leading to the Non-Conformity of a Zero-Tolerance indicator. In the Work Plan, the supplier must provide a root cause analysis. Analyzing the root cause will provide understanding of the issue and its context, allowing for an effective Corrective Action Plan to be developed to address the issue.

- 4.13. 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 Scorecards. SCS also works with Starbucks Coffee Company in the design and improvement of the C.A.F.E. Practices program and conducts C.A.F.E. Practices audits on approved C.A.F.E. Practices applications.
- 4.14. Status:** After a verification is complete and compliance with C.A.F.E. Practices is confirmed by a C.A.F.E. Practices administrator, applicants will be granted an approval status depending on the score achieved. Applications with a score of under 85% will receive “Verified” status, applications with 85% and over receive “Strategic” status. Only applications with an active “Verified” or “Strategic” status may ship coffee to Starbucks.
- 4.15. Supplier:** Entity that enters direct contractual supply agreements with Starbucks Coffee Trading Company to sell green coffee, also referred to as “Applicant”.
- 4.16. Validity:** 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.
- 4.17. 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.
- 4.18. Verifier Reporting System (VRS):** Starbucks’ 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 applications based on indicator evaluations and weighting and tracks progress over time.
- 4.19. 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 the Zero Tolerance indicators with Non-Comply evaluations. May also be referred to as “Corrective Action Plan.”.
- 4.20. Zero Tolerance (ZT):** Specific indicators in the C.A.F.E. Practices Scorecards that require compliance for participation in C.A.F.E. Practices.
- 4.21. Zero Tolerance Corrective Action Plan (ZT-CAP):** The process of initiating and undergoing corrective actions to address all Non-Comply evaluations of Zero-Tolerance indicators identified during a verification or an audit. Successful implementation of corrective actions followed by a ZT-CAP check is necessary for an application with ZTNC evaluations to be eligible for validity in the C.A.F.E. Practices program.
- 4.22. Zero Tolerance Non-Conformities (ZTNCs):** Zero-Tolerance indicators that have received a Non-Comply evaluation and that will need to be corrected through a ZT-CAP process.

5.0 Actors and Responsibilities in the ZT-CAP Process

The principles of ZT-CAP checks are the same as for C.A.F.E. Practices verifications, namely:

- **Ethical:** Verifiers and inspectors will faithfully evaluate suppliers' Work Plans and corrective actions based on C.A.F.E. Practices principles and requirements.
- **Fair:** Verifiers and inspectors will fully and accurately report all findings of check activities.
- **Objective:** Verifiers and inspectors will be unbiased in their evaluation 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. Suppliers will provide information to the best of their knowledge without withholding critical aspects.

5.1 Responsibilities of Verification Organizations

As verification organizations identify ZTNCs during verifications, they are in a unique position to evaluate corrective actions presented by the supplier, and to determine if the non-conformities observed during the verification have been appropriately addressed. Work related to the ZT-CAP check procedure is divided, like in regular C.A.F.E. Practices verifications, between a verifier and an inspector. Verifiers are responsible for main communications with the client, with SCS, and overseeing reporting work to ensure high quality reports. The inspector is responsible for conducting the ZT-CAP check, writing the report, and at times communicating with the supplier when clarifications to the Work Plan and coordinating ZT-CAP check are needed.

Similarly to regular C.A.F.E. Practices verifications, due dates established for the ZT-CAP check process must be respected. 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 ZT-CAP reports are received may determine when coffee is purchased or shipped. Adherence to deadlines in the VRS and those provided by SCS is integral to this timing. Organizations that continually fail to meet deadlines will be issued Non-Conformities with progressively stronger consequences, which may culminate in removal of approval to conduct work in the program.

In terms of communication, **verification organizations** are responsible for:

- Reviewing the Work Plans drafted by the supplier and addressing any issues with them in the timelines provided in this manual. In case of any foreseeable delay, verifiers must inform SCS prior to the deadline and may request an extension.
- Directly communicating with SCS in a timely manner and informing about any red flags identified during a Work Plan review, and informing SCS once the Work Plan and the ZT-CAP report is ready for SCS final review.

5.2 Responsibilities of SCS Global Services

In the event that a ZTNC is found during a C.A.F.E. Practices audit conducted by SCS, SCS Global Services will collaborate with the supplier on correcting their ZTNC(s) through the ZT-CAP procedure, instead of a verification organization.

6.0 Process Overview

6.1 Closing Meeting and Early ZT notification

During the closing meeting of a verification or a C.A.F.E. Practices audit conducted by SCS, suppliers are informed on the initial findings and encouraged to start addressing the ZTNC(s) immediately. An official

notification (Early ZT notification) will be sent, via the VRS, by the verification organization or SCS, to the supplier. This notification details the evidence of the ZTNC(s) found. **The supplier will need to review and accept, or appeal, the findings within 5 business days**, otherwise the ZTNCs are accepted on behalf of the supplier and automatically submitted to Starbucks to avoid any delays in the process. Suppliers who choose to appeal the findings, should follow the instruction provided in the Early ZT Notification or, if not provided, contact the verification organization directly.

