



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

Starbucks Coffee Company

V4.4

English Version



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Introduction

Starbucks Coffee Company (hereafter referred to as Starbucks) initiated C.A.F.E. (Coffee and Farmer Equity) Practices in 2004 to evaluate, recognize, and reward producers of high-quality sustainably grown coffee. C.A.F.E. Practices is a green coffee-sourcing program developed by Starbucks in collaboration with Scientific Certification Systems (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 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 Generic Evaluation Guidelines”.

Select producers, processors and suppliers, who together represent Starbucks’ coffee supply chain, are evaluated against the criteria contained in the “C.A.F.E. Practices Generic Scorecard” and “C.A.F.E. Practices Smallholder Scorecard” by third-party verification entities referred to as verification organizations. Within verification organizations, ‘verifiers’ are those personnel responsible for ensuring the quality of C.A.F.E. Practices reports submitted in the Verifier Reporting System (VRS) and serve as the main point of contact for all communications from Starbucks and SCS. ‘Inspectors’ working with verification organizations are responsible for carrying out field verifications and completing reports in the VRS. The different roles assigned to both verifiers and inspectors provide a quality control mechanism necessary to ensure accurate and rigorous reporting in the C.A.F.E. Practices program.

Producers, processors, and suppliers, collectively representing a supply chain, must fulfill two program prerequisites before submitting an application to participate in the C.A.F.E. Practices program. The first requirement concerns quality specifications: only those suppliers who meet Starbucks green coffee quality standards may participate in the program. Second, participants in the C.A.F.E. Practices program must demonstrate economic accountability throughout their supply chains by providing evidence of an existing documented system of payments and must demonstrate that their operations are economically viable. After satisfactory fulfillment of these prerequisites, ‘applicants’ (i.e., the potential program participants, or suppliers), representing green coffee supply chains, may apply to participate in the program. C.A.F.E. Practices requires that all entities in a supply chain (with the utilization of a representative sample-based approach for both small and medium farms) undergo evaluation against the economic, social, and environmental criteria set forth in the program scorecards. Following delivery of reports to clients (applicants) for review and approval, reports are submitted via the VRS for approval by Starbucks.

1.0 Document Scope

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

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

- Reference documents and program terminology;
- An overarching description of the verification process;
- The methodology verification organizations should employ when assessing supply chains for conformance against the C.A.F.E. Practices criteria;
- Gathering and reporting accurate coversheet data from C.A.F.E. Practices verifications;
- Protocols and procedures that personnel working with verification organizations are required to follow for evaluating C.A.F.E. Practices criteria;
- The report submission, approval, and dispute resolution process;

- Communication flows between verification organizations and SCS.

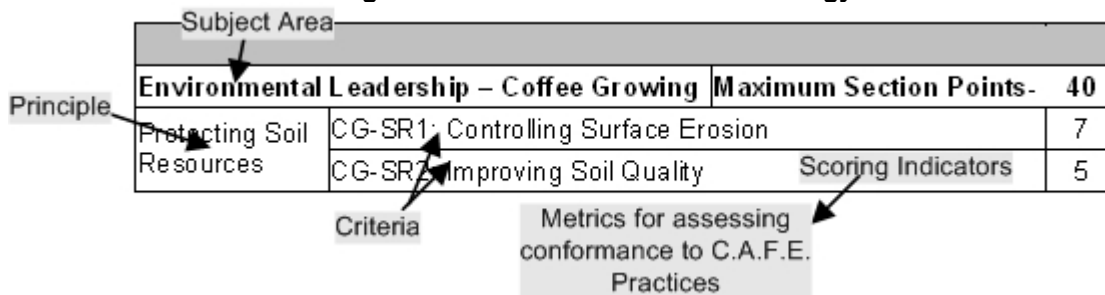
2.0 Reference Documents

- 2.1 **C.A.F.E. Practices Generic Evaluation Guidelines V2.0:** 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.
- 2.2 **C.A.F.E. Practices Generic Scorecard V2.1:** Provides the scoring indicators against which the entities undergoing verification are evaluated.
- 2.3 **C.A.F.E. Practices Smallholder Scorecard V2.1:** Provides the scoring indicators against which smallholders and producer support organizations undergoing evaluation are evaluated.
- 2.4 **C.A.F.E. Practices Verification Organization Approval Procedure V1.3:** Establishes the requirements necessary for interested parties to become approved verification organizations.
- 2.5 **Verifier Guidance Updates (VGUs):** Provide periodic updates on interpretation of specific criteria and/or indicators and reporting procedures for the VRS.
- 2.6 **Verifier Reporting System (VRS) Verifier and Inspector User Manual V1.3:** Provide verifiers and inspectors with instructions on how to claim applications and complete reports in the VRS.
- 2.7 **C.A.F.E. Practices Audit and Training Manual V1.0:** Provides information on the procedures used by SCS to train verification organizations on C.A.F.E. Practices and continuously review their work in the program.
- 2.8 **C.A.F.E. Practices Field Notes V2.1:** Formatted field notes that are to be used by inspectors while carrying out verifications.
- 2.9 **International Standard Organization 19011:2002(E):** Guidelines for quality and/or environmental management systems auditing.

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

C.A.F.E. Practices program terminology needs to be consistent to ensure uniformity of meaning among producers, processors, suppliers, verifiers and other users of the program. Figure 1 below introduces program terminology, followed by the definition of terms used in the C.A.F.E. Practices program.

Figure 1: C.A.F.E. Practices Terminology



- 3.1 **Aggregate score:** The total (summed) score associated with a supplier’s scoring profile. Each scoring profile is associated with a unique, defined supply chain per their supplier application. The

maximum possible aggregate score is 100 points. A supplier may apply for and receive a scoring profile and aggregate score for more than one unique, defined Supply Chain.

- 3.2 Agrochemicals:** Synthetic substances used to control competition from other organisms (e.g. pesticides and herbicides), and to provide crops with the nutrients necessary to compensate for lack of soil fertility (fertilizers)¹.
- 3.3 Appeal:** A written request from a C.A.F.E. Practices producer or supplier for formal reconsideration of any evaluation made by a verification organization.
- 3.4 Applicant:** Applicants are those entities that submit an application to Starbucks Coffee Company to initiate involvement in the C.A.F.E. Practices program. Applicants may be vertically integrated coffee estates (those operations that feature both growing and processing of coffee in the same location), collections of medium and large farms delivering cherry or parchment coffee to nearby processors, or producer associations (operations that represent smallholder producer groups with farms less than 12 hectares of productive area).
- 3.5 Approval procedure:** The procedure through which SCS reviews an applicant verification organization's credentials, independence, and organizational capacity to carry out C.A.F.E. Practices inspections. Pending a satisfactory application submitted by an applicant verification organization and participation in a training workshop, SCS will grant provisionally approved status for six months or until such time that the organization is able to carry out verification work. Fully approved status will be granted pending an SCS 'check' or 'shadow audit' of inspectors and review of reports submitted for verifications of the first three supply chains undertaken by the provisionally approved verification organization.
- 3.6 Appeal resolution:** The process through which points of contention between C.A.F.E. Practices stakeholders (producers, suppliers, verification organizations, SCS and Starbucks) are resolved.
- 3.7 Areas of high ecological value:** Areas that possess one or more of the following attributes:
- Contain globally, regionally or nationally significant concentrations of biodiversity;
 - Are in or contain rare, threatened or endangered ecosystems;
 - Provide basic ecosystem services (e.g. watershed protection or erosion control) in critical situations;
 - Are fundamental to meeting the basic needs of local communities (e.g. subsistence or health)
 - Are critical to local communities' traditional cultural identity (areas of significance identified in cooperation with such local communities).
- 3.8 Biological diversity:** The variability among living organisms from all sources including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems.
- 3.9 Buffer zones:** In protecting critical ecological areas, the buffer is an area of land (typically comprised of native vegetation) that reduces the impacts of adjacent activities on the critical area.
- 3.10 Canopy cover:** The multiple stories of foliage in a stand of trees or shrubs, in particular the uppermost continuous layer of branches and foliage.
- 3.11 Cherry:** The fruit of the coffee tree, which contains the coffee bean(s).
- 3.12 Conservation emphasis areas:** Defined areas of the farm where conservation of ecological resources is the primary objective. Coffee harvesting is permitted in a conservation emphasis area as long as it does not interfere with conservation goals. In other words, coffee can continue to be cultivated as long as the ecological value that is the focus of the conservation emphasis area is maintained.
- 3.13 Criteria:** Specific quality, transparency, environmental or social requirements that form the third hierarchical layer of the "C.A.F.E. Practices Generic Evaluation Guidelines"
- 3.14 Desk audit:** The process of checking the veracity of a verification report in the absence of a field visit.
- 3.15 Dispute:** An appeal that cannot be satisfactorily resolved by the verification organization or one that requires SCS resolution, such as in cases where interpretation of criteria is contested, where an appeal is submitted after reports are approved, or other exceptional cases.
- 3.16 Ecosystem:** A community of plants, animals, and their physical environments, functioning together as an interdependent unit.

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

- 3.17 Endangered species:** Any species that is in danger of extinction throughout all or a significant portion of its range.
- 3.18 Evaluation criteria:** A general reference to the indicators and criteria included in the “C.A.F.E. Practices Generic Scorecard” and “C.A.F.E. Practices Smallholder Scorecard”.
- 3.19 Farmer Support Center (FSC):** See SCAC.
- 3.20 Field audit:** The process of checking the veracity of C.A.F.E. Practices verification reports by conducting inspections at the farm, processor, and/or supplier level.
- 3.21 Inspection:** The evaluation of an individual C.A.F.E. Practices entity against the “C.A.F.E. Practices Generic Evaluation Guidelines” and evaluation criteria.
- 3.22 Inspector:** An individual who conducts inspections against the “C.A.F.E. Practices Generic Evaluation Guidelines” and evaluation criteria for an approved C.A.F.E. Practices verification organization.
- 3.23 Internal control system:** Monitoring and assistance mechanisms used by a supplier, processor, or association to ensure the small farms that they source coffee from are complying with the “C.A.F.E. Practices Generic Evaluation Guidelines”.
- 3.24 IUCN red list:** A system designed to determine the relative risk of extinction, and to catalogue and highlight those taxa that are facing a higher risk of global extinction (i.e. those listed as Critically Endangered, Endangered, and Vulnerable). Available at: <http://www.redlist.org/>
- 3.25 Large farm:** Any farm with 50 hectares or more (≥50ha) in coffee production.
- 3.26 Local laws:** Includes all legal norms given by governmental entities whose jurisdiction is less than the national level, such as departmental and municipal laws, as well as customary norms.
- 3.27 Medium farm:** Any farm with 12 to 49.9 hectares (≥12ha, <50ha) in coffee production.
- 3.28 Native species:** A species that occurs naturally in the region.
- 3.29 Non-Conformity:** SCS may issue Non-Conformities to provisionally approved and fully approved verifiers. Non-conformities identify an area for improvement in relation to a verification organization’s procedures specific to work in C.A.F.E. Practices and are issued because of periodic desk audits of reports submitted on the Verifier Reporting System, annual office audits of a verification organization’s office(s), and periodic field audits.
- 3.30 Office audit:** Verifiers will be evaluated on the overall quality control of their organization through document review of contracts, SOPs etc. by an SCS Auditor (may occur remotely).
- 3.31 Organic:** An integrated system of farming based on ecological principles, that replenishes and maintains long-term soil fertility by optimizing conditions for biological activity within the soil, rather than through the application of agrochemicals.
- 3.32 Pesticides:** The range of herbicides, insecticides, fungicides, rodenticides, nematocides and hormones that are used in coffee growing.
- 3.33 Preferred supplier:** See Section 9.0 for status description and conditions.
- 3.34 Pre-requisite criteria:** The un-scored criteria (performance requirements) as found in the “C.A.F.E. Practices Generic Evaluation Guidelines” that must be met in order to participate in C.A.F.E. Practices.
- 3.35 Principle:** The middle or second hierarchical level of the “C.A.F.E. Practices Generic Evaluation Guidelines” that provide elaboration on the subject areas. Principles are further elaborated by Criteria.
- 3.36 Processor:** A wet or dry mill that produces green coffee or parchment from parchment or coffee cherry using wet or dry processes. Processors cannot be ‘suppliers’ independent of actual producers.
- 3.37 Producer:** A generic term referring to a person cultivating coffee cherry, which is subsequently processed and traded as green coffee.
- 3.38 Producer Support Organization (PSO):** an entity that provides support to smallholders in a coffee network. In 2007, the Producer Support Organization (PSO) subject area was added to the smallholder scorecard to assist in the implementation of C.A.F.E. Practices at the small farm level. The supplier, mill, coop, or other association may serve this function. The entity providing this outreach and services to the small farm is identified and assigned its own ID in the supplier application.
- 3.39 Productive area:** In C.A.F.E. Practices, productive area refers to all land on a farm used to produce coffee. Area set aside explicitly for conservation purposes should be counted as conserved area. Non-productive area is the total area set aside for conservation and other uses (e.g. worker housing, waste areas, recreational use).

