



C.A.F.E. Practices Verification Organization Approval Procedure

Starbucks Coffee Company

V2.4

English Version

SCSglobal
SERVICES

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1.0 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 SCS Global Services (hereafter referred to as 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 verifying the economic, social, and environmental aspects of coffee production against a defined set of evaluation criteria.

To ensure the quality and consistency of auditing and reporting in the C.A.F.E. Practices program, Starbucks contracted SCS as an independent third-party organization responsible for the initial approval and ongoing monitoring of all verification organizations wishing to conduct verification work in C.A.F.E. Practices. An independently administered approval process serves as an impartial way of evaluating an organization's capabilities and resources to conduct verification work to ensure that all approved verification organizations provide excellent service to Starbucks coffee suppliers. Only C.A.F.E. Practices verifications conducted by verification organizations approved by SCS will be recognized as valid by Starbucks.

The "Verification Organization Approval Procedure," as detailed in this document, establishes the requirements necessary for interested parties to become approved verification organizations. The approval procedure is detailed in Section 3.0.

Before completing and submitting an application form to SCS, all interested parties should review this document, as well as the "C.A.F.E. Practices Verifier and Inspector Operations Manual" and the "C.A.F.E. Practices Generic and Smallholder Scorecards" to confirm that the prospective organization is able to meet the specified requirements. Below are general qualities that SCS seeks in verification organizations that apply to work in the C.A.F.E. Practices program.

Independent

Verification organizations, verifiers, and their inspectors must not hold a financial interest in, be presently associated with, or have been employed by the entities they are verifying, without disclosing and describing the nature of such affiliations to SCS, to avoid any potential for a conflict of interest. If this information is disclosed to SCS, appropriate measures may be developed by the applicant organization to mitigate a potential conflict of interest. If the applicant chooses to withhold this information or refuses to acknowledge the potential for a conflict of interest, SCS may elect to deny the applicant approved status regardless of whether they have met all other requirements for approval.

SCS will review verification organization independence during annual office audits, and it is expected that all personnel working for the verification organization on C.A.F.E. Practices verification work will sign declarations stating any affiliations that may be a conflict of interest. Verification organizations must also disclose in a timely manner any second party services (pre-assessment or consulting services) provided to any clients and describe the processes employed to maintain third party independence for the purposes of C.A.F.E. Practices.

Capable

Verification organizations must demonstrate to SCS that their organizational capabilities are sufficient to conduct internal report review, training, and provide the logistical support (i.e., computer and internet capabilities, telecommunications, reliable transportation, GPS units, etc.) required to conduct inspections. Moreover, it must be demonstrated to SCS that all staff possess the skill and integrity to faithfully assess and report on the performance of supply chain entities, including coffee producers, processors, warehouses, and in the case of smallholder networks, producer support organizations (PSOs), against the C.A.F.E. Practices Generic and Smallholder Scorecards. Organizational capacity and the capacity of relevant personnel is determined on an ongoing basis through participation in

trainings, office audits, report reviews and field audits of the work of verifiers and inspectors. These activities are described in the C.A.F.E. Practices Auditing and Training Manual.

Qualified

Verifiers and inspectors should possess technical expertise, work experience, and an educational background that reflect their ability to conduct rigorous assessment and reporting in accordance with the procedures laid out in the Verifier and Inspector Operations Manual. Verifiers need to have university-level education or five years of relevant professional experience. Qualifications and credentials alone, however, do not determine whether a verifier or inspector is qualified for C.A.F.E. Practices verification work. SCS will judge the merits of verifiers and their inspectors based on frequent review of their work and their ability to offer their clients satisfactory verification services.

2.0 Overview of C.A.F.E. Practices

C.A.F.E. Practices is a green coffee-sourcing program developed by Starbucks in collaboration with 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 and Smallholder Scorecards.”

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 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’ are qualified persons working with verification organizations who 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.

There are four primary areas of focus in C.A.F.E. Practices: product quality, economic accountability, social responsibility, and environmental leadership. The C.A.F.E. Practices Generic and Smallholder Scorecards evaluate social responsibility, environmental leadership, and economic accountability, while product quality and economic viability are prerequisites for participation in the program and determined by Starbucks prior to any and all verification activities. The C.A.F.E. Practices Generic Scorecard V3.4 contains four subject areas, including 26 criteria groups, made up of 188 indicators used to evaluate status in the program. The Smallholder Scorecard contains five subject areas (with the addition of a subject area for producer support organizations), including 29 criteria groups made up of 127 indicators.

3.0 Organization Approval Procedure

The application process for becoming an approved verification organization consists of: (i) initial contact with SCS to confirm demand for verifier activities in a given region; (ii) the submission of all required application materials to SCS; (iii) review of the application and materials by SCS, and (iv) completion of all required C.A.F.E. Practices trainings. Organizations that successfully complete the application process are granted provisional approval in the program. Approval in the program does not guarantee that a verification organization will be selected for work on C.A.F.E. Practices verification projects.

3.1. Application Process

The first step of the application process is for a prospective verification organization to contact SCS and indicate in which country or countries it seeks approval to conduct C.A.F.E. Practices verifications. In conjunction with Starbucks, SCS will then confirm the need for verification services in the identified country or countries. If sufficient need exists, SCS will send the Verification Organization Application Form to the organization to complete and return electronically, along with any supporting documentation to cafepractices@scsglobalservices.com.

