



C.A.F.E. Practices

Coffee and Farmer Equity

C.A.F.E. Practices - Terms & Conditions – v3.7

(Effective October 1st, 2019)

C.A.F.E. Practices is a program seeking continuous improvement in sustainable coffee production. As such, we ask applicants seeking C.A.F.E. Practices approval status to meet Starbucks quality and economic transparency pre-requisites.

Starbucks recommends that C.A.F.E. Practices verifications take place during harvest. In-harvest verifications will result in longer validity durations (see Table 2).

C.A.F.E. Practices Status and Validity

As of October 1st, 2019, Provisional Status will no longer be granted to new supply chains in C.A.F.E. Practices.

As such, all applicants wanting to sell C.A.F.E. Practices-approved coffee will have to first schedule a C.A.F.E. Practices 3rd party verification AND obtain a C.A.F.E. Practices validity and status before considering any sales to Starbucks.

1. **Initial verification:**

- a. First time applicants must complete the following steps to prepare for the initial verification:
 - i. Submission of completed application.
 - ii. Commitment to implement C.A.F.E. Practices guidelines throughout the supply chain.
 - iii. All farms within the supply chain have been informed and consent to participating in C.A.F.E. Practices and are not a member of another C.A.F.E. Practices supply chain with a current validity.
Note: Respective commitment letters must be made available upon request.
- b. After the verification is completed and compliance with **C.A.F.E. Practices** is confirmed, applicants will be granted an approved status of either Verified, Preferred, or Strategic (see Table 2) depending on score achieved. The validity duration is determined by the verification score and harvest classification (In/Off-harvest).
 - i. Starbucks expects our suppliers to provide details on corrective actions and/or work plans upon request.
- c. The validity will begin retroactively on the first day of the validity period during which the approval was granted (see Table 1). If the verification approval took place near the end of the

validity period, the starting date could be transferred to the next validity period upon request (at Starbucks' sole discretion).

2. Renewals (Re-verification):

- a. **All supply chains with a current validity & status must complete their re-verification process prior to expiration of current validity – in some cases this could be as much as a year in advance.**
- b. An early re-verification will not affect or shorten the current validity or status, and will provide a continuous C.A.F.E. Practices validity for that specific supply chain application.
- c. A re-verification is considered complete only when a new validity and status have been granted by Starbucks.

Any lapse in validity may cause the supply chain to be in default of contract on any outstanding shipments.

- d. Please note: the verification process, including reporting, can take up to 2-5 months depending on supply chain complexity and level of compliance.
 - i. Estimated timeline:
 - a. 3rd party field verification time +
 - b. 4-6 weeks client draft report preparation +
 - c. 2 weeks for client review +
 - d. 2 weeks for Starbucks final submission & review

Please consider that any Zero Tolerance (ZT) non-compliance issues can extend these timelines.

3. Expired Validity & Pending Re-verification:

Starbucks reserves the right to reject any coffee shipment until a re-verification has been completed and a new C.A.F.E. Practices status and validity have been granted. A new C.A.F.E. Practices status and validity can only be granted once all requirements have been met.

4. Verifications with Zero Tolerance (ZT) Instances

- a. If non-compliance with Zero Tolerance (ZT) indicators is identified by the 3rd party verification organization, the applicant will be notified by the verifier and Starbucks. Applicant will be requested to develop and submit a Corrective Action Plan.
- b. The applicant is responsible for the implementation of the Corrective Action Plan to resolve all Zero Tolerance (ZT) instances as per Starbucks requirements.
- c. The applicant is responsible for contacting and scheduling the 3rd party ZT check to confirm compliance with all Zero Tolerance indicators.
Note: the 3rd party ZT check must be undertaken by the same verification organization as the original verification.
- d. Upon receipt of the 3rd party ZT check report, a corresponding status and validity will be granted by Starbucks.
- e. Any delays or failure to resolve Zero Tolerance (ZT) instances prior to expiration of current validity may cause supplier to be in default of contract on outstanding shipments.

