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1.0 Introduction

The Cocoa Practices evaluation criteria define critical social, environmental, economic, and quality aspects of growing, processing, and selling the cocoa that comprises cocoa powder and other cocoa products sold to Starbucks. The evaluation criteria represent the standard contained in the “Cocoa Practices Evaluation Guidelines” and the specific indicators contained in the “Cocoa Practices Scorecard”. Modeled after Starbucks C.A.F.E. (Coffee and Farmer Equity) Practices for coffee production, the Cocoa Practices evaluation criteria were developed with extensive consultation with environmental and labor organizations, the cocoa industry, farming experts and independent verification organizations. Scientific Certification Systems (hereafter referred to as “SCS”) functions to continually develop and provide independent oversight of the third-party verification system used in Cocoa Practices.

Producers, producer organizations and suppliers, who together form cocoa supply chains, are evaluated against the Cocoa Practices evaluation criteria by third-party verification organizations, hereafter referred to as “verification organizations.” Within verification organizations, “verifiers” are those personnel responsible for ensuring the quality of Cocoa Practices reports submitted to Starbucks and serve as the main point of contact for all communication with SCS. “Inspectors,” working with verification organizations, are responsible for carrying out field inspections and completing reports in the Cocoa Practices database, activities representative of significant aspects of the verification process. The different roles assigned to both verifiers and inspectors provide a quality control and internal review mechanism necessary to ensuring accurate and rigorous reporting in the Cocoa Practices program.

Cocoa Practices requires that each component of the supply chain meet the minimum economic, social, and environmental requirements of the Cocoa Practices evaluation criteria. The environmental and social profile of Cocoa Practices applicants is then reported to Starbucks Coffee for review and status assignment. Only applicants that have the socio-environmental profile of their supply chain(s) independently assessed by an approved verification organization can qualify to become a supplier under Cocoa Practices.

The Cocoa Practices Scorecard contains more than 200 specific indicators that fall under six subject areas: product quality, economic accountability (transparency), internal control systems, organizational stability, social responsibility, and environmental stewardship in cocoa growing and processing. The indicators are ranked in a progression of practices from a base of required performance to more progressive or ‘best practices’, and are structured in such a way to promote continuous improvement. While minimum performance levels are required, suppliers are encouraged to reach the highest level of performance possible and to demonstrate continuous improvement from year to year.

This manual is intended to guide your implementation of the Cocoa Practices guidelines throughout your supply chains, prepare for independent verification and provide feedback to Starbucks to improve the overall functioning of the Cocoa Practices program.

Suppliers should read the Cocoa Practices Evaluation Guidelines and Scorecard before reviewing this manual to understand the program criteria and scoring systems. Cocoa Practices documents can be found at http://www.scscertified.com/retail/rss_starbucks_cocoa_practices.php.
2.0 Reference Documents


2.2 Cocoa Practices Scorecard V1.3: Provides the indicators against which the entities undergoing verification are evaluated.

2.3 Cocoa Practices Supplier Application Form: Application forms for all entities in the supply chain of the applicant supplier. This includes supplier facilities, producer organizations and farms.

2.4 Supplier Operations Manual V1.2: Provides the suppliers participating in Cocoa Practices with information about applying to Cocoa Practices, and implementing the guidelines to prepare for verification.

3.0 Cocoa Practices Program Terminology

3.1 Aggregate Score: The total (summed) score associated with a supply chain scoring profile. Each scoring profile is associated with a unique, defined supply chain. The maximum possible aggregate score is 100 points. A supplier may apply for and receive a scoring profile and aggregate score for more than one unique, defined supply chain.

3.2 Agrochemicals: Synthetic substances used to control competition from other organisms (e.g. pesticides and herbicides), and to provide crops with the nutrients necessary to compensate for lack of soil fertility (fertilizers).

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

3.4 Applicant: Applicants are those entities that submit an application to Starbucks Coffee Company to initiate involvement in the Cocoa Practices program.

