

Verifier and Inspector Guidance Update

Dear Verifiers and Inspectors,

This document is intended to supplement the “C.A.F.E. Practices Generic Evaluation Guidelines” and the “C.A.F.E. Practices Verifier and Inspector Operations Manual”. This guidance update will be divided into three sections: Program Document Updates, Verification Procedures and Methodology and Indicator Interpretation.

Update Number 5.0–11/2011

Program Document Updates:

1. Verifier and Inspector Operations Manual

Version 4.4 of the C.A.F.E Practices Verifier and Inspector Operations Manual was sent to all approved verification organizations in May 2011. Highlighted below are key updates to the document. Please note however that these are not exhaustive, and verification organizations are responsible for reviewing the document internally to ensure continued compliance.

- *Volume reporting and confirmation:* As per section 6.6.5 of the C.A.F.E Practices Verifier and Inspector Operations Manual, inspectors should report the total amount of green coffee produced or processed on an annual basis for each entity inspected for verification. Likewise, verifiers should make sure that entity coversheets in the Verifier Reporting System (VRS) always reflect the **total amount of green coffee produced or processed annually by an entity reported in pounds, without exception.** To ensure accuracy in volumes, verifiers and inspectors should independently determine the production/processing volume for each entity inspected. It may be necessary to use volume conversions based on receipts examined during inspections in order to arrive at these totals.
- *In-harvest classification terms:* Updated in-harvest guidance was distributed to organizations in February 2011. This guidance is referred to in section 6.6.4 of the C.A.F.E Practices Verifier and Inspector Operations Manual and can be found in the list of program documents on the SCS website. In the case of smallholder farm networks (and medium farm networks, if applicable), the updated guidance requires **75% of sampled small farms to be in harvest at the time of verification** for the application to be assigned ‘in harvest’ status. ‘In harvest’ at the farm level is determined by the inspector based on the presence of ripe cherry at the time of verification. As for the qualification of wet mills as inspected in-harvest, the guidance reflects the reality that processing activities do not occur daily. In order to be classified as in-harvest, mill machinery (e.g., depulpers, washers, fermentation tanks, mechanical dryers, water treatment systems) either must be operating during the time of inspection or operating within approximately three days preceding the verification. This information should be confirmed through observation and interviews.
- *Inspection planning:* In addition to creating a verification plan to distribute to both inspectors and representatives of the supply chain undergoing evaluation, verification organizations should

prepare an inspection plan for *each entity* that will be inspected during the field visits (a generic inspection plan may be used for smallholder farms). While verification plans summarize the overarching plan to conduct field inspections of entities included in the scope of the verification, inspection plans provide detailed agendas including the activities to take place during onsite inspections. The inspection plans aid inspectors and entity representatives in preparation for the tour of the production area, document review, and worker interviews. If questions arise regarding the creation and use of inspection plans, please contact SCS for guidance. For more information please consult section 6.4.1. of the C.A.F.E Practices Verifier and Inspector Operations Manual.

- *Pre-onsite planning:* As mentioned in VGU #4, the pre-onsite planning checklist has been included in Appendix B of the Verifier and Inspector Operations Manual. Verifiers should utilize the checklist far in advance of any verification activities in order to ensure that all necessary steps are followed prior to the initiation of field inspection activities and the claiming of the application in the VRS.

2. Audit and Training Manual

In August 2011, SCS distributed Version 1.0 of the C.A.F.E. Practices Audit and Training Manual. The purpose of the document is to provide verification organizations with a detailed explanation of SCS's role in the C.A.F.E. Practices program, especially in regards to approving, training, and auditing organizations that conduct work in the program. Verification organizations should review the Audit and Training Manual to gain a comprehensive understanding of the requirements and procedures of the annual trainings and audits conducted by SCS.

3. VRS User Manual

This document has been updated to reflect upgrades to the VRS Verifier and Inspector interfaces and is being distributed along with this VGU. The updated VRS User Manual (V1.3) includes instructions for verifier and inspector reporting activities in VRS..

4. Field Notes

Updated versions of the C.A.F.E. Practices Field Notes will be distributed along with this VGU. The objective of updating this inspection tool is to improve efficiency during the field inspection process. The updates were made based on a comprehensive review of the indicators as well as a review of completed reports in the VRS and valuable feedback from verification organizations. These improvements will be added to further improve reporting efficiency starting in January.

Version 2.2 of the C.A.F.E Practices Field Notes will be distributed in early December and can also be downloaded from the SCS website. **Verification organizations are required to begin using Version 2.2 (V2.2) C.A.F.E. Practices Field Notes starting January 1, 2012.**

The following is a summary of the major updates made:

- Interrelated indicators were grouped together requiring only one entry of evidence;
- Specific question and comment fields related to the evidence required for each indicator were included; and
- A checkbox field was included for inspectors to indicate the source(s) of evidence for each evaluation.