5. **Final Status and Validity:**

- a. Status and validity will be granted once all requirements have been met and approved by Starbucks.
- b. **Start Date:** Validity periods will be granted per country / region as defined in Table 1.
NOTE: The **C.A.F.E. Practices** verification process, including reporting and approval, must be completed prior to shipping any C.A.F.E. Practices-approved coffee.
- c. **End Date:** Status and duration of validity will vary depending on the verification score achieved and in / off-harvest verification as defined in Table 2.
- d. **Note:** C.A.F.E. Practices coffee must be shipped within your current validity period. **Coffees harvested within your validity period but shipped after validity expiration will not be accepted.**

Validity Periods per Region - Table 1.

Countries / Region	Validity Periods
Colombia / North & Central: [Boyaca, Cesar, La Guajira, Magdalena, Norte de Santander, Antioquia, Caldas, Cundinamarca, Quindio, Risaralda, Santander, Casanare] Peru / North: [Amazonas, Cajamarca, Piura, San Martin] Hawaii	April 1 st - March 31 st
Cameroon, Ethiopia, Kenya, Tanzania / North , Uganda	
Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Puerto Rico	July 1 st - June 30 th
China, India, Laos, Myanmar, Nepal, Philippines, Sumatra, Thailand, Vietnam	
Colombia / South: [Cauca, Huila, Nariño, Tolima, Valle del Cauca, Meta, Caqueta] Peru / Central & South: [Junin, Huanuco, Pasco, Apurimac, Cusco, Puno] Bolivia, Brazil, Ecuador	October 1 st - September 30 th
Burundi, Cape Verde, DR-Congo, Malawi, Rwanda, Tanzania / South , Zambia, Zimbabwe	
East Timor, Papua New Guinea, Sulawesi, Java	

Scores and corresponding Status & Validity - Table 2.

Verification Scores	Harvest Classification	Status	Validity
80% +	In-harvest	Strategic	4 years
60% - 79 %	In-harvest	Preferred	3 years
Below 60 %	In-harvest	Verified	2 years
80% +	Off-harvest	Strategic	2 years
60 - 79 %	Off-harvest	Preferred	1 year
Below 60 %	Off-harvest	Verified	1 year

6. In-harvest Classification:

- 50% or more of the sampled farms and all mills must be inspected during the harvest and classified, as per the definition below, for the application to qualify as in-harvest. Corresponding validities will apply (see Table 2).
- In-Harvest/In-Operation definition:
 - a. Farm level
 1. Large and medium farms have ripe or ripening cherries which can be observed on some part of the farm at time of verification. Harvest workers are present and available for interviews.
 2. Smallholder farms have ripe or ripening cherries which can be observed on some part of the farm at time of verification. In-harvest mill conditions apply as detailed below.

In-Harvest verification is not mandatory but may provide a longer validity duration and reduce verification costs over time (see Table 2).

- b. Mill level
 1. Machinery (de-pulpers, washers, fermentation tanks, mechanical dryers, water treatment systems) must be or have been operating within one (1) week preceding the verification.
 2. At least 50% of permanent workers (+ temporary workers when applicable) must be present on the day of the verification.

An Off-harvest verification for a stand-alone mill will classify the entire application as Off-Harvest.

- c. Warehouse level
 1. At least 50% of permanent workers (+ temporary workers when applicable) must be present on the day of the verification.

The warehouse classification (whether in or off harvest) does not affect the overall application harvest classification.

Warehouse definition: An entity other than a processor that is part of a C.A.F.E. Practices supply chain and that stores coffee. Warehouses are to be included within the scope of C.A.F.E. Practices verifications as a distinct entity if it is in a separate location from other entities such as mills, and if the entity employs workers. A warehouse facility that is part of a dry mill compound and managed together with the dry mill would not be considered as a separate entity.

Sampling Methodology - Table 3

Entities	Size (Hectares)	New Verification Sampling	Re-verification	
			Sampling	Zero Tolerance
Smallholder Farms & corresponding mills	< 12	Square root of the total smallholder farms	15% of farms previously verified + 85% of new farms / not previously verified + All entities with Previous Zero Tolerance	Note: All entities with <u>prior zero tolerance issues</u> must be included in re-verification application and will be verified <u>in addition to</u> normal sample.
Medium Farms & corresponding mills	12 - 49.9	Square root of the total medium farms multiplied by (1.5)		
Large Farms & corresponding mills	> 50	All sampled; except when application consists of more than 20 large farms, then sampling method will be: the first 20 large farms + square root of the number of large farms greater than 20 multiplied by (1.5). Formula: $20 + 1.5\sqrt{(x - 20)}$ (where "x" equals 'total number of large farms').		
Mills *	N/A	All sampled		
Warehouses **	N/A	All sampled		

* Mills with at least 2 years of validity starting the date of the validity period of the application do not need to be inspected.