3.5 Approval Procedure: The procedure through which SCS reviews an applicant verification organization’s credentials, independence, and organizational capacity to carry out Cocoa Practices inspections. Pending a satisfactory application submitted by an applicant verification organization and participation in a training workshop, SCS will grant provisionally approved status for six months or until such time that the organization is able to carry out verification work. Fully approved status will be granted pending an SCS check or shadow audit of inspectors and review of reports submitted for verifications of the first three supply chains undertaken by the provisionally approved verification organization.

3.6 Areas of high ecological value: Areas that possess one or more of the following attributes:
- Contain globally, regionally or nationally significant concentrations of biodiversity;
- Are in or contain rare, threatened or endangered ecosystems;
- Provide basic ecosystem services (e.g. watershed protection or erosion control) in critical situations;
- Are fundamental to meeting the basic needs of local communities (e.g. subsistence or health);
- Are critical to local communities’ traditional cultural identity (areas of significance identified in cooperation with such local communities).

3.7 Biological Diversity: The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems.

3.8 Buffer zones: In protecting critical ecological areas, the buffer is an area of land (typically comprised of native vegetation) that reduces the impacts of adjacent activities on the critical area.
3.9 **Canopy cover**: The multiple stories of foliage in a stand of trees or shrubs, in particular the uppermost continuous layer of branches and foliage.

3.10 **Conservation Emphasis Areas**: Defined areas of the farm where conservation of ecological resources is the primary objective. Cocoa harvesting is permitted in a conservation emphasis area as long as it does not interfere with conservation goals. In other words, cocoa can continue to be cultivated as long as the ecological value that is the focus of the conservation emphasis area is maintained.

3.11 **Criteria**: Specific quality, economic transparency, organizational stability, internal control, environmental, and social requirements that form the third hierarchical layer of the Cocoa Practices evaluation criteria.

3.12 **Desk Audit**: The process of remotely reviewing a verification report completed by a Cocoa Practices verification organization.

3.13 **Dispute**: An appeal that cannot be satisfactorily resolved by the verification organization or one that requires SCS resolution, such as in cases where interpretation of criteria is contested, where an appeal is submitted after reports are approved, or other exceptional cases.

3.14 **Dispute Resolution**: The process through which points of contention between Cocoa Practices stakeholders (producers, producer organizations, suppliers, verification organizations, SCS and Starbucks) are resolved.

3.15 **Ecosystem**: A community of plants, animals, and their physical environments, functioning together as an interdependent unit.

3.16 **Endangered species**: Any species that is in danger of extinction throughout all or a significant portion of its range.

3.17 **Evaluation criteria**: A generic term used to refer to the standard subject area criteria and indicators included in Cocoa Practices Evaluation Guidelines and Scorecard.

3.18 **Field audit**: The process of checking the veracity of Cocoa Practices verification procedures by conducting inspections at the producer, producer organization and/or supplier level.

3.19 **Inspection**: The on-site evaluation of an individual Cocoa Practices entity against the Evaluation Guidelines and the Scorecard.

3.20 **Inspector**: An individual who conducts Cocoa Practices verifications for a verification organization.

3.21 **Internal Control System**: Monitoring and assistance mechanisms used by a supplier or producer organization to oversee and support cocoa producers in their network.

3.22 **IUCN red list**: A system designed to determine the relative risk of extinction, and to catalogue and highlight those taxa that are facing a higher risk of global extinction (i.e., those listed as Critically Endangered, Endangered, and Vulnerable). Available at [http://www.redlist.org/](http://www.redlist.org/).

3.23 **Large farm**: Any farm with 50 hectares or more (≥50ha) in cocoa production.

3.24 **Local laws**: Includes all legal norms given by governmental entities whose jurisdiction is less than the national level, such as departmental and municipal laws, as well as customary norms.

3.25 **Medium farm**: Any farm with 12 to 49.9 hectares (12 ha < farm < 50 ha) in cocoa production.

3.26 **Native species**: A species that occurs naturally in the region.

3.27 **Non-Conformity**: SCS may issue Non-Conformities to provisionally approved and fully approved verification organizations. Non-Conformities identify an area for improvement in relation to a verification organization’s procedures specific to work in Cocoa Practices and are issued because of periodic desk audits of reports, annual office audits of a verification organization’s office(s), and periodic field audits.