6.2 Work Plan Development

The ZT-CAP procedure officially starts once the **supplier** accepts the Early ZT notification. At this time, the supplier will receive the Work Plan notification via email with the commitment letter template attached, requesting to complete and return the commitment letter via email to cafepractices@starbucks.com and ZTCAPcafepractices@scsglobalservices.com **within 5 business days from the date the notification was sent**. The notification will have a link to access the Work Plan template in the VRS so that suppliers can log in to their accounts and begin developing a robust Work Plan. If the ZTNC was found by SCS, this notification will not have a link to access the Work Plan template, instead, the Work Plan template will be attached as an Excel file. Suppliers must utilize this template. Supplier representatives who do not have a VRS account should contact Starbucks.

The **supplier** is responsible for developing a **first draft of a robust Work Plan** to address the ZTNCs identified for each applicable entity **within 20 business days** of receiving the Commitment Letter and Work Plan notification, otherwise the application will receive Non-Compliant status and may only receive validity after a successful ZT-CAP check and reverification.

If suppliers are unable to complete the Work Plan draft within the established timeframe, an email must be sent to ZTCAPcafepractices@scsglobalservices.com and cafepractices@starbucks.com requesting a deadline extension, with the responsible verification organization in copy, if applicable. A deadline extension can only be considered if the completed Commitment Letter was sent before the deadline expires.

The supplier is responsible for developing an intentional Work Plan that will address and ensure long term correction of the ZTNC(s) identified for each concerned entity. Suppliers are encouraged to seek support from their nearest Farmer Support Center (FSC) during this process.

A satisfactory Work Plan incorporates at minimum the following elements:

- ✓ **A root cause analysis** of the situation that led to the Non-Conformity of the Zero Tolerance indicator(s) (ZTNC). A proper root cause analysis is the basis for developing a satisfactory Corrective Action Plan;
- ✓ **Corrective actions** (e.g., trainings, retroactive payments, etc.) are based on the root cause analysis with the objective to address the ZTNC(s) in the long-term, ensuring the ZTNC(s) does not reoccur in the application.
 - **The Corrective Action Plan** accounts for all **relevant stakeholders** (trainers, managers, producers, etc.) and does not include punitive actions,
 - **Trainings** are included according to the requirements mentioned in section 6.4.1;
- ✓ A **timeframe** for implementing the corrective actions is appropriate and set to be implemented within the same harvest period, or at the latest by the next harvest season (see section 6.4.2 for additional guidance on this topic);
- ✓ An outline of the **follow-up actions required** to ensure long term correction of the ZTNC(s) (if applicable);
- ✓ List of **supporting documentation** (training records, training plans, proof of correction plans, etc.).

Some actions will not be accepted as part of a Work Plan, as they do not align with the program's continuous improvement objective. Such actions include:

- Removal of entities/farmers from the application or cooperative/PSO,
- Any punitive actions or retaliation.

Once suppliers complete their Work Plan in the VRS, they must click "Submit", which will prompt the VRS to send a Work Plan submission notification to the verification organization, to begin their Work Plan review.

A supportive checklist for developing a ZT-CAP Work Plan can be found in the **Appendix B** of this document and should be considered as an active resource. Suppliers are encouraged to reference this section of the manual to develop their Work Plan and may copy and paste it into the Work Plan template located in the VRS.

6.3 Work Plan Review

Once the verifier receives a VRS notification indicating the supplier has submitted the first Work Plan draft, they must review the Work Plan and address any issues with the supplier, **within 10 business days from receiving the notification**. Verifiers must evaluate if the outlined corrective actions are sufficient to correct the ZTNC(s) and incorporate all necessary elements of a satisfactory Work Plan as described above, based on the evidence and the root cause analysis. If the verification organization considers the Work Plan as not addressing the ZTNC(s) in a satisfactory manner, the verification organization must request the supplier to update the Work Plan accordingly and the supplier must amend as necessary until the Work Plan satisfies the requirements.

Verification organizations and suppliers must maintain SCS in copy (ZTCAPcafepactices@scsglobalservices.com) on all e-mail communicating related to the ZT-CAP process.

Once the supplier submits updates to their Work Plan, the verification organization will receive another notification through the VRS. Verification organizations must review the updated Work Plan and respond to the supplier **within 5 business days**.

Once the verification organization considers the Work Plan satisfactory, the verifier must directly inform SCS. At this time and if applicable, verifiers are encouraged to review the supplier's supporting documents to assess whether the supplier is prepared for a ZT-CAP check. Verifiers may request supporting documents at any time throughout the process to evaluate the status of the supplier's corrective action implementation and to determine the date of the ZT-CAP check. For example, verifiers may request training records shortly after the timeline specified in the Work Plan to evaluate whether the supplier has implemented enough of their corrective actions to schedule the ZT-CAP check. Suppliers must send the verification organization the requested supporting documents via email with ZTCAPcafepactices@scsglobalservices.com in copy. SCS will conduct a final review of the Work Plan and provide feedback to the verification organization if necessary.