- 3.40 Program applicant:** A supplier, processor or producer that has applied to C.A.F.E. Practices, received an Applicant ID number and is in the process of receiving a C.A.F.E. Practices scoring evaluation by an approved verifier.
- 3.41 Program participant:** A supplier, processor, or producer that has received a C.A.F.E. Practices evaluation (as well as meeting the minimum performance zero tolerance indicators) assigned by an approved verifier.
- 3.42 Provisional approval:** Provisional approval is granted to applicant verifiers who submit an application, attend a SCS-approved training, and successfully complete an initial desk review and interview(s) conducted by SCS. Provisional approval allows verifiers to engage in verification activities with up to three applications seeking C.A.F.E. Practices status. To achieve approved status, provisionally approved verifiers must undergo an onsite approval audit of their offices as well as a verification visit of a C.A.F.E. Practices applicant in the presence of SCS.
- 3.43 Qualitative evidence:** Written evidence in C.A.F.E. Practices verification reports gathered through the three key qualitative methods – worker interviews, document review, and direct observation – that support an inspector’s evaluation of an indicator as Comply, Not Comply, or Not Applicable.
- 3.44 Quantitative evidence:** Worker interview records entered in the VRS by inspectors that contain specific information about the hourly, daily and total pay per day for each worker interviewed.
- 3.45 Scientific Certification Systems (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 against the C.A.F.E. Practices evaluation guidelines and criteria. SCS also works with Starbucks Coffee Company in the design and improvement of the C.A.F.E. Practices program.
- 3.46 Score:** The numerical index demonstrating the degree of conformance to any of the scored evaluation criteria found within the “C.A.F.E. Practices Generic Evaluation Guidelines”.
- 3.47 Shadow audit:** The process of evaluating verifier performance by which SCS auditors accompany verifiers and inspectors during the course of a verification.
- 3.48 Smallholder farm:** any farm of less than twelve (<12ha) hectares in coffee production.
- 3.49 Socio-environmental profile:** Reflects the overall performance on the social and environmental criteria outlined in C.A.F.E. Practices.
- 3.50 Standalone processor:** A standalone wet/dry entity that exclusively processes coffee.
- 3.51 Starbucks Coffee Agronomy Company (SCAC) also known as the Farmer Support Center (FSC):** SCAC administers C.A.F.E. Practices, including processing supplier applications and verification reports. SCAC also provides technical support and training that promotes high quality coffee production.
- 3.52 Starbucks Coffee Trading Company (SCTC):** Operating out of Lausanne, Switzerland, SCTC is responsible for purchasing coffee and ensuring quality for Starbucks.
- 3.53 Starbucks Support Center (SSC):** Headquarters of Starbucks Coffee Company, Seattle, Washington, United States of America. The Global Responsibility department at the SSC manages the relationship between SCS and Starbucks.
- 3.54 Strategic supplier:** See Section 9.0 for status description and conditions.
- 3.55 Stratified semi-random sampling:** The sampling approach that dictates that one portion of the sample is selected randomly while another is selected based on farm attributes
- 3.56 Subject area:** The highest hierarchical level of the “C.A.F.E. Practices Generic Evaluation Guidelines”. Subject areas are further elaborated by ‘Principles’, which, in turn, are further elaborated by ‘Criteria’.
- 3.57 Supplier:** Entities that enter direct contractual supply agreements with Starbucks Coffee Trading Company to sell green coffee.
- 3.58 Supply chain:** In coffee, the steps and links in the production of green coffee that connect coffee producers to processors to suppliers. In other words, the characterization of how the coffee moves from farm to processor to supplier.
- 3.59 Supply networks:** In coffee, another term for a coffee supply chain that underscores the fact that the supply chain associated with any single supplier commonly includes several processors and numerous producers. In other words, groups of coffee producers and processors that provide coffee in various stages to suppliers.
- 3.60 Threatened species:** Any species that is endangered or is likely to become endangered within the near future throughout all or a significant portion of its range.

- 3.61 **Verification:** The independent evaluation (inspection) and reporting process through which conformance with the “C.A.F.E. Practices Generic Evaluation Guidelines” and evaluation criteria is determined.
- 3.62 **Verification organization:** A third party organization that assesses green coffee supply chains against the C.A.F.E. Practices Evaluation Guidelines, evaluating environmental and social performance of producers and processors, as well as evaluating economic accountability verifying a system of payments exists throughout the supply chain.
- 3.63 **Verified supplier:** See Section 9.0 for status description and conditions.
- 3.64 **Verifier:** The designated representative(s) from third party verification organizations charged with the tasks of training of inspectors, internal review of reports, and handling communications with SCS and Starbucks Coffee Company.
- 3.65 **Vertical integration:** More than one-step in the coffee growing, harvesting, processing, and trading process, being carried out by a single entity.
- 3.66 **Water body:** In C.A.F.E. Practices, a water body refers to any natural water body, including ponds, lakes, streams, springs, rivers, wetlands, or other areas that ordinarily (permanent) or intermittently (temporary) contain water.
- 3.67 **Weighted Toxicity Index Score:** This is calculated by taking the total volume of each agrochemical (pesticide, fungicide, herbicide, or synthetic fertilizer) applied over the year and multiplying it by a toxicity factor (LD 50) for the main active ingredient in the product in question. Then, by averaging the individual product values and then dividing them by the total productive area of the farm, we get an overall index score for the farm
- 3.68 **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 (eight hours).
- 3.69 **Workers:** The general term designating full-time, part-time, and temporary/seasonal personnel working in coffee growing and processing operations. 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.

- 3.69.1 **Permanent/Full-time** workers are those who are employed on an ongoing, year-round basis for the full workday by the entity being inspected.
- 3.69.2 **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 a regular basis for specific tasks.
- 3.69.3 **Temporary/Seasonal** workers are those who are hired to work during the harvest, both on a full and part-time basis. Workers paid by productivity or by task, both on farms and in mills, should be classified as temporary/seasonal.
- 3.70 **Zero Tolerance:** Specific indicators in the C.A.F.E. Practices evaluation criteria that require compliance for participation in C.A.F.E. Practices.

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

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

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

5.1 Summary

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

A high degree of heterogeneity characterizes coffee production and processing activities around the world. Farm size varies widely. Family-run operations with less than one hectare of coffee production to large estates with up to several hundred hectares in production all participate in the global coffee economy. Coffee processing techniques are unique. Some smallholder producers may process small batches of coffee 'cherry' by hand on the farm premises, while large mechanized mills may process thousands of pounds of coffee cherry in a single day. Additionally, geographic conditions and transportation infrastructure have greatly influenced the development of national and regional coffee economies, resulting in a situation where nearly every green coffee supply chain possesses unique attributes. These factors necessitate an approach to verification that is simultaneously universal yet applicable to all situations verifiers and inspectors encounter in a given country or region. The C.A.F.E. Practices program evolved with this need in mind.

The Generic Scorecard contains 210 specific indicators designed to evaluate economic, social, and environmental conditions prevalent in a given 'large farm' or 'medium farm' supply chain. The Smallholder Scorecard complements the Generic Scorecard, but only contains 124 specific indicators, which were drawn from the Generic Scorecard based on their applicability to small farms. In this way, the Smallholder Scorecard is designed to evaluate the economic, social, and environmental conditions prevalent among smallholder producer networks. For further discussion of the intent and objectives behind the evaluation criteria found in both the Smallholder and Generic Scorecards, verification organizations should refer to the C.A.F.E. Practices Generic Evaluation Guidelines.

Verification organizations conducting C.A.F.E. Practices verifications are typically regionally based third-party organizations, familiar with local production and processing practices prevalent in the region in which they operate. By working with regionally based verification organizations, with personnel who speak the local language(s) and understand local practices, supplier participants in C.A.F.E. Practices verifications have a cost-effective, efficient verification service at their disposal.

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

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

5.2.1 Objectives

C.A.F.E. Practices is a voluntary program that provides purchasing preference to coffee suppliers who source coffee that is grown, processed, and traded in an economically, socially, and environmentally responsible manner. C.A.F.E. Practices is an integral aspect of Starbucks' long-term commitment to ensuring the sustainability of their coffee supply and improving practices in the coffee sector as a whole.

The evaluation criteria, divided into four major 'subject areas', encompass metrics for coffee sustainability – Product Quality, Economic Accountability, Social Responsibility, and Environmental Leadership – with indicators in each criteria group progressing along a spectrum from minimum practices to best practices. The minimum requirements for participation in the

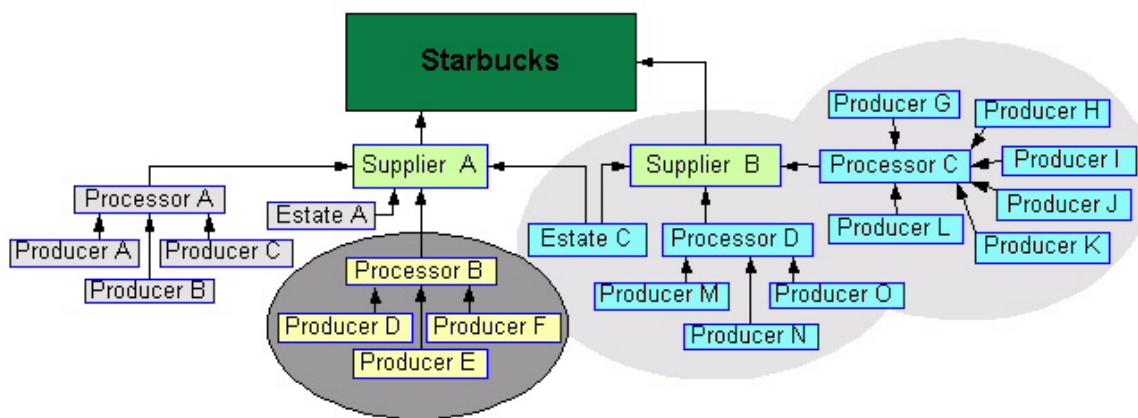
program, designated as 'zero tolerance' indicators, address payments that satisfy the minimum wage legal requirements, employment practices prohibiting the use of child labor and forced labor, access to education, and economic accountability and traceability for participating 'Producer Support Organizations' (PSO). 'Criteria-requirement' indicators are those that require compliance to receive any credit for compliance with other indicators in each criteria group. These include, but are not limited to adherence to legally mandated overtime payments, provision of protective equipment and clothing, measures to prevent deforestation, prohibitions on utilizing agrochemicals identified as hazardous and toxic by the World Health Organization (WHO), and record keeping for water and energy consumed by mills and farms utilizing irrigation systems. In total, C.A.F.E. Practices is comprised of 29 criteria groups and 207 indicators.

5.2.2 Scope of C.A.F.E. Practices

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

As C.A.F.E. Practices evaluations represent entire supply chains, each individual entity that is verified for compliance against the evaluation criteria contributes to the overall aggregate score of the supply chain. Since aggregate scores represent the performance of farms and processors in the supply chain, it is necessary to weight performance, relative to each entity's impact, to represent social conditions and environmental impacts in a fair and consistent way. The total 'worker days' determine the weights for the Social Responsibility subject area, a metric that captures contributions by permanent/full-time, part-time, and temporary/seasonal 'workers'. Weights for the Economic Accountability and Environmental Leadership subject areas are determined by production or processing volume of coffee, measured in pounds of green coffee.

Figure 2: Schematic of Starbucks Green Coffee Supply Chain



5.2.2.1 Entities to be Verified

Whatever the structure and composition of the supply chain associated with each Starbucks supplier, the fundamental objective of the C.A.F.E. Practices verification process is to evaluate each entity against all applicable evaluation criteria. The supply chain depicted above is comprised of 'smallholder farm' networks, 'vertically integrated' estates and 'medium farm' networks. Whereas all 'large farms', processors, and producer support organizations must be evaluated in the course of verification, the sampling

methodology described in Section 6.4.2 allows for a representative sample of both small and medium farms to be inspected.

It is the responsibility of the verifier and inspector to verify that volumes reported by sampled entities listed on a “C.A.F.E. Practices Supplier Application” are accurate. This system of volume verification ensures that the total volume of green coffee entering the Starbucks supply chain, as verified C.A.F.E. Practices green coffee, is accurate.

For the purpose of C.A.F.E. Practices verifications, the following entities are to be included in the scope of a supply chain verification.

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

- The square root of all smallholder farms should be evaluated in a given supply chain. For specific details regarding sampling for small producers see Section 6.4.2.2.
- Small farms should be evaluated against the “Smallholder Scorecard”: Social Responsibility and Environmental Leadership – Coffee Growing evaluation criteria.
- Smallholder Scorecard: Environmental Leadership – Coffee Processing (Wet) criteria should be evaluated for all small farms with on-premise wet coffee processing described in the supplier application.

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

- The square root multiplied by 1.5 of all medium farms should be evaluated in a given supply chain. For specific details regarding sampling for medium producers see Section 6.4.2.2.
- All medium farms should be evaluated against the Generic Scorecard: Social Responsibility and Environmental Leadership – Coffee Growing evaluation criteria.

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

- All large farms should be evaluated in a given supply chain.
- All large farms should be evaluated against the Generic Scorecard: Social Responsibility and Environmental Leadership – Coffee Growing evaluation criteria.

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

- All wet processors used by sampled farms should be evaluated in a given applicant supply chain.
- All wet processors should be evaluated against the Generic Scorecard: Social Responsibility and Environmental Leadership- Coffee Processing (Wet) evaluation criteria.

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

- All dry processors should be evaluated in a given applicant supply chain.
- All dry processors should be evaluated against the Generic Scorecard: Social Responsibility and Environmental Leadership- Coffee Processing (Dry) evaluation criteria.
- All contract dry mills are to be included in the verification of a given applicant supply chain.

- Grading and sorting facilities should be evaluated against the Generic Scorecard, Social Responsibility, and applicable Environmental Leadership- Coffee Processing (Dry) evaluation criteria if parchment coffee is de-hulled.

Producer Support Organization (PSO): An entity that organizes and supports smallholder farm networks in the implementation of C.A.F.E. Practices, production, and processing.

- All PSOs should be evaluated in a given applicant supply chain.
- All PSOs should be evaluated against the Smallholder Scorecard: Producer Support evaluation criteria.
- PSOs may be affiliated with wet and dry processors in a given supply chain but receive their own entity code within the application. The PSO should be assessed for compliance with the Producer Support indicators. For PSOs that provide support to small farms included in more than one application, the same PSO code will be used in each application but the evaluation of the PSO indicators must be specific to the entities in the respective application.

5.2.2.2 Timing and Frequency of Verifications

The verification period for C.A.F.E. Practices is open 365 days a year and will have a validity period that corresponds to the start of the harvest period according to the Verification and Validity Periods for C.A.F.E. Practices (see Appendix C). New supply chains applying to the program can decide to start in or off harvest and will have a validity period corresponding to the respective start of the harvest period under verification. Every other verification should be done in harvest.

