



**C.A.F.E. Practices
Verifier Approval Procedure
Preferred Supplier Program
Starbucks Coffee Company**

March 29, 2004

English Version



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1.0 INTRODUCTION

Skilled, qualified and independent verifiers are vital to the success of Starbucks Coffee Company's CAFE Practices Program. Also known as the Starbucks Preferred Supplier Program (PSP, this is a supplier program that provides purchasing preference to coffee *suppliers*¹ who supply coffee beans that are grown, processed and traded in an environmentally and socially responsible manner, as defined by the CAFE Practices Guidelines. For this program to be credible and transparent, independent verification of program participant performance is necessary. The assessment of the environmental and social profile of *suppliers, coffee producers and processors* is conducted by third-party verification/auditing entities or “*verifiers*.” Only verifications conducted by approved verifiers will be recognized. The process of approving verifiers for CAFE Practices is currently administered by Scientific Certification Systems (SCS), an independent verification firm.

This **Verifier Approval Procedure** document establishes the qualifications required and the procedural steps necessary for a verifier to become an approved verifier. It also includes the Application Form for applicant verifiers to fill out and submit in order to initiate the approval process. This document is one of several program documents associated with CAFE Practices. For more information about the PSP and to view and download the PSP guidelines and supporting documents, please visit <http://www.scscertified.com/starbucks>.

The primary users of this document are entities that desire to achieve status as “approved verifiers” in order to be able to provide verification services to suppliers seeking to become Starbucks Preferred Suppliers. The PSP verifier approval procedure should also be of interest to any stakeholder that is interested in the manner by which Starbucks provides preference to those vendors with a verified conformance to the PSP Guidelines.

There are a number of prerequisites potential PSP verifiers should possess prior to filing an application to become approved verifiers. PSP verifier qualifications:

Independent- they must not be associated with the entities they are verifying.

Capable- they must possess the skill, experience and professional capacity necessary to faithfully assess coffee growers, processors and traders against the PSP Guidelines

Qualified- they should have technical qualifications or an educational and professional background which reflects their capacity to conduct verification visits against the PSP guidelines.

2.0 OVERVIEW OF THE STARBUCKS PSP

The Starbucks PSP is built around a supplier ranking system in which all suppliers who wish to become preferred suppliers to Starbucks must receive a numerical rating that reflects the socio-environmental profile of the specific coffee supply chain that each supplier represents. That is, each supplier is selling to Starbucks green coffee that is sourced from a defined number of farms and processors. The numerical ratings characterize the extent to which those farms and processors operate in an environmentally and socially responsible manner.

Numerical ratings are assigned through an independent verification process conducted against the CAFE Practices Guidelines. These Guidelines collectively describe the environmental, social and economic performance that must be met in order to become a Starbucks preferred coffee supplier. The verification process and the PSP Guidelines are presented and discussed in detail in three other PSP program documents:

1 “Vendors” are defined as those legal entities from whom Starbucks directly purchases green coffee beans. See the Glossary in the back of the Verifiers Manual for a more detailed definition of this and other key terms.

- PSP Evaluation Guidelines
- PSP Verifiers Manual
- PSP Program Overview

As is discussed briefly in the Verifiers Manual, the credibility of the PSP is further enhanced by the programmatic requirement that only duly approved verifiers can conduct independent verifications of vendors (program applicants) against the Evaluation Guidelines. The approval requirement exists in order to assure consistent and competent independent verifications of applicants to the program. This document provides the additional detail on verifier approval procedures.

3.0 PSP VERIFIER APPROVAL PROCEDURE OVERVIEW

Approval Process

There is a two stage process to becoming an approved verifier for the Preferred Supplier Program: provisional status and approved status. Provisional approval is granted to verifiers who submit an application and successfully complete an initial desk review and interview(s) conducted by SCS. Provisional approval means verifiers can engage in verification activities as soon as they have entered into agreement with a qualifying PSP applicant. To achieve approved status, provisionally approved verifiers must undergo an on-site approval audit of their offices as well as a verification visit of a PSP applicant in the presence of SCS.