6.4 Implementation of Corrective Action Plan

6.4.1 Training Requirements for Applications

Training(s) on the topic of the identified ZTNC(s) is expected to be provided to all relevant entities:

- **For all applications in general:** each entity evaluated with a ZTNC(s) must receive trainings, including all relevant personnel.

- **For ZTNCs found on smallholder farms:** in addition to training and correcting the ZTNC(s) at each entity with ZTNCs, the PSO must train at least 75% of producers in its application by the time of the ZT-CAP Check.
 - Note that 100% of producers in the application must receive training. Suppliers may include trainings to the remaining 25% of producers as a follow-up action to their Corrective Action Plan.
- **For ZTNCs found at the PSO level:** all PSO personnel plus all relevant personnel.
- **For ZTNCs found on medium farms:** in addition to training and correcting the ZTNC(s) at each farm where a ZTNC was found, all medium farms that were **not** inspected during the verification must receive training.

The format of these trainings (in person, remote, day sessions, emails/calls/text communications, etc.) is left to the discretion of the supplier, provided it is adequate for the nature and extent of the ZTNC(s).

For smallholder networks, producers must receive training on all the ZTNC(s) found **in an appropriate timeframe**. In the event a verification organization considers it necessary for the supplier to train a higher percentage of producers than the percentage required in this manual, suppliers must ensure trainings are executed as requested by the organization, before the ZT-CAP check can be scheduled.

6.4.2 Timeline Requirements

Corrective actions are expected to be implemented by the time of the ZT-CAP check apart from the follow-up plan, and within the same harvest period or, at the latest, by the next harvest season. If corrective actions are not implemented by the end of the following harvest season at the latest, the application will be required to undergo a reverification in addition to a ZT-CAP check. If suppliers are experiencing delays in fulfilling the proposed corrective actions by the timeframe specified in the Work Plan, suppliers must inform the verification organization, or SCS and provide a timeline by when the corrective actions will be implemented. For all ZT-CAP checks pending on the following harvest season to be scheduled, the Work Plan must be fully implemented by the time of the ZT-CAP check.

6.5 Considerations for Planning the ZT-CAP Check

A ZT-CAP check may be scheduled once the Work Plan has been considered satisfactory and the verification organization has determined that enough corrective actions were implemented to effectively evaluate the supplier's Work Plan at the time of the ZT-CAP check.

The following list provides factors for the timing of the ZT-CAP check that will need to be taken into consideration, without being exhaustive:

- The expected timeframe for completion of corrective actions,
- The necessary harvest conditions,
- Availability of workers, including the type of worker,
- Availability of entities to visit,
- Any other conditions necessary to effectively assess the implementation of the supplier's Corrective Action Plan.

The verification organization must determine the type of ZT-CAP check it considers appropriate. The verification organization must consider the evidence, the root cause as stated in the Work Plan, and whether the type of check will allow for an effective evaluation of the supplier's correct actions. There are two types of ZT-CAP checks that can be conducted:

- **On-site check:** The check is conducted at either the office and/or field locations of the application.

- **Desk check:** The check is conducted remotely. Desk checks can be performed especially in cases where documentation was missing to show compliance with a ZTNC indicator, and a review of documentation is sufficient to confirm that a ZTNC has been corrected.

On-site checks with in-harvest conditions are necessary in cases where implementation of corrective actions is linked to coffee harvesting activities and where presence of a larger number of workers affected by the ZTNC(s) is required (e.g., underpayments, child labor, worker safety, etc.). Some ZT-CAP checks may take place off harvest in situations where the cause of the ZTNC(s) was related to missing documentation, permanent workers who are still on-site, or if the evaluation of the supplier's corrective actions is independent from in-harvest conditions. These are to be determined by the verification organization. In all cases, verifiers must assess the (harvest) conditions needed to effectively evaluate the supplier's corrective actions and inform SCS of the proposed timing for when it's most appropriate to conduct the ZT-CAP check.

If a ZTNC is found during a verification that takes place towards the end of the harvest season, it may not be possible to conduct the ZT-CAP check during the same harvest period. This may have serious consequences on the application's validity since its approval will be delayed until the next harvest, and the validity of the legacy application may be suspended or may expire before the ZT-CAP is completed.

For all corrective actions that require interviews with workers, verifiers must coordinate with the supplier to ensure that a representative sample of workers is present at the time of the ZT-CAP check.

The need to increase the sample of entities to evaluate the supplier's corrective actions in sampled networks will impact overall timing allocated to the ZT-CAP check and needs to consider availability of such entities.

