

Verifier Guidance Update-Verification Methodology and Interpretation of Indicators

Dear Verifiers:

This document is intended to supplement the C.A.F.E. Practices Generic Evaluation Guidelines V. 2.0. It will be updated on a recurring basis and include specific guidance on evaluating specific criteria and indicators, along with providing more detailed methods for classifying and qualifying data entries essential to reporting. Each guidance note will be marked by a sub-heading that references particular criteria groups and/or indicators.

Update Number 2.0–2/2008

This particular update refers to 1) general reminders from the Verifier Operations manual and 2) to reporting of crucial coversheet information such as worker classifications, worker days, and reported volumes of green coffee.

Important Reminder: Sampling: Re-verifications of sampled farm networks

The following excerpt taken from page 17 of the Verifier Operations Manual outlines the requirements for re-verification sampling of sampled farm networks:

For subsequent verifications of a sampled network of farms, the percentage split between new farms and those previously verified shall be 85/15. That is, 85% of the sample shall be composed of farms that have not been previously verified, while 15% are farms that were previously verified. The 15% is to be calculated on the basis of the previous year's sample and then subtracted from the current sample. *In addition*, all farms that failed to comply with zero tolerance (ZT) indicators the previous year (that are part of the current application) should be included *in addition* to the sample.

See pages 17 and 18 in Verifier Operations Manual for an example of the sampling methodology for applications with ZTs in the past verification.

Important Reminder: For smallholding producers, if they process less than 7500 lbs of green coffee annually, the **CP-WC1** criteria should be N/A.

Accurate Worker Classification for Reporting

Accurate recording of worker classification information is critical for determining the applicability of indicators for Social Responsibility criteria. Workers must first be classified to arrive at accurate worker day calculations as well. The following information is provided on page 11 of the Verifier Operations Manual to help define full

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time/permanent, part time, and temporary/seasonal worker status in the context of the program:

Workers: full-time, part-time and temporary/seasonal personnel working in coffee growing and processing operations. *Full-time workers* are those who are employed on an ongoing basis for the full work day by the entity being verified. *Part-time workers* are those who are employed either on an ongoing basis for a set number of hours that is less than full-time or are hired on an occasional basis for specific tasks. *Temporary/Seasonal workers* are those who are hired to work during the harvest, both (on a) full and part-time (basis).

In regions where multiple harvests occur throughout the year there is flexibility in determining the status of the workers. Workers paid by productivity may be classified as either part-time or temporary/seasonal depending on whether they are contracted to assist with harvest activities or tasks occurring outside of the harvest period. Therefore, when classifying worker status based on productivity-based employment, it is important to consider the nature and timing of when these tasks occur.

In order to ensure consistent reporting procedures, verifiers should define and classify workers based on the worker classifications utilized 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.

Accurate Worker Day Calculations for Reporting

Accurate worker day calculations are critical for weighting each entities Social Responsibility score in an overall supply chain. The following information is provided on page 11 of the Verifier Operations Manual to help define a worker day in the context of the program:

Worker Day: A unit of time used for weighting social responsibility performance in an aggregate score. A worker day is generally the unit of time for one day of work for a full-time employee (generally 8 hours).

Currently, the worker day calculator function in the VRS is undergoing improvement and has been disabled. Until such time that these improvements are finished, verifiers should manually calculate worker days using the attached Excel workbook. Given that there are many ways of calculating worker days based on the many different types of tasks and employment arrangements utilized in different coffee growing regions around the world, the following guidance attempts to establish a common framework through which worker days can be consistently calculated for reporting and weighting purposes:

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Worker Day Guidance:

- 1) Worker type (full-time/permanent, part-time, temporary/seasonal) is determined by # of hours worked per day, the nature of employment (i.e., when it occurs, whether task/productivity-based, etc.). For further guidance see above discussion for worker classification.
- 2) a) For full-time workers, worker days are based on the number of days worked per year. b) For part-time or temporary/seasonal workers who are paid by the task, the inspector should determine through interviews and document review how long each particular task takes in terms of hours worked per day and calculate how many workers complete these tasks and how many days they work on these tasks per week and weeks per year on average. c) If full-time, part-time or temporary/seasonal workers are paid by productivity, the inspector should attempt to first determine through interviews and document review the average time spent working by each worker on productivity-based work on a daily basis and then calculate how many days, on average, workers spend working per week, month, or year.
- 3) Multiply each quantity of workers per type by number of days worked per week by weeks worked per year (subtracting any days or weeks not worked for holidays, days off e.g. Sundays, etc.).
- 4) Sum the total number of days worked for each worker type over the year to arrive at an approximate total of worker days for each entity verified, rounding up or down to the nearest whole integer.

Please see the following example on a worker day calculation for a hypothetical Large Farm A:

Worker classification	Number of workers	Months / year	Days / week	Weeks in a month	Worker days (WD) per month	Gross WD	# vacation / holiday days	Net WD	Total worker days
Permanent /full time works	15	12	6	4.35	26.1	313.2	21	292.2	4383
Part-time workers	15	8	3	4.35	13.05	104.4	0	104.4	1566
Temp. workers (Picker group A)	80	3	6	4.35	26.1	78.3	0	78.3	6264
Temp. workers (Picker group B)	25	1	6	4.35	26.1	26.1	0	26.1	653

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Large Farm A:

Worker Classification Summary

-15 Permanent/Full-time Workers (15 Permanent/Full-time workers work 12 months as farm managers and office help)

-15 Part-Time Workers (work half-days for 6 days per week regularly for 8 months out of the year on tasks such as fertilizer/pesticide applications)

-105 Temporary Workers (80 hand pickers (Group A) work 6 days per week for 3 months during harvest, 25 hand pickers (Group B) work 6 days per week for 1 month during harvest)

Full time workers receive 21 vacation/holiday days to be subtracted from the gross total worker days.

To calculate the total number of worker days per year, we multiply the total worker days per month by the weeks in an average month (4.35) to get the gross worker days. We then subtract vacation and holiday days to calculate the net worker days. This figure is then multiplied by the number of workers to find the total worker days.

It is important to mention that verifiers are only expected to calculate an approximate, rather than exact, figure for the total number of worker days for each entity inspected.

Entry of Quantitative Information in the SR-HP1 criterion

Verifiers should instruct their inspectors to enter data for *all* worker interviews completed as part of the 15% worker interview sampling requirement in the quantitative information link included for evaluation of indicators SR-HP1.1-1.3. Verifiers should refer to the 15% stratified sampling requirement outlined on page 22 in Section 7.5.4.2B of the Verifier Operations Manual for further guidance on worker interview requirements. This quantitative information serves as the basis for evaluating SR-HP criteria, fulfilling worker interview sampling requirements, and qualifying farms and mills as “Inspected during harvest”. In the event that the quantitative information is incomplete and no justification is provided by the verifier in the qualitative evidence, SCS will return reports for verifier review and will issue Corrective Action Requests (CARs) as necessary.

Verifying Green Coffee Volumes (as communicated to verifiers on 5/10/07 and 07/27/07)

Inspectors should verify volume amounts as part of field verification taking into consideration production area of farm. As part of the internal review process, Verifiers should confirm that volume amounts recorded by inspectors are accurate utilizing up-to-date production data for each region and country where verifications are taking place

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(SCS may be contacted if verifiers are unable to locate a source for this information). If verifiers or inspectors discover that a mill or farm included in an application did not deliver coffee to the supplier over the last year, this entity should be removed from the flows and the supplier, SCAC, and SCS notified of the change to the application.