3.28 **Office audit**: An SCS evaluation of a Verification organization’s overall quality system and adherence to Cocoa Practices procedures.

3.29 **Organic**: An integrated system of farming based on ecological principles, that replenishes and maintains long-term soil fertility by optimizing conditions for biological activity within the soil, rather than through the application of agrochemicals.

3.30 **Pesticides**: The range of herbicides, insecticides, fungicides, rodenticides, nematicides and hormones that are used in cocoa growing.

3.31 **Prerequisite Criteria**: The unscored criteria (product quality) outlined in the evaluation criteria that must be met in order to participate in Cocoa Practices.

3.32 **Principle**: The middle or second hierarchical level of the evaluation criteria that provide elaboration or the Subject Areas criteria.
3.33 **Producer (Farmer):** Farmer that cultivates cocoa trees for the purpose of harvesting cocoa beans. These beans are subsequently processed into dry cocoa beans that are sold to traders, producer organizations, or exporters.

3.34 **Producer Organization (PO):** An entity that organizes, facilitates, and/or collects and delivers cocoa from farms and provides support to farmers. POs are primarily found in smallholder supply networks (i.e. formal or informal associations, cooperatives, federations, etc). POs may also operate processing (fermenting, drying, sorting) facilities.

3.35 **Productive area:** All land on a farm used to produce cocoa. Area set aside explicitly for conservation purposes should be counted as conserved area. Non-productive area is the total area set aside for conservation and other uses (e.g. worker housing, waste areas, recreational use).

3.36 **Provisional Approval:** Provisional approval is granted to applicant verification organizations that submit an application, attend an SCS-approved training, and successfully complete an initial desk review and interview(s) conducted by SCS. Provisional approval allows verification organizations to engage in verification activities with up to three applications (supply chains).

3.37 **Qualitative evidence:** Written evidence in Cocoa Practices verification reports gathered through the three key qualitative methods – worker interviews, document review, and direct observation – that support an inspector’s evaluation of an indicator as Comply, Not Comply, or Not Applicable.

3.38 **Quantitative evidence:** Objective evidence that pertains to quantities or numbers, for example coversheet data such as farm area, total production, premium payments, and number of workers.

3.39 **Scientific Certification Systems (SCS):** A third-party evaluation, certification and auditing firm that is charged with providing oversight, training, support, and approval of third-party organizations carrying out verifications against the evaluation criteria. SCS also works with Starbucks Coffee Company in the design and improvement of the Cocoa Practices program.

3.40 **Score:** The numerical index demonstrating the degree of conformance to any of the scored criteria found in the Cocoa Practices Scorecard.

3.41 **Shadow audit:** The process of evaluating a verification organization’s conformance with Cocoa Practices procedures by an SCS auditor. The auditor accompanies and observed verifiers and inspectors during on-site inspections of Cocoa Practices entities.

3.42 **Small farm:** Any farm of less than twelve (<12ha) hectares in cocoa production.

3.43 **Starbucks Support Center (SSC):** Headquarters of Starbucks Coffee Company, Seattle, Washington, United States of America.

3.44 **Stratified semi-random sampling:** The sampling approach that dictates that one portion of the sample is selected randomly while another is selected based on farm attributes.

3.45 **Subject Area:** The highest hierarchical level of the Cocoa Practices evaluation criteria. Subject Areas are further elaborated by Principles which, in turn, are further elaborated by criteria.

3.46 **Supplier:** Entities that enter direct contractual supply agreements with Starbucks Coffee Company to sell cocoa. Suppliers may have several sites and can include processing facilities in the country of origin.

3.47 **Supply Chain:** In cocoa, the steps and links in the production of cocoa that connect cocoa producers to exporters. In other words, the characterization of how the cocoa moves from farm to supplier. In some cases, a supply chain may also be known as a supply network.

3.48 **Threatened species:** Any species that is endangered or is likely to become endangered within the foreseeable future throughout all or a significant portion of its range.

3.49 **Verification:** The independent evaluation (inspection) and reporting process through which conformance with the Cocoa Practices evaluation criteria are met.