The application process includes the following steps:

- 1.0 Verification entities seeking to become Starbucks PSP approved verifiers must formally apply to Scientific Certification Systems by submitting a **Verifier Application Form** (Appendix 1) to Starbucks PSP Verifiers, c/o Scientific Certification Systems, 2000 Powell St. Suite 1350, Emeryville, CA 94608. The form may also be submitted electronically to: pspverifiers@scscertified.com
- 2.0 Upon receipt of an application form from a verification entity wishing to become an *approved verifier* in the PSP, Scientific Certification Systems will conduct an initial assessment of the applicant verifier for provisional approval. The provisional approval process includes/requires:
 - 2.1 a desk audit of the application materials
 - 2.2 telephone interviews to assess professional capacity and capabilities
 - 2.3 verifiers to attend an approved Starbucks PSP verifier training session
- 3.0 Should these efforts prove satisfactory, the verifier would then hold *provisional approval status*, allowing them to conduct verifications of PSP applicants until an initial audit can be conducted by SCS. Provisional approval lasts 6 months, but can be extended for an additional 6 months if the verifier has yet to secure a client.
- 4.0 Provisional approved verifiers are to undergo an initial audit from SCS within their first 3 PSP applicant clients, or within a time period specified by SCS should less than three clients be foreseen. The SCS initial audit will include:
 - 4.1 on-site inspection of the verifier's business office or base of operations
 - 4.2 observation of one or more verification visits
- 5.0 Verifiers who successfully complete both the provisional stage and the initial audit with SCS become *approved verifiers* and are able to conduct verification assessments of PSP applicants at will.
- 6.0 Annually, each *approved verifier* must undergo a *surveillance audit* conducted by SCS in order to assure that verifiers are carrying out their function according to the PSP procedures and protocols for verification.
- 7.0 SCS will regularly update and publish the list of approved verifiers, including their contact information at <http://www.scscertified.com/starbucks>

Costs

There is no application fee to apply to become an approved verifier, although travel and other out-of-pocket expenses will be borne by the verification organization. Training and surveillance audits required to maintain approved verifier status will be born by Starbucks Coffee Company.

4.0 QUALIFICATIONS AND ADDITIONAL REQUIREMENTS FOR VERIFIERS

4.1 Eligibility & Qualifications

Both individuals and organizations can become Approved Verifiers as long as the requirements, as described in this approval document and the verifiers manual, are met. All approved verifiers are required to deploy at least one PSP Lead Auditor on verification audits.

PSP Lead Auditors

PSP lead auditor status is obtained either through successful completion of an SCS conducted verifier training. Alternatively, PSP lead auditor status can be obtained by completing training offered by an existing approved verifier and participating (either as an auditor or observer) in a minimum of two audits where there is a lead auditor who has successfully completed an SCS conducted verifier training. Additionally, lead auditors need to have a university level education or 5 years of relevant professional experience.

4.2 Verifiers Overall Quality Control

As part of the verifier application process, verifiers will need to describe their organizational structure related to their PSP activities, e.g., head office, responsible party for quality control, number of participating satellite offices, employees, subcontractors. With respect to subcontracting, aspects of the PSP verification process can be subcontracted to an external body or person. However, verifiers must ensure that the subcontractor adheres to the policies and procedures detailed in the Verifiers Manual and this Approval Procedures document.

Document Control/Record Keeping

Verifiers need to maintain up-to-date records of the following aspects of the PSP process:

- Records of personnel (staff, auditors (including subcontractors) including confidentiality agreements, CVs, qualifications, PSP training, conflict of interest declarations.
- Applications from PSP Applicants
- Contracts with PSP Applicants
- Verification reports
- Records of complaints, disputes, or appeals

Verification Handbook or Operations Manual

Verifiers need to provide relevant personnel with either a verification handbook, operations manual, or equivalent guidance system (e.g., series of standard operation procedures (SOPs). The handbook, or other system, should provide participants with all the necessary guidance to complete a PSP verification.

Disclosure

The application process requires the applicant verifier to provide full disclosure of all information pertinent to assessing the applicant's credentials and competency to carry out independent, technically rigorous verification audits of vendors and/or producers that are seeking to become Starbucks preferred suppliers. That is, the **applicant verifier** must fully and accurately describe its:

- legal and financial structure
- organizational structure and the technical qualifications of its key employees and contractors
- prior experience in conducting audits within the coffee sector
- potential conflicts of interest that would call into question the ability to operate as an independent verification entity

4.3. Dispute Resolution

Verifiers shall have written procedures and (including identified personnel) for the resolution of complaints, appeals and disputes received from PSP participants/applicants or other parties about the handling of verification. The verifier shall make publicly available information about the procedures for submitting complaints, appeals and disputes, and about the certification body's procedures for handling such complaints. Approved verifiers are required to keep a record of all appeals, complaints, and disputes and remedial actions relative to PSP activities.

4.4 Scoping

Verifiers are permitted to conduct scoping or preliminary assessments of PSP applicants for the purpose of identifying gaps relative to the PSP Guidelines. However, scoping assessments shall be structured so as to give advice or provide consultancy services to the applicant as to how to fix gaps.