Upon receipt of a completed application, SCS will conduct an initial assessment of the applicant's capability to conduct verification work. The initial application review process entails, but is not limited to:

- a desk audit of the application materials to ensure accuracy and truthfulness of submitted information; and,
- telephone interviews to assess professional capabilities and discuss credentials.

Once SCS has conducted the aforementioned review, SCS will confirm with the organization the dates and location of the next regional C.A.F.E. Practices training. **Verification organization approval is, in part, contingent on the successful participation of prospective personnel responsible for carrying out C.A.F.E. Practices verification activities in an SCS-approved C.A.F.E. Practices verifier and inspector training.**

Should verification organizations have multinational operations (i.e., regional or national offices) that they would like to have considered as independent verification organizations, an application needs to be submitted for each regional or national office operating in a specific region or country (Africa, Latin America, and Asia Pacific).

3.2. Limited Approval

Should the application review and introductory training to the program prove satisfactory, the verification organization will be granted limited approval status for the countries where SCS confirmed the organization has the capacity and capability to conduct their first verification. Limited approval allows the organization to **conduct one verification** of a C.A.F.E. Practices applicant supplier at a time. Verification work entails all parts of the verification, from pre-on-site planning to submission of the verification report to the client. It is mandatory that SCS review the scope and verification plan for an organization's first verification.

During their limited approval status, verification organizations will be audited by SCS to provide support and evaluate compliance with program requirements. SCS audits include:

- a shadow audit (observation) of a verification
- a subsequent assessment and evaluation of the reports submitted in the VRS from the application of the shadow audit
- an audit of the verifier's business office or base of operations within 6 months of having completed their first verification

Limited approval may be extended at the discretion of SCS if the verifier has yet to secure a client, but the organization is still interested in pursuing work in the program. Once a verification organization has completed its first verification satisfactorily and closed out all Non-Conformities (NCs) issued by SCS, SCS may decide to expand the verification organization's approval status based on the organization's performance. SCS will audit the first three verifications conducted by the verification organization under limited and/or provisional approval. Should the verification organization's performance during the first

verification not be satisfactory, SCS may maintain the limited approval status or suspend the verification organization.

3.3. **Provisional Approval**

The next approval status up from limited approval is provisional approval status. Provisionally approved organizations may accept and plan work **for up to three verifications at a time**. Provisional approval for verification organizations and subsequent full approval extends only to the countries for which the verification organization has applied and received approval.

3.4. **Full Approval**

Verification organizations that remain in good standing during the provisional approval period, successfully undergo the initial audits, demonstrate sufficient capacity, and resolve any Non-Conformities (NCs) from such audits in the time allotted to do so, will be granted status as a fully approved verification organization by SCS. This status allows verification organizations to conduct verifications of C.A.F.E. Practices applicants at will, in the regions and countries in which they are approved for work.

SCS reserves the right to review the approval status of a verification organization based on the above-mentioned conditions, and the quantity and quality of work that the organization conducts.

3.5. **Maintenance of Approval Status**

Each approved verification organization must undergo annual field and office audits conducted by SCS to ensure that verifiers and their inspectors are performing their work in accordance with the procedures outlined in the C.A.F.E. Practices Verifier and Inspector Operations Manual. To maintain approval, verification organizations must resolve all NCs by the deadlines set by SCS.

In addition, participation in annual official C.A.F.E. Practices regional trainings by at least one verifier and one inspector is mandatory for the maintenance of approval status in the program.

Approved verification organizations may be subject to a review by SCS at any time. The review may entail a request for updated application materials, a review of inspector rosters and CVs, a check of the organization's record of adherence to program deadlines in the VRS, and an analysis of the organization's capacity for approved countries, among other factors. The result of the review will be either continued approval in or suspension from the C.A.F.E. Practices program.

3.6. **Audit Requirements**

SCS monitors and evaluates the work of approved verification organizations through three primary activities: office audits, field audits (check and shadow), and reviews of reports submitted in the VRS (VRS reviews). The first three verifications conducted by a newly approved verification organization will be audited by SCS through a field audit and/or VRS review. Thereafter, SCS conducts at a minimum four annual audits for each approved verification organization:

- Office audit
- Shadow audit
- Check audit
- VRS review (desk audit)

SCS may require additional or fewer audits, based on the following conditions:

- For verification organizations that work in multiple regions, SCS will conduct and track audits in each region separately, with the exception of office audits.
 - The C.A.F.E. Practices program defines the following as distinct regions: Central America, South America, Brazil, Africa, and Asia.
- Few verifications may result in fewer audits.
- High risk, as established by SCS, will result in additional audits, or expanded audit scope. These criteria can include, but are not limited to:
 - High numbers of new personnel, approval status extension, or scope expansion to a new country of operation.
 - Sudden changes in the number or verifications conducted by a verification organization.
 - Evidence that a verification organization raises unusually few ZTNCs over a length of time or number of verifications (e.g., in a certain region, or for certain types or sizes of supply chains, in comparison to SCS' risk assessments and expectations).
 - Evidence that causes SCS to question the correctness of how a verification was conducted and the evidence reported.
 - Major NCs issued to the verification organization.
 - Changes in program requirements.
 - Disputes or incidents that lead SCS to question an organization's performance.
 - Negative publicity about an organization or supply chain that may be related to the relevant organization's accreditation.
 - Stakeholder concerns.
 - Direct request by Starbucks.