- 3 year validity will be granted to vertically integrated (non-sampled) Preferred or Strategic supply chains, only if the verification takes place “in harvest”;
- 2 year validity will be granted to complex (sampled) Preferred or Strategic supply networks only if the verification takes place during harvest;
- Mills scoring 60 percent or above, in both the social and the processing criteria, will be granted a 3 year validity but with no status, only if the verification takes place during processing activity, as defined in this document;
- Multi-year validity awarded to mills allows the mill report to be used in future verification without requiring re-verification of the mill;
- The verifier will confirm whether the inspection took place during the harvest/processing period in the inspection report submitted in the VRS (see Section 6.6.4 for guidance on determining in-harvest status);
- Re-verification of **all** supply chains with ‘Verified’ status in the program should occur on a yearly basis for continued participation in the program;
- **All** supply chains containing zero tolerance evaluations for any entity are to be re-verified during the next verification period.

5.2.2.3 Standards, Legal Norms and Document Translations

The C.A.F.E. Practices Generic Scorecard is the default standard against which all participants in C.A.F.E. Practices are evaluated. For farms with less than 12 hectares in coffee production, the C.A.F.E. Practices Smallholder Scorecard is the standard against which these farms are judged. Should any of the C.A.F.E. Practice indicators contradict local and/or national laws, these laws will take precedence. If any translations of C.A.F.E. Practices program documents contradict the English versions, the English versions will take precedence.

5.2.2.4 Use of Self-Evaluation

Self-evaluations and previous C.A.F.E. Practices verifications may be used for guidance but may not be substituted for verification results.

5.2.2.5 Use of Other Certification Protocols

C.A.F.E. Practices verifications may take place in conjunction with coffee certification programs but such programs are not substitutes for C.A.F.E. Practices verifications. While other certifications may help entities prepare for C.A.F.E. Practices verification, they are not a substitute for a full, independent onsite verification. Desk audits, gap analyses, and other means to benchmark C.A.F.E. Practices with other certification programs may help make verifications more efficient but are not substitutable for C.A.F.E. Practices verifications.

5.2.2.6 Verifier Interpretation

Rulings on interpretation of any C.A.F.E. Practices indicator, guideline, or document will come from SCS. Verifiers and their inspectors with questions about how to interpret aspects of the C.A.F.E. Practices evaluation criteria, procedures, or other relevant issues should present their questions in writing to SCS: cafepractices@scscertified.com Scientific Certification Systems, 2000 Powell Street, Suite 600, Emeryville, CA 94608, United States of America.

5.2.2.7 Stakeholder Input

Stakeholders shall direct their communications, feedback and input regarding C.A.F.E. Practices to either Starbucks or SCS. Starbucks will periodically hold formal stakeholder feedback sessions as updates are made to C.A.F.E. Practices.

5.3 Summary of Verifier and Inspector Responsibilities, Resources and Procedures

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

Within C.A.F.E. Practices, verifiers and inspectors have a distinct set of responsibilities. Overall, the inspector's responsibility is to evaluate the conformance of C.A.F.E. Practices applicant suppliers against the C.A.F.E. Practices Generic Scorecard and C.A.F.E. Practices Smallholder Scorecard, and report the results to Starbucks. The verifier's responsibility, in contrast, is to manage relationships and communications with clients, SCS and Starbucks, in addition to ensuring that submitted reports are subjected to internal review for accuracy and consistency. Verifier and inspector responsibilities include but are not limited to:

- Examining the supply chain to be verified (both verifiers and inspectors);
- Ensuring that the supply chain in question can be verified- all entities in the supply chain are clearly identified (i.e., 'scoping') (a task verifiers are ultimately responsible for, but inspectors may be involved with);
- Developing and maintaining contracts with clients (verifiers);
- Ensuring that approval letters with security codes are received prior to the commencement of verification work (verifiers);
- Determining the appropriate sample of entities within that chain to be verified (both verifiers and inspectors);
- Faithfully and consistently carrying out onsite verifications (inspectors);
- Accurately reporting and ensuring that reports are submitted in the VRS in a timely manner (inspectors);
- Reviewing reports prior to final submission in the VRS based on deadlines set forth by Starbucks (verifiers);

- Communicating with clients, inspectors, SCS, and Starbucks promptly and clearly (verifiers);
- Maintaining records of verification results in the form of field notes and supporting documentation and supporting evidence (verifiers);
- Appropriately documenting and handling report approvals and client disputes (verifiers);
- Ensuring inspectors are informed and kept updated on all applicable social and environmental legislation and guidance updates sent by SCS (verifiers);
- Providing feedback on the C.A.F.E. Practices program (verifiers).

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

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

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

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

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

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

5.4 C.A.F.E. Practices Verification Records

Verification organizations working in C.A.F.E. Practices are required to maintain complete and consistent records of all of their verification activities and personnel. These records should be kept for a period of at least three years. All of the following records should be maintained in a secure storage system in the office of the verification organization approved for work in the program.

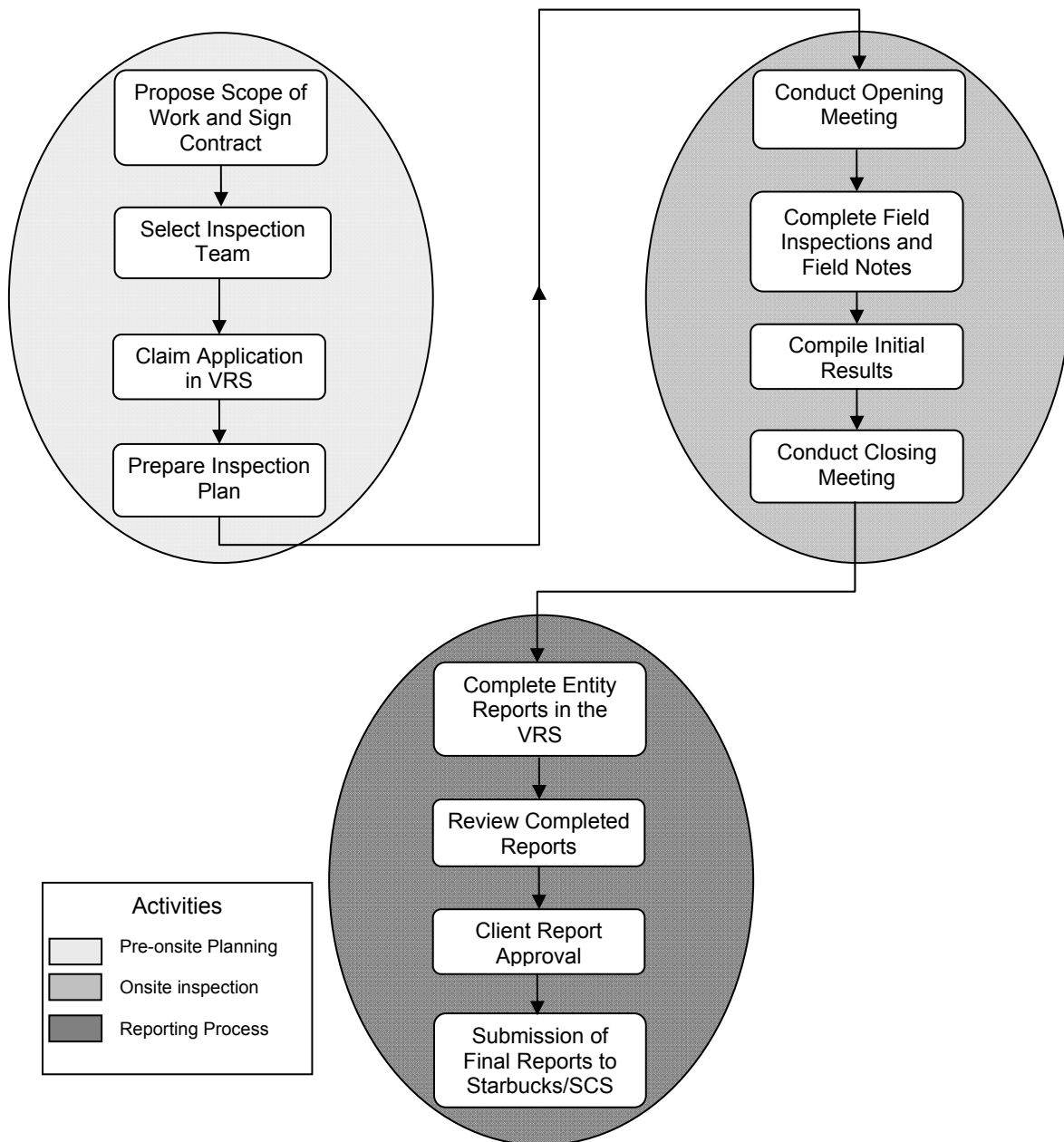
- Records of C.A.F.E. Practices verifications: All C.A.F.E. Practices verifiers are expected to maintain complete and accurate records of all C.A.F.E. Practices verification activities including but not limited to verification contracts, planning templates, field notes, interview notes, report approval forms, and any relevant appeal or dispute resolutions.
- Results of verification organization audits by SCS: VRS review reports, office audits and shadow/check audit reports.
- Records of C.A.F.E. Practices verification personnel: Verifier and inspector Curricula Vitae (CV) or resumes, rosters of training activities, conflict of interest declarations, and confidentiality and non-disclosure agreements (CNDA).

6.0 Verification Activities

6.1 Summary

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

Figure 3: Summary of Verification Activities



6.2 Pre-onsite planning

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

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

Suppliers seeking C.A.F.E. Practices status with Starbucks generally initiate C.A.F.E. Practices verifications. Suppliers submit their application to the Starbucks Coffee Agronomy Company ('SCAC'/'Farmer Support Center'), where their application is reviewed for eligibility. Should the application meet the necessary pre-requisites, the supplier is given a C.A.F.E. Practices applicant ID number that should be used in all correspondence related to C.A.F.E. Practices. The application ID corresponds to a specific application year. New application IDs will be assigned each year, while farm, mill, and PSO IDs do not change.

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

Verification organizations must request that their client provide a C.A.F.E. Practices application ID number and security code before initiating verifications. This ID number should be used in all correspondence associated with the respective supplier and should be included on the verification planning template sent to SCS in advance of the onsite inspection process. A copy of the "First Response Letter" that Starbucks sends to approved suppliers once an application has been approved should be requested to secure this information. The "First Response Letter" also has two addendums: 1) the "Non Compliant Entity Addendum" which lists any entities included in the application that received zero tolerance evaluations in the previous verification cycle (only applicable in cases of re-verification) and 2) the "Mill Addendum" which includes all mills in the application with current validity (meaning that the mill re-verification is not required unless requested by the client). Verifiers should always request a copy of the "First Response Letter" and the addendums (if applicable) from the supplier to ensure that non-compliant entities are included in the sample and that the appropriate mills will be inspected by the verification organization.

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

6.2.2 Determining Feasibility of Verification

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

- Are the entities being verified prepared and cooperative?
- Have they supplied sufficient information for the verification?
- Is there enough time for the verification?
- Can all of the entities in the C.A.F.E. Practices supply chain be identified?
- Is the supply of coffee traceable and are the reported volumes of coffee realistic?
- Is the application complete and accurate?

If you have questions about the application or think the application is incomplete, please contact SCS at cafepactices@scscertified.com.

If the applicant producers, processors, and suppliers are not able to provide this level of information and disclosure to the verifier, verifications should be re-scheduled until these conditions are met or a feasible alternative is agreed upon.

Prior to starting verification, remind suppliers to:

- Inform Starbucks that they plan to be verified;
- Ensure their information is up to date with Starbucks for the specific verification period;
- Confirm that their application is approved;
- Confirm receipt of correct application ID and security code.

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

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

Once it is determined that an applicant will undergo the C.A.F.E. Practices verification process, the applicant must enter into a contractual agreement with a verification organization listed on SCS's website. This agreement, based on the understanding of the supplier's application and C.A.F.E. Practices protocols, establishes scope of the desired assessment, and specifies the rights and responsibilities of each party. Since participation in C.A.F.E. Practices depends on the outcome of the verification, it is a sound practice to require an initial (partial) payment prior to beginning verification activities. The contractual agreement between the verification organization and the applicant must at a minimum detail:

- Scope of the verification;
- Cost of the verification;
- Information disclosure and confidentiality;
- Conflict of interest declarations;
- Clause assuring that verification activities do not guarantee C.A.F.E. Practices status or sale of green coffee to Starbucks;
- Clause assuring that the supplier has the responsibility to fulfill the prerequisite subjects of Product Quality and Economic Accountability and that the verifier has no responsibility should the supplier not have done so.

6.2.4 Notifying SCS of Planned Verifications

SCS requires that verification organizations inform SCS of all planned verifications (regardless of whether a contract has been signed) by emailing the verification planning template to SCS well in advance of the planned field inspection dates. Verifiers should ensure that the all pre-onsite planning steps (as outlined in Appendix B) are completed before going into the field to complete field inspections. In the event that information sent in the planning template changes, the verification organization must send an updated planning template to SCS which reflects the updated planning details.

6.2.5 Claiming Applications in the VRS

Prior to conducting verifications, verifiers must claim the application (**at least five days in advance of commencing field inspections**) in the VRS. This is a crucial stage of the pre-onsite phase, as it allows verifiers the opportunity to review the final information submitted to Starbucks by the supplier through a crosscheck of the supplier application against the information in the VRS. To claim an application in the VRS, verifiers must enter the security code for the application provided by their supplier. Using the security access code provided by the applicant (client) is the

only way verifiers can access an application in the VRS. Applications must be claimed in the VRS prior to commencing verification work.

In addition, inspectors must synchronize the application on their computer using the offline VRS program before going to the field to ensure that the application has completely transferred to their computer. If the verification organization detects any discrepancy between the supplier application and the application information found in the VRS, the verifier should notify SCS immediately.

For detailed instructions for claiming an application, please refer to the VRS Verifier and Inspector User Manual.

In order for the application to be considered available for claiming in the VRS, applicants must first notify Starbucks that they have no more changes to their application and they have scheduled their verification. At this time, Starbucks will provide a security access code to applicants to provide to their verifier. Within 24 hours of receiving this notification, Starbucks will make the application available in the VRS.

