



**C.A.F.E. Practices
Verification Organization
Approval Procedure
Starbucks Coffee Company**

V2.2

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 Global Services (hereafter referred to as 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 provisionally approved status regardless of whether they have met all other requirements for provisional approval.

SCS will review verification organization independence in the course of 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 on an annual basis 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 and 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, 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 a 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; (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 and nearest C.A.F.E. Practices training. **Verification organization approval is 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.**

3.2. Provisional Approval

Should the application review and initial training prove satisfactory, the verification organization will be granted provisional approval status. Provisional approval allows the organization to conduct one verification of a C.A.F.E. Practices applicant supplier at a time. It is mandatory that SCS review the scope and verification plan for an organization's first verification.

Provisionally approved organizations may accept and plan work for up to three verifications, but only after they have successfully submitted the application to Starbucks for their first verification.

Provisional approval may be extended at the discretion of SCS if the verifier has yet to secure a client. SCS reserves the right to review the provisional status of a verification organization on an annual basis based on the quantity of work that the organization receives.

Provisional approval for verification organizations and subsequent full approval extends only to the country for which the verification organization has applied. 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).

3.3. Full Approval

Provisionally approved verifiers are expected to undergo an initial audit from SCS within their first three C.A.F.E. Practices verification contracts. The SCS initial audit includes:

- an onsite audit of the verifier's business office or base of operations;
- a shadow audit (observation) of verification visits at the supplier, processor and producer levels; and,
- a subsequent assessment and evaluation of the verifier reports submitted in the VRS from the shadow audit.

Verification organizations that remain in good standing during the provisional approval period, successfully undergo the initial audits, 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 organizations 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.

3.4. Maintenance of Approval Status

Each fully approved verification organization must undergo an annual field and office audit conducted by SCS to ensure that verifiers and their inspectors are performing their work in accordance with the procedures outlined in the Verifier Operations Manual. To maintain fully approved status, verification organizations must resolve all Non Conformities (NCs) that may result from desk and field audits of their submitted verification reports by the deadlines set by SCS. In addition, participation in annual official C.A.F.E. Practices trainings by at least one verifier and one inspector is mandatory for the maintenance of approval status in the program.

Approved verification organizations will be subject to a bi-annual review by SCS. The bi-annual review will entail a request for updated application materials (if applicable), a review of inspector roster 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.

3.5. 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, taking into account 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.

3.6. Suspension

Approval status is always conditional on the verification organization's good standing in the program. In the event that verification organizations are approved by SCS, but fail to adhere to the protocols and procedures outlined in the C.A.F.E. Practices Verifier and Inspector Operations Manual or in the C.A.F.E. Practices Verification Organization Approval Procedure in the course of their verification duties, SCS may elect to suspend the approval status of such organizations either with or without conditions for immediate reinstatement, depending on the severity of the non-conformance(s). 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 section 5.7 for a table explaining 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 failure 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.

Contact information for suspended verification organizations will be immediately removed from the list of C.A.F.E. Practices approved verifiers. 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 fulfilling outstanding obligations, while in others, suspended organizations may be required to reapply and undergo the entire application and approval process again. Thus, maintaining fully approved status in the program is an ongoing process, one that is dependent on verification organizations fulfilling all requirements expected of them per the C.A.F.E. Practices Verifier and Inspector Operations Manual.

3.7. List of C.A.F.E. Practices Approved Verifiers

The list of current provisionally and fully approved verifiers is posted at <http://www.scsglobalservices.com/cafe-practices>. 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 annually or as needed based on contact information supplied by verification organizations to SCS.

3.8. 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 by way of internet and teleconference, participants are responsible for any long distance telephone charges.

Costs associated with the professional fees and expenses of SCS auditors incurred through SCS's 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 if 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

Verifiers must maintain up-to-date records of all personnel records and of all records pertaining to verification work conducted, including field notes, client report approval forms, and client contracts for a minimum of five years. SCS reserves the right to review this documentation during annual office audits and at any other point deemed necessary. Verifiers should maintain updated, secure files of all of the following C.A.F.E. Practices documents:

- personnel records (for all verifiers, formally contracted and sub-contracted inspectors), including confidentiality agreements, Curricula Vitae (CVs), qualifications, C.A.F.E. Practices training, conflict of interest declarations;
- contracts with C.A.F.E. Practices clients;
- field notes from verifications;
- records of internal reviews, disputes, and appeals, Verifier Operations Manual and Verification Organization Approval Procedures; and,
- official C.A.F.E. Practices Scorecards, field notes, and all supporting program documents.