3.7. Expansion of Approval

Any provisionally or fully approved verification organization wishing to conduct work in countries other than those for which they have been approved must petition SCS for an extension of areas of work to include the additional countries. Requests to add countries or regions will be reviewed on a case-by-case basis by SCS, considering the capacity of the organization to effectively manage the work and the anticipated need for additional verification services in the country or region requested. Approval status and/or capacity to do work in one or more countries do not guarantee approval to conduct verifications in any additional countries.

3.8. Restriction

Maintaining approval status is conditional on continued adherence to program requirements, procedures, and deadlines; prompt response to SCS, clients and Starbucks; response and correction of SCS issued NCs within the provided deadlines; as well as good standing with national and other applicable regulatory bodies. Verification organizations whose performance demonstrates systematic, incomplete, or improper performance of program responsibilities as laid out in program documents; who fail to respond to SCS, clients or Starbucks on critical program related communications; or who demonstrate other issues which put either the functioning or the integrity of the program at risk, may see their approval status restricted. SCS may restrict verification organizations' approval status based on any of the above reasons or based on suspicions of impropriety, other occurrences or claims which could negatively impact the integrity and/or proper functioning of the program.

Restriction is a downgrade in the organization's approval status, for example from full approval status to provisional or limited approval status, or in regional scope. SCS may determine through audits and ongoing evaluation that a verification organization is not demonstrating adequate capacity to conduct C.A.F.E. Practices work in a satisfactory manner. If SCS determines that a verification organization is unable to adequately manage the number of

verifications contracted or determines that the issue is isolated to one country or inspector, SCS may limit the number of applications that an organization can verify and/or the regions where the organization is permitted to conduct verifications. The intent of limiting areas and/or volume of work is to allow a verification organization the opportunity to improve its procedures and resolve any major issues before committing to a larger amount of verification work in the program.

If SCS elects to restrict a verification organization's approval status and/or areas of work, SCS will determine whether any work currently in progress should be completed or whether the work should be re-assigned. SCS will issue a formal communication to the verification organization outlining the conditions necessary to continue conducting the contracted work and the conditions for reconsideration of expanding approval status and/or areas of work.

3.9. Suspension

Maintaining an approval status in the program is an ongoing process, one that is dependent on verification organizations fulfilling all requirements expected of them as per the C.A.F.E. Practices Verifier and Inspector Operations Manual and is therefore always conditional on the verification organization's good standing in the program. In the event that verification organizations fail to adhere to the protocols and procedures outlined in the C.A.F.E. Practices Verifier and Inspector Operations Manual or this document, SCS may suspend the approval status of such organizations either with or without conditions for reinstatement, depending on the severity of the Non-Conformities issued. Furthermore, SCS may immediately suspend a verification organization from the C.A.F.E. Practices program for a variety of reasons, including, but not limited to, those listed below.

- *A demonstrated inability to resolve outstanding NCs.* SCS will issue NCs with the expectation that the verification organization in question will take appropriate measures to address these issues with their personnel or practices to avoid compromising the overall quality of their work. If no such measures are taken as a result of NCs issued, or if the measures taken are deemed inadequate and ineffectual by SCS, the verification organization may be suspended until such time that the issues are addressed. See the following section for an explanation of the NC procedure.
- *Evidence of fraudulent activities.* This includes presenting false or misleading information to clients, to SCS, or to Starbucks at any point during the verification process, and/or any member of the organization accepting bribes from clients or other stakeholders or otherwise partaking in corrupt behavior.
- *A systematic lack of adherence to reporting protocols and deadlines,* as demonstrated and documented through regular monitoring by SCS.
- *Failure to communicate with clients and SCS in a timely, transparent manner.*
- *Failure to declare a demonstrated conflict of interest on the part of the organization and/or any members of the inspection team or verifier staff.*
- *Subcontracting C.A.F.E. Practices verification work to an organization or individuals not approved for work in the program.* Additionally, an organization may not subcontract individual inspectors who are not trained on C.A.F.E. Practices or who have been previously sanctioned by SCS as a result of failing to comply with program requirements.
- *Lack of maintenance of regular internal trainings and/or inability or unwillingness to attend regionally specific mandatory SCS sponsored training workshops.* Additionally, if the organization undergoes significant changes to personnel which result in a lack of

experienced and/or qualified personnel capable of carrying out C.A.F.E. Practices verification activities, the approval status may be suspended at the discretion of SCS.

- **Voluntary resignation from the program.** An approved verification organization may resign at any point and for any reason. Voluntary resignation will result in an immediate suspension of approval status and does not limit an organization's ability to reapply for approval status at any point in the future. If the verification organization wishes to reapply and has outstanding NCs as a result of SCS audits conducted prior to their resignation from the program, responses to those NCs in the form of corrective action plans will need to accompany the organization's application to the program before SCS can consider moving forward with the provisional approval procedure.

If a verification organization is suspended from carrying out C.A.F.E. Practices verifications, it will be notified in writing by SCS. Access to the VRS for suspended verification organizations will be immediately removed, and contact information will be removed from the list of C.A.F.E. Practices approved verification organizations on the SCS website. If necessary, Starbucks will notify any affected suppliers.

Except in cases of voluntary resignation as referenced above, the eligibility of any verification organizations whose approval status has been suspended to reapply to the program will be evaluated on a case-by-case basis. In some cases, reinstatement in the program may be conditional on fulfillment of outstanding obligations, while in others, suspended organizations may be required to reapply and undergo the entire application and approval process again. SCS will detail conditions for re-approval in the suspension letter sent to verifiers.