As part of the process of claiming an application in the VRS, verifiers must enter the planned inspection dates in the application coversheet. The actual inspection dates are to be entered in the application coversheet once the field inspections are completed.

6.2.6 Selecting Inspection Teams

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

6.2.7 Establishing Contact with Entities Being Verified

In order to conduct verifications in an efficient and cost-effective manner, it is necessary to ensure that the entity being verified is prepared and ready for the verification. In addition, farm management should also be present during the opening meeting. Transportation arrangements and/or guides for the verification of the entity (if necessary) should be arranged in advance of the verification.

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

6.3 Conducting Document Review

Document review begins with the C.A.F.E. Practices applicant providing a copy of their C.A.F.E. Practices supplier application form to the verification organization. Document review is an important first-stage of the verification process because it allows for an efficient onsite inspection process. **Thus, inspectors shall request ahead of time, for review prior to and/or during the field inspections, documents (such as those listed below) that can help to verify compliance with the C.A.F.E. Practices program scorecards.**

Economic Accountability

- Receipts for sales/purchases of coffee in the C.A.F.E. Practices supply chain or ledgers or log books detailing sales/purchases of C.A.F.E. Practices coffee

Social Responsibility

- Workers' earnings records/payroll
- Employment policy manual
- Evidence of pension plan
- Evidence of workers' representation
- Documentation of workers' association
- Written policy regarding non-discriminatory hiring
- Evidence of contributions to local medical/educational efforts/facilities
- Emergency medical care plan
- Training records
- Agrochemical spill contingency plan

Coffee Growing— Environmental Leadership

- Farm management plan(s)
- Up-to-date maps of roads, productive areas, streams, conservation areas etc.
- Agrochemical management plans (e.g. integrated pest management)
- Agrochemical spill contingency plan
- Soil and foliar management plan
- Evidence of soil analysis
- Organic certification
- Coffee and shade tree inventory records
- Species list, wildlife plans
- Legal records regarding conservation areas
- Written plan for 'conservation emphasis areas'
- Agrochemical register
- Chemical use records and maps showing applications
- Weighted toxicity index
- C.A.F.E. Practices monitoring and implementation plans

Coffee Processing— Environmental Leadership

- Copies of applicable laws
- Water testing results
- Wastewater management plan
- Waste management plan
- Energy consumption records
- Water consumption records

6.4 Preparing for Onsite Inspection Activities

6.4.1 Preparing the Verification and Inspection Plans

Given the size, complexity, and geographic scope of some of the supply chains assessed under C.A.F.E. Practices, verifiers should prepare an overarching verification (audit) plan in advance of commencing onsite verification activities to be distributed to both inspectors and representatives from the supply chain undergoing evaluation.

Additionally, inspection plans should be provided for each entity that will be visited, providing detailed descriptions of the activities that will take place during the onsite inspections. Verification organizations may choose to develop a list of activities and documents to be reviewed specific to each entity type (e.g. a template for PSOs, farms, and mills) that will be incorporated into their overarching verification plans sent to the client.

The overarching verification plan should provide a summary of all activities that will take place during the field inspections, including the 'what, when, and where' of all onsite inspection activities. As a complement to the overarching verification plan, detailed field inspection plans specific to each entity type help guide the inspectors in the field. They also serve to inform the entities undergoing inspection of the need to conduct worker interviews, what documents will be reviewed, which areas will be visited, and approximately how much time will be required for each activity.

Preparing and distributing the overarching verification plan to the client should occur at the onset of the verification process, with individual inspection plans distributed during the field inspection activity by the inspectors conducting the work.

6.4.2 Determining Sample Size

Given the size, complexity, and diversity of coffee growing, processing and exporting operations, a sample-based approach to assessing small and medium farm networks seeking C.A.F.E. Practices status is necessary. Without a sample-based approach, the cost of the verification process would be prohibitive.

After obtaining the full list of processors and producers comprising the applicant's supply chain, verifiers and inspectors are expected to construct stratified semi-random samples from the processor and grower populations.

The following guidance for determining the sample intensity of a defined supply chain is based in part on the International Accreditation Forum's (IAF) guidance on the application of ISO Guide 62.

6.4.2.1 Sample Intensity of Large Farms and Processors

All large farms and processors used by farms included in the sample must be verified. Large farms are defined as 50 hectares or larger (≥ 50 ha.). 'Standalone' wet mills are processors that receive coffee cherry and mill it to the parchment stage. All standalone wet mills must be verified. (On-premise wet mills for medium farms will have a separate entity code and should be visited in accordance with medium farm sampling guidelines.) Standalone dry mills are processors that de-hull parchment coffee received, as well as sorting and grading of the hulled green coffee.

6.4.2.2 Sample Intensity of Small and Medium Producers

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

The sample intensity for medium farms (≥ 12 ha, < 50 ha) is 1.5 times the square root of the total number of medium farms.

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

The sample intensity for *small farms* (<12ha) is the square root of the total number of small farms.

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

Example 1:

Supplier A has a total of 2415 entities (10 large farms, 400 medium farms, 2000 small farms, and 5 processing mills) in its C.A.F.E. Practices application. In order to assess the compliance with C.A.F.E. Practices criteria of supplier A's farm, an inspector would:

1. *Include the 10 large farms.*
2. *Automatically sample the processing mills used by the sampled farms and all dry mills.*
3. *For the medium farms, calculate the square root of 400, which is 20. Multiply 20 by 1.5, to get the number of medium farms to inspect (30 medium farms).*
4. *For the small farms, calculate the square root of 2000 (44.7, round up to 45) to get the number of small farms to verify.*

In this case, the inspector would evaluate 10 large farms, 5 processing mills, 30 medium farms, and 45 small farms.

6.4.3 Determining Farms to Visit

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

- Size: include a representative number of farms in the stratified portion of the sample with different productive areas if a large amount of variation exists among farms in a supply chain.
- Coffee production: include a representative number of farms in the stratified portion of the sample with different coffee production if a large amount of variation exists among farms in a supply chain.
- Topography and water resources: include a representative number of farms in the stratified portion of the sample that have different topographical features and are adjacent to water bodies.
- Geographic sub-regions: include a representative number of farms in the stratified portion of the sample that are located in different geographies within the supply chain.
- Producer affiliation with mills and/or PSOs: where multiple mills and/or PSOs are present in a supply chain, include a representative number of farms in the stratified portion of the sample that are affiliated with each mill and/or PSO.
- Use of hired labor: include a representative number of farms in the stratified portion of the sample that utilize hired labor.

It is up to the inspector to determine which attributes should be used to select the sample based on conditions in the field, the degree of variation among farms in the supply chain, and other factors. Additional attributes may be identified, but it is imperative that the portion of the sample not randomly selected be representative of farms in the supply chain. Half of the sample may be comprised of farms randomly selected, while the other half may be comprised of farms selected according to the attributes listed above. Regardless of the approach utilized, a sample should be modified if producers are not available for the farms selected or if farm access is restricted for any reason. The inspector must also balance the cost of the verification with the rigor that random sampling provides. For supply chains where there are long travel distances between farms, a more focused selection of farms may be required.

6.4.3.1 Determining Farms to Visit: Re-verifications

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 calculated based on the previous year's sample and then subtracted from the current sample. This 15% sample is to be selected utilizing a semi-random approach with an emphasis on farms that did not perform well in prior verifications. **In addition, all farms that failed to comply with zero tolerance indicators the previous year (that are part of the current application) must be included in addition to the sample.**

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

Year 2 re-verification:

1. As part of the re-verification process, verifiers need to ask the applicant (client) for the 'First Response Letter' they received from the Starbucks indicating the approval of an application.
2. The verifier will also ask the applicant (client) to see the "Non Compliant Entity Addendum" and the "Mill Addendum" from Starbucks because these will list the Non Compliant (zero tolerance) farms and mills with current validity, respectively.
3. If the applicant (client) is unable to provide the "First Response Letter" with associated addendums, the applicant (client) should send a request to Starbucks at cafepac@starbucks.com for a copy so they can provide it to the verifier.

Example 1:

Year 1:

Supplier B had a network of 400 small farms and 100 medium farms.

Sample = 20 small farms and 15 medium farms.

Year 2:

Supplier B has increased their C.A.F.E. Practices application to include a network of 441 small farms and 100 medium farms.

Sample = 21 small farms and 15 medium farms

15% of the 20 small farms verified in year 1= 3 small farms

15% of the 15 medium farms verified in year 1= 2.25 medium farms (rounded to 2)

The 3 small farms being re-verified are included in this year's sample of 21 small farms- 3 small farms that were verified in year 1 and 18 new small farm verifications.

The 2 medium farms being re-verified are included in this year's sample of 15 medium farms- 2 medium farms that were verified in year one and 13 new medium farm verifications.

Example 2:

Year 1:

Supplier C had a network of 625 small farms.

Sample = 25 small farms. 4 farms did not comply with zero tolerance indicators.

Year 2:

Supplier C still has a network of 625 small farms.

Sample = 29 small farms

15% of the 25 small farms verified in year 1 = 4 small farms

The 4 small farms being re-verified are included in this year's sample of 25 small farms – 4 small farms that were verified in year 1 and 21 new small farm verifications.

The 4 farms with zero tolerance non-compliances from year 1 will also be included in addition to the 25 small farms, for a total sample of 29 farms.

6.4.4 Supplier Internal Control Systems

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

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

Suppliers may wish to implement additional internal control systems, such as periodic site inspections. The benefits of enhancing the level of internal control include the likelihood of lower verification costs during subsequent C.A.F.E. Practices verifications, as well as helping to improve the overall aggregate score.

6.4.5 Supply Chain Discrepancies

If the verifier or inspector discovers a discrepancy between the application and the reality in the field or the application as it appears in the VRS, they should email their client, with a copy to SCS (cafepactices@scscertified.com) and Starbucks (cafepprac@starbucks.com and jwilliam@starbucks.com) explaining that a correction may be required. Starbucks will then follow up with the supplier to make the necessary adjustments to the application. Verifiers should not make any changes to an entity coversheet that affect the scorecard without prior confirmation from SCS.

Examples of these discrepancies include:

- **Changes to farm size**
Example: the productive area of a farm is different from what was provided in the application and the difference results in the farm changing farm size type:
 - Small farm to medium/large farm;

- Medium/large farm to small farm.

Example: A farm size changes by 50% or more:

- A farm that was listed as 60 hectares on the application, and is verified as 113 hectares.

- **Processing changes**

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

- **Incorrect entities (farms or mills) included in or excluded from the application**

Example: all the farms in the application are sending coffee to a dry mill not included in the application.

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

It is imperative that inspectors and verifiers follow this procedure immediately upon encountering the discrepancy. In some of the cases above, Starbucks will need to issue a new application with the correct information included. However, this will only be done as a last option to avoid the inconvenience.

Even in cases where a new application ID must be assigned, the inspector(s) will be able to continue reporting in the existing application until the new application ID has been claimed.

The only application discrepancy that does not require that the procedure above is followed is minor changes to farm size (e.g. 8ha to 10ha). If the change results in the size category changing OR the change is greater than 50% (e.g. a 60ha farm is actually 113ha), please follow the procedure outlined above.

6.5 Conducting Onsite Inspection Activities

6.5.1 Opening Meeting

An opening meeting prior to initiating any onsite verifications is necessary to set expectations for the verification effort, to provide a timeline for verification and reporting efforts, to further explain the verification plan and approach, and to answer initial questions of the entity being verified. The inspection plan should be explained during the opening meeting, along with the confidentiality policy of the verification organization and the need to conduct worker interviews in private. It is also important to mention that it is not possible to give any advice or consulting with respect to compliance with program requirements.

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

6.5.2 Roles and Responsibilities of Guides and Observers

Guides and observers designated by the entity undergoing inspection are permitted, but they should not participate in worker interviews or dictate the terms of the inspection. Inspectors should be granted unrestricted access to facilities, unless access to these would present a legitimate risk

to personal safety. Inspectors should refrain from sharing specific information on indicator evaluations with guides and observers and make the terms of their participation clear during the opening meeting. As always, the cooperation of management is essential to a successful inspection effort and, while the inspector determines sites to be assessed, the input of farm management is invaluable.

6.5.3 Collecting and Verifying Information

During inspections, inspectors shall always utilize the entity-specific "C.A.F.E. Practices Field Notes" available at http://www.scscertified.com/csr/starbucks_documents.html. No substitute format for field notes is acceptable, nor is only recording verification results in notebooks considered acceptable (use of notebooks is encouraged to supplement information recorded on field notes). All field notes should contain complete evaluations, with complete coversheet information and qualitative evidence. Verifiers shall also retain inspector field notes and interview records in their respective offices as part of the record of the verification, as specified within Section 5.4.

6.6 Coversheet Data Collection

6.6.1 GPS Guidance and Methodology

During verification, inspectors shall record the GPS coordinates of all entities that are verified. These shall be recorded in both field notes and in the VRS. **If an inspector does not record GPS readings for each entity evaluated in the supply chain, the reports will not be accepted by the VRS.** The GPS coordinates can only be submitted in Latitude/Longitude with degrees/minutes/seconds (for example- 37°50'18.61"N, 122°18'4.90"W).

Most GPS receivers have the capacity to output Latitude/Longitude with degrees/minutes/seconds. If a unit does not possess this function, there are online conversion websites that can convert other GPS coordinate formats to degrees/minutes/seconds.

Where to record GPS readings:

Smallholders:

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

Medium/Large Farms

- Office (if there is an office on the farm)
- House (if there is no office on the property)
- Front gate (if there is neither a house nor office on the property)

Mills

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

PSO

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

6.6.2 Worker Classifications

Before calculating worker days (see Section 6.6.3 below) as required in the coversheet of each entity report (except for the PSO), workers must first be correctly classified according to the definitions below:

Workers: The general term designating permanent/full-time, part-time, and temporary/seasonal personnel working in coffee growing and processing operations.