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 verification organization application process for new 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 maintains that there be a minimum of one verifier and two inspectors per approved organization to account for any issues that may require additional support in field inspections or internal review.

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, and a record keeping procedure. The QMS will be assessed on an ongoing basis through office audits of all organizations seeking approval in the program or currently under provisional or full approval status.

5.4. Internal Review

Verification organizations are responsible for developing adequate internal controls and review procedures to ensure their verifier(s) 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 upon request. Internal trainings must be completed prior to the inspector(s) commencing work in the program and prior to an inspector's participation in an SCS C.A.F.E. Practices training. In order to maintain adequate qualifications within the organization, SCS recommends that the organization implement an annual internal training plan, including a review of the inspector's field performance and report writing, for new and continuing inspectors

Verifiers are also charged with ensuring that all communications issued by SCS or Starbucks 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. Personnel Records

SCS requests that verification organizations supply an annually updated roster of all internally (directly) and externally (subcontracted) employed inspectors, accompanied by a copy of their confidentiality agreement, updated CVs, including 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 in the course of annual office audits. In addition, throughout the year organizations are required to submit CVs, copies of confidentiality agreements, 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.

5.7. 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 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. The NC procedure is outlined below:

NC #	Consequence	Reason for NC
NC 1	Corrective action required	NCs may be issued if the organization does not: (i) meet client reports deadline, and has not provided an extension request; and/or, (ii) request an extension in the established time-frame. Note that multiple NCs may be issued for the same application for continued failure to meet deadlines.
NC 2	The verification organization will not be able to accept any new work until all overdue applications are submitted, and a restriction will be placed on applications that can be managed by the organization in the VRS (3 applications at a time).	
NC 3	The verification organization will not be able to accept any new work until all overdue applications are submitted, and a restriction will be placed on applications that can be managed by the organization (1 application at a time).	
NC 4	Suspension from C.A.F.E. Practices program until the organization has satisfactorily participated in an official SCS training. <i>Upon acceptable completion of training, the organization will be granted Provisional Status with a limit of only 1 application at a time in the VRS. If the organization does not adhere to deadlines after being granted provisional status, the organization will be delisted.</i>	
NC 5	Delisting of the organization	

5.8. 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 a designated reviewer or review committee for the resolution of complaints and appeals between C.A.F.E. Practices supplier participants/applicants 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 draft client reports before the established deadline in the VRS. Verifiers are also responsible for guaranteeing that members of the verification team receive sufficient training in the C.A.F.E. Practices program.

An individual must meet the following requirements in order 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 and/or Quality Management System (QMS) training; and
- 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 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 Appendix B of the Verifier and Inspector Operations Manual;
- addressing any supply chain discrepancies in a timely manner;
- ensuring that internal review is conducted of reports in VRS;
- sending draft client reports for all applications before the deadlines established in the VRS;
- addressing appeals and disputes in a timely manner; and
- ensuring that the verification process is completed, from initial contract through the submission of the application 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 draft client reports prior to established deadlines.

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; and
- demonstrate experience in or capacity for agriculture and/or certification/verification schemes.

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. Verifier Attendance during Shadow Audits and Verifications

Verifiers are required to attend a shadow audit once every two years. For those organizations that have three or fewer projects in a year, verifiers will be required to attend a shadow audit whenever it may occur in order to ensure sufficient familiarity with the C.A.F.E. Practices program.

In any case when the C.A.F.E. Practices inspection team consists only of inspectors who are new to the C.A.F.E. Practices program, the verifier or designated staff member responsible for field training must attend the opening meeting of the verification as well as at least one day for shadowing each member of the inspection team in order to ensure the inspectors have been provided adequate training and guidance. This applies regardless of whether a SCS shadow audit is occurring concurrently or not.

6.4. SCS Approval of New Personnel

New personnel must be approved by SCS before conducting work for C.A.F.E. Practices verifications. As stated in Section 3.6, subcontracting or contracting verification work to individuals not approved by SCS is grounds for suspension from the program.

In order for approval to be considered for new personnel, verification organizations must submit up-to-date CVs, conflict of interest statements, and evidence of internal trainings for any prospective inspector to SCS. SCS will conduct a review of the materials and confirm whether the inspector can work in the C.A.F.E. Practices program based on his or her credentials.

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 will be 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 provisionally or fully approved in the program.

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 may be offered gifts (i.e., bags of coffee, articles of clothing, liquor, or other products), souvenirs or meals or entertainment. It is SCS policy not to accept such offerings. It is also SCS's expectation that verification organizations and their representatives 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:

- 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);
- 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.