3.10. Non-Conformity Escalation Procedure

All verification organizations are required to close issued NCs in a timely manner to avoid escalation of NCs, resulting in restrictions in the program that can ultimately lead to suspension. The NC procedure related to escalation for the same non-conformity is outlined below:

1. **First minor NC issued:** Corrective action plan required within 20 business days.
2. **Repeating minor NC:** Escalated to Major NC - Corrective action plan required within 5 business days.
3. **Repeating NC or failure to close NC in appropriate timeline:** The verification organization will not be able to accept any new work until all overdue applications are submitted and all Major NCs are closed. The organization's approval status may be restricted per section 3.7 of this Approval Procedure
4. **Continuous failure to close NC:** Suspension from C.A.F.E. Practices program until the organization has provided satisfactory root cause analysis and successfully implemented corrective actions for the previously detected issues.
5. If the organization continues to fail in implementing corrective actions and adhering to program procedures, the organization will be suspended.

3.11. List of C.A.F.E. Practices Approved Verification Organizations

The list of current provisionally and fully approved verification organizations is posted at <https://www.scsglobalservices.com/certified-clients/starbucks-ethical-sourcing-approved-verification-organizations>. The list includes contact information and geographic regions of operation for each approved verification organization. This information allows participating coffee suppliers to contact approved verification organizations as the need arises. SCS will update the list of approved verification organizations as needed based on contact information supplied by verification organizations to SCS.

3.12. Cost

There is no application fee to become an approved verification organization. However, verification organizations are responsible for paying all expenses associated with their participation in initial and ongoing SCS trainings, including, but not limited to, transportation, hotels, and food. In the case of a remote trainings conducted virtually, participants are responsible for any costs related to ensure a stable internet connection.

Costs associated with the professional fees and expenses of SCS auditors incurred through SCS' initial and annual audits of all verification organizations, will be paid by Starbucks.

4.0 Secure Handling of Documents and Disclosure of Information

All C.A.F.E. Practices applicant verification organizations must completely and truthfully disclose all pertinent information to the application process and as requested by SCS. The information submitted in each verification organization's application will be checked by SCS for accuracy and consistency. Any program applicant or provisionally or fully approved organization found to be in violation of truthful disclosure or altering documents in an unethical way will be denied approval in the program or subject to immediate suspension of approval status.

All verification organizations that are provisionally or fully approved for work in the program are expected to maintain digital and/or hard copies of documents related to their work for C.A.F.E. Practices in a safe and secure place to protect the confidentiality of the clients. Verifiers should also provide all relevant personnel with digital and/or hard copies of the most current version of the Verifier and Inspector Operations Manual and Generic and Smallholder Scorecards, along with sufficient copies of entity-specific field notes to complete verifications. In addition, all personnel records, training materials, and contact information should be updated on a recurring basis by the verification organization.

4.1. Truthful Disclosure

The application process requires that the applicant verification organizations provide full disclosure of the applicant's credentials and competency to carry out independent verification of entities (including producers, processors and producer support organizations) participating in C.A.F.E. Practices. The applicant verification organization must fully and accurately describe its:

- legal and financial structure.
- organizational structure and the technical qualifications of its key employees and contractors.
- prior experience in conducting audits within the coffee sector or other third-party auditing experience.
- potential conflicts of interest that would call into question the ability to operate as an independent verification entity.
- internal review and training procedures.
- anti-bribery / anti-corruption policy; and,
- dispute resolution policy.

Truthful disclosure will be monitored on an on-going basis through office and field audits.

4.2. Document Control

Verification organizations seeking approval status in the C.A.F.E. Practices program must demonstrate the implementation and maintenance of a document control procedure within the organization. The purpose of this procedure is to ensure that pertinent, up-to-date versions of all relevant documents are available in appropriate shared locations.

Document control procedures will be assessed at the time of initial application and reassessed annually through office audits of all organizations actively contracting work in the C.A.F.E. Practices program.

4.3. Record Keeping

Verification organizations working in C.A.F.E. Practices are required to maintain complete and consistent records of all their verification activities and personnel. These records should be kept for a period of at least five years. The following records should be maintained in a secure storage system (physical or digital). Verification organizations also must maintain copies of the most recent program documents and SCS communications regarding indicator interpretation and program updates.

- **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 signed by both parties, planning templates, field notes (paper or PDF), interview notes, closing meeting signature forms, internal review notes, any relevant appeal or dispute resolutions, client complaints related to C.A.F.E. Practices verifications and personnel, and documentation related to the ZT-CAP procedure (client contract, client ZT-CAP check plan, copy of completed ZT-CAP check report, and closing meeting signature form).
- **Results of verification organization audits by SCS:** VRS review reports, office audit reports, check audit reports and shadow audit reports.
- **Records of C.A.F.E. Practices verification personnel:** Verifier and inspector annually updated Curricula Vitae (CV) or resumes, rosters of training activities, C.A.F.E. Practices training attendance records (internal and external), internal observation reports, conflict of interest declarations, and confidentiality and non-disclosure agreements (CNDA).
- **Program documents:** Verifier and Inspector Operations Manual, Verification Organization Approval Procedure, Generic and Smallholder Scorecards, Field Notes, Verifier Guidance Updates (VGUs) and Verifier Reporting System (VRS) Verifier and Inspector User Manual. All program documents should be maintained in their current version. If there is uncertainty about whether the version of a given document is current, the verifier should refer to the SCS website, www.scsglobalservices.com/starbucks-cafe-practices.