3.50 **Verification organization:** A third party organization, approved by SCS, that assesses cocoa supply chains against the Cocoa Practices evaluation criteria.

3.51 **Verifier:** The designated representative(s) from an approved verification organization responsible for training inspectors, audit planning, internal review of reports, and handling communications with SCS and the Starbucks Coffee Company.

3.52 **Water body:** Refers to any natural water body, including ponds, lakes, streams, springs, rivers, wetlands, or other areas that ordinarily (permanent) or intermittently (temporary) contain water.

3.53 **Workers:** The general term designating full-time, part-time, and temporary/seasonal personnel working in cocoa growing and processing operations.
In order to ensure consistent reporting procedures, verifiers should define and classify workers based on the worker classifications utilized by Cocoa Practices regardless of country-specific legislation pertaining to worker classification. This will ensure that workers are consistently classified and supply chains are accurately scored across different regions and countries.

3.53.1 **Permanent/Full-time** workers are those who are employed on an ongoing basis for the full workday.

3.53.2 **Part-time** workers are those who are employed on an ongoing basis for a set number of hours that is less than full-time, or are hired on an ongoing basis for specific tasks.

3.53.3 **Temporary/Seasonal** workers are those who are hired to work during the harvest, both on a full and part-time basis. Workers paid by productivity or by task should be classified as temporary/seasonal.

3.54 Zero tolerance: Specific indicators in the Cocoa Practices evaluation criteria that require compliance for participation in Cocoa Practices.
4.0 Program Agreement and Prerequisites

4.1 Terms of Program Agreement
Please review and confirm that the terms listed below are the same as the terms of your commercial contract with Starbucks. If there are discrepancies between the information below and the terms of your commercial contract, or if you have questions, please contact cocoacsr@starbucks.com.

<table>
<thead>
<tr>
<th>STARBUCKS COCOA PRACTICES</th>
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</thead>
<tbody>
<tr>
<td><strong>% REQUIRED COMPLIANCE</strong></td>
</tr>
<tr>
<td>Year One</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<td>Year Two</td>
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<tr>
<th>SCOPE</th>
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<tbody>
<tr>
<td>Cocoa Practices must be applied to all cocoa purchased by Starbucks from your company unless otherwise stipulated in your contract. Pricing to be determined in particular contracts.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>VERIFICATION</th>
</tr>
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<tbody>
<tr>
<td>Year One</td>
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<td>Year Two</td>
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4.2 Prerequisites
The two subject areas of **Product Quality** and **Economic Accountability** are required compliance areas for Cocoa Practices. These subject areas form the foundation for the Cocoa Practices program and, as such, are prerequisites to participation. Supply network entities will be evaluated on these prerequisites to verify compliance but the evaluation is not combined with the scored subject areas. Applicants/Suppliers should review the Cocoa Practices Evaluation Guidelines to understand these two subject areas.
4.2.1 Product Quality

Product quality will vary by contract for processed cocoa and chocolate products as Starbucks does not purchase cocoa beans. Quality of processed cocoa and chocolate products will be approved by your Starbucks procurement contact, not by Cocoa Practices verification. Suppliers’ export facilities for cocoa beans in origin countries will be audited to confirm that the cocoa beans meet the highest industry standards for quality in that origin country. These standards will be agreed to in the contract between Starbucks and the Applicant. Storage conditions will be verified at each facility in supply network with significant storage volume of Cocoa Practices cocoa beans.

4.2.2 Economic Accountability

Key elements of Cocoa Practices are the prerequisites for financial transparency, equity and viability. Applicant/Suppliers must be able to track and provide proof of payments and their equitable distribution throughout the supply chain to cocoa producers. Please be prepared to provide economic transparency documentation to the Verifier for the cocoa used in the processing of the most recent cocoa or chocolate product delivered to Starbucks. The report you prepare for verifier should be submitted with coherent, complete and understandable support documentation. This documentation will include copies of documents such as purchasing contracts between entities, invoices between entities, liquidations or payment receipts issued to producers, etc. The report will include a clear explanation of how the FOB price and any Cocoa Practices premiums translate down to the purchase of wet or dry cocoa beans from the producer.