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

Part-time workers are those who are employed either on an ongoing or continuous basis for a set number of hours that is less than full-time or are hired on a regular 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.

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

In summary, worker classifications (permanent/full-time, part-time, temporary/seasonal) are determined by number of hours worked per day and the nature of employment (i.e., when it occurs, whether task/productivity-based, etc.).

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.

6.6.3 Worker Day Calculations

A worker day is 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 permanent/full-time employee (eight hours). The inspector is responsible for collecting the information necessary for accurate reporting of worker days in the coversheet of the field notes. Given the complexity and seasonality of labor management at mills and farms it is important to note that worker day calculations will often result in an estimated or approximate total of worker days, rather than an exact figure. Nonetheless, inspectors must always attempt to record the total number of workers (classified by each worker type) employed on an annual basis rather than the number of workers actually employed at the time of inspection. In some situations, such as in entities with a large number of temporary workers, a more sophisticated approach is required to accurately calculate worker days. Several examples are provided below:

For permanent/full-time workers, part-time workers or temporary/seasonal workers paid on a daily basis, the inspector should base worker day calculations on the number of days worked per year.

If full-time, part-time or temporary/seasonal workers are paid by productivity or by task, the inspector should first determine through interviews and document review the average time spent working by each worker on productivity-based or task-based work on a daily basis and then calculate how many days, on average, workers spend working per week, month, or year.

Although the VRS has a worker day calculator function built into the reporting interface, it is important for both verifiers and inspectors to understand how to manually calculate worker days. To calculate the total number of worker days per year, multiply the total days worked per week by the weeks in an average month (4.35) by the number of months worked per year to get the gross worker days. 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 for a specific worker type. Sum the total number of worker days for each worker type to arrive at an approximate total of worker days for each entity verified, rounding up or down to the nearest whole integer.

Figure 4: Example of a Worker Day Calculation

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

Example 1:

Worker day calculations for a hypothetical Large Farm A:

-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, multiply the total days worked per week by the weeks in an average month (4.35) by the number of months worked per year to get the gross worker days. 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.

Inspectors are only expected to calculate an approximate, rather than exact, figure for the total number of worker days for each entity inspected.

6.6.4 Qualifying Entities and Applications as Inspected In Harvest

Determining whether entities within applications are inspected during harvest is a requirement for all C.A.F.E. Practices reports. Depending on overall performance, in harvest qualification at the application level may confer a multi-year status in the program. In harvest qualification at the level of the application requires inspectors to accurately document whether or not all entities were ‘Inspected during Harvest’ (see exception for smallholder supply chains below). This qualification is made in the coversheet of the field notes and report for each entity inspected. Thus, it is critical that verifiers and inspectors understand the following steps necessary to qualify both entities and applications as inspected and verified during harvest.

Entity Level Qualification

For large (≥50ha) and medium farms (≥12ha, <50ha) the inspector should select ‘yes’ on the field note and report coversheets for ‘Inspected during Harvest’ if at least one plot of the farm has green cherries and at least one plot on the farm has ripe cherries, which should be observable at the time of the inspection.

For small holder farms (<12ha), the inspector should select ‘yes’ on the field note and report coversheets for ‘Inspected during Harvest’ if ripe cherry is observed at the time of the inspection.

For wet and dry mills, the inspector should select 'yes' on the field note and report coversheets for 'Inspected during Harvest' if mill machinery (e.g. depulpers, fermentation tanks, mechanical dryers, water treatment systems, de-hullers, grading/sorting equipment) is operating at the time of inspection or if it has been operating within approximately three days preceding the inspection. In cases where the mill machinery is not in operation at the time of the inspection, the inspector should confirm whether it was operational within the last three days through observation and interviews.

Application Level Qualification

For the application to be considered 'in harvest', all farm coversheets in the application* must indicate 'yes' for 'Inspected during Harvest'. Application level qualification for in harvest status will be automatically calculated by the VRS based on the entity coversheets.

***For applications comprised of small farms, at least 75% of the sampled farms must indicate 'yes' on the farm coversheet.**

Questions concerning qualifying either entities or applications for in-harvest verification status should be directed to cafepractices@scscertified.com.

6.6.5 Volume Reporting and Confirmation

As part of the onsite inspection activity and collection of coversheet information in the field notes, **inspectors should report the total amount of green coffee produced or processed on an annual basis for each entity inspected.** For inspections occurring mid-way through the harvest and/or processing season, inspectors should review the current records documenting the total green coffee harvested/processed up to the date of inspection and, referring to past records and through interviews with the farm/mill manager, estimate the total green coffee volume expected during the remainder of the harvest and/or processing season. **Entity coversheets in the VRS should always reflect the total amount of green coffee processed or produced annually by an entity without exception.** It is important to mention that most records encountered during field inspections will not contain information on pounds of green coffee produced or processed. In order to arrive at this information, inspectors will need to convert kilograms to pounds and cherry coffee to green coffee or parchment coffee to green coffee.

Inspectors should also critically review the total volumes of green coffee produced and processed as part of field inspection taking into consideration the productive area of a farm or the capacity of a mill. As part of the internal report 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 (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, the supplier, Starbucks, and SCS should be notified of the change to the application following the supply chain discrepancy procedure described in Section 6.4.5.

When reporting in the VRS it is important to remember that the green coffee production/processing volume fields on entity coversheets in the VRS are automatically populated by the information included in the supplier application (if available). **Verifiers and inspectors should independently determine the production/processing volume for each entity inspected.** Where significant discrepancies occur between the field observations and the supplier application, the verifier should follow the supply chain discrepancy SOP explained in Section 6.4.5. **The production/processing volume observed by the inspector should always be entered on the entity coversheet.**

6.6.6 Coffee Flows in the VRS

Verifiers are required to enter information about coffee flows (i.e., information regarding where and by whom the C.A.F.E. Practices coffee is processed) when collecting information during field inspections to complete reports in the VRS. A flow is the amount of coffee in **green coffee**

pounds that a farm sends to the mill or a mill sends to another mill. It is crucial that inspectors cross check the coffee flows reported between entities. Review of ledgers and receipts are highly useful tools in determining accurate flows. While the VRS automatically calculates the volume of each flow based on the farm production volumes entered on the entity coversheet, inspectors should edit the flows based on information observed during the field visit.

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

The following are the subject areas to be addressed during inspection activities. For the complete description of the subject areas, refer to the C.A.F.E. Practices Generic Evaluation Guidelines and the C.A.F.E. Practices Generic Scorecard. Smallholder producers (<12ha) are to be assessed against the C.A.F.E. Practices Smallholder Scorecard according to Section 6.7.5.

6.7.1 Economic Accountability

A) Scope

The Economic Accountability subject area examines financial transparency, equity of premium distribution (if applicable) and the financial viability of supplier operations. For the purposes of the C.A.F.E. Practices verification process, inspectors examine whether a documented system of payments exists in a given supply chain, while Starbucks is left with the responsibility of evaluating the rest of the indicators included in this subject area as prerequisite requirements for program participants. Inspectors are to evaluate Economic Accountability using the indicators included below.

For each entity in the supply chain (not including the supplier):

- EA-IS1.3- Entity verified maintains documents with records of invoices or receipts for the coffee (cherry, parchment, green) it purchases. Comply/Not Comply/Not Applicable
- EA-IS1.4- Documents observed clearly indicate dates, names of entities buying and selling, type of coffee (cherry, parchment, green), unit of measures and quantity. Comply/Not Comply/Not Applicable
- EA-IS1.5- Entity verified maintains documents with records of payments for the coffee (cherry, parchment, green) it sells. Comply/Not Comply/Not Applicable

Suppliers are required to be fully transparent regarding the financial transactions with their processors and producers in their C.A.F.E. Practices supply chains. **Importantly, verifiers and inspectors are not to evaluate indicators EA-IS1.1-2 and criteria EA-IS2 and EA-FV1. Compliance with these criteria is a pre-requisite for participation in the program, and as such, is evaluated by Starbucks Coffee Trading Company (SCTC).**

Inspectors shall confirm that a payment system exists with information from processors and producers who are part of the supply chain being evaluated against the C.A.F.E. Practices criteria.

The Economic Accountability subject area of C.A.F.E. Practices is composed of the following criteria:

Economic Accountability		Total Possible Points- 3	
Incentives for Sustainability	EA-IS1	Demonstration of Financial Transparency	3
	EA-IS2	Equity of Financial Reward	PR ²
Financial Viability	EA-FV1	Financial Viability	PR

² EA-IS1.1-2, EA-IS2 and EA-FV1 are NOT evaluated by verifiers or inspectors.

Inspectors are not to collect copies of coffee contracts, bank receipts, nor should they assess or evaluate costs of production, profitability, etc. as part of the C.A.F.E. Practices verification process.

B) Assessment

The assessment of Economic Accountability criteria can be conducted utilizing a one primary method:

Document Review

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

1) Discussion

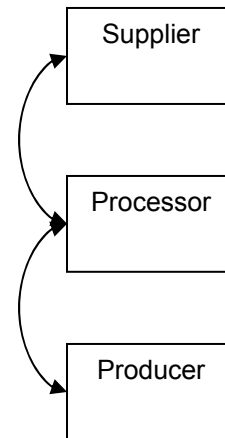
Assessing Economic Accountability is a complex task. While suppliers will obviously be able to provide transactional information, processors and producers may not have economic accountability data in a readily available form. Figure 5 below provides some guidance on documents to review, as well as ways to ensure the correct information is being reviewed:

Figure 5: Documenting a System of Payments in Supply Chain

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

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

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



C) Approach

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

D) Reporting

All reporting for this criterion is completed using the VRS located at <http://cafepactices.info>. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide sufficient evidence to justify the evaluation in the box marked 'Qualitative Evidence'. The inspector will not be able to advance to the next indicator or save the evaluation if the required qualitative evidence box is left blank.

6.7.2 Social Responsibility

A) Scope

The Social Responsibility subject area is structured around two principles, each further divided into eight criteria. This subject area seeks to ensure fair and non-discriminatory employee hiring

practices and employment policies that provide for and protect employees, thereby enhancing their quality of life. It also strives to ensure protection from workplace hazards through conformance to national laws and international conventions related to occupational health and safety and living conditions.

The Social Responsibility subject area is applied at each stage of the coffee supply chain: producer, processor and, in some cases, supplier. If the supplier takes possession of coffee in warehouses, mixes, and/or mills the coffee, then the Social Responsibility subject area is applied for those activities as well. If a supplier does not take possession of the coffee and merely acts as agent in the transaction, Social Responsibility subject area assessments are not necessary. In cases where wet and dry milling is conducted by separate entities, the Social Responsibility subject area applies fully for both entities. Additionally, the Social Responsibility assessment of the mill operations on an integrated estate (with both farming and milling operations) is conducted separately from the farming operations.

The Social Responsibility subject area of C.A.F.E. Practices is composed of the following criteria:

Social Responsibility		Total Possible Points- 40	
<i>Minimum for Preferred = 60%</i>		<i>Minimum for Strategic = 80%</i>	
		40	
Hiring Practices and Employment Policies	SR-HP1	Wages and Benefits	7
	SR-HP2	Freedom of Association/Collective Bargaining	4
	SR-HP3	Hours of work	4
	SR-HP4	Child Labor/Discrimination/Forced Labor	7
Worker Conditions	SR-WC1	Access to Housing, Water and Sanitary Facilities	6
	SR-WC2	Access to Education	4
	SR-WC3	Access to Medical Care	4
	SR-WC4	Worker Safety and Training	4

1) Qualifying Not Applicable Evaluations

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

B) Assessment

The assessment of Social Responsibility criteria can be conducted utilizing three methods:

Worker Interviews

Interviews with workers are essential to discern conformance with the Social Responsibility subject area of C.A.F.E. Practices, as well as with a number of the criteria specified in the Environmental Leadership subject area of C.A.F.E. Practices.

Document Review

The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Social Responsibility evaluation. Documentation alone is not sufficient to indicate conformance

with C.A.F.E. Practices and evidence should be corroborated through observation and/or worker interviews.

Direct Observation

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

1) Discussion

In the case of non-compliance with zero tolerance indicators (SR-HP1.1-3: Minimum wage and SR-HP4.1-4: Child/Discrimination/Forced Labor), two different outcomes are possible. For large farms seeking an independent C.A.F.E. Practices status, non-compliance with zero tolerance indicators in the SR-HP1 and/or SR-HP4 criteria will result in non-compliance at the application level. In the case of small and medium farm networks, the farm(s) with zero tolerance evaluations, along with its (their) corresponding green coffee volumes, will be removed from the C.A.F.E Practices supply chain. In both cases, entities that are non-compliant with zero tolerance criteria must undergo re-verification in order to be considered for status as C.A.F.E. Practices entities.

Given the consequences associated with non-compliant zero tolerance indicators, inspectors should take care to justify their evaluations through use of detailed and comprehensive evidence. Supporting evidence should at minimum include the source(s) of the evidence (e.g. document review, worker interviews, etc.) and reference to legal requirements, such as the legally mandated minimum wage or working age. In addition, inspectors should explain the extent of non-compliance with the zero tolerance indicator(s) and any other contextual information. Examples of this information include whether management was aware of the problem and if the non-compliance is isolated or widespread within the operation. This specific information will allow the producer, supplier and the verifier to better understand the circumstances associated with the non-compliance.

C) Sample Size for Interviews

Obviously, it is not feasible to interview all workers in any given operation but it is essential to interview a representative sample. **Inspectors should interview 15% of the total number of workers up to 25 workers total with a minimum of 3 workers (rounding up to whole numbers), though interviewing more workers is often necessary in the event that interviews consistently reveal conflicting information (see discussion on increasing sample size below).**

To calculate the sample based on total workers, multiply the total number of workers by 15%. The answer will give you the total number of worker interviews required. Inspectors should select the interview sample size on whichever total is lower, between 3 and 25 workers.