Update Number 1.0–8/31/2007

SR-HP1.11-1.13

SR-HP1.11	All full-time workers are paid more than the nationally or regionally established minimum wage. In regions where such minimum wages have not been set, all full-time workers are paid more than the local industry average. If workers are paid by production, wages meet the above requirements
SR-HP1.12	All part-time workers are paid more than the nationally or regionally established minimum wage. In regions where such minimum wages have not been set, all part-time workers are paid more than the local industry average. If workers are paid by production, wages meet the above requirements
SR-HP1.13	All temporary/seasonal workers are paid more than the nationally or regionally established minimum wage. In regions where minimum wages for temporary workers have not been set, all temporary/seasonal workers are paid more than the local industry average. If workers are paid by production, payments exceed the local industry average

The objective of these indicators is to recognize farms, mills, and Producer Support Organizations (PSOs) for payments to workers that exceed the legally mandated minimum wage, or, if no such law exists, for payments to workers that exceed the local industry average. Through examination of documentation and worker interviews it should first be determined exactly what workers are paid, and noted appropriately as evidence on the report. If payments to workers exceed the minimum wage or local industry average *by any amount*, the corresponding indicator (to be determined depending on worker type) should be scored as compliance. It is important to note that the indicators intentionally do not specify exactly how much over the minimum wage/industry average payments must be, only that payments *must exceed the minimum wage/industry average*.

SR-HP2.4-SR-HP2.9

SR-HP2.4	There is a workers' association formed and governed by the employees independent of management influence
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SR-HP2.5	There are regular meetings between management and employees or employees' association
SR-HP2.6	Regular meetings between management and employees (or employees' association) continually improves working conditions
SR-HP2.7	There is a workers' association fund to which management and workers contribute matching funds
SR-HP2.8	Workers have equal access to association fund to finance projects that improve conditions for workers
SR-HP2.9	A collective bargaining agreement exists between employees and employer in regions or countries where agricultural workers' organizations are established in the coffee sector

The objective of these indicators is to recognize farms and mills that hold regular meetings with workers (which may aim to improve working conditions) and allow workers the right to organize an *independent* workers' association. A workers' association may function to provide low-interest loans to workers, finance worker access to a doctor or dentist if these services are not available on-site, provide a forum for workers to meet and discuss working conditions and wages, work to improve worker living conditions, and/or support educational opportunities for workers and their families.

In the case of indicator **SR-HP2.4**, the inspector is only asked to verify *if there is a workers' association formed*, which is governed by employees and independent of management influence. Scoring decisions should be justified by citing some form of documentation related to the workers' association meetings, such as a meeting agenda or minutes. If no such documentation is available, inspectors should confirm the existence of a workers' association through the process of interviewing workers. In the event that the inspector finds no evidence of a workers' association and scores **SR-HP2.4** as non-compliance, it is necessary to remember that indicators **SR-HP2.7** and **SR-HP2.8** are still applicable and should be scored accordingly as non-compliances as well.

At the same time, inspectors should keep in mind that indicators **SR-HP2.5** and **SR-HP2.6** clearly offer two options for scoring decisions. For example, **SR-HP2.5** states, "There are regular meeting between management and *employees or employees' association*" [emphasis added]. Therefore, although there may not be an employees' association formed, if there are regular meetings (i.e., meetings at set intervals during the growing and processing season) between management and employees, this indicator would be scored as compliance. The same would be true for **SR-HP2.6**, which offers the inspector the option of scoring compliance if *either* "employees (or employees'

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association)” meetings address improvements in working and living conditions. In both cases, scoring decisions should be supported with necessary document review, such as meeting rosters or agendas, and cross-checked by interviewing workers to ascertain how often and for what purposes meetings are conducted. To avoid confusion, it should be noted that, in these two indicators, the terminology “employees’ association” is used interchangeably with “workers association.”

Please remember that the indicator **SR-HP2.9** should be scored *only* in those “regions or countries where agricultural workers’ organizations are established in the coffee sector.” Specific laws or legislation pertaining to agricultural workers’ organizations should be referenced as evidence when scoring this indicator as compliance. If no such documentation exists, it is imperative that inspectors justify their score by citing the prevalence of these types of agricultural workers’ organizations in the country’s coffee sector.

Feel free to contact the SCS auditor team with specific questions concerning this guidance update or with any questions regarding scoring decisions on other indicators.

Sincerely,

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