Please note: The Applicant will maintain the documents for Cocoa Practices payments in the facility that is audited during verification. The Applicant is not expected to house the entire document trail for payments throughout complex supply networks, however each entity in the supply network must be able to demonstrate a transparent system of payments, including any payments associated with the Sustainability Premium, to the Verifier.

Information on financial transactions and costs of operations/production may also be submitted through an independently audited statement that shows a breakdown of costs and assurance that the Applicant has processes to document and track payments to producers. This report must be complete and ready for review by the Cocoa Practices Verifiers at the time of audit. If the audited report does not include support documentation, Starbucks reserves the right to request additional support documentation. If you have further questions regarding the Economic Accountability section, please contact cocoacsr@starbucks.com.

5.0 Cocoa Practices Application Process

5.1 Supply Chain Information

Applicants should complete the application form describing all entities in their supply network. This information will provide the baseline information about the Applicant’s supply network for subsequent years in the Cocoa Practices program. The work of completing the application should help Applicants and Suppliers identify any gaps in available information on supply chain entities.

- **Understand your Supply Network and Confirm that it is fully identifiable**
  Applicants and Suppliers must be able to identify their supply chain as well as to demonstrate how identity is preserved from farm to processor to supplier. Please use the Cocoa Practices application to list all entities in your supply network for Cocoa Practices cocoa. Applicants should understand and be able to illustrate their entire supply chain,
comprising all participants including Suppliers, Producers, Producer Organizations, Traders and any other Suppliers. It may be helpful to create a diagram of your Cocoa Practices supply network for Verification planning and for the Economic Transparency document requirements.

- **Review Criteria designations and scoring system**
  It is critical to understand the tiered nature of the Cocoa Practices guidelines as you create an implementation plan for your supply chain. The guidelines are divided into several categories which enables participants to meet the minimum requirements while developing a plan of continuous improvement over the long term. Each Cocoa Practices indicator will be scored by Verifiers as Comply, Not Comply or Not Applicable. There are two special designations for indicators: Zero Tolerance Indicators and Criteria Requirement Indicators.

  **Zero tolerance indicators:** All zero tolerance indicators must receive Comply in order to participate in Cocoa Practices. A “not comply” in any of the Zero Tolerance indicators results in a score of 0 for that criterion and non-approval in the program. Criteria that include zero tolerance indicators: SR-HP1, SR-HP4, SR-HP5, SR-HP6, and SR-WC1.

  **Criteria requirement indicators:** All indicators labeled ‘criteria requirement’ within a criteria must receive Comply. A rating of “not comply” with any of the criteria requirement indicators results in a score of 0% for that criterion.

- **Create Outreach Plan for Supply Chain Partners**
  Below are suggested action items as you create a plan to communicate to the entities in your supply network about the Cocoa Practices program.

  **Explain the purpose of Cocoa Practices:** Cocoa Practices has been created to help assess, encourage and reward cocoa producers, producer organizations, traders and suppliers to implement sustainable practices today in order to ensure the long-term future of the global cocoa community. The guidelines can be integrated into existing ethical sourcing and quality programs for maximum impact.

  ➤ **Distribute Cocoa Practices Tools to Supply Chain Partners**
  Applicant should provide copies of all relevant program documents (see list in Reference Documents) to the entities in their supply network. These tools are intended to assist in the implementation of Cocoa Practices but their use is optional. Producer Organizations should decide which tools will be most helpful to the Producers involved in the Cocoa Practices program.

  ➤ **Begin Cocoa Practices Self-Evaluation**
  Applicants, Suppliers and the entities in the supply network should begin assessing their compliance with Cocoa Practices as soon as possible. Suppliers can use the Scorecard Booklets as workbooks to conduct a thorough examination of their operations to gauge how they would perform during a third-party audit as well as to highlight areas for improvement prior to verification. The process of self-evaluation serves three key functions: 1) it helps Suppliers, Producer Organizations and Producers prioritize areas in need of improvement, and 2) the process of filling out a self-evaluation helps prepare for an audit by an approved verifier, and 3) facilitates the understanding of the zero tolerance and criteria requirement indicators.