SCS reserves the right to review this documentation during annual office audits and at any other point deemed necessary.

5.0 Qualification Requirements for Verification Organizations

SCS has identified eight main overlapping qualifications essential for all verification organizations to possess. The required qualifications are listed below. An explanation of each of these qualifications is required in the Verification Organization Application Form.

5.1. Accreditation

SCS will review the accreditation of each prospective organization on a case-by-case basis during the application review phase. While not a requirement of the C.A.F.E. Practices program, verification organizations can have a valid ISO 65, EN 45011, or other equivalent certificate of accreditation for conducting certifications and/or verifications within agricultural scopes.

5.2. Organizational Capacity

All new verification organizations applying for approval status must demonstrate sufficient organizational capacity to successfully fulfill all program requirements. Individuals or sole proprietors who are not working in partnership with a legally established organization are not eligible for approval status in the C.A.F.E. Practices program.

As part of the application process for new verification organizations, verifiers are required to describe the organizational structure as relevant to C.A.F.E. Practices activities, e.g., head office, responsible party for quality control, number of participating satellite offices, employees, and subcontractors. Verifiers must ensure that subcontracted inspectors adhere to the policies and procedures detailed in the C.A.F.E. Practices Verifier and Inspector Manual and in this approval procedure document.

Organizations must also demonstrate sufficient capacity in the number of personnel that will be responsible for verification activities. SCS requires a minimum one verifier and two inspectors per approved organization to receive limited and provisional approval. SCS requires an additional, secondary verifier before full approval can be granted to account for any issues that may require additional support in field inspections or internal review. To ensure that any issue can be addressed in the necessary timely matter, a secondary verifier approved by SCS should also be able to respond to any SCS communications in cases where the main verifier cannot respond. The secondary verifier or a lead inspector is required to review any reports for which the main verifier acted as an inspector.

5.3. Quality Management System

Verification organizations seeking approval in the program must demonstrate the implementation and maintenance of a Quality Management System (QMS). At a minimum, the QMS should include a designated quality manager for the office or organization, a quality manual, a document control procedure, an internal review procedure, an internal training procedure, an appeal and disputes procedure, and a record keeping procedure. The QMS will be assessed through the annual office audits.

5.4. Internal Review

Verification organizations are responsible for developing adequate internal controls and review procedures to ensure their verifiers and inspectors adhere to the verification procedures and policies detailed in the Verifier and Inspector Operations Manual. The Verifier Reporting System (VRS) allows verifiers to review reports submitted by their inspectors and request that their inspectors review their evaluations or make changes to the reports. SCS expects that all verification organizations will utilize an internal review process to ensure the quality and consistency of reports submitted to Starbucks in the VRS.

5.5. Internal Training

Each verification organization is responsible for providing sufficient training to inspectors on C.A.F.E. Practices and evidence of such training should be made available to SCS as part of the request for approval of new personnel. Internal introductory trainings must be completed prior to new inspector(s) or verifier(s) participation in an SCS annual C.A.F.E. Practices

training, or before receiving annual trainings internally. In such cases, internal trainings based on the most recent SCS-led annual training must also be given to new inspectors and verifiers prior to commencing work in the program. To maintain adequate qualifications within the organization, organizations are required to implement an annual internal training plan, including a performance review of the inspectors' fieldwork and report writing, for new and continuing inspectors, in order to identify any weaknesses and aspects to be improved in the organization's C.A.F.E. Practices personnel. The results of the organization's annual audits by SCS and other feedback from SCS shall be addressed during such trainings.

As part of an organization's quality monitoring and evaluation system, each approved inspector in the program must undergo an internal observation by a verifier or lead inspector during a verification for at least one full day of inspections, once every three years.

Verifiers are also charged with ensuring that all communications issued by SCS or Starbucks, as well as the content from the annual training conducted by SCS are distributed appropriately to all personnel working as inspectors carrying out C.A.F.E. Practices verifications. These communications include, but are not limited to, Verifier Guidance Updates, information on interpretation of indicators, updates or changes to program documents or procedures, and deadlines for completing fieldwork and submitting reports.

5.6. SCS-Led Trainings

All new verification organizations must undergo an introductory training to the program, conducted by SCS. For a verification organization to maintain approval status in the C.A.F.E. Practices program, participation in SCS annual trainings will be required by at least one verifier and one inspector per organization. SCS highly recommends, and at times may require, that verifiers, lead inspectors, and specific inspectors who conduct a high volume of work participate in SCS-led trainings at a minimum of every other year. Any inspector or verifier who did not attend the annual, or any other required training must receive equivalent internal training and successfully pass the associated exam on the timelines established by SCS before conducting any C.A.F.E. Practices verifications. The verifier is responsible for ensuring the ongoing training for inspectors, including on C.A.F.E. Practices program updates.

For additional information related to trainings, please see the C.A.F.E. Practices Auditing and Training Manual.

5.7. Personnel Records

SCS requests that verification organizations supply an annually updated roster of all internally (directly) and externally (subcontracted) employed inspectors, which include information on C.A.F.E. Practices internal or SCS training they have received. Hard or digital copies of these records should be maintained by verification organizations and made available for SCS review during annual office audits or on request by SCS. In addition, throughout the year organizations are required to submit CVs, copies of confidentiality agreements, conflict of interest declarations, and evidence of internal trainings for any new inspectors to SCS. SCS will review the materials and confirm whether the inspector can conduct work in the C.A.F.E. Practices program.