Example 1: Large farm A has:

- 15 Permanent/full-time workers who work 6 days/week, 12 months/year and receive 21 vacation/holiday days
 - 15 Part-time workers who work ½ day, 6 days/week, 8 months/year
 - 105 Temporary workers
 - 80 hand pickers (Group A) work 6 days/week for 3 months/year
 - 25 hand pickers (Group B) work 6 days/week for 1 month/year
- Total workers: 135

Sample calculated by total workers: $135 \cdot 15 (15\%) = 21$

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

In the event of discovering non-compliance with a zero tolerance indicator in criteria SR-HP1 and/or SR-HP4, a further 10% sample of workers is to be taken (with a maximum of 25 workers). The goal of this is to determine if these non-compliances are common practices or whether they are isolated circumstances. If it turns out that these non-compliances are indeed common practice, the zero tolerance, resulting in non-compliance, is the outcome. This process must be documented in the report.

D) Approach

Workers can become apprehensive when being interviewed and inspectors should be sensitive to this. For this reason, **workers should never be interviewed in the presence of management** and, ideally, not in the presence of their co-workers. Inspectors should approach workers first by introducing themselves and explaining why they are gathering information. It is important to write down the worker's name (this information is required for entry into the VRS database, but remains confidential) and position as well as the results of the interview, as information concerning payments and working hours can then be discreetly crosschecked on the payment register prior to the closing meeting. **The names of interviewed workers should never be shared with management, nor should worker names be included in the qualitative evidence in the VRS. Quantitative evidence entry in the VRS does require entry of workers' names, but is not included in the report shared with applicants, SCS or Starbucks.**

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

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

The next step is to evaluate worker status: permanent/full-time, part-time, or temporary/seasonal. After workers have been categorized in accordance with the program's worker classifications (see Section 6.6.2), inspectors and verifiers should evaluate documented payment information (planning documents, work ledger, payment system information) against what the workers report they are paid. Where possible, inspectors should be provided written proof of payment to workers, in the form of receipts, bankbooks, etc., and record what workers are paid using units that are legally acceptable. Note that in some regions or entity types, productivity payments (where workers are paid by the task, not by the time) are prevalent, while in other regions or entity types, payment is made by the hour, day, or week.

Evaluation of SR-HP2.4: 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, while keeping in mind that in some countries national law prohibits the

formation of independent workers' associations unless a certain number of **permanent/full-time and/or part-time workers** employees are employed. Evaluations 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 Not Comply, it is necessary to remember that indicators SR-HP2.7 and SR-HP2.8 are considered Not Applicable and should be evaluated accordingly.

Evaluation of SR-HP2.9: The indicator SR-HP2.9 should be scored **only** in those regions or countries where agricultural workers' organizations are formally established and legally recognized in the coffee sector. Specific laws or legislation pertaining to agricultural workers' organizations should be referred to when considering this indicator as applicable. 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.

E) Reporting

All reporting for these criteria is completed using the VRS located at <http://cafepactices.info>. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide sufficient evidence to justify the evaluation in the box marked 'Qualitative Evidence'. The inspector will not be able to advance to the next indicator or save the evaluation if the required qualitative evidence box is left blank.

Data collected from worker interviews is to be reported utilizing the quantitative evidence feature in the VRS. Below the qualitative evidence box, inspectors and verifiers will find the 'Quantitative Evidence' fields. This information must be provided for each of the workers interviewed. The inspector will not be able to advance to assess the next indicator or save an evaluation if the required qualitative or quantitative evidence box is left blank.

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 and inspectors should refer to the 15% sampling requirement outlined in Section 6.7.2.C for further guidance on worker interview requirements.

6.7.3 Environmental Leadership- Coffee Growing

A) Scope

The Environmental Leadership- Coffee Growing subject area focuses on the cultivation of coffee and is structured around four principles, each further divided into ten criteria. The expectation is that producers strive to meet or exceed the included criteria. Environmental Leadership- Coffee Growing is reflected throughout a property, so this subject area must be evaluated across a farm being verified, regardless of how much of this coffee enters the Starbucks supply chain. Below are the criteria that are addressed in C.A.F.E. Practices program.

Environmental Leadership- Coffee Growing			Total Possible Points- 40
<i>Minimum for Preferred = 60%</i>		<i>Minimum for Strategic = 80%</i>	40
Protecting Water Resources	CG-WR1	Water Body Protection	5
	CG-WR2	Water Quality Protection	4
	CG-WR2	Water Resources and Irrigation	3
Protecting Soil Resources	CG-SR1	Controlling Surface Erosion	7
	CG-SR2	Maintaining Soil Productivity	5

Environmental Leadership- Coffee Growing			Total Possible Points- 40
Minimum for Preferred = 60%		Minimum for Strategic = 80%	40
Conserving Biodiversity	CG-CB1	Maintaining Coffee Shade Canopy and Natural Vegetation	4
	CG-CB2	Protecting Wildlife	2
	CG-CB3	Conservation Areas	2
Environmental Management and Monitoring	CG-EM1	Ecological Pest and Disease Control	5
	CG-EM2	Farm Management and Monitoring	3

1) Qualifying Not Applicable Evaluations

There may be one or more indicators that are not applicable to the entity being evaluated. For example, the entire criterion CG-WR1: Water Body Protection is to be evaluated as not applicable (NA) on any farm that does not contain any water bodies. When inspectors enter coversheet data into the VRS regarding the number of water bodies on a farm, the entire CG-WR1 criterion will be automatically evaluated as NA based on this information. Therefore, it is critical that inspectors accurately assess maps and conduct thorough field observations to determine whether permanent or temporary water bodies are present on a farm. In contrast to the CG-WR1 criterion, the CG-WR2: Water Quality Protection criterion is always considered applicable regardless of whether any water bodies are present on the farm due to potential water quality impacts on water bodies situated nearby the farm in the surrounding vicinity.

B) Assessment

The assessment of Environmental Leadership- Coffee Growing criteria can be conducted utilizing three methods:

Worker Interviews

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

Document Review

The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Environmental Leadership- Coffee Growing criteria evaluation. Documentation alone is not sufficient to indicate conformance with C.A.F.E. Practices and evidence should always be corroborated through observation and/or worker interviews.

Direct Observation

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

1) Discussion

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

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

C) Identifying High Risk Areas

In the case of sizeable properties, such as medium and large farms, it may not be feasible to review the entire farm area during the course of inspection. For this reason, it is essential for the inspector to select high impact/high value areas as part of the inspection process. The specific quantity and quality of areas selected for visual inspection should be representative of conditions present in the overall farm.

D) Approach

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

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

There is a fine balance between being shown around and being led around. Inspectors should lead the inspection effort while accompanied by a guide or observer or, if evaluating the farming operations, in the presence of farm management. Inspectors should take the time to make observations independent of farm management. For example, stopping a perimeter drive to walk off the road through a high impact area such as a very steeply sloped plot helps generate observations for the inspector and will result in a stronger inspection by revealing information that might not otherwise be available (e.g. no erosion controls, careful placing of physical barriers to prevent erosion, etc.).

E) Reporting

All reporting for these criteria is completed using the VRS located at <http://cafepactices.info>. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide sufficient evidence to justify the evaluation in the box marked 'Qualitative Evidence'. The inspector will not be able to advance to the next indicator or save the evaluation if the required qualitative evidence box is left blank.

6.7.4 Environmental Leadership- Coffee Processing

A) Scope

The Environmental Leadership- Coffee Processing subject area focuses on wet and dry coffee processing (i.e., processing of coffee cherry into parchment and then into green coffee). Included within dry processing is the activity of sorting and grading coffee. Facilities that only sort and grade coffee are assessed against the Social Responsibility subject area but, because no processing activities occur, these facilities are not evaluated against Environmental Leadership- Coffee Processing criteria. The goal of the wet processing criteria is to process coffee in a manner that minimizes the consumption of water and protects water quality while ensuring the output of high quality product. This subject area also seeks to minimize the environmental impacts of the waste generated during processing operations and encourages energy conservation. Below are the criteria in this subject area which are addressed in the C.A.F.E. Practices program.

Environmental Leadership- Coffee Processing			Total Possible Points- 20
<i>Minimum for Preferred = 60%</i>		<i>Minimum for Strategic = 80%</i>	20
Wet Milling			16
Water Conservation	CP-WC1	Minimizing Water Consumption	4
	CP-WC2	Reducing Wastewater Impacts	4
Waste Management	CP-WM1	Waste Management Operations	4
Energy Use	CP-EC1	Energy Conservation	4
Dry Milling			4
Waste Management	CP-WM2	Waste Management Operations	2
Energy Use	CP-EC2	Energy Conservation	2

1) Qualifying Not Applicable Evaluations

There are specific exemptions in place for farms with on-premise wet mills, which process 7500 pounds or less of green coffee annually. In these cases, the CP-WC1 criterion and the CP-WC2.3 indicator will be automatically evaluated as Not Applicable (NA) based on the green coffee volume processed entered in the farm coversheet if it is 7500 pounds or less.

In addition, indicators referring to the use of wood for drying parchment coffee are only applicable in those processing operations that mechanically dry parchment coffee. When inspectors deem a criterion or indicator NA, they must always explain, justify, and provide evidence for this decision in their report.

B) Assessment

The assessment of Environmental Leadership- Coffee Processing criteria can be conducted utilizing three methods:

Worker Interviews

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

Document Review

The documents listed in Section 6.3 (Conducting Document Review) can provide evidence for Environmental Leadership- Coffee Processing criteria evaluations. Consumption of water, energy, and wood (if applicable) are two critical areas in the criteria where written documentation is required. Documentation alone is not sufficient to indicate conformance with C.A.F.E. Practices and evidence should be always corroborated through observation and/or worker interviews.

Direct Observation

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

1) *Discussion*

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

C) Sampling

All coffee processing facilities receive their own ID code within the C.A.F.E. Practices application. The only processing activities that will not receive their own separate ID code are those smallholder farms less than 12 hectares that process their own coffee. Wet mills should be sampled if they process coffee of the farms included in the sample. All dry mills must be verified.

Note that medium farms that have wet milling processing operations on the farm premises are to be sampled according to the methodology for medium farms outlined in Section 6.4.2.2.

D) Approach

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

E) Reporting

All reporting for these criteria is completed using the VRS located at <http://cafepactices.info>. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide sufficient evidence to justify the evaluation in the box marked 'Qualitative Evidence'. The inspector will not be able to advance to the next indicator or save the evaluation if the required qualitative evidence box is left blank.

6.7.5 Assessment of Subject Areas for Smallholders

A) Scope

The Smallholder Supplement Reference Document is a document intended for use in conjunction with the C.A.F.E. Practices Generic Evaluation Guidelines and Smallholder Scorecard. The reference document discusses the scope of the Smallholder Scorecard, contains examples of smallholder supply chains (included below) and weighting for the additional subject area, Producer Support Organization (PSO).

In 2007, the PSO subject area, Producer Support, was added to the Smallholder Scorecard. Comprised of seven criteria, this additional set of requirements addresses the need for small farms to receive support with the implementation of C.A.F.E. Practices. The supplier, mill, co-op, or other association may serve this function (see PSO definition in Section 3.0). The entity designated to provide these services to small farms is assigned its own ID in the supplier application.

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

conditions and needs of farms smaller than 12 hectares by using a subset of the indicators found in the Generic Scorecard.

The Environmental Leadership- Coffee Processing (Wet) subject area in the Smallholder Scorecard should only be evaluated for a smallholder if their farm is described as having 'on premise' wet milling in the supplier application (if the inspector discovers that the application does not correctly describe the situation observed in the field, the supply chain discrepancy procedure for processing changes in Section 6.4.5 should be followed).

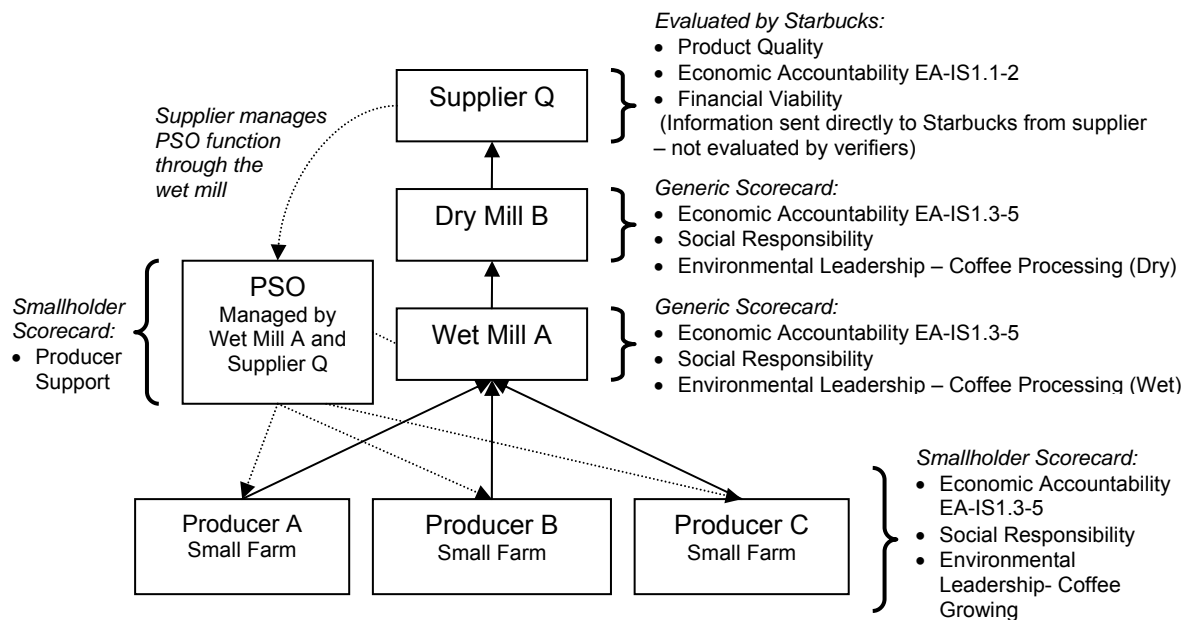
B) Assessment

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

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

Figure 6 below illustrates at which points in the supply network, inspectors should utilize both types of scorecards, depending on what type of entities are inspected, and given a scenario where **producers are not processing coffee on premise**.