  ➤ **Assist Supply Chain Partners to prepare for third party audit**
  Below are several action items for Suppliers as they communicate with Producer Organizations about the Cocoa Practices Verification process.
• **Understand which subject areas of the Guidelines apply to each entity:**

*Producers* will be appraised against the Social Responsibility (Producer) and the Environmental Stewardship – Cocoa Growing (Producer) criteria.

*Producer Organizations* will be evaluated against Internal Control, Organizational Stability, Social Responsibility (Producer Organization), Environmental Stewardship – Cocoa Growing (Producer Organization), Environmental Leadership – Cocoa Processing criteria.

*Applicant/Supplier and Trader Facilities in the country of origin*, based on the structure and extent of their trading operations, will be assessed against the Internal Control, Social Responsibility (Producer Organization), Environmental Stewardship – Cocoa Growing (Producer Organization), Environmental Leadership – Cocoa Processing criteria. (See Cocoa Practices Generic Evaluation Guidelines)

• **Training:** Applicants/Suppliers may want to provide pre-training on what the verification process means to the Supplier, their Workers, Producer Organizations and Producers by reviewing the objectives and content of the Cocoa Practices guidelines.

• **Economic Transparency documentation:** Applicant should confirm that the entities listed in their application (e.g. Traders, Producer Organizations, and Producers) are prepared to demonstrate to the Verifier how payments are documented throughout their supply chain.

### 5.2 Cocoa Practices Application Checklist

Please use this checklist to keep record of the steps related to Application process.

✓ **Cocoa Practices Application**

**DATE SENT: ______________**

Fill out the Cocoa Practices Application (see Reference Documents). It is essential to complete all fields accurately and to include all farms, traders, producer organizations, buying and processing centers, and warehouses in your supply chain for Cocoa Practices cocoa. In the case of large smallholder networks, the producer organizations (POs) should submit copies of their producer lists to supplier who can enter these lists into the application and provide these to the verifier during audit. POs should only list those producers participating in the Cocoa Practices program. Submit application via email to: cocoacsr@starbucks.com

If necessary, hard copies can be sent via postal mail to:

Starbucks Coffee Company  
2401 Utah Avenue So.  
Mailstop: S-SR1  
Seattle, WA 98134  
Attn: Pablo Ramirez
✓ Cocoa Practices Identification Numbers Received from Starbucks

DATE RECEIVED: _______________

Once your application has been processed by Starbucks, your application and each entity in the supply network will be assigned a Cocoa Practices unique identification number. The purpose of these numbers is to maintain consistency throughout the verification process among Starbucks, suppliers and verifiers. Entities will maintain their identification number throughout their participation in Cocoa Practices to track continuous improvement. Please reference the application identification number in all future Cocoa Practices correspondence.

✓ Complete Cocoa Practices Self-Evaluation

DATE COMPLETED: _______________

✓ Secure a Cocoa Practices – Approved Verifier

DATE OF CONTRACT: __________

✓ PROPOSED DATES OF VERIFICATION: _____________________________

Applicants/Suppliers must contact a Cocoa Practices Verifier to establish a relationship for future verification under Cocoa Practices. The completed Self-Evaluations will be helpful tools for discussing next steps with approved verifiers. Verification may not start until the Applicant has received the Cocoa Practices Identification Numbers from Starbucks. The list of approved Cocoa Practices Verifiers is available from cocoacsr@starbucks.com

6.0 Verification Process

Verification is a third-party process that determines performance against the Cocoa Practices Guidelines, as measured through a scoring process conducted by an Approved Cocoa Practices Verification Organization. The following is a synopsis of the verification process. The costs associated with the verification process are the responsibility of the applicant wishing to attain and/or maintain status as a supplier under Cocoa Practices, unless alternate arrangements are made in your Starbucks contract. Only approved Verification Organizations are authorized to conduct the Cocoa Practices verification and field audit. A complete list of approved Cocoa Practices Verification Organizations is available on the SCS website, http://www.scscertified.com/retail/starbucks_approved_verifiers_cocoa_practices.php.