5.8. Adherence to Deadlines

Starbucks has implemented policies that more closely link the verification approval status of a coffee supply chain with purchasing relationships. For that reason, the timing when VRS reports are received may determine when coffee is purchased or shipped. Adherence to deadlines in the VRS, or as set by SCS, is integral to this timing. Organizations that continually fail to meet deadlines will face progressively stronger consequences, culminating in removal of approval to conduct work in the program. NCs may be issued if the organization does not (i) meet reporting deadlines and has not requested an extension; (ii) meet deadlines

to respond to NCs and has not requested an extension, and/or, (iii) request an extension in the established time-frame in the C.A.F.E. Practices Operations Manual.

Note that multiple NCs may be issued for the same application for continued failure to meet deadlines. See section 3.9 for escalation of consequences for multiple NCs issued for the same NC. See the C.A.F.E. Practices Verifier and Inspector Operations Manual for additional information on extension requests.

5.9. Appeals and Disputes Resolution

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.

Verification organizations must have written procedures (including identified personnel and timelines) and a designated reviewer or review committee for the resolution of complaints and appeals between C.A.F.E. Practices suppliers and the verification organization. The verifier must make available information about the procedures for submitting complaints and appeals. In cases in which a complaint or appeal cannot be satisfactorily resolved between the verification organization and the C.A.F.E. Practices supplier participant or applicant, the complaint or appeal is elevated to dispute status and referred to SCS for review. In the case of disputes, SCS will be the final mediating body for any outstanding discrepancies in indicator interpretation or procedural requirements.

Approved verification organizations are required to keep records of all complaints, appeals and disputes, and remedial actions relative to C.A.F.E. Practices, which will be inspected during annual office audits. For a more detailed discussion of the dispute resolution process, please refer to Section 7.0 of the Verifier and Inspector Operations Manual.

6.0 Qualification Requirements for Verifiers and Inspectors

Verification organizations must demonstrate sufficient education, training, and expertise on behalf of personnel to conduct verification activities. SCS reserves the right to request that certain personnel within an organization not participate in the C.A.F.E. Practices program if the requirements detailed below are not sufficiently met.

6.1. Requirements for Verifiers

The verifier is an organization's main point of contact for clients and SCS. The verifier is responsible for maintaining an organization's Quality Management System (QMS) as it pertains to the C.A.F.E. Practices program and for ensuring that verifications are carried out according to the requirements in the Verifier and Inspector Operations Manual. Verifiers are expected to conduct internal review of applications and send verification reports before the established deadline in the VRS to the client. Verifiers are also responsible for guaranteeing that members of the verification team receive sufficient training in the C.A.F.E. Practices

program. Fully approved verification organizations must have a minimum of two verifiers to address all verifier responsibilities and communications with SCS, and to properly maintain high workloads.

An individual must meet the following requirements to be eligible to be a C.A.F.E. Practices verifier:

- hold a university degree or five years of professional experience.
- have successfully participated in an ISO lead auditor training or internal training that covers equivalent content.
- have successfully participated in Quality Management System (QMS) training on quality processes specific to the organization.
- be present in the home office of the verification organization for over 60% of the year*.
- demonstrate experience in the agriculture field and certification/verification schemes; and
- demonstrate experience with coffee production.

** Secondary verifiers are not required to be present in the home office of the verification organization for over 60% of the year*

Verifier responsibilities include, but are not limited to, the following:

- maintaining the Quality Management System (QMS) of the verification organization for C.A.F.E. Practices.
- informing SCS on any updates impacting the organization's resources to successfully carry out verifications or respond to communications, like NCs, as per the timelines established by the program.
- informing SCS about any changes in personnel (see section 6.5 for detailed steps to obtain approval for new inspectors), including personnel changing or leaving their responsibilities in the C.A.F.E. Practices program.
- deliver internal trainings to new inspectors or personnel who did not attend the annual training conducted by SCS.
- conducting internal observations for new inspectors/verifiers.
- informing SCS of all potential or confirmed verifications in the C.A.F.E. Practices program.
- managing communications with clients to adequately set expectations for the verification around time onsite, worker interviews, document review, etc.
- managing pre-onsite planning process of all verifications according to the requirements in the Pre-Onsite Planning Checklist found in the Verifier and Inspector Operations Manual.
- addressing any supply chain discrepancies in a timely manner.
- ensuring that internal review is conducted of reports in the VRS.
- sending verification reports for all applications to the client before the deadlines established in the VRS.
- addressing appeals and disputes in a timely manner.
- ensuring that the verification process is completed, from initial contract through the submission of the application to Starbucks; and
- managing ZT-CAP procedures in a timely manner, including but not limited to communications with the client and SCS, review of Work Plans and ZT-CAP check reports, and submitting reports to Starbucks.

6.2. Requirements for Inspectors

Inspectors are expected to conduct C.A.F.E. Practices onsite verifications according to the appropriate program documents, and to complete reports to ensure that verifiers send verification reports prior to established deadlines to the client.

An individual must meet the following requirements in order to be eligible to be a C.A.F.E. Practices inspector:

- hold a technical degree or higher.

- have successfully participated in an ISO lead auditor and/or Quality Management System (QMS) training.
- demonstrate experience in or capacity for agriculture and certification/verification schemes; and
- demonstrate experience with coffee production.