6.5.1 Additional timing considerations for suppliers

As the ZT-CAP process as a whole can take up to several months and could potentially delay C.A.F.E. Practices coffee shipments, suppliers are highly encouraged to seek verifications early in the harvest season to allow for sufficient time in case of ZT-CAP checks needing to take place before the end of the harvest period. Suppliers are also expected to collaborate with the verification organization, or SCS throughout the entire process in a timely manner to allow for prompt resolution.

In cases where it is not possible to conduct a ZT-CAP check during the same harvest period, as when the verification took place, and an in-harvest check is necessary, the application cannot receive approval until the ZT-CAP check is conducted during the next harvest season and the ZTNC(s) are evaluated as Comply. In such cases, medium and smallholder networks might receive a reduced validity and large-farm applications will always be required to undergo a reverification in addition to the ZT-CAP check to be eligible for approval.

Should the ZT-CAP check not be completed by the end of the following harvest, the application will be set as "Not-Compliant". For the application to receive validity at any point in the future, a new verification will need to be conducted in addition to the ZT-CAP check.

The same verification organization that conducted the latest verification, when receiving the ZT-NC will need to conduct the ZT-CAP check. However, a reverification can be conducted by a different verification organization if the supplier wishes. In the case where both the ZT-CAP check and reverification are conducted by the same verification organization, these two activities can be conducted together. In such a case the supplier will assume the risk that the verification may not result in validity, should the ZTNCs be evaluated as Non-Comply in the ZT-CAP check and not be corrected before the end of the harvest. In the case where the ZT-CAP check and reverification are conducted by different verification organizations, these two activities must be conducted separately: first the ZT-CAP check needs to result in a Comply evaluation for all ZTNCs, before the reverification can begin.

Applications containing entities with unresolved ZTNCs will not be eligible for verification until the ZTNCs have been closed, even if they apply as part of “New” applications to the program.

6.6 Communicating ZT-CAP Check Dates

Once SCS does not see the need for any further modifications to the Work Plan, verifiers can send SCS an email indicating the type of ZT-CAP check and harvest conditions, based on the circumstances related to the nature of the initial finding. Verifiers must receive approval on the proposed type of ZT-CAP check and harvest timing by SCS before executing the ZT-CAP check.

Inspectors must review the ZTNC(s) evidence, the supplier’s Corrective Action Plan, and the supporting documents in preparation for the ZT-CAP check. An overarching ZT-CAP check plan, prior to the execution of the ZT-CAP check, should be distributed to the supply chain’s representatives undergoing the evaluation.

Once the supplier and the verifier have agreed on a date for the ZT-CAP check, the verifier must enter it in the VRS and assign the ZT-CAP report to an inspector. Verification organizations are not required to assign the ZT-CAP check to the same inspector that conducted the original verification.

6.7 Conducting ZT-CAP Checks

During the ZT-CAP check, the verification organization will determine if the corrective actions detailed in the Work Plan have been appropriately implemented by the supplier and if they address the long-term correction of the ZTNC(s).

ZT-CAP checks must follow the general C.A.F.E. Practices procedures for verifications, as outlined in the “C.A.F.E. Practices Verifier and Inspector Operations Manual”.

The assigned inspector must evaluate the following aspects of the application’s Corrective Action Plan, during the desk or on-site ZT-CAP check:

- Each of the corrective actions outlined in the supplier’s Work Plan has been implemented,
- The supplier completed the required percentage of trainings by the time of the desk or on-site ZT-CAP check, as specified in section 6.4.1,
- If follow up actions are set to be implemented at a later time, there is supporting evidence that such activities will take place, and
- The efficacy of the corrective actions and trainings is observed.

In addition, the inspector is expected to:

- Conduct interviews to confirm implementation of corrective actions,
- Review all relevant supporting documentation provided by the supplier,
- Gather any additional documentation (e.g., pictures) to support the new evaluation.

In cases where the entities that received ZTNC(s) decide to voluntarily resign from the application, inspectors must ensure the resignation is not due to acts of sanction by reviewing of the entity’s C.A.F.E. Practices Letter of Voluntary Withdrawal and when possible, conducting an interview with the resigned entity.

6.8 Reporting

Inspectors must complete the ZT-CAP report using the report template in the VRS. Appendix C of this manual provides a Supportive Checklist for Writing and Reviewing ZT-CAP Reports. When writing the report in the VRS, the inspector must provide sufficient information to support the evaluation (Comply or Non-Comply) given. The inspector must elaborate on each of the aspects described above, including

interviews conducted, and include all relevant supporting documents related to each ZTNC indicator per entity. Multiple documents may be uploaded together, in the VRS, using a ZIP-file format.

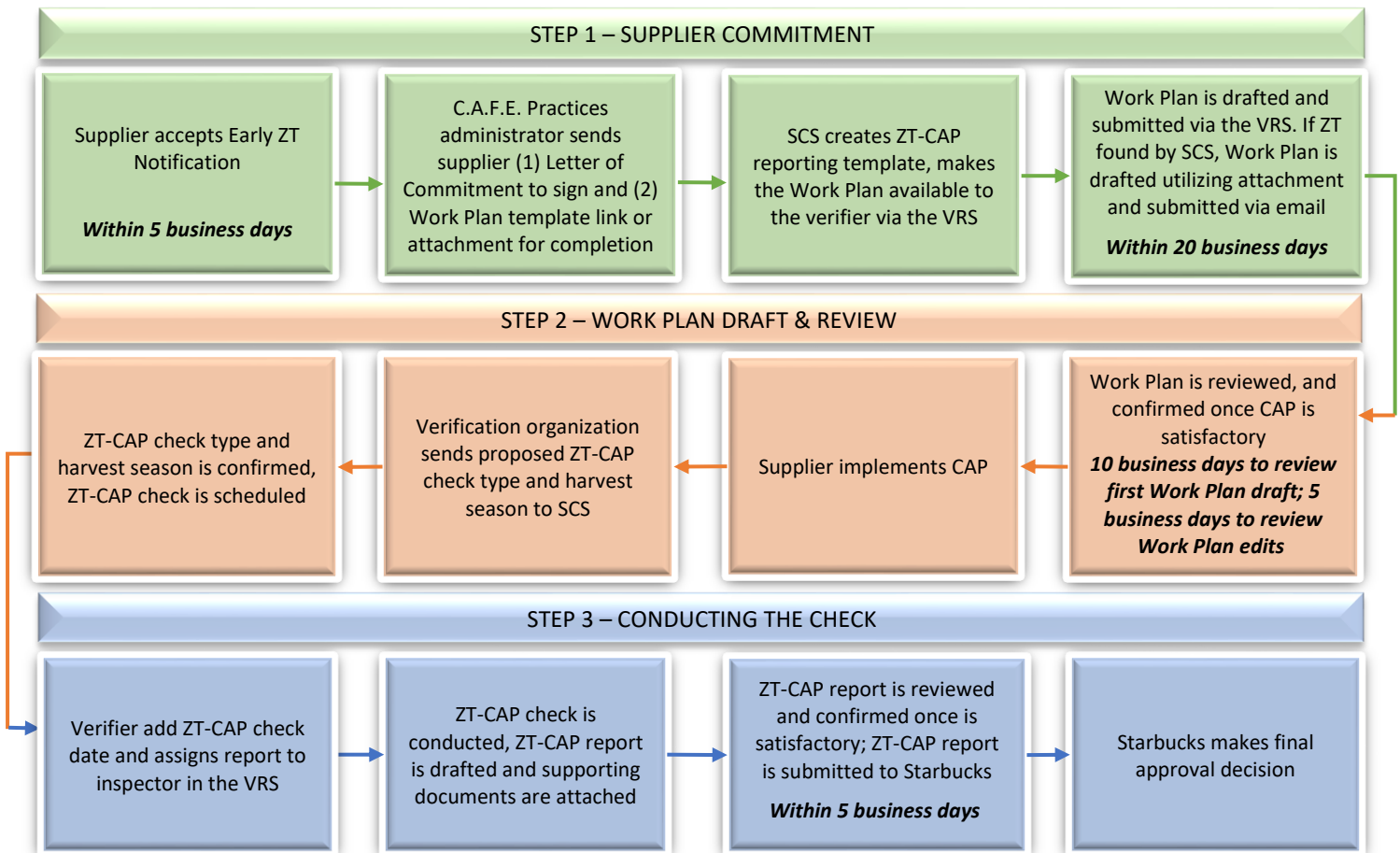
In cases where an entity receiving ZTNC(s) decides to voluntarily resign from the application, and thus, not correct the ZTNC(s), the inspector must evaluate those entities as Non-Comply and attach the entity's C.A.F.E. Practices Letter of Voluntary Withdrawal letter in the report.

Once the ZT-CAP report has been drafted by the inspector, verifiers are responsible for conducting an internal review to ensure that all required elements are included and that supporting documents are attached.

It is the responsibility of the verifier to ensure the ZT-CAP report is drafted, reviewed, and confirmed by email to SCS, within **5 business days** from the last day of the ZT-CAP check. SCS will review the ZT-CAP report and its supporting documentation. Should SCS request updates or clarifications to the ZT-CAP report, an updated version of the report must be completed and confirmed by e-mail to SCS within **2 business days** of receiving SCS feedback. Once confirmed with the verification organization, via e-mail, that the report is ready to be submitted to Starbucks, the verifier must send the ZT-CAP report to Starbucks via the VRS, as soon as possible but no later than **2 business days** after receiving confirmation from SCS.

6.9 Flow Chart of ZT-CAP Procedure

A summary of the main chronological steps of the ZT-CAP procedure are presented in the diagram below:



6.10 Outcomes of ZT-CAP Checks

Upon receiving the completed ZT-CAP check report indicating that all outstanding ZTNCs were corrected, a C.A.F.E. Practices administrator will make the final decision about granting the corresponding status and validity.

The results of the ZT-CAP check determine the evaluation on the ZTNC(s) indicator(s) and therefore decide if the application is eligible for approval from Starbucks. If the ZT-CAP check results in a non-compliant evaluation or determines the corrective actions were not implemented or sufficient, the application will not receive approval in the C.A.F.E. Practices program.

If the application was required to undergo a reverification and an in-harvest ZT-CAP check, and the ZT-CAP check resulted in a Comply evaluation, but new ZTNC(s) were evaluated during the application's reverification, the supplier must address and correct the new ZTNCs. The C.A.F.E. Practices administrative department reserves the right to not grant validity in the case of recurrent ZTNCs.

Starbucks can decide at its sole discretion that an at-risk supply chain will no longer be accepted in the C.A.F.E. Practices program.

6.10.1 Finding Additional ZTNCs during ZT-CAP Checks

Additional ZTNCs may be found during a ZT-CAP check. The ZT-CAP check must still focus on the evaluation of the application's Corrective Actions for the ZTNCs that were evaluated during the verification that originally resulted in the ZTNCs. In this case, the verification organization must inform SCS of the additional ZTNC(s) evaluated during the ZT-CAP check. Inspectors must collect as much information as possible to support the evaluations of a new ZTNC. Depending on the nature of the ZTNC(s) found, the application may need to undergo an additional ZT-CAP check to address these newly found ZTNCs. In such situations, SCS will inform the verification organization how to proceed.

6.10.2 Non-Compliant ZT-CAP Checks

A ZT-CAP check may result in a remaining Non-Comply evaluation of the ZTNC(s), which can occur for several reasons. Below is a non-exhaustive list with some examples:

- The corrective actions described in the supplier's Work Plan are not implemented, and/or the supplier does not show any proof of implementation in the nearby future,
- Corrective actions are implemented but are insufficient in preventing a reoccurrence of the ZTNC(s),
- Supporting documentation and/or Work Plan do not match what has been implemented on-site,
- The ZTNCs observed during the verification are observed again during the ZT-CAP check, despite any corrective actions implemented.

In the case of non-compliant ZT-CAP checks, the minimum evidence required for ZTNC evaluations should be referenced in the new evaluation. These requirements are listed in the Appendix of the "C.A.F.E. Practices Verifier and Inspector Operations Manual". In cases where non-compliance is due to unsuccessful or insufficient implementation of the Work Plan, evidence should also note all deficiencies of the Work Plan implementation, as outlined in Appendix C (Supportive Checklist for writing and reviewing ZT-CAP reports).

Applications may undergo another ZT-CAP check to prove correction of the ZTNC(s), as long as the overall process, described above is followed. Suppliers can amend the work plans in the VRS and SCS will provide verification organizations with a new ZT-CAP report template to be completed with the results of the second ZT-CAP check.

7.0 Navigating the ZT-CAP Procedure in the VRS for Suppliers

Suppliers will receive the link to the Work Plan template through an email notification sent through the VRS within a few days of the supplier’s confirmation of the ZTNC(s) found during the verification. In cases where the ZTNC(s) is neither confirmed, nor appealed, the ZTNCs will be automatically accepted on behalf of the supplier. Once automatically accepted, the supplier will receive notification of this action. Suppliers who receive a non-compliant evaluation during a C.A.F.E. Practices audit conducted by SCS will develop the Work Plan outside of the VRS and can therefore dismiss this section.

Suppliers must have a VRS account to access the Work Plan template, suppliers who do not have a VRS account should contact Starbucks (cafepactices@starbucks.com). The email notification will contain a link to access the Work Plan template. Suppliers may save the progress of their Work Plan by clicking the “Save” button on the top right of the screen (see **Screen 1**). Once ready to submit the Work Plan, clicking the “Submit” button will notify the verifier and SCS (see **Screen 2**).

The verifier interface in the VRS will automatically update to show the most up-to-date Work Plan submitted by the supplier. Verifiers and inspectors can find detailed instructions on how to access the Work Plan and the ZT-CAP report in the “C.A.F.E. Practices Verifier and Inspector VRS User Manual”.

Screen 1: Saving changes to the Work Plan Draft

The screenshot shows the 'Work Plan for #####FY## (530FY24)' interface. At the top right, there are three buttons: 'Print', 'Save', and 'Submit'. The 'Save' button is highlighted with a red border. Below the buttons is a table with the following columns: 'Indicator', 'Entities with Indicator Non-compliance (530FY24)', 'Work plan (for use by C.A.F.E Practices Participants) - include actions to be taken and estimated timing', 'Completed by', and 'Comments'. The table contains one row for 'SR-HP1.1 (V3.4.1)' with a 'ZERO TOLERANCE: All permanent workers are paid the nationally or regionally established minimum wage...' description. The 'Completed by' column has a red arrow pointing to a 'Date' input field. The 'Comments' column has an 'Add Comment' button.

Screen 2: Submitting the Work Plan to the Verification organization and SCS

The screenshot shows the same 'Work Plan for #####FY## (530FY24)' interface as Screen 1. In this view, the 'Submit' button at the top right is highlighted with a red border. The rest of the interface, including the table and the 'Date' input field with a red arrow, is identical to Screen 1.

8.0 Impacts of ZTNCs on Approval Status

An application where a Zero Tolerance Non-Conformity (ZTNC) is identified during a C.A.F.E. Practices verification, reverification, or other C.A.F.E. Practices audits conducted by SCS, is subject to the following actions:

8.1 New Applications

If a ZTNC is evaluated during a verification, the application will not receive validity until a Zero Tolerance Corrective Action Plan (ZT-CAP) has been implemented and a ZT-CAP Check has been completed and resulted in a Comply evaluation for Zero Tolerance indicators.

8.2 Applications with Active Validity

Supplier with applications with validity seeking reverification are encouraged to get reverified before the end of their validity period to ensure continuous validity status and to not impact commercial relationships. Encountering ZTNCs during the reverification process though may have impacts on legacy applications with validity. If the application still has validity, this validity may be paused or suspended, until a ZT-CAP check is conducted, and the verification organization confirms correct and sufficient implementation of corrective actions. The same applies to ZTNCs evaluated by SCS during a C.A.F.E. Practices audit on an application with current validity.

It is important to note that **any active application associated with the entity that received the ZTNC(s) may be immediately suspended from the program and no longer eligible to ship coffee as C.A.F.E. Practices verified.** This mostly applies to stand-alone mills, warehouses or PSOs that are part of multiple applications. The suspension can be either temporary or permanent depending on the severity of the ZTNC(s) found. The validity status of the impacted applications will be re-instated only once a ZT-CAP has been properly implemented and the ZT-CAP check results indicate compliance and are accepted.

9.0 Suspension Protocol for Unresponsive Suppliers

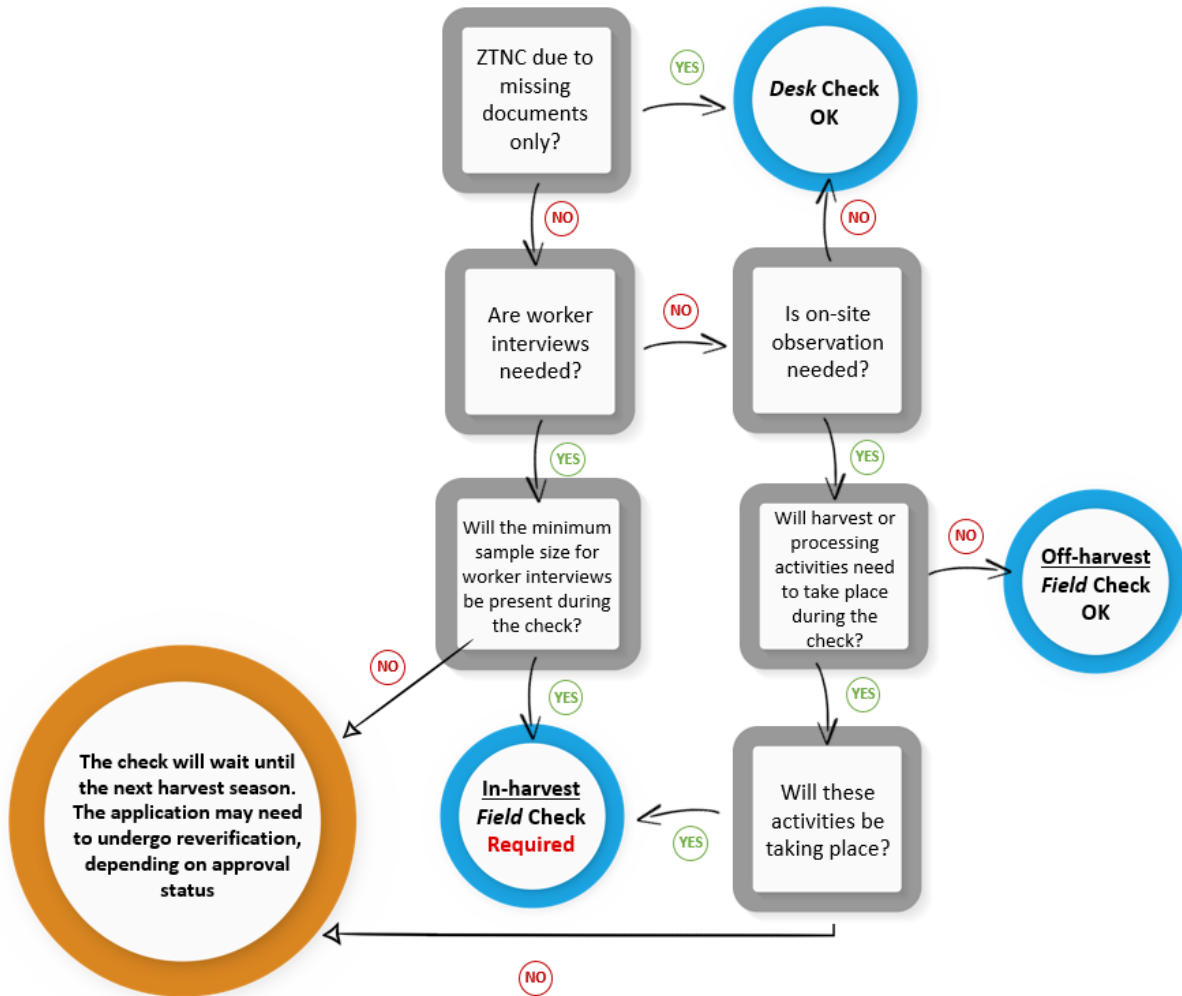
Suppliers will be considered as unresponsive if the verification organization, or SCS, has not received a response after three consecutive follow ups, via e-mail and by phone, and three months have passed since their last communication. During this time, verifiers must directly inform SCS by providing:

- The latest date the client was responsive and,
- The times and means the organization contacted the supplier.

After SCS informs Starbucks of the matter, Starbucks will send the supplier a final follow-up email with a deadline to respond within **5 business days**. If the supplier fails to respond by the deadline, the application's status will be changed to Non-Compliant, as this will be considered a lack of commitment to the C.A.F.E. Practices program and the correction of the evaluated ZTNC(s). Once an application has been assigned Non-Compliant status, it may regain validity in the program only after successfully completing the ZT-CAP procedure and a full reverification.

10.0 Appendix

A. Possible Considerations When Determining ZT-CAP Check Type



B. Supportive Checklist for Developing an Appropriate ZT-CAP Work Plan

Work Plan Development	
<input type="checkbox"/> What is the root cause of the ZTNC(s)?	
<input type="checkbox"/> What Corrective Actions will be taken to address the ZTNC(s)?	
<input type="checkbox"/> Who will receive training and by whom will training be provided by?	
<input type="checkbox"/> What is the timeline for the Corrective Actions, including trainings, to be implemented?	
<input type="checkbox"/> What follow-up actions are planned and when will they take place?	
<input type="checkbox"/> What documentation to support proof of implementation of corrective actions will be made available to the verification organization?	
<input type="checkbox"/> Other	

C. Supportive Checklist for Writing and Reviewing ZT-CAP Reports

Critical Aspects	Notes
<input type="checkbox"/> Each corrective action point mentioned by the supplier in the Work plan is addressed	
<input type="checkbox"/> Trainings have been or are being conducted according to established timelines	
<input type="checkbox"/> Trainings have reached the percentage of the farms in the network proposed by the supplier by the time of the check	
<input type="checkbox"/> Interviews were conducted and support corrective actions	
<input type="checkbox"/> Potential follow up actions planned to be taken at a later time are elaborated on	
<input type="checkbox"/> Review of any supporting documentation	
<input type="checkbox"/> Supporting documentation is attached	

D. Summary of Deadlines and Email Communications

Process Name	Applicable to	Deadlines	Email(s) to address communications to
Approve or appeal findings	Supplier	5 business days from the date the Early ZT notification was sent	N/A – Completed via VRS <u>For ZTs evaluated by SCS</u> To: SCS, cc: ZT-CAP
Send signed commitment letter	Supplier	5 business days from the date the Work Plan notification was sent to supplier by Starbucks	Reply to all recipients in the notification
Submit request for extension to Work Plan deadline	Supplier	Before Work Plan deadline and after submitting commitment letter to Starbucks	To: ZT-CAP*, cc: Verification Organization
Submit first Work Plan draft	Supplier	20 business days from the date the supplier received the link or attachment to the Work Plan template	N/A – Completed via VRS <u>For ZTs evaluated by SCS</u> To: SCS, cc: ZT-CAP
Review first Work Plan and establish communication with client.	Verification Organization	10 business days from the date the first Work Plan draft was submitted	To: Supplier, cc: ZT-CAP*
Review updates made to the Work Plan	Verification Organization	5 business days from the date the edited Work Plan was submitted	N/A – Completed via VRS
Confirm ZT-CAP report is ready	Verification Organization	5 business days from the last date of the ZT-CAP check	To: SCS, cc: ZT-CAP*
Amend the ZT-CAP report, if needed	Verification Organization	2 business days from receiving SCS' feedback	N/A – Completed via VRS
Send ZT-CAP report to Starbucks	Verification Organization	2 business days from receiving SCS' confirmation	N/A – Completed via VRS

* ZTCAPcafepactices@scsglobalservices.com

All communications related to Corrective Action Plan should be addressed to the organism that evaluated the ZTNC. All communications related to an application's validity, shipments, and FSC support should be addressed to Starbucks at cafepactices@starbucks.com.