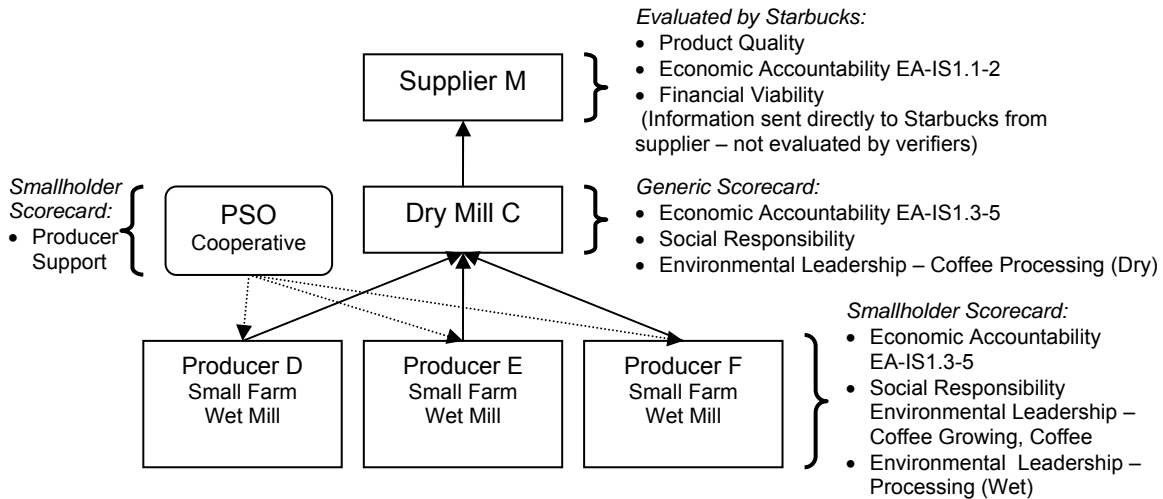
Figure 6: Smallholders Deliver Coffee to Wet Mill; PSO Function Performed by the Wet Mill



In the example above, Wet Mill A also serves the function of the PSO, and the supplier manages both entities. In the supplier application, both these entities (the PSO and the wet mill) would be assigned different entity codes. Wet Mill A should be assessed against the Economic Accountability, Social Responsibility, and Environmental Leadership- Coffee Processing (Wet) subject areas. The PSO would be evaluated against the PSO criteria found in the Smallholder Scorecard. Dry Mill B should be evaluated against Economic Accountability, Social Responsibility, and Environmental Leadership- Coffee Processing (Dry) criteria groups.

Figure 7 below illustrates at which points in the supply network inspectors should utilize either the Smallholder Scorecard or Generic Scorecard depending on what type of entities are inspected, given the fact that **producers are processing coffee on premise**. In this case, the smallholder producers are assessed against the Smallholder Scorecard: Economic Accountability, Social Responsibility, Environmental Leadership- Coffee Growing, and Environmental Leadership- Coffee Processing (Wet).

Figure 7: Smallholders Conduct On-premise Wet Milling; PSO is an Independent Entity



In the example above, the PSO exists independently of the dry mill and supplier. Just as in Example 1, the PSO would be evaluated against the Producer Support criteria found in the Smallholder Scorecard. The Dry Mill B would be evaluated against Economic Accountability, Social Responsibility, and Environmental Leadership- Coffee Processing (Dry) subject areas. **The key difference between Examples 1 and 2 is the fact that the smallholder producers in the supply network depicted in Example 2 process and wet mill cherry coffee on premise, which is then collected and delivered to Dry Mill C.** Thus, on premise wet milling among the smallholder producers replaces the function of a standalone wet mill, and should be evaluated accordingly utilizing the Smallholder Scorecard: Environmental Leadership- Coffee Processing (Wet) subject area.

C) Sampling

Smallholders shall be sampled according to the protocols detailed in Section 6.4.2.2. Given the size of smallholder operations, the entire farm should be visited for assessment.

D) Smallholder Reporting

All reporting is completed using the online reporting system at <http://cafepractices.info>. For each of the indicators, inspectors must score Comply, Not Comply or Not Applicable and provide sufficient evidence to justify the evaluation in the box marked 'Qualitative Evidence'. Qualitative evidence is required- the inspector will not be able to advance to assess the next indicator or save the scoring decision if this box is left blank.

6.7.6 Preparing Verification Conclusions

During the course of verification efforts, it is recommended that inspectors begin compiling verification conclusions, so that general areas of conformance and non-conformance can be briefly shared during the closing meeting (Section 6.7.7). In some cases, inspectors may need to conduct further research or consult with verifiers before finalizing evaluations for entry into the VRS.

6.7.7 Closing Meeting

The closing meeting provides the inspector an opportunity to share his or her preliminary findings with the inspected entity. At that meeting, inspectors will explain areas of conformance and non-conformance with C.A.F.E. Practices with the entity being verified in general terms, rather than in a specific way. Presenting a general overview of the initial findings is essential because it helps to reduce appeals, makes the process more transparent, and allows participants engaged in the verification process to ask any questions of the inspector(s). Providing specific, indicator-by-indicator, feedback on evaluations is not advised as this may result in contestation of evaluations. Instead, clients are given the opportunity to review all evaluations as part of their approval of the draft report versions before final versions are submitted to Starbucks. Therefore, the closing meeting does not replace the process of reviewing draft verification reports but helps the producers and processors to understand the general outcome of the inspection.

Closing meetings are also the last opportunity for a supplier, processor, or producer to provide an inspector with evidence not present at the time of the inspection. Evidence not available during the inspection should be requested by the inspector at the closing meeting. **At no time after the closing meeting should an inspector or verifier accept evidence submitted by an entity undergoing verification, except when authorized to do so by SCS.**

In addition to restating that all information will be treated confidentially and reviewing the general results of the inspection, at the closing meeting inspectors should inform the client when the final verification reports will be completed and to whom the reports will be delivered. See Section 6.8.2.3 for the policy on allowable time to complete the written report following the field visit and Section 6.8.2.3 for the policy on client review and approval of reports prior to their submission to Starbucks.

6.8 Completing Verification Reports, Internal Review, and Client Report Approval

6.8.1 Completing the Verification Report

6.8.1.1 Scope

C.A.F.E. Practices reports are the final result of inspection and indicate the level of conformance with the C.A.F.E. Practices Generic and Smallholder Scorecards. It is essential that the verification report include the necessary level of detail to provide context for evaluations. Inspectors are expected to provide relevant references to documentation and other forms of evidence for all evaluations within the inspection report, both for areas of compliance as well as non-compliance and non-applicability.

6.8.1.2 Preparing Verification Reports

All verification reports are to be completed online using the VRS located at <http://cafepractices.info>. No other reports will be accepted. See the “Verifier Reporting System (VRS) Verifier and Inspector User Manual” for more information.

6.8.2 Internal Review and Client Approval of the Verification Report

6.8.2.1 Internal Review of Verification Reports

Prior to sending the complete report to the client or Starbucks for review, the verifier will review all reports. All verification organizations will have a quality control (internal review) procedure for ensuring that inspection reports are of the highest quality. **At least one C.A.F.E. Practices trained verifier or inspector who did not participate in that verification will review the inspection report(s).** Each completed inspection report must be passed through an internal review system. This is essential to make sure that the

reports are factually accurate, include sufficient evidence to justify evaluations, demonstrate consistent evaluation of indicators, and are free from mistakes.

6.8.2.2 Deadline for Completing Verification Reports

Draft versions of the inspection reports must be submitted to the applicant (client) for review using the client reports html web links in the VRS within 20 business days of the last field visit or, in the case of sampled networks, within 30 business days of the last field visit. Once the client has provided their written approval (see below), final reports are submitted to Starbucks using the VRS. Extensions to reporting deadlines may be granted at the discretion of SCS. Extensions must be requested in writing to cafepactices@scscertified.com.

6.8.2.3 Client Approval and Distributing Verification Reports

Verification organizations should submit draft entity inspection reports to the client for review and approval **prior to submission of reports** to Starbucks in the VRS. Clients are to be given adequate time to review the reports, which should not exceed 10 business days except in cases of extremely large supply chains.

If verifiers do not receive confirmation of report approval from clients after 10 business days, SCS should be notified via email so that Starbucks can contact the client. **Final version of reports should not be submitted to Starbucks without client approval unless verifiers are instructed to do by SCS.**

Verification organizations should use a client report approval form and send this as an attachment in the email to the client with hyperlinks for accessing the draft reports. This form will serve as a record of client report approval, documenting any feedback from the client to the verifier.

If the client disputes indicator evaluations in their response to the request for report approval, SCS should be immediately notified via email to begin the process of working with the verifier to determine whether the appeal is valid (see Section 7.1 below).

While suppliers are encouraged to review reports for mistakes and to request clarification on specific evaluations, verifiers may not accept any submission of evidence after the final closing meeting. In the event that the client in course of their report reviews discovers mistakes, verifiers should confirm the mistake through a thorough review of the report(s). Inspectors must make corrections to indicator evaluations. The corrected report(s) should then be resubmitted to the client prior to formal submission of the reports in the VRS.

Once the client has confirmed approval of draft reports by submitting a client report approval form, the verifier should change the status of the reports from 'finalized and submitted' to 'accepted by verifier'. The client should be sent the hyperlinks to the 'final' versions of the reports and they should then be submitted to Starbucks.

7.0 Appeals and Disputes

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

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

Dispute: An appeal that cannot be satisfactorily resolved by the verification organization or one that requires SCS resolution, such as in cases where interpretation of criteria is contested, where an appeal is

submitted after reports are approved, or other exceptional cases.

7.1 Appeals Submitted During Draft Report Review Period

Verifiers are required to submit a draft C.A.F.E. Practices verification report to the client prior to submission to Starbucks for review and approval. Clients are to be provided with a “Client Report Approval Form” to be returned to the verification organization, indicating whether the supplier approves the reports.

Scenario 1 - Report non-approval: clear errors (e.g. indicator evidence contradicts indicator evaluation) are present in the report.

Action to be taken: The verifier should review the appeal, correct the report, and submit a revised draft report to the client for approval.

Scenario 2 - Report non-approval: client is not in agreement with interpretation of indicators/criteria and/or auditing procedures and/or requests to submit additional evidence after field inspection.

Action to be taken: The verifier should contact SCS to initiate the dispute resolution process and provide SCS with the following information using their appeal and dispute resolution form:

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

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

7.2 Appeals Submitted After Draft Report Approval

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

- Did the client receive draft versions of all reports for review and approval prior to submission of the reports to Starbucks?
- Was the client given sufficient time to review the reports?
- Did the client confirm approval of the reports in writing prior to the reports being submitted?

If the answer to all of these questions is “yes” then the verifier should inform the client that C.A.F.E. Practices verifications do not allow for appeal of evaluations after reports have been approved except in extenuating circumstances (see Section 6.2.8).

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

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

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

7.3 Disputes between Verification Organizations and SCS

All efforts will be made to resolve any dispute between a verification organization and SCS internally. If these efforts are not sufficient, Starbucks will serve as the mediator to resolve the dispute. A verification organization may elect to appeal a decision made by SCS to suspend the organization due to failure to close outstanding NCs within the time allotted or deviation from the requirements for verification organizations set forth in this document, the C.A.F.E. Practices Audit and Training Manual, and the Verification Organization Approval Procedure.

If the dispute cannot be internally resolved by SCS and a verification organization, then the dispute should be brought to the attention of Starbucks at jwilliam@starbucks.com, with a copy sent to SCS at cafepactices@scscertified.com. The letter should include details regarding the appeal and the reason why, according to the appellant verification organization, SCS could not resolve the dispute. The final decision for disputes between verification organizations and SCS resides with the Starbucks Review Committee.

If a verification organization wishes to log a formal complaint with the SCS Complaints Department, they should use the “Comment/Complaint submission form” available from the SCS website, <http://www.scscertified.com/complaints.php>.

8.0 Processing of Submitted Verification Reports

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

Starbucks will then conduct a complete review of the report and determine the supplier's final C.A.F.E. Practices score and award status level. **Verifiers are solely responsible for providing reports based on verifications, not granting overall C.A.F.E. Practices status.** Once the report has been reviewed and status is determined, the supplier will receive a "C.A.F.E. Practices Approval Letter", indicating the status and validity granted, as well as a general C.A.F.E. Practices terms and conditions document which states the supplier's official score and status level and includes a hyperlink to the final report and scores.

9.0 C.A.F.E. Practices Status

First and foremost, green coffee must meet Starbucks exacting taste and quality requirements- it is a prerequisite to participation in C.A.F.E. Practices; only suppliers that source coffee meeting Starbucks taste and quality requirements can seek a C.A.F.E. Practices status. There are three statuses possible for suppliers under C.A.F.E. Practices: Verified, Preferred and Strategic.

1) Strategic Supplier:

Applicants who meet the prerequisites of Product Quality and Economic Accountability, **score at least 80% in each of the scored subject areas for all large and medium farms and the aggregate of small farms, and comply with the Zero Tolerance indicators in the Social Responsibility subject area (SR-HP1 and SR-HP4)** will be awarded '**Strategic**' supplier status for the validity of three years for un-sampled applications and two years for sampled applications if the verification occurs during harvest. The three year validity will be upheld if 100% of their supply chain has been independently verified and if the supplier structure remains unchanged during this time. If the supply chain does incur changes, then the supplier will need to be re-verified. Verifications conducted outside of harvest will only receive a one-year validity regardless of status.

Strategic suppliers will receive a one-year **sustainability premium** of \$.05 per pound on all green coffee shipped during the first year of Strategic status approval. In addition, Starbucks will encourage further innovation and continual improvement by awarding an additional one year **sustainability performance premium** of \$.05 per pound for all green coffee shipped by the Strategic suppliers who achieve at least a 10 percentage (10%) point increase improvement over their score above 80% within a three year period.