Inspector responsibilities include, but are not limited to the following:

- Conducting onsite inspection activities during C.A.F.E. Practices verifications, including opening meetings, closing meetings, document review, worker interviews, and field observations.
- using the correct version of C.A.F.E. Practices program documents during the verification.
- accurately reporting all required information in the C.A.F.E. Practices field notes and VRS.
- maintaining timely communications with verifiers during verifications in order to address potential supply chain discrepancies.
- communicating with verifiers in a timely manner when VRS issues arise; and
- providing high-quality evidence for all evaluations.

6.3. Requirements for Lead Inspectors

It is necessary for the verifier to request approval for an inspector to be officially classified as a lead inspector. Once the request is granted, the verifier may create a verifier account for the lead inspector in the VRS.

An individual must meet the following requirements in order to be eligible to be a C.A.F.E. Practices lead inspector:

- fulfill all requirements of an inspector as listed above; and
- demonstrate broad experience in conducting C.A.F.E. Practices inspections.

Lead inspector responsibilities include the general responsibilities of an inspector as listed above but they are also enabled to support in general verifier responsibilities, including:

- conducting internal review of reports in the VRS.
- sending verification reports through the VRS.
- deliver internal trainings to new inspectors or personnel who did not attend the annual training conducted by SCS; and
- conducting internal observations for new inspectors/verifiers.

Support in verification activities is essential in verifications where the verifier acts as an inspector to ensure impartiality, as outlined in the Verifier and Inspector Operations Manual.

6.4. Verifier Attendance during SCS Shadow Audits

Every verifier is required to attend at least one day of an SCS shadow audit once every two years. For those organizations that conduct three or fewer verifications in a year, attendance every other year might not be feasible, and the timespan may be increased. In such cases verifiers will be required to attend a shadow audit whenever it may occur to ensure sufficient familiarity with the C.A.F.E. Practices program.

6.5. SCS Approval of New Personnel for Existing Approved Verification Organizations

New personnel must be approved by SCS before conducting work for C.A.F.E. Practices verifications, though they may shadow experienced inspectors for internal training purposes (inspectors must sign a confidentiality agreement with the organization before observing field

work). As stated in Section 3.8, subcontracting or contracting verification work to individuals not approved by SCS is grounds for suspension from the program.

Individuals who did not maintain their approval for at least one year and re-enter the program, regardless of affiliation with the verification organization, need to be considered new in the program and must comply with all approval requirements outlined in this document.

In order for approval to be considered for new personnel, verification organizations must submit to SCS up-to-date CVs, signed conflict of interest and confidentiality statements, evidence of internal trainings, and other documentation of eligibility requirements as is detailed in section 6.2 for each prospective inspector or verifier. SCS will conduct a review of the materials and confirm whether the inspector or verifier is approved to conduct verifications under observation based on their credentials. SCS will also need to approve a new verifier or lead inspector, even if that person was previously approved as an inspector.

After receiving the preliminary approval from SCS, the verifier can create an account in the VRS for the new personnel. In the case of lead inspectors this is a verifier account, with a “lead inspector” note under additional names.

Before carrying out any inspections, each new inspector or verifier should observe at least one full day of C.A.F.E. Practices inspections. Once an inspector or verifier is approved for fieldwork under observation, an approved verifier or a lead inspector must attend the opening meeting of their first verification and allow at least two full days for shadowing each new inspector or verifier in the field and providing feedback in order to ensure the new inspectors and verifiers have been provided adequate training and guidance and have implemented any feedback on the second day of their verification. If two full days cannot be done consecutively, then they should be observed during the number of inspections that are equivalent to two full days (see section 6.4.1 “Preparing the Verification and Inspection Plans” of the C.A.F.E. Practices Verifier and Inspector Operations Manual), before conducting any inspections on their own. This applies regardless of whether an SCS shadow audit is occurring concurrently, and regardless of whether the new team members have previously worked with another verification organization. Ideally, the new inspector or verifier will be observed while inspecting multiple entity types. If a verification organization is having difficulty meeting these requirements, the verifier should contact SCS to discuss options.

To finalize the process of approval for new inspectors or verifiers, the internal observation report must be sent to SCS within 10 business days of the internal shadow for confirmation that the inspector or verifier meets SCS requirements to conduct inspections independently and has received approval to do so by the verifier or lead inspector. The internal observation report should include as a minimum:

- Application ID(s)
- Dates and entities where the proposed inspector observed an inspection (if applicable)
- Dates and entities where the proposed inspector conducted inspections while being shadowed
- Name of verifier/lead inspector who conducted the internal observation and their signature
- Overview of activities observed (e.g., verification planning, document review, worker interviews, etc.), including evaluation of performance
- Outcome, recommendation, and areas for improvement

The new inspector or verifier should write the report in the VRS themselves and receive guidance on that process.

The internal observation requirement applies for both new inspectors and new verifiers. However, if an inspector becomes a verifier for the same organization, an internal observation

is not required. After approval, SCS highly recommends that new inspectors conduct their first verification(s) together as a team with more experienced inspectors, rather than independently.

6.6. SCS Approval of New Personnel for Newly Approved Verification Organizations

Verification organizations seeking approval in the program must submit all documentation listed in section 6.5 for SCS to review proposed verifiers and inspectors. After SCS has reviewed and approved the qualifications of the proposed personnel, SCS will create a VRS account for the main verifier, who will then create a VRS account for other verifiers and inspectors that SCS approved for conducting verifications under observation. Verifiers and inspectors for newly approved organizations are not required to observe verifications before conducting their first verification. During the organization's first verification, the verifier is required to conduct an internal shadow observation for the proposed inspector(s). After the first verification conducted by the organization, the requirement to observe at least one day of inspections will apply to other new inspectors seeking approval. Internal shadow observation for verifiers by another verifier or lead inspector will only be required as a condition for full approval. In some cases, SCS may consider an SCS shadow conducted on inspectors or verifiers as a fulfillment of the internal shadow requirement, upon request by the verifier.