4.5 Office and Field Audits

At least one SCS auditor (for large or complex applicant verifiers, the approval process may entail a 2-person audit team) will be deployed to conduct inspections and interviews at the applicant verifier's offices. This office-based phase of the audit/assessment will normally require one full day. Following the office audit, the SCS auditor will then conduct a sample-based inspection of at least one grower, one processor and one vendor/trader that has undergone a verification by the applicant verifier. SCS will prepare an assessment report that summarizes the findings of the approval audit and that contains any corrective actions that need to be undertaken by the verification in order to maintain achieve status as an approved verifier.

Annual Surveillance Audits

Normally, annual surveillance audits will be comprised of both desk audit and field audit components. The desk audit component will entail a sample-based review of PSP verification reports prepared by the approved verifier since the prior surveillance audit. The field audit component will entail both an on-site visit to the approved verifier's offices as well as a sample-based audit of at least one PSP program participant that has undergone a verification by the approved verifier.

SCS will prepare a surveillance audit report that summarizes the findings of the audit and that contains any corrective actions (CARs) that need to be undertaken by the verification in order to maintain its status as an approved verifier.

4.6 List of PSP Approved Verifiers

The list of currently approved verifiers will be posted and kept up-to-date at <http://www.scscertified.com>. The list will include contact information and geographic regions of operation for each approved verifier, in order to facilitate the retention of an approved verifier by any grower, processor or vendor that wishes to achieve a verified PSP numerical rating.

Appendix A: Verifier Application Form

CONTACT INFORMATION

Verifier Name:	
Contact Person:	
Address:	
Phone	
Fax	
Email	
Website	

DESCRIPTION OF VERIFICATION ENTITY

<p><u>Legal Status:</u> A brief description of the legal status of the verifier, including the names of its owners and, if different, names of the persons who control it.</p>	
<p><u>Responsible Parties:</u> List the names, titles, and responsibilities of personnel directly involved in PSP verification. Provide organizational chart if available.</p>	
<p><u>Experience:</u> How many years of verification experience/operation does the applicant verifier have?</p>	

<u>Services Offers:</u> List the services verifier offers/performs	
<u>Geographic Operation:</u> List the geographic regions of operation	
<u>Profit/Not-for-Profit status:</u>	
<u>Additional Information:</u>	

VERIFIER INDEPENDENCE & CONFIDENTIALITY

<u>Independency Policy:</u> Describe policies and procedures in-place that ensure verifier remains free from any commercial, financial and other pressures that might influence the results of a verification process.	
<u>Confidentiality Policy:</u> Describe verifier's policies and procedures that ensure confidentiality of the information obtained in the course of a verification is	

safeguarded.	
<u>Conflict of interest:</u> 1. List all entities within the coffee growing and processing sector with which the applicant has, now or in the past 2 years, a financial and/or contractual relationship. As well, list any other circumstances that could call into question the independence of the applicant. 2. If subcontractors will be used- describe how confidentiality and conflict of interest shall be controlled.	
<u>Additional Information:</u>	

DISPUTE RESOLUTION

<u>Policy and procedure:</u> Describe verifiers' policies and procedures for the resolution of complaints, appeals and disputes received from PSP participants/applicants or other parties about the handling of verification.	
<u>Additional Information:</u>	

QUALIFICATIONS

<p><u>General Policies for PSP Verification:</u> Describe, or provide in separate document general policies and procedures for conducting PSP verification (including document control)</p>	
<p><u>Subcontractors:</u> Provide a list of subcontractors that may be used in PSP verification and the procedures for assessing, recording, and monitoring their competence</p>	<ol style="list-style-type: none"> 1. 2. ... 3. ... 4. ... 5. ... 6. ...
<p><u>Accreditations Applicant:</u> List any accreditations applicant has attained or is seeking</p>	
<p><u>Verification Personnel:</u> List the names, qualifications, experiences and terms of reference of the verification personnel, both internal and external</p>	
<p><u>Subcontract Policy:</u> Describe processes for overseeing subcontracted work</p>	
<p><u>Certification Work:</u> Describe other relevant certification/verification work: a) in general b) in the coffee sector</p>	
<p><u>Verification for PSP:</u> Describe any prior verification work for Starbucks PSP</p>	

Training of Auditors:

List any PSP-recognized workshops or training programs attended by auditors employed or contracted by the applicant

RESPOND TO: Ted Howes, Scientific Certification Systems 2000 Powell Street, suite 1350, Emeryville, CA 94608. Phone: (510) 452-8000 Fax: (510) 452-8001;
Email: thowes@scscertified.com