



C.A.F.E. Practices

Coffee and Farmer Equity

C.A.F.E. Practices - Terms & Conditions – v3.6

(Effective February 15th, 2019)

Applicants seeking a valid C.A.F.E. Practices status must meet Starbucks quality and economic transparency pre-requisites. Both pre-requisites must be approved by Starbucks Coffee Trading Company (SCTC), in Lausanne, Switzerland.

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

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

1. Provisional Status:

- a. Provisional Status will only be granted to new supply chains subject to the following conditions:
 - i. Supply chains that have previously participated in C.A.F.E. Practices are not eligible.
 - ii. Submission of completed application.
 - iii. Signed Confirmation that all C.A.F.E. Practices Zero Tolerance (ZT) indicators have been reviewed, and supply chain is compliant.
 - iv. Farmers have been informed and consent to participating in C.A.F.E. Practices and are not a member of another C.A.F.E. Practices supply chain.
 - v. Commitment to completing the verification process:
 1. Commitment to setting a verification date within 90 days of receiving ID.
 2. Any change in verification dates have to be communicated to the Farmer Support Center in Costa Rica and the respective trader at SCTC.
- b. The Provisional period will expire after a maximum of 12 months OR at the end of the validity cycle, whichever occurs first, for which the application is submitted. Provisional period cannot be extended (Table 1). Applicants should therefore avoid applying close to the end of the respective validity cycle.
 - i. A C.A.F.E. Practices verification must take place, and reporting process completed prior to the end of the provisional period.
 - ii. A supply chain with a Provisional status may ship coffee as C.A.F.E. Practices within this period.
 - iii. Any non-compliance with Zero Tolerance indicators identified during the verification process must be addressed and resolved within the provisional period, with corrective

action plans and time-frames for completion approved by Starbucks and confirmed by a 3rd party verification organization.

- iv. The 3rd party ZT check must be undertaken by the same verification organization as the original verification.
- c. Subject to verification score achieved, provisional status may be converted to a Verified, Preferred, or Strategic status (Table 2) once the verification has been completed, reports are submitted to Starbucks and compliance with **C.A.F.E. Practices** has been confirmed.
 - i. Starbucks expects our suppliers to provide the Farmer Support Center – Costa Rica with quarterly updates on corrective actions.
 - ii. The provisional period will be counted as part of the total validity period.
 - iii. Starbucks reserves the right to reject any coffee shipments after expiration of provisional period, if minimum **C.A.F.E. Practices** requirements have not been met and a valid status has not been granted.
 - iv. Absence of a valid status after expiration of provisional status could cause a supplier to be in default of contract on any outstanding shipments.

2. **Renewals (Re-verification):**

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

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

- d. Please note: the verification process, including reporting, can take up to 2-5 months, depending on supply chain complexity, and level of compliance.
 - i. Approximate timelines: field audit time + 4-6 weeks client report preparation + 2 weeks client review + 2 weeks Starbucks final submission & review.
 - ii. Any Zero Tolerance (ZT) issues will extend these timelines.

3. **Expired Validity & Pending Re-verification:**

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

4. **Verifications with Zero Tolerance (ZT) Instances**

- a. If non-compliance with Zero Tolerance (ZT) indicators is identified by the 3rd party verification organization, the applicant will be notified by the verifier and Starbucks. Applicant will be requested to develop and submit a Corrective Action Plan.
- b. The applicant is responsible for the implementation of the Corrective Action Plan to resolve all Zero Tolerance (ZT) instances as per Starbucks requirements.

- c. The applicant is responsible for contacting and scheduling the 3rd party ZT check to confirm compliance with all Zero Tolerance indicators.
- d. Upon receipt of the 3rd party ZT check report, a corresponding status and validity will be granted.
- e. Any delays or failure to resolve Zero Tolerance (ZT) instances prior to expiration of current validity may cause supplier to be in default of contract on outstanding shipments, and penalties may apply.

5. **Final Status and Validity:**

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

Validity Periods per Region - Table 1.

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

Scores and corresponding Status & Validity - Table 2.

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

In-harvest Classification:

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

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

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

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

However, an Off-harvest/Off-operation verification for a Warehouse will not classify the entire application as Off-Harvest.

Sampling Methodology - Table 3

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

Generic and Smallholder Scorecards

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

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

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

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

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

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

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

Continuous Improvement Check-ins

As Starbucks seeks to improve farmer yields, as well as social and environmental conditions through **Continuous Improvement** in the C.A.F.E. Practices program, suppliers are expected to:

- Follow up with the Farmer Support Center on implementation of work plans within 30 days of approval letter
- Provide progress reports as requested
- Contact the Farmer Support Center to review or request assistance with action plans as needed
- Provide 6-month updates against work plans

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

A C.A.F.E. Practices status neither implies nor guarantees that coffee will be purchased by Starbucks Coffee Trading Company (SCTC).

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

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

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