As stated in the C.A.F.E Practices Verifier and Inspector Operations Manual Section 6.5.3, all field notes should contain complete evaluations, with complete coversheet information and qualitative evidence. The 'General Evidence' field in V2.2 provides inspectors with space to list general evidence and additional information related to the indicator or group of indicators. Inspectors are expected to complete the specific evidence-related questions and acknowledge the source(s) of evidence for each indicator or group of indicators.

5. Verification Planning Template

The C.A.F.E Practices verification planning template has been updated. As stated in the C.A.F.E Practices Verifier and Inspector Operations Manual Section 6.2.4, verification organizations must notify SCS of all planned verifications (regardless of whether a contract has been signed) by emailing the template to SCS in advance of the planned field inspection dates. SCS requests that the planning template is sent as soon as you have made contact with the potential client and at least three weeks prior to the planned field inspections. Completed templates should be sent to the SCS Coordinator.

When changes occur during the planning process, SCS asks that you update the template and resend to the SCS Coordinator. After updating the template, please save and rename the updated file with the current date. When sending updated planning templates, please delete reference to any applications that have been completed (i.e. final reports have been already submitted to Starbucks and the client).

Verification Procedures and Methodology:

1. Reporting Deadlines and Client Report Approval

As indicated in section 6.8.2.2 of the C.A.F.E Practices Verifier and Inspector Operations Manual, draft inspection reports must be submitted to the client for approval 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. In the case that verification organizations cannot meet a reporting deadline, the verifier must contact SCS with a verification extension request at least 5 business days prior to the deadline. SCS will provide a verification extension request form that must be completed and returned to SCS within 1 business day. Non-conformities will be issued if reporting deadlines are not met or if extension requests are not sent to SCS at least 5 days before the reporting deadline.

As per section 6.8.2.3 of the C.A.F.E Practices Verifier and Inspector Operations Manual, verification organizations are expected to include the client report approval form in the email that they send to the client with the link for draft reports. The client report approval form is the primary record for report approval. As such, it may be requested by SCS during annual office audits. The form should include the following information: client and verification contact information, application name and ID#, client report link, entity report link(s) if requested by the client, date that the report was provided to the client, and due date of report approval by the client. Verification organizations may contact SCS for an example of a client report approval form.

It is important to note that the client report approval form is **not** the dispute resolution form, which should be sent to clients **only if** they disagree with the interpretation of any indicators/criteria, and/or auditing procedures and/or requests to submit additional evidence.

2. Internal Review

Through ongoing review of reports submitted in the VRS, SCS has observed that many different approaches are taken by verifiers when conducting internal review. Verification organizations are encouraged to develop a consistent approach to reviewing inspection reports across the different applications they manage. SCS will examine each organization's approach to internal review during annual office audits.

Verifiers should ideally complete internal reviews of reports within 5 business days of the report submission deadline in the VRS to allow inspectors to respond to any comments posted regarding indicator interpretation. The practice of conducting internal review in advance of the reporting deadline also provides SCS an opportunity to review completed reports in the VRS prior to the reporting deadline. In cases where SCS conducts a VRS review of reports in an application, SCS will first confirm with the verifier that the internal review has already been conducted, along with inspectors making any necessary revisions. If it is not possible for SCS to complete the VRS review before the reporting deadline in the VRS, SCS expects that the feedback sent in the VRS review will be taken into account before submission of the final reports to Starbucks. Upon submission of the reports to Starbucks in the VRS, updated final versions of reports should then be sent to the client if changes were made as a result of SCS feedback sent in a VRS review.

3. Planning for in-harvest verifications

Verifiers should ensure that in-harvest inspections on medium and large farms are conducted during peak activity periods when both permanent and temporary workers are available for interviews. Scheduling inspections during picking and harvesting activities is particularly important on larger scale operations dependent on a large number of temporary workers. While it is not always possible to schedule all inspection activities during this busy time for farms, it is important that verifiers make every effort to do so.

This will require that verifiers are actively communicating with farm representatives and inspectors well in advance of planned inspection dates in the pre-onsite planning phase to confirm that workers will be available during the inspection. Inspectors should also calculate the 15% worker interview sample based on the total number of workers employed on an annual basis rather than the total number of workers onsite at the time of the inspection. The worker interview sample should then be stratified according to the type of workers employed and the activities they perform, as well as demographic attributes such as gender, age, ethnicity, etc. SCS will be reviewing whether worker interview samples are met for medium and large farms qualified as being inspected during harvest. If inspectors are unable to meet the worker interview sample, they should include an explanation in the evidence submitted for SR-HP1.1, SR-HP1.2, and SR-HP1.3 (based on applicability).