6.1 Frequency of Verification

To maintain a Cocoa Practices status, applicants that represent complex supply networks must undergo an annual verification by an approved verifier and keep their numerical rating above the defined minimum required scores. Warehouses and buying/processing facilities within a complex supply network need to be evaluated at least once every three years. Cocoa Practices scores are valid for the crop year in which the field visit took place and Cocoa Practices status will be valid for the time period indicated on the award letter.

6.2 Timing of Verifications

Verifications may be initially conducted at any time during the course of a calendar year but if an initial verification does not take place during the main harvest, the subsequent verification shall take place during the main harvest. Thereafter, verification should occur during the main harvest every other year, except in supply chains where one or more Zero Tolerance indicators were
evaluated as Not Comply. Should a buying or processing facility be evaluated during non-operational times, it is required to be verified the following year during operations, rather than the usual once every three year evaluation requirement.

6.3 Initiating Verification

Developing work plan
Be prepared to fully describe and characterize the supply chain, and to illustrate farm operations and conditions for the Verifier. Have a copy of the Cocoa Practices application to help the Verifier determine the scope and sample size for the Verifier’s Review.

Bids for Service
Suppliers who have an approved application are eligible to participate in Cocoa Practices and should solicit bids for verification services referencing the approved verification organization list. Verification organizations are authorized to provide bids only for those applicants who have satisfied the program prerequisite regarding quality. Applicants/suppliers must provide verification organizations with a copy of the confirmation letter from Starbucks, which confirms that their application for participation in the program has been approved.

Contracts between suppliers and verification organizations should only be developed once the above steps have been taken. To strengthen the independence and impartiality of the verification process, **suppliers may contract the same verification organization for no more than two consecutive verifications. Every third verification suppliers must select a different verification organization.** Any questions regarding this policy should be sent to Starbucks at cocoacsr@starbucks.com.

Contract for Services
Once the Applicant/Supplier has selected a Cocoa Practices-Approved Verifier, they should receive a Contract of Services from their Verifier detailing the following information:
- Scope of the Verification
- Timeline for reporting
- Cost of the Verification
- Information Disclosure and Confidentiality
- Conflict of Interest

6.4 On-site Activities

During the on-site verification activities, entities will be evaluated against the Cocoa Practices Scorecard as follows:

**Producers** will be appraised against the Social Responsibility (Producer) and the Environmental Stewardship – Cocoa Growing (Producer) criteria.

**Producer Organizations** will be evaluated against Internal Control, Organizational Stability, Social Responsibility (Producer Organization), Environmental Stewardship – Cocoa Growing (Producer Organization), Environmental Leadership – Cocoa Processing criteria.

**Suppliers and Trader Facilities**, based on the structure and extent of their trading operations, will be assessed against the Internal Control, Social Responsibility (Producer Organization), Environmental Stewardship – Cocoa Growing (Producer Organization), Environmental Leadership – Cocoa Processing criteria.

(See Cocoa Practices Evaluation Guidelines for additional detail)
A. Application and ID Numbers to Verifier
   Once Applicants/Suppliers have finalized their Contract for Service and have scheduled an on-site visit with the Verifier, please provide your Starbucks Cocoa Practices Application & Supply Chain ID numbers to the Verifier.

B. Initial meeting
   The Verifier will schedule an initial meeting to discuss, explain and set expectations for the actual verification. The Applicant/Supplier will be able to ask questions regarding any and all phases of the Verification Process at this time.

C. Office Visit with Applicant/Supplier
   The Verifier will ask questions regarding structure of the supply chain, economic transparency information and geographic locations of participating producer organizations, traders, warehouses, etc.

D. Office or Farm Visits with each Participating Entity
   The Verifier will ask questions regarding services provided to producers, economic transparency, farm management and farm operations. At this time, the Applicant/Supplier will want to review a map of the farms participating in Cocoa Practices and discuss appropriate areas for the Verifier to visit during the verification.

**Understand the role of management during verification:** Producers and Producer Organizations should be prepared to assist the Verifier to ensure a smooth and thorough verification process. For farms operating with hired labor, farm managers and owners may accompany verifiers during the verification visit, but are not to be present during worker interviews. Additionally, while the cooperation of producers and producer organization management is essential for a smooth verification, verifiers determine which areas of the operation will be visited during the course of the audit.