2) Preferred Supplier:

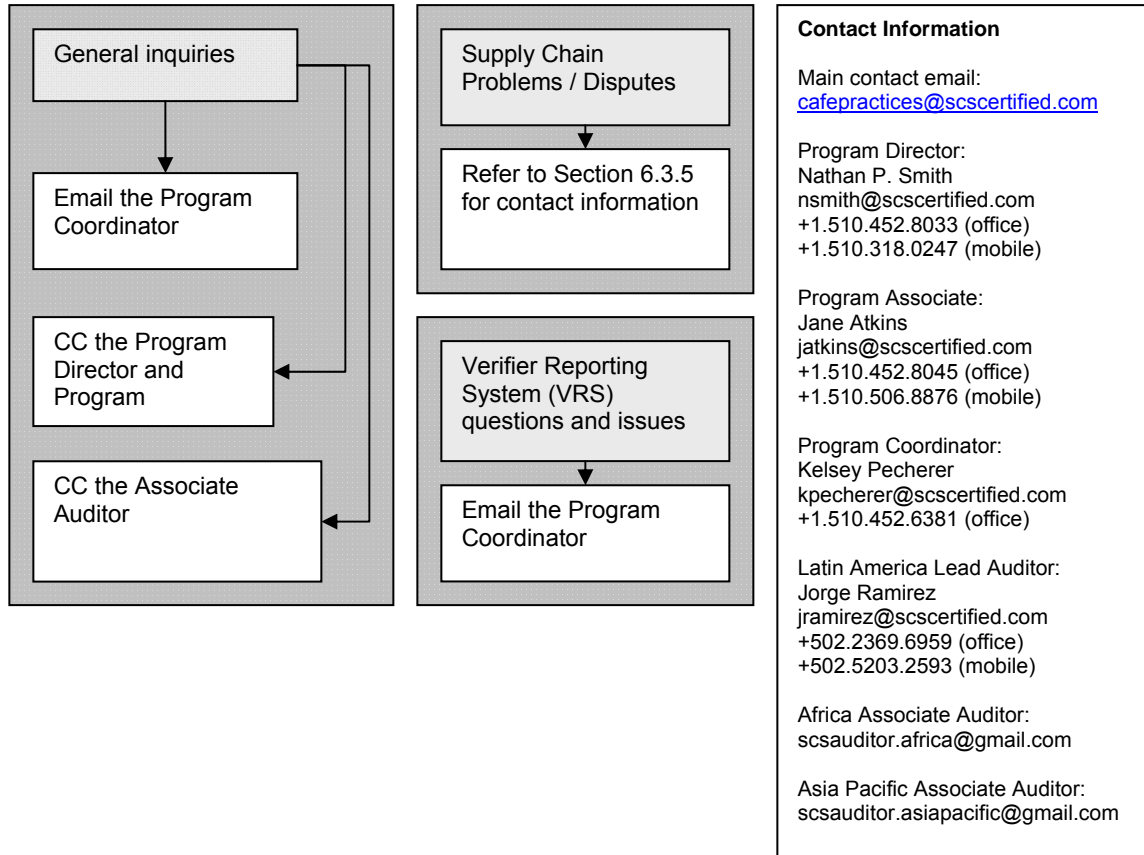
Applicants who meet the prerequisites of Product Quality and Economic Accountability, **score at least 60% in each of the scored subject areas for all large and medium farms and the aggregate of small farms, and meet the required minimums in the Social Responsibility subject area (SR-HP1) and (SR-HP4)** will be granted '**Preferred**' supplier status for the validity of three years for un-sampled applications and two year for sampled applications if verification occurs during harvest. The three-year validity will only be upheld if 100% of their supply chain has been independently verified and if the supplier structure remains unchanged during this time. If the supply chain does incur changes, then the supplier will need to be re-verified. Verifications conducted outside of harvest will only receive a one-year validity regardless of status.

3) Verified Supplier:

Applicants who have previously delivered coffee to Starbucks, meet the prerequisites of Product Quality and Economic Accountability, but **do not achieve a minimum of 60% performance rating in each subject area for all large and medium farms and the aggregate of small farms** will be granted **'Verified' supplier status** for the validity of one year regardless of whether the verification took place during harvest. **Verified suppliers must still comply with the Zero Tolerance indicators in the Social Responsibility subject area (SR-HP1) and (SR-HP4).**

10.0 Communication Flows between Verification Organizations and SCS

Figure 8: Communication Flows



11.0 Appendices

11.1 Appendix A: List of WHO 1A and 1B Pesticides

World Health Organization Type 1A (Extremely Hazardous) Pesticides						
Common name	CAS #	UN #		Phys. State	Main Use	LD50 (mg/Kg)
Aldicarb [ISO]	116-06-3	2757	C	S	I-S	0.93
Brodifacoum [ISO]	56073-10-0	3027	CO	S	R	0.3
Bromadiolone [ISO]	28772-56-7	3027	CO	S	R	1.12
Bromethalin [ISO]	63333-35-7	2588		S	R	2
Calcium cyanide [C]	592-01-8	1575		S	FM	39
Captafol [ISO]	6/1/2425			S	F	5000
Chlorethoxyfos [ISO]	54593-83-8	3018	OP	L	I	1.8
Chlormephos [ISO]	24934-91-6	3018	OP	L	I	7
Chlorophacinone [ISO]	3691-35-8	2588		S	R	3.1
Difenacoum [ISO]	56073-07-5	3027	CO	S	R	1.8
Difethialone [ISO]	104653-34-1	2588		S	R	0.56
Diphacinone [ISO]	82-66-6	2588		S	R	2.3
Disulfoton [ISO]	298-04-4	3018	OP	L	I	2.6
EPN	2104-64-5	2783	OP	S	I	14
Ethoprophos [ISO]	13194-48-4	3018	OP	L	I-S	D26
Flocoumafen	90035-08-8	3027	CO	S	R	0.25
Fonofos [ISO]	944-22-9	3018	OP	L	I-S	c8
Hexachlorobenzene [ISO]	118-74-1	2729	OC	S	FST	D10000
Mercuric chloride [ISO]	7487-94-7	1624	HG	S	F-S	1
Mevinphos [ISO]	26718-65-0	3018	OP	L	I	D4
Parathion [ISO]	56-38-2	3018	OP	L	I	13
Parathion-methyl [ISO]	298-00-0	3018	OP	L	I	14
Phenylmercury acetate [ISO]	62-38-4	1674	HG	S	FST	24
Phorate [ISO]	298-02-2	3018	OP	L	I	2
Phosphamidon	13171-21-6	3018	OP	L	I	7
Sodium fluoroacetate [C]	62-74-8	2629		S	R	0.2
Sulfotep [ISO]	3689-24-5	1704	OP	L	I	5
Tebupirimfos [ISO*]	96182-53-5	3018	OP	L	I	1.3
Terbufos [ISO]	13071-79-9	3018	OP	L	I-S	c2

World Health Organization Type 1B (Highly Hazardous) Pesticides						
Common name	CAS #	UN #	Chem. Type	Phys. State	Main Use	LD50 (mg/Kg)
Acrolein [C]	107-02-8	1092		L	H	29
Allyl alcohol [C]	107-18-6	1098		L	H	64
Azinphos-ethyl [ISO]	2642-71-9	2783	OP	S	I	12
Azinphos-methyl [ISO]	86-50-0	2783	OP	S	I	16
Blasticidin-S	2079-00-7	2588		S	F	16
Butocarboxim [ISO]	34681-10-2	2992	C	L	I	158
Butoxycarboxim [ISO]	34681-23-7	2992	C	L	I	D288

Cadusafos [ISO]	95465-99-9	3018	OP	L	N,I	37
Calcium arsenate [C]	7778-44-1	1573	AS	S	I	20
Carbofuran [ISO]	1563-66-2	2757	C	S	I	8
Chlorfenvinphos [ISO]	470-90-6	3018	OP	L	I	31
3-Chloro-1,2-propanediol [C]	96-24-2	2689		L	R	112
Coumaphos [ISO]	56-72-4	2783	OP	S	AC,MT	7.1
Coumatetralyl [ISO]	5836-29-3	3027	CO	S	R	16
Zeta-cypermethrin [ISO]	52315-07-8	3352	PY	L	I	c86
Demeton-S-methyl [ISO]	919-86-8	3018	OP	L	I	40
Dichlorvos [ISO]	62-73-7	3018	OP	L	I	56
Dicrotophos [ISO]	141-66-2	3018	OP	L	I	22
Dinotreb [ISO]	1420-07-1	2779	NP	S	H	25
DNOC [ISO]	534-52-1	2779	NP	S	I-S,H	25
Edifenphos [ISO]	17109-49-8	3018	OP	L	F	150
Ethiofencarb [ISO]	29973-13-5	2992	C	L	I	200
Famphur	52-85-7	2783	OP	S	I	48
Fenamiphos [ISO]	22224-92-6	2783	OP	S	N	15
Flucythrinate [ISO]	70124-77-5	3352	PY	L	I	c67
Fluoroacetamide [C]	640-19-7	2588		S	R	13
Formetanate [ISO]	22259-30-9	2757	C	S	AC	21
Furathiocarb	65907-30-4	2992	C	L	I-S	42
Heptenophos [ISO]	23560-59-0	3018	OP	L	I	96
Isazofos [ISO]	42509-80-8	3018	OP	L	I-S	60
Isofenphos [ISO]	25311-71-1	3018	OP	Oil	I	28
Isoxathion [ISO]	18854-04-8	3018	OP	L	I	112
Lead arsenate [C]	7784-40-9	1617	AS	S	L	c10
Mecarbam [ISO]	2595-54-2	3018	OP	Oil	I	36
Mercuric oxide [ISO]	21908-53-2	1641	HG	S	O	18
Methamidophos [ISO]	10265-92-6	2783	OP	S	I	30
Methidathion [ISO]	950-37-8	3018	OP	L	I	25
Methiocarb [ISO]	2032-65-7	2757	C	S	I	20
Methomyl [ISO]	16752-77-5	2757	C	S	I	17
Monocrotophos [ISO]	6923-22-4	2783	OP	S	I	14
Nicotine [ISO]	54-11-5	1654		L		D50
Omethoate [ISO]	1113-02-6	3018	OP	L	I	50
Oxamyl [ISO]	23135-22-0	2757	C	S	I	6
Oxydemeton-methyl [ISO]	301-12-2	3018	OP	L	I	65
Paris green [C]	12002-03-8	1585	AS	S	L	22
Pentachlorophenol [ISO]	87-86-5	3155		S	I,F,H	D80
Pindone [ISO]	83-26-1	2902		S	R	50
Pirimiphos-ethyl [ISO]	23505-41-1	3018	OP	L	I	140
Propaphos	7292-16-2	3018	OP	L	I	70
Propetamphos [ISO]	31218-83-4	3018	OP	L	I	106
Sodium arsenite [C]	7784-46-5	1557	AS	S	R	10
Sodium cyanide [C]	143-33-9	1689		S	R	6
Strychnine [C]	57-24-9	1692		S	R	16
Tefluthrin	79538-32-2	3349	PY	S	I-S	c22
Thallium sulfate [C]	7446-18-6	1707		S	R	11
Thiofanox [ISO]	39196-18-4	2757	C	S	I-S	8
Thiometon [ISO]	640-15-3	3018	OP	Oil	I	120

Triazophos [ISO]	24017-47-8	3018	OP	L	I	82
Vamidothion [ISO]	2275-23-2	3018	OP	L	I	103
Warfarin [ISO]	81-81-2	3027	CO	S	R	10
Zinc phosphide [C]	1314-84-7	1714		S	R	45

11.2 Appendix B: Pre-Onsite Planning Checklist

Verification Organization Pre-Onsite Planning Checklist

- Confirm that the client has a Starbucks-approved application
- Send the verification planning template to SCS
 - o *This can be sent to SCS at an earlier stage, especially if the verification organization is due for a shadow audit*
- Confirm that the client has a security code for the application
- Obtain a copy of the approved application
- Obtain a copy of the “First Response letter” and addendum(s) received
 - o *Lists any entities that received zero tolerance evaluations in previous verifications or any mills with current validity*
- Calculate sample
- Sign contract
- Select verification team
- Claim application in the VRS at least five days before field work begins
- Ensure that inspectors are able to sync the application
- Ensure that the application received from the client is the same as the application in the VRS
- Check the legacy ID to identify farms for re-sampling and confirm any entities that received zero tolerance evaluations in previous verifications
- Enter the Planned Field Inspection Start Date in the VRS
- Select sampled entities (if required)
- Establish contact with the entity to be verified
- Send inspection plan(s) to entity(ies)
- Review current wage/labor legislation
- Prepare field notes and any relevant check lists
- Conduct document review

11.3 Appendix C: Verification Calendar and C.A.F.E. Practices Validities

Countries/ Region	Verification Period	Validity	Status	Farm sampling	Period between verification in Terms of years	
					Verification during harvest	
					Yes	No
Bali Bolivia Brazil Burundi Congo Malawi Peru Rwanda Sulawesi * Tanzania South East Timor Zambia	Open 365 days	April 1st to March 31st	Verified	Sampled	1	
				Non sampled		
			Preferred & Strategic	Sampled	2	1
				Non sampled	3	1
Colombia	Open 365 days	October 1st to September 30th	Verified	Sampled	1	
				Non sampled		
			Preferred & Strategic	Sampled	2	1
				Non sampled	3	1
Cameroon Ethiopia Kenya Tanzania Uganda	Open 365 days	September 1st to August 31st	Verified	Sampled	1	
				Non sampled		
			Preferred & Strategic	Sampled	2	1
				Non sampled	3	1
Central America Mexico	Open 365 days	October 1st to September 30th	Verified	Sampled	1	
				Non sampled		
			Preferred & Strategic	Sampled	2	1
				Non sampled	3	1
Papua New Guinea Sumatra India	Open 365 days	October 1st to September 30th	Verified	Sampled	1	
				Non sampled		
			Preferred & Strategic	Sampled	2	1
				Non sampled	3	1