** Warehouses that have already been inspected during the same harvest period **and** for the same supplier do not need to be re-inspected.

Generic and Smallholder Scorecards

- **Smallholder Scorecard:** Smallholder farms and corresponding mills will be evaluated against the Smallholder Scorecard if milling operations are done on-site.
- **Generic Scorecard:** Stand-alone or independent wet and / or dry mills AND warehouses will be evaluated against the Generic Scorecard.

- **Generic Scorecard:** Medium and large farms, including corresponding wet and dry mills, will be evaluated against the Generic Scorecard.

Coffee Volume Tracking Cycles per Country / Region - Table 4.

Countries / Regions	Volume Tracking Cycles
Colombia / North & Central: [Boyaca, Cesar, La Guajira, Magdalena, Norte de Santander, Antioquia, Caldas, Cundinamarca, Quindio, Risaralda, Santander, Casanare] Hawaii	Oct 1 st – Sep 30 th
Cameroon, Ethiopia, Kenya, Tanzania, Uganda	
Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Puerto Rico	
China, India, Laos, Myanmar, Nepal, Philippines, Sumatra, Thailand, Vietnam	
Colombia / South: [Cauca, Huila, Nariño, Tolima, Valle del Cauca, Meta, Caqueta] Peru, Bolivia, Ecuador	May 1 st – April 30 th
Burundi, Cape Verde, Malawi, DR-Congo, Rwanda, Zambia, Zimbabwe	
East Timor, Papua New Guinea, Sulawesi, Java, Bali	
Brazil	Aug 1 st – July 31 st

Note: All coffee volumes sourced from C.A.F.E. Practices verified supply-chains, will be tracked on a yearly basis as per Table 4. The coffee volumes will be tracked taking into account the shipped-on board bill of lading date (not the contractual shipment date or harvest date).

It is therefore essential for suppliers to closely monitor the actual shipped volumes versus the C.A.F.E. Practices approved volumes per supply-chain.

- The different coffee volume tracking cycles (see Table 4) should not be confused with the C.A.F.E. Practices validity periods (see Table 1.). The C.A.F.E. Practices validity periods are intended to give supply-chains in each respective country/region the proper amount of time to conduct C.A.F.E. Practices verifications and corrective action plans (if requested); on the other hand, the volume tracking cycles take into consideration the harvest season in each country/region and are intended to prevent the volumes of two different harvests from being associated in the same tracking cycle.
- The consolidated tracking of shipped coffee volumes will strictly follow the dates in Table 4, and **all coffees shipped after the end of the tracking cycle will fall into the next year's cycle.**

Note: if a supply-chain validity expires without any re-verification, any coffee shipped after the C.A.F.E. Practices validity period, even if it falls within the tracking cycle, will be considered as NON-C.A.F.E. Practices. This may cause the supplier to be in default of contract on outstanding shipments, and penalties may apply.

Continuous Improvement Check-ins

As C.A.F.E. Practices seeks to promote sustainable coffee production and milling throughout the supply chain, and improve the social and environmental conditions, suppliers are expected to commit to continuous improvement by the following means:

- Follow up with the Farmer Support Center on implementation of continuous improvement work plans
- Provide progress reports as requested
- Contact the Farmer Support Center to review or request assistance with continuous improvement plans as needed
- Provide 6-month updates against work plans

Please note that the verification report, application, and the performance of the supplier may be subject to further audits.

A C.A.F.E. Practices status neither implies nor guarantees that coffee will be purchased by Starbucks.

*** For any clarifications, assistance, or questions regarding your status please contact us at CAFEprac@starbucks.com.**

**** To learn more about C.A.F.E. Practices please visit:**

<https://www.scsglobalservices.com/starbucks-cafe-practices>