4. Subcontractors

Many wet and dry mills and some farms may subcontract workers through agencies. It is important that verifiers and inspectors ask whether this is a practice employed by entities in the application during the pre-onsite planning process. **Subcontracted workers are to be included in the scope of the inspection even if they are not present at the time of the inspection.**

Accordingly, subcontracted workers should be counted as workers and correctly classified in the coversheet of the report, with all corresponding indicators evaluated. Because some of the records related to their employment status, pay, benefits, training and other information may be stored at the contracting agency's office, it is very important that verifiers and inspectors clearly communicate with all responsible parties that records will need to be made available for review. SCS should be contacted if verification organizations encounter difficulties in accessing information for subcontracted workers or if questions arise as to how evaluations should be made.

Indicator Interpretation:

1. Potable Water

Criterion	Indicator	Indicator
SR-WC1: Access to Housing, Potable Water and Sanitary Facilities	SR-WC 1.2	<u>CRITERIA REQUIREMENT:</u> All workers have access to potable water.

With regards to SR-WC 1.2, **drinking water** or **potable water** is water of sufficiently high quality that can be consumed or used with low risk of immediate or long term harm. Potable, by definition, means "suitable for drinking¹".

The best practice for determining whether the water source is suitable for drinking is to review the water quality analysis test results for the water source. Both piped (piped delivery system, usually urban) and open (e.g., stream, spring, capped well) water sources should be considered. These results should be compared to the regional or national guidelines published by the government ministry (usually the ministry of health or environment) tasked with establishing safe thresholds for water contaminants. In the absence of applicable regulation, the test results should be compared to the World Health Organization Guidelines for Drinking Water Quality².

In the case of most small farms and/or smaller medium farms, as well as some small mills, water quality analysis results may not always be available. In the event that test results are not available, inspectors should evaluate the indicator by interviewing the individuals reliant on the water source, as well as make observations of the basic characteristics of the water source. Points to consider include the following:

- Does the water look clean, is it running clear?
- Is it stagnant, or is it flowing?
- Is there any strange smell or odor coming from the water source?
- Is there evidence of wild or domestic animal activity in or near the water source?
- Is there evidence of chemical application in or near the water source?
- Is there garbage, sewage, or empty chemical containers in or near the water source?

¹ Merriam-Webster online dictionary, <http://www.merriam-webster.com/dictionary/potable>

² http://www.who.int/water_sanitation_health/dwg/guidelines/en/index.html

- Is there any entity upstream from the water source (i.e., a non-organic farm or cattle ranch, a factory, a milling operation) that could be a potential source of pollution?
- Do the people using the water source generally boil the water first before drinking it?
- Do they recall ever becoming sick from drinking the water?
- Do they take any additional protective measures to protect themselves from contaminants in the water?

2. Energy Conservation

Evaluating energy conservation should be carried out using the guidance included in this update. CP-EC 1.1 and CP-EC 1.5 apply to wet processing whereas CP-EC 2.1 and CP-EC 2.5 apply to dry processing.

Criterion	Indicator	Indicator
CP-EC1: Energy Conservation	CP-EC 1.1	CRITERIA REQUIREMENT: The quantity of energy used on-site for coffee processing operations is reported, documenting the annual total and per pound of green coffee processed.
	CP-EC 1.5	The total amount of energy used per pound of green coffee show a decrease over time.

Criterion	Indicator	Indicator
CP-EC2: Energy Conservation	CP-EC 2.1	CRITERIA REQUIREMENT: The quantity of energy used on-site for coffee processing operations is reported, documenting the annual total and per pound of green coffee processed.
	CP-EC 2.5	The total amount of energy used per pound of green coffee show a decrease over time.

With regards to CP-EC 1.1, CP-EC 1.5, CP-EC 2.1 and CP-EC 2.5, it is important for inspectors to confirm that there are auditable records of energy use by the client. The inspector should ask what sources of energy the client uses to process coffee on-site (e.g., electricity, diesel and gasoline). Once the energy sources are determined, the client must be able to show invoices for all energy consumption, including fuel purchase records in cases where generators are utilized, monthly and annual records of green coffee processed, and a **calculation of the annual energy consumption per pound of green coffee processed**. It is important to note that inspectors should not perform the calculation on behalf of the client to arrive at the total annual energy consumption per pound of green coffee processed.

The inspector should always confirm that the information in the processing/energy consumption records is supported by actual receipts for electricity or fuel procured by the operation. After the information in the summary is verified, the inspector should be able to easily evaluate CP-EC 1.1, CP-EC 1.5, CP-EC 2.1 and CP-EC 2.5. An acceptable summary document will clearly demonstrate that the energy per pound of green coffee processed is decreasing or increasing over time, which will determine compliance of CP-EC 1.5 and CP-EC 2.5.

3. Correction on always applicable indicator guidance in VGU #4:

Criterion	Indicator	Indicator
CG-EM2.5: Farm Management and Monitoring	CG-EM2.5	The written management plan is updated on an annual basis.

There is one correction needed for applicability of indicator guidance in VGU #4. In the initial inspection CG-EM2.5 should be considered Not Applicable (NA). Therefore it is not to be considered always applicable.