**In farms operating with hired labor, Farm Managers should explain Cocoa Practices to their workers,** including advising them of the verification process so they understand the purpose of verification as part of Cocoa Practices and so that workers may respond to Verifier’s questions openly and honestly without fear of retribution.

6.5 Closing meeting and Final Scores

**Closing Meeting**
   The Verifier will deliver initial results of the visit during a closing meeting with the Applicant /Supplier, at which time the Applicant/Supplier will have the opportunity to discuss areas of concern and ask questions. This is an important step in the verification process to ensure that all necessary documentation and sites have been visited to set expectations for scoring. This step helps to reduce disputes and provides increased transparency to the process.

**Cocoa Practices Verifier Report and Scores**
   The Verifier will send an official copy of a Cocoa Practices Verification Report to Starbucks for review and a copy to the Applicant. It is required that verifiers submit reports directly to Starbucks; if reports are received from any other entity, they will not be accepted. The Applicant will receive an email from Starbucks confirming receipt once they receive the official Verifier’s Report. Starbucks will then send a draft reports for their specific offices and processing facilities (if applicable) to the supplier for approval. The supplier is required to submit approval of their reports in writing to Starbucks within 10 business days.

**Cocoa Practices Final Score and Award Status**
   Starbucks will determine the Applicant’s overall Cocoa Practices score and award status level. (The Verifier is solely responsible for providing scores for the Verification visit. The Verifier is not
responsible for granting overall Cocoa Practices scores and premium levels.) The Applicant will receive a Cocoa Practices Award letter from Starbucks which will document the Applicant’s official score.

6.6 Sustainability Premium

Starbucks continues to collaborate with key stakeholders in the cocoa sector to improve farmers’ livelihoods and help drive sustainability at the source. As part of this commitment, individual producers may be eligible for a Sustainability Premium (to be determined by Starbucks) based on their performance in the Cocoa Practices program. The intent of the Sustainability Premium is to promote reinvestment in the supply chain towards continual improvement of sustainability objectives, as defined by the Cocoa Practices Scorecard.

Transparent and accurate payment of the Sustainability Premium will be included in the verification scope of any supply chain that has received such payments. Questions concerning the Sustainability Premium should be directed to Pablo Ramirez, Global Responsibility, pramirez@starbucks.com.

7.0 Dispute Resolution

For the purposes of Cocoa Practices, the following definitions for ‘appeals’ and ‘disputes’ will be utilized:

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

**Dispute**: An appeal that cannot be satisfactorily resolved by the verification organization or one that requires SCS resolution, such as in cases where interpretation of criteria is contested, where an appeal is submitted after reports are approved, or other exceptional cases.

7.1 Appeals Submitted During Draft Report Review Period

Suppliers receive a draft Cocoa Practices verification report prior Starbucks approval. Suppliers should confirm in writing to Starbucks that they have approved the draft report. The following procedure applies in cases of report non-approval by the supplier.

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

*Action to be taken:* SCS and the verification organization should review the appeal and correct the report, confirming that the changes were made in writing to the client.

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

*Action to be taken:* The supplier should initiate a formal appeal and provide SCS, Starbucks and the verification organization with the following information using an appeal and dispute resolution form:

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

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

8.0 Cocoa Practices Acceptance

8.1 Cocoa Practices status conditions and terms

The score for the Cocoa Practices will be the aggregate score of the entities in its supply chain, which may include secondary suppliers/processors, traders, producer organizations, and various sizes of farms.

The category of Approved Supplier is intended to emphasize the program development efforts of Starbucks cocoa suppliers. Prices and commercial terms corresponding to this status are negotiated between Starbucks and the Suppliers in individual contracts.

8.2 Continuous Improvement

The success of Cocoa Practices depends upon the continuous improvement of our suppliers and the cocoa growing, processing and trading practices within their supply networks. Starbucks expects continuous improvement from Cocoa Practices Suppliers as validated through third-party verification and clear movement towards higher scores which demonstrate improved sustainable practices within the supply network.
9.0 Appendix

9.1 Chronogram Sample