6.7. Inspectors Working for Multiple Verification Organizations

It is possible for inspectors to be approved as inspectors for different verification organizations at the same time as long as each organization has conducted an internal training and completed internal observation requirements, to guarantee that the inspector is trained on the organization's own quality systems and controls. Each organization is responsible for its inspector's approval and quality of work.

Verifiers may not work as verifiers or inspectors for more than one verification organization.

7.0 Code of Conduct

7.1. Confidentiality

SCS treats all information received from verification organizations, C.A.F.E. Practices participants, and all other parties involved in the C.A.F.E. Practices program as confidential. By doing so, SCS aims to protect the confidentiality of all information pertaining to verification reporting and status in the C.A.F.E. Practices program. At no time will SCS intentionally disclose information to outside parties regarding verification reports, a supplier's validity status in the program, or the performance of verification organizations in the program unless first authorized to do so by Starbucks and all other interested parties.

Verification organizations, including subcontracted inspectors, are also required to operate under strict confidentiality agreements with their clients. Contracts with clients seeking verification services must include a clause explaining the contracted verification organization's policy on confidentiality. All personnel conducting C.A.F.E. Practices verifications must sign stand-alone confidentiality and non-disclosure agreements. Evidence of these documents is requested during annual office audits performed by SCS.

7.2. Conflict of Interest

Any organization seeking approval in the C.A.F.E. Practices program must demonstrate that it does not have a conflict of interest that would prevent it from conducting work in the program. A conflict of interest may exist if the organization, individuals within the organization, or immediate family members of individuals within the organization: (i) has had any commercial

interest in the supply chain(s) to be assessed, or provided any independent consulting services to the supply chain(s) or supply chain representative(s) to be assessed, within the three year period prior to the verification or re-verification project taking place; or (ii) has any commercial interest in a direct competitor of the supply chain or supply chain representative undergoing verification.

SCS will request a declaration of all conflicts of interest or potential conflicts of interest at the time of application to the C.A.F.E. Practices program. Conflict of interest declarations must be updated annually or by request from SCS at any time by all organizations either with limited, provisional, or full approval in the program.

If suppliers request the services of the verification organization for pre-verification assessment or trainings on the program, verification organizations must refer them to Starbucks' Farmer Support Center.

7.3. Corruption and Bribery

A bribe is defined as any money, favor, or gift given or promised in order to influence the judgment or conduct of a person in a position of authority. Giving or receiving bribes or kickbacks of any kind will not be tolerated. Verification organizations and their representatives might be offered gifts (i.e., bags of coffee, articles of clothing, liquor, or other products), souvenirs, meals, or entertainment. It is SCS policy not to accept such offerings. It is also SCS' expectation that verification organizations and their representatives do not accept these offerings. A client may pay for a meal that the organization would have billed the client for, assuming the cost is not in excess of the appropriate per diem rate. For example, the cost should not exceed the average cost in the local area. Other considerations that may need to be weighed include cultural expectations or industry considerations. In any case, verification organizations must inform SCS on receipt of any offer extended by a client that the verification organization perceives may have had a corrupt intent.

Verification organizations must have in place appropriate Anti-Bribery and Anti-Corruption controls including:

- a policy including a prohibition of the receipt of anything of value from a third-party (i.e., client or any other party contracting services from the verification organization).
- annual training to all inspectors and verifiers including red flags, suggestions for addressing potential bribery and reporting expectations.
- regular communications to all employees regarding bribery issues and reporting expectations.
- a reporting mechanism for incidences of bribe offers or requests; and,
- an internal procedure for investigating reports of bribe offers or requests.

Starbucks and SCS are committed to doing business with all parties in a fair and honest way, consistent with Starbucks Standards of Business Conduct and the SCS Auditor Code of Conduct. All individuals at a verification organization that perform work in the C.A.F.E. Practices program must be familiar with the verification organization's policies regarding corruption and bribery. In addition, verification organizations must comply with any and all regional and national laws and regulations related to bribery and corruption.

Any organization or individual wishing to report a suspected incident of corruption or bribery should email cafepactices@scsglobalservices.com and EthicsAndCompliance@starbucks.com. All reports will be treated with confidentiality and in accordance with whistleblower protection.

8.0 Appeals and Disputes

Verification organizations may appeal findings reported by SCS in audit reports or a suspension or restriction decision. SCS will review the appeal and provide responses to clarify the evaluation or decision, or make any changes if errors were encountered. Depending on the type of document shared with the verification organization, an updated audit report, Non-Conformity Report, or approval letter will be shared with the verifier. If the verifier is still in disagreement with SCS based on the response to the appeal and/or requests to submit additional evidence, the appeal will be elevated to a dispute. SCS will contact Starbucks to initiate the dispute resolution process by sending an email to CAFEprac@starbucks.com, copying the verifier. The communication will include details regarding the appeal and the reason why SCS could not resolve it. The final decision for disputes between verification organizations and SCS resides with the Starbucks Review Committee.

If a verification organization wishes to place a formal complaint with the SCS Complaints Department, they should use the “Comment/Complaint submission form” available from the SCS website, <http://www.scsglobalservices.com/your-feedback>.