

# C.A.F.E. Practices Overview

## ***What are C.A.F.E. Practices and how are they different from the Starbucks Preferred Supplier Program?***

Coffee is a global beverage – more than a billion cups of coffee are consumed daily around the world. This popularity is reflected economically and socially: coffee is one of the most important exports for some developing countries and is grown by an estimated 25 million farmers annually.

It is a long way from crop to cup. Each cup of coffee represents extensive environmental, social and economic decisions along that supply chain. Starbucks Coffee Company believes that coffee can and should be grown, processed and traded in a sustainable manner. C.A.F.E. Practices represent a significant step forward in evaluating sustainable green coffee production and encouraging sustainable production for those who strive for continuous improvement in the way they grow, process and trade coffee.

Starbucks initiated C.A.F.E. Practices to evaluate, recognize, and reward producers of high-quality sustainably grown coffee. The name reflects the Coffee and Farmer Equity that is the foundation of C.A.F.E. Practices

C.A.F.E. Practices evolved from Starbucks Preferred Supplier Program (PSP). The pilot program called PSP began in 2001. The PSP guidelines were created in partnership with Conservation International's Center for Environmental Leadership in Business, based on the Conservation Principles for Coffee Production. Since then, Starbucks has made a considerable effort to further define and refine the PSP through extensive contact with growers, Processors and suppliers of coffee as well as other concerned stakeholders. C.A.F.E. Practices is a green coffee sourcing program developed in collaboration with Conservation International and Scientific Certification Systems (SCS), a third party evaluation and certification firm.

## ***How does C.A.F.E. Practices work?***

C.A.F.E. Practices ensures that Starbucks sources sustainably grown and processed coffee by evaluating the economic, social and environmental aspects of coffee production against a defined set of criteria, as detailed in the C.A.F.E. Practices Evaluation Guidelines. The evaluation of Farmers, Processors and Suppliers against the C.A.F.E. Practices Guidelines is conducted by approved third-party verifiers. These Farmers, Processors and Suppliers form the *supply chain* for coffee production. C.A.F.E. Practices requires that each component of this supply chain meets the minimum economic, social, and environmental requirements of the C.A.F.E. Practices Guidelines.

The guidelines are structured to verify that produced coffee meet environmental and social performance at each stage of the supply chain - from the tree to the point of shipment. Environmental and social issues are assessed at the farm and at processing mills. Economic accountability is required throughout the entire coffee supply chain. The key issues of economic accountability are financial transparency (how much did participants in the coffee supply chain get paid for their efforts) and equity of financial benefit (did participants in the coffee supply chain receive equitable payment).

C.A.F.E. Practices is supported by several key documents for suppliers and verifiers:

### **Supplier Documents:**

- C.A.F.E. Practices Supplier Operations Manual - provides applicant a workbook style approach, inviting suppliers to fill-in blanks, capture information and complete all steps while participating in the over all process of C.A.F.E. Practices.

- C.A.F.E. Practices Generic Evaluation Guidelines - provides detailed information on each of the different evaluation criteria, including Product Quality, Economic Accountability, Social Responsibility, Coffee Growing-Environmental Leadership, and Coffee Processing-Environmental Leadership.
- C.A.F.E. Practices Smallholder Supplement - this document addresses the specific needs of smaller farms, cooperatives and producer associations and is used in conjunction with the Generic Evaluation Guidelines.
- Self-Evaluation Handbook - helps Suppliers, Processors and Producers both assess their performance against the environmental, social and economic criteria of the C.A.F.E. Practices as well as prepare for a verification visit from independent, third-party, C.A.F.E. Practices-approved Verifiers.
- C.A.F.E. Practices Transparency Documentation - Provides information on what economic transparency documentation is necessary for C.A.F.E. Practices.
- Regional Guidance Documents – supporting documents to the Evaluation Guidelines, incorporating regional variances and best practices related to coffee growing, harvesting and processing. (*in development*)

### **Verifier Documents**

- Verifier's Approval Procedure - Details the requirements and process for becoming an approved verifier for the C.A.F.E. Practices.
- Verifier's Operations Manual - Provides standard operating procedures for verifiers on how to accurately, consistently and credibly verify compliance with the Guidelines, including calculation of a C.A.F.E. Practices score

Please refer to these documents for further explanation of how C.A.F.E. Practices works.  
[http://www.scscertified.com/csrpurchasing/starbucks\\_docs.html](http://www.scscertified.com/csrpurchasing/starbucks_docs.html)

### ***What are the incentives for C.A.F.E. Practices applicants?***

Suppliers who apply to C.A.F.E. Practices and obtain independently verified scores receive preferential buying status with Starbucks Coffee Company.

Suppliers awarded with a status below have met the pre-requisites of quality and financial transparency, and have scored the required minimums in the Social Responsibility Subject Area (SR-HP1) and (SR-HP4).

Suppliers awarded with status will be listed on the C.A.F.E. Practices approved supplier roster in descending order from the highest down to the lowest score. Suppliers with higher scores will be afforded first consideration in Starbucks coffee purchasing decisions, but only if the product specifications, quality, and taste requirements have first been met.

Starbucks will extend preferred pricing and contract terms to participating suppliers who have been verified under C.A.F.E. Practices, with preference given to Strategic and Preferred suppliers. We offer a high-performance incentive of an additional one-year premium of \$.05 per pound of green coffee for any ten percentage point improvement over the previous strategic supplier score above 80% within a three year period.

The success of C.A.F.E. Practices depends upon the continuous improvement of our suppliers and coffee growing practices. Starbucks expects continuous improvement from C.A.F.E. Practices Suppliers as validated through third-party verification, clear movement to a higher level of status, ***verified status*** achieving ***preferred status***.

### ***Who can apply to C.A.F.E. Practices?***

Starbucks has committed to purchase coffee from Suppliers, Processors and Farms who produce coffee that meets the standards of the C.A.F.E. Practices guidelines. Product quality is an essential prerequisite to participation in C.A.F.E. Practices; potential participants first need to submit a sample to Starbucks Coffee Trading Company (SCTC), in Lausanne, Switzerland, in accordance with Section 1.0 (see supplier ops. manual), Product Quality, and have that sample approved.

Prior to engaging in C.A.F.E. Practices, the supply chain to be verified needs to be fully identified and understood. When applying to C.A.F.E. Practices, applicants must list and detail their entire supply network. Typically suppliers are positioned at the top of a large supply network and work with many coffee Producers and Processors simultaneously. It would be cost prohibitive to require that each and every farm be verified as part of the original C.A.F.E. Practices application. Instead farms and Processors not holding their own independent C.A.F.E. Practices score within an application's supply network will be selected for verification using a stratified random sampling protocol established by the verification organization and with the guidance of the C.A.F.E. Practices Verifier Operations Manual. (Also see small holder supplement for more details)

Individual estates, Processors (including their farmer supply network) and producer associations can also receive an independent C.A.F.E. Practices score for their coffee if that coffee is sold as a discreet supply directly or through an agent or exporter. Those producer associations, estates, and Processors can also use that independent score for coffees that are blended and/or contribute to a larger coffee supply network as long as that C.A.F.E. Practices-verified coffee can be accurately quantified and identified at the time of shipment. Individual producers of coffee (e.g. farming entities without any vertical integration or central Processors that cannot characterize their farmer supply network) may not independently apply to C.A.F.E. Practices.

### ***How is C.A.F.E. Practices scored?***

Verifiers score by applying the C.A.F.E. Practices Guidelines to an independent applicant or to a supplier's network on a stratified random sample basis. For a stratified supply chain Verifiers visit those Farms and Processors selected by the sampling process, as well as visit the offices of the applicant supplier. The C.A.F.E. Practices Guidelines will be evaluated on each part of the sampled supply network.

When an application is not independent, the C.A.F.E. Practices score will be based on a weighted aggregate score held by the supplier. The weighted aggregate score is calculated by assessing the environmental criteria on a volume-produced basis as well as social criteria on worker day basis. Please refer to the **C.A.F.E. Practices Verifier's Manual** for a detailed explanation of the stratified random sampling process.

In the case of independent entities wishing to secure their own C.A.F.E. Practices score, such as Estates, Producer Associations, Mills, or Processors representing a farmer supply network, verifiers will apply the C.A.F.E. Practices Guidelines to each contributing component of the application.

C.A.F.E. Practices is scored out of 105 total points. There are three acceptance categories for C.A.F.E. Practices suppliers: **Strategic**, **Preferred** and **Verified**.

For **Strategic Supplier** status: In the areas of Social Responsibility, Environmental Leadership – Coffee Growing, and Environmental Leadership – Coffee Processing, the scores assigned by the approved verifier must meet or exceed 80% of the possible points in each subject area.

For **Preferred Supplier** status: In the subject areas of Social Responsibility, Environmental Leadership – Coffee Growing, and Environmental Leadership – Coffee Processing, Applicants must achieve a minimum of 60% in each subject area.

For **Verified Supplier** status: Applicants who do not achieve a minimum of 60% or more in each of the scored Subject areas, but meet the minimum required indicators for the criteria Minimum/Living Wage/Overtime Regulation (SR-HP1) and Child Labor/Discrimination/Forced Labor (SR-HP4). Starbucks expects a Verified Supplier to undergo a re-verification within one year after approval and demonstrate a 10 percentage point improvement with the aim of achieving Preferred or Strategic Supplier status. If an improvement of 10 percentage points is not attained the Verified Status will be lost. Starbucks Coffee Agronomy Company is available to provide further guidance and technical assistance for improvements.

**Conditional status** is extended to suppliers who have not previously delivered coffee to Starbucks but meet the quality prerequisite through an approved sample. Conditional status is further expressed as Conditional Verified, Conditional Preferred and Conditional Strategic, incorporating the conditions and terms of Verified, Preferred and Strategic statuses as expressed above in this document, with the exception of the potential for long term contracting. Once conditionally accepted suppliers fulfill their first contract with Starbucks, their status will then convert to full C.A.F.E. Practices status in accordance with their score. Should the conditionally accepted supplier fail to fulfill their first contract with Starbucks, they can re-apply to C.A.F.E. Practices only after they have fulfilled a subsequent contract with Starbucks and after they undergo re-verification.

#### ***What other coffee sourcing programs qualify for C.A.F.E. Practices?***

C.A.F.E. Practices encompasses a comprehensive set of economic, social and environmental standards that must be followed in order to qualify for a C.A.F.E. Practices status. Many existing environmental or social guidelines were considered, analyzed and evaluated when constructing C.A.F.E. Practices, such as Fair Trade, National Organic Program, Sustainable Agriculture Network, Conservation Principles for Coffee Production, the Smithsonian Migratory Bird Center's Bird Friendly standard, Utz Kapeh, and the Starbucks PSP pilot program. During the course of this evaluation it was determined that while these programs-contribute to C.A.F.E. Practices, no single pre-existing program sufficiently met the comprehensive standards of C.A.F.E. Practices. Suppliers who meet such existing standards or certifications may have some advantages in preparing for C.A.F.E. Practices.

#### ***Where do I find more information?***

Additional information, application materials, and program updates can be found on line at <http://www.scs-certified.com/csrpurchasing